



METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

**McGhee Tyson Airport
Downtown Island Airport**



2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

A component unit of the City of Knoxville, Tennessee

For the fiscal years ended June 30, 2024 and 2023

Prepared By:

Accounting and Finance Department of the Metropolitan Knoxville Airport Authority

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Metropolitan Knoxville Airport Authority

A Component Unit of the City of Knoxville, TN
For the Fiscal Years ended June 30, 2024 and 2023

2024 Annual Comprehensive Financial Report

Prepared By:
Accounting and Finance Department of the Metropolitan Knoxville Airport
Authority

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INTRODUCTORY SECTION

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OFFICIALS

As of June 30, 2024

Board of Commissioners	Position	Term Expires
Brian M. Simmons	<i>Chairman</i>	June 30, 2025
Howard Vogel	<i>Vice Chairman</i>	June 30, 2027
Charles R. Harr	<i>Secretary</i>	June 30, 2029
Joseph M. Dawson	<i>Assistant Secretary</i>	June 30, 2030
Ursula Bailey		June 30, 2026
Julia A. Bentley		June 30, 2024
Maribel Koella		June 30, 2028
Caryn Hawthorne		June 30, 2030
Harry W. Stowers, Jr.		June 30, 2030

OFFICERS AND KEY STAFF MEMBERS

Patrick W. Wilson, A.A.E.	<i>President</i>
James H. Evans, Jr., C.M.	<i>Vice President of Marketing & Air Service Development</i>
Bryan White, PE, C.M.	<i>Vice President of Engineering & Planning</i>
Willie T. Aiken	<i>Director of Public Safety</i>
Becky Huckaby, APR, A.A.E.	<i>Vice President of Public Relations</i>
Susan Gennoe, CPA	<i>Vice President of Finance</i>
Treva H. Best, CAP, OM	<i>Senior Executive Assistant</i>
Adrienne Washington, SPHR, ACC	<i>Vice President of Human Resources</i>
Mark Mamantov	<i>Legal Counsel, Bass, Berry & Sims PLC</i>

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METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

November 15, 2024

**To the Board of Commissioners of the
Metropolitan Knoxville Airport
Authority:**

The Annual Comprehensive Financial Report of the Metropolitan Knoxville Airport Authority (the Authority) for the fiscal year ended June 30, 2024, is hereby submitted. The purpose of the report is to present fairly and disclose fully the Authority's financial position and the results of its operations. The report consists of four sections: Introductory, Financial, Statistical and Compliance.

The financial statements were audited by Coulter & Justus, P.C., Certified Public Accountants, and the supplementary information was prepared by the Accounting and Finance Department. This report is published in accordance with the laws and/or regulations of the State of Tennessee. The audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee.

This report consists of management's representations concerning the financial position of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that has been designed to both protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this report is complete and reliable in all material respects.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the years ended June 30, 2024 and 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and any significant estimates made by management and evaluating the overall financial statements presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion and that the Authority's financial statements for the years ended June 30, 2024 and 2023, are in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report.

The independent audit of the financial statements is part of the broader mandated provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, relative to federal financial awards received from the U.S. Government. It is also in conformity with the provisions of the September 2000 Audit Compliance and Reporting Guide for Public Agencies relative to the collection and use of Passenger Facility Charges.

The standards governing these provisions require the independent auditor not only to report on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state grant awards. See independent auditor's reports presented in the Compliance Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is in the financial section immediately following the independent auditor's report.

REPORTING ENTITY

The Metropolitan Knoxville Airport Authority was established in 1978 under Chapter No. 174, Public Acts of the State of Tennessee, 1969, and pursuant to Resolution No. R-63-78 of the Council of the City of Knoxville, Tennessee. It was organized for and has as its sole purpose the ownership, management, operation, and maintenance of McGhee Tyson Airport and other airports, auxiliary fields and other properties, either acquired by or placed under the control of the Authority as outlined in Chapter 174. The Authority currently operates two airports: McGhee Tyson Airport and Knoxville Downtown Island Airport.

The Authority is classified by the Tennessee Department of State as a Nonprofit Corporation. The Authority is a component unit of the City of Knoxville (as defined by GASB 2600-125, GAAFR Chapter 33), governed by a nine-member Board of Commissioners appointed by the Mayor of the City of Knoxville. Each Commissioner is appointed for a seven-year term and must be confirmed by the Knoxville City Council. Since the Authority was established, it has been financially self-sufficient, with no local tax support.

The Board employs a President/CEO, who is the chief administrative and executive officer of the Authority. The President manages the airports under the Authority's control with a staff of 166 full-time equivalent employees. The staff is responsible for the day-to-day financial, administration, operational, and personnel matters pertaining to the airports and the contractual arrangements with various aviation and non-aviation businesses.

An annual operating budget is prepared and approved by the Authority's Board of Commissioners. All appropriations for operating expenditures lapse at the end of the fiscal year and must be reappropriated for the following year. Separate accounts are maintained for major capital projects, which are closed when the asset is placed in service. Since there is no legal requirement to report on the budgetary basis, no budget information is presented in the accompanying financial statements.

McGhee Tyson Airport

Located just 15 miles from downtown Knoxville, McGhee Tyson Airport lies in Blount County on 2,752 acres in the rolling foothills of the Great Smoky Mountains and provides employment for more than 3,000 people. McGhee Tyson has two parallel runways, and is served by most major U.S. airlines and/or their regional partners. These airlines provide numerous non-stop flights to destinations throughout the United States for approximately 3.0 million passengers each year. As a result of the pandemic, the passengers number dropped to approximately 1.4 million in FY2021 but rebounded back to approximately 2.6 million in FY2023 which exceeded the pre-pandemic levels, and that trend continued into FY2024. The airport is also home to the Tennessee Air National Guard's 134th Air Refueling Wing. McGhee Tyson is classified by the Federal Aviation Administration (FAA) as a small air traffic hub airport.

Knoxville Downtown Island Airport

Knoxville Downtown Island Airport is a general aviation airport located less than three miles from downtown Knoxville and is base for more than one hundred and seventy private and corporate aircrafts. The airport has a 3,500-foot runway and is served by three published instrument approaches: a localizer approach to Runway 26, a GPS-based approach to Runway 26, and a VOR circling approach procedure.

ECONOMIC CONDITIONS AND OUTLOOK

The primary service area for McGhee Tyson Airport is the City of Knoxville and its Metropolitan Statistical Area (MSA), which comprises the heart of “Tennessee's Resource Valley”. According to the Bureau of the Census estimates for 2023, the population of Knox County was 500,669 and the population for the City of Knoxville was 198,162. The estimated 2023 population for the Knoxville MSA was 903,106.

In addition, a broader regional market is defined as the Tennessee, Kentucky, Virginia, North Carolina, South Carolina and Georgia counties lying within 100 miles of McGhee Tyson Airport, which is the largest airport in the region.

Knox County is the principal Gateway to the Great Smoky Mountains National Park, which is the country’s most visited national park. The Great Smoky Mountains National Park experienced over 13 million visitors in calendar year 2023. More than one-half of the nation’s population lives within 500 miles of the park, which is located half in Tennessee and half in North Carolina. Part of the Appalachian Range, the Great Smoky Mountains National Park contains 16 peaks higher than 6,000 feet, the highest being Clingmans Dome.

McGhee Tyson Airport benefitted from its proximity to the Great Smoky Mountains National Park. Continuing the trend that began during the pandemic, thousands of visitors flew through McGhee Tyson Airport to enjoy the natural beauty of the Smokies. A number of these visitors came to East Tennessee from major cities around the nation simply to work remotely in a beautiful outdoor setting.

According to the Federal Aviation Administration’s (FAA) Aerospace Forecast FY2024-2044, industry conditions and the related outlook have brightened considerably since 2020. Leisure travel rebounded considerably as travel restrictions were lifted, with business demand making a 70-80% recovery over pre-pandemic levels. Then in 2023 the landscape changed again. As a wider array of accessible destinations opened up, travelers responded by seeking flights across the Atlantic and to some Pacific markets. Domestic and Latin activity remained solid, but it didn’t match the increases of those other regions or of its own growth the year before. Besides that regional shift, passengers also began to embrace premium offerings and loyalty programs more fully. Increasingly, passengers were willing to pay for some additional comfort and valued the ability to convert everyday credit card purchases into airline miles. These shifts and greater demand for product differentiation meant that most low-cost carriers, with single-class service and domestic-heavy networks, were unable to capture demand to the extent the mainline carriers could. Furthermore, after being unprepared for the surge in demand in the previous year, all carriers hired and added capacity aggressively in 2023 in efforts to avoid a repeat. This saw flight crews migrating up the chain to mainline carriers and the added capacity put downward pressure on fares in many domestic markets. Even as carriers worked to accurately assess shifting preferences and fine tune the supply response, the overall level of demand was strong and supportive of the industry’s aggregate results. Consumer demand for experiences over goods continued to fuel the desire for leisure trips and a willingness to pay higher fares that exceeded their 2019 levels. Meanwhile, business travel (but not fares) remained depressed relative to 2019. For the year, business demand was roughly ten to twenty percent below its pre-pandemic level.

As FY2024 ended, Knoxville airline passengers continued the upward trend begun in 2022. “Bleisure” travel, or leisure travel attached to business, continued to strengthen the local market. That trend endured into FY2024 as the Authority continued to see record passenger growth. The general aviation (GA) sector was less affected by the COVID-19 crisis than the airlines and now has almost completely recovered. The long-term outlook for general aviation is promising; Downtown Island Airport is experiencing a similar trend.

MKAA was able to weather the COVID-19 pandemic and return to “normal” market conditions fairly quickly in large part due to available federal stimulus funding. McGhee Tyson Airport received \$25.8M in CARES ACT funding followed by \$5M in funding from an Airport Coronavirus Response Grant and \$11.8M funding from the Airport Rescue Grant. The final installments of those monies were utilized early FY2025 as per management’s stimulus funding plan.

AIRLINE INFORMATION

During the fiscal year ended June 30, 2024, McGhee Tyson Airport’s six passenger airlines and/or their regional affiliates offered over 8,000 daily departing seats in 31 nonstop markets. In addition, two cargo airlines linked the airport with three major air cargo hubs. A complete listing of air carriers and destinations is as follows:

Passenger Airlines

Allegiant Air
 American Airlines*
 Avelo Airlines
 Delta Air Lines*
 Frontier Airlines
 United Airlines*

**some or all service offered through regional airline affiliates shown below*

Regional Airline Affiliates

Air Wisconsin Airlines/American Airlines	Piedmont Airlines/American Airlines
Commute Air /United Airlines	PSA Airlines Inc./American Airlines
Endeavor Air/Delta Air Lines	Republic Airlines/American Airlines
Envoy Airlines/American Airlines	Republic Airlines/United Airlines
GoJet Airlines/United Airlines	Skywest Airlines/American Airlines
Mesa Airlines/American Airlines	Skywest Airlines/United Airlines

Cargo Airlines

FedEx, Inc.
 UPS Airlines, Inc.

Passenger Airline Destinations (as of June 30, 2024)

Atlanta, Austin, Belleville/St. Louis, Boston, Charlotte, Chicago-O’Hare, Chicago-Midway, Dallas/Fort Worth, Denver, Destin/Fort Walton Beach, Detroit, Fort Lauderdale, Houston-Bush, Houston-Hobby, Jacksonville, Las Vegas, Miami, Minneapolis/St. Paul, New Haven, Newark, New York-LaGuardia, Orlando- International, Orlando-Sanford, Phoenix, Philadelphia, Punta Gorda/SW Florida, South Bend, St. Petersburg/Tampa Bay, Washington-Dulles, Washington-National, and West Palm Beach

Cargo Airline Destinations

Indianapolis, Louisville and Memphis

Airline Activity

McGhee Tyson Airport's six passenger airlines and/or their regional affiliates operated over 100 daily (arrivals and departures) flights and served approximately 3.0 million passengers in FY2024, an increase of 15.3% when compared to FY2023. Available airline seats increased 17.7% during the year. The FY2024 airport load factor (percentage of airline seats filled) was 84.8%.

Both inbound and outbound passenger demand continued to be robust during FY2024. Most commercial airlines serving McGhee Tyson Airport increased aircraft size and flight frequency on many routes. Each of the twelve months of FY2024 produced record-setting passenger traffic, continuing a period of explosive airport growth that began during FY2023.

Avelo Airlines began service at McGhee Tyson Airport in FY2024 with two weekly nonstops to their base in New Haven CT using Boeing 737 equipment.

American Airlines, which carries more passengers from McGhee Tyson Airport than any other carrier, continued their trend of upgrading multiple daily flights from regional jets to large Airbus and Boeing "mainline" aircraft to their major hubs in Charlotte and Dallas/Ft. Worth.

Delta Air Lines also "upgauged" many of their Atlanta flights to large Airbus A320 and Boeing 717 & 737-900 aircraft. Delta also relaunched new nonstops linking McGhee Tyson Airport with their hub in Minneapolis/St. Paul, a route that had been discontinued during the Covid period. Delta also "upgauged" their service to their Detroit hub from 76-seat regional jets to large Boeing 717 "mainline" aircraft.

Following the trend of their competitors, United Airlines upgraded some of their flights to their hubs in Denver and Chicago with large Airbus and Boeing "mainline" aircraft.

Frontier Airlines launched three new weekly low-fare flights linking McGhee Tyson Airport with Philadelphia and extended their existing seasonal service to Orlando International Airport through the summer months. Frontier continued their existing 4-times weekly service to their base in Denver.

Allegiant Air, which operates a crew and maintenance base at McGhee Tyson Airport, continued to capitalize on the inbound visitor demand for the Great Smoky Mountains. Allegiant flew thousands of vacationers from all over the nation to East Tennessee and launched new nonstop service to four airports in FY2024: Belleville/St. Louis, Jacksonville, Orlando-International, and South Bend. At the end of FY2024, Allegiant offered year-round or seasonal service to 19 airports from McGhee Tyson Airport.

Airlines, UPS and FedEx combined to fly 75,088,531 pounds of freight and mail through the airport during FY2024, a decrease of 6.9% compared to the previous year.

As FY2024 ended, McGhee Tyson Airport bookings remained very strong for the summer travel season and beyond.

FINANCIAL INFORMATION

Long-term Financial Planning

The current Terminal Area Plan for McGhee Tyson Airport was adopted by the Board of Commissioners in 2020. The Authority uses a continuous planning method where the Airport Forecast and Airport Capital Improvement Plan (ACIP) interact to drive required planning updates. The Airport Layout Plan (ALP) is updated with the FAA by the numerous projects outlined in the ACIP. The Authority is currently working to update the ALP Exhibit A that describes land parcel ownership. The Airport Layout Plan for the Knoxville Downtown Island Airport was updated and submitted in FY2021 and subsequently approved by the FAA and TDOT (Tennessee Department of Transportation).

The Airport Terminal Plan for McGhee Tyson defines a concept for development of the airport over the course of a 20-year planning period and is prepared in collaboration with Federal and State agencies, local municipalities and interested airport users. The primary objective of the Terminal Area Plan is to produce a comprehensive planning guide for the continued development of a safe, efficient, and environmentally compatible aviation facility that meets the goals of the Authority. The plan incorporates a financial model that evaluates the financial impact of the capital projects identified for the 20-year planning horizon, from 2020 through 2040.

The Airport Master Plan for McGhee Tyson defines a concept for development of the airport over the course of a 20-year planning period and is prepared in collaboration with Federal and State agencies, local municipalities and interested airport users. The primary objective of the Airport Master Plan is to produce a comprehensive planning guide for the continued development of a safe, efficient and environmentally compatible aviation facility that meets the goals of the Authority. The plan incorporates a financial model that evaluates the financial impact of the capital projects identified for the 20-year planning horizon, from 2005 through 2024.

The Authority prepares an annual operating and capital budget. The capital improvement program included in the budget identifies funding sources for capital projects for planning horizons of five years.

The Authority has Airport Lease and Use Agreements with the airlines that serve McGhee Tyson Airport. The current Agreement became effective on July 1, 2018, and had an expiration date of June 30, 2023, but has currently been extended on a month-to-month basis. As part of the Airport Development Initiative, the Authority is working to move toward a common use gate system in early FY2025, and new agreements are expected to be entered into with the airlines to reflect the new common use gate system. The Airport Lease and Use Agreement with the signatory airlines is a hybrid agreement. Airfield costs are recovered using the residual method. The Authority recovers the airfield cost by charging commercial aircraft a landing fee and general aviation aircraft a fuel flowage fee. The military pays a joint use fee for their share of the airfield costs. Airline terminal rents are calculated using a compensatory method. The terminal costs are calculated by adding the operating and maintenance cost and the capital expense associated with the terminal complex and allocating the cost to the tenants. Passenger facility charge revenue is applied to the terminal debt service to fund the eligible portions of the terminal capital expense. The applicable terminal rent is then calculated by dividing the total remaining cost by the total usable terminal square footage. The Agreement provides for a mid-year adjustment, if projections vary by more than ten percent, and a year-end settlement. If airline rentals, fees and charges paid during the fiscal year are more than required, the excess will be issued as a credit to the airlines. If they are less, the airlines will be invoiced the deficiency. Although the airlines are presently on month-to-month agreements, the Authority fully expects that these agreements will remain in effect until new agreements are entered into and that the true up mechanism as of the end of each fiscal year will stay in effect until new agreements take effect.

Relevant Financial Policies

The Authority has recently undertaken a thorough review of many of its policies, including its financial policies. In that regard, the Authority has amended and restated its bylaws and has adopted detailed procurement policies, policies relating to the authority of its officers to contract on behalf of the Authority, debt management policies and federal tax compliance and continuing disclosure policies and procedures. These policies have largely supplanted and modernized the financial policies previously adopted by the Authority in 2001. The new policies provide more detailed guidelines and direction to Authority staff on financial matters.

The Authority is permitted to use debt only as provided in the Authority's debt management policy. The permitted purposes are generally limited to the financing of capital expenditures and refundings.

Debt service coverage, or the ratio of net revenues to debt service, is an important financial metric when evaluating the Authority's credit quality. Under the Authority's debt management policy, the Authority has a goal to maintain debt service coverage ratios of 150% or greater on all senior debt and 125% or greater on all senior and subordinate debt. Under the Authority's master bond resolution, the Authority is required to maintain debt service coverage ratios of 125% or greater on all senior debt and 110% or greater on all senior and subordinate debt.

The Authority also has a goal to maintain a certain level of liquidity or days cash on hand under its debt management policy. This metric measures how long the Authority can cover its operating and maintenance costs from its unrestricted cash. The Authority strives to maintain 550 to 650 days of cash on hand as compared to its unrestricted cash and investments and discretionary reserves to its budgeted total operating expenses (which excludes depreciation and required debt payments).

The Authority actively seeks grants or other contributions to offset capital costs and minimize borrowing for projects that are consistent with the Authority's Capital Improvement Plan.

MAJOR INITIATIVES

Current Year Projects

The Authority has continued the Project Formulation for the 5R/23L Runway Rehabilitation project with two contracts awarded to CHA Consulting in the amounts of \$166,708 and \$1,860,746 in FY2024, which will be funded by 90% Federal grant funds.

The air carrier ramp expansion to meet the demands for additional Remain Overnight Parking (RON) is continuing. Contracts were awarded to The Harper Company, Inc. for the construction of the Terminal Apron Expansion project in the amount of \$11,671,967 and to CHA Consulting for the Terminal Apron Expansion construction administration in the amount of \$1,296,680 in FY2023. Grants AIP 82 (\$9,525,424) and AIP 83 (\$3,148,836) were received in FY2024 and are 90% Federal grants. Change Order No.1 in the amount of \$78,659 was also awarded to The Harper Company and a new contract was awarded to CHA Consulting in the amount of \$144,981 in FY2024.

The development of additional public/passenger vehicle garage parking and rental car operations has continued as the Authority awarded contracts to Gresham Smith, Inc. in the amounts of \$132,495, \$6,092,627, \$115,149, \$137,672, \$26,490, \$585,259, and \$139,967 and to Messer Construction in the amount of \$199,930 and \$827,480 in FY2024 in support of the execution of the Parking Garage Expansion project. These contracts will be funded by 95% State grant funds and State Grants totaling \$6,581,560 were received in FY2024. Enabling projects related to the Parking Garage Expansion project were also undertaken with contracts awarded to Messer Construction in the amount of \$4,650,000, \$200,000, \$699,646, and \$4,102,586. These are funded with Authority funds.

The replacement of the airline common use system (ACUS) continued with the award of Change Order No.1 to Service One, Inc. in the amount of \$61,762 in FY2024. These contracts are funded by 95% State grant funds and State Grants totaling \$1,617,000 were received in FY2024.

The addition of three Zero Emissions Vehicles (ZEV) and four charging stations have entered the construction and procurement phase of the project. This project is 90% funded through a FY24 ZEV grant with a total project cost of \$2,232,765.

Improvements to the terminal exterior has continued as the Authority awarded contracts to C2RL, Inc. in the amounts of \$205,918 and \$661,495 and to Messer Construction in the amounts of \$107,430 and \$3,787,000 in FY2024 in support of the execution of the Terminal Modernization Improvements. These contracts will be funded by 100% local funds.

Future Year Projects

The Authority is continuing the planning and development of projects to meet the expected/forecasted enplanement demands at McGhee Tyson and Downtown Island Airports. Funding and construction phasing/sequencing of major expansion initiatives continues to be developed with staff and consultants.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Knoxville Airport Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirty first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. 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. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the professional assistance of the entire Finance and Accounting staff and the cooperation of each department within the Metropolitan Knoxville Airport Authority. We also extend our appreciation to the staff of Coulter & Justus, P.C. for their technical assistance and guidance in the preparation of this report.

We would also like to thank the individual members of the Board of Commissioners of the Metropolitan Knoxville Airport Authority for their interest, support, and leadership in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,



Patrick W. Wilson, A.A.E.
President



Susan A. Gennoe, CPA
Vice President, Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

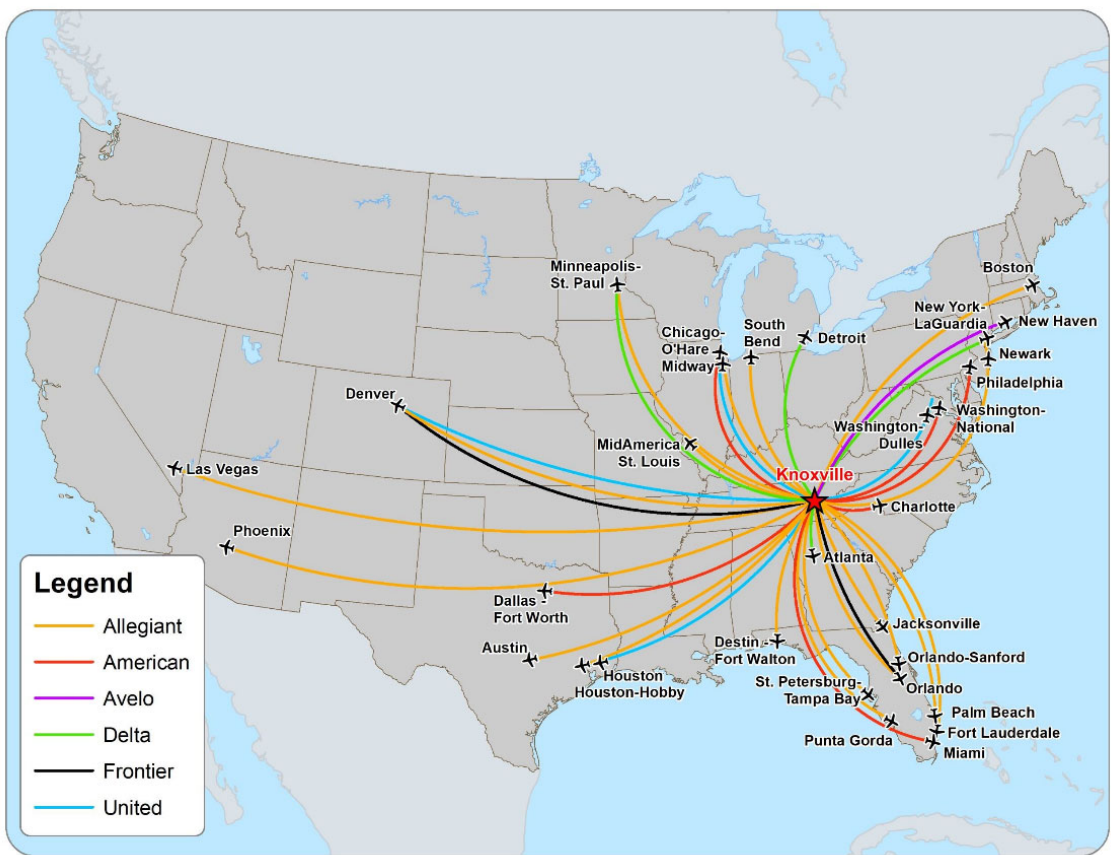
**Metropolitan Knoxville Airport Authority
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO



DESTINATIONS

Allegiant Air

- Fort Lauderdale
- Orlando-Sanford
- Orlando-International
- St. Petersburg/Tampa Bay
- Punta Gorda/SW Florida
- Destin/Fort Walton*
- Las Vegas
- Newark
- Denver*
- Austin*
- Houston – Hobby Airport*
- Chicago-Midway Airport*
- West Palm Beach
- Boston*
- Minneapolis/St. Paul
- Phoenix
- Jacksonville
- MidAmerica St. Louis
- South Bend*

Avelo

- New Haven*

*Denotes seasonal service

Delta/Delta Connection

- Atlanta
- Detroit
- Minneapolis/St. Paul
- New York – LaGuardia

United/United Express

- Chicago-O’Hare
- Denver
- Washington-Dulles
- Houston-Bush

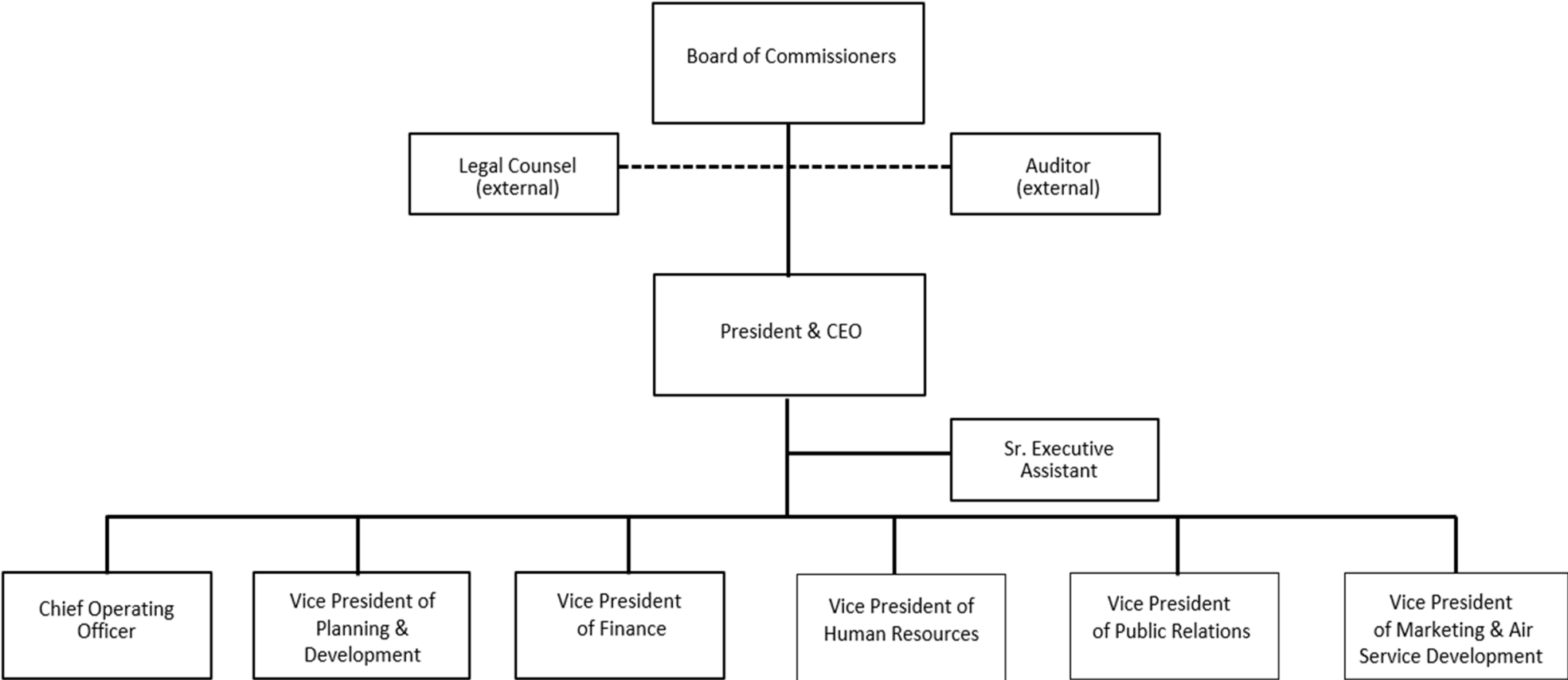
American/American Eagle

- Washington-National
- Chicago-O’Hare
- Dallas/Fort Worth
- Charlotte
- Philadelphia
- Miami
- New York- LaGuardia

Frontier

- Denver
- Orlando - International
- Philadelphia

Metropolitan Knoxville Airport Authority Organization Chart



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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Financial Statements

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Independent Auditor's Report

Board of Commissioners
Metropolitan Knoxville Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Metropolitan Knoxville Airport Authority (the Authority), a component unit of the City of Knoxville, Tennessee as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Board of Commissioners
Metropolitan Knoxville Airport Authority

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, 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 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 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 on pages 24 through 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Commissioners
Metropolitan Knoxville Airport Authority

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Long-Term Debt Principal and Interest Requirements and Schedule of Changes in Long-Term Debt by Individual Issue are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, State Financial Assistance and Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

Coulter & Justus, P.C.

November 15, 2024
Knoxville, Tennessee

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Metropolitan Knoxville Airport Authority’s financial performance provides an overview of the financial activities of the McGhee Tyson Airport and the Knoxville Downtown Island Airport for the fiscal year ended June 30, 2024. Following this MD&A are the basic financial statements of the Authority together with the notes thereto.

Airport activities highlights

The details of major airport indicators for the fiscal years 2022-2024 are as follows:

	2024	2023	2022
Enplanements	1,514,648	1,317,250	1,177,367
% (decrease) increase	14.99%	11.88%	68.61%
Aircraft operations	105,185	102,988	103,468
% (decrease) increase	2.13%	(0.46%)	19.63%
Landed weight (thousand pound units)	1,919,495	1,715,646	1,612,223
% (decrease) increase	11.88%	6.41%	28.23%
Cargo (pounds)	75,088,531	80,624,659	85,823,544
% (decrease) increase	(6.87%)	(6.06%)	(2.93)%

During FY2024, McGhee Tyson Airport offered East Tennessee travelers 31 nonstop airline destinations flown by six airlines and their affiliates. Few other communities of this size provide such a broad range of nonstop cities.

Financial highlights

The Airport Authority is a component unit of the City of Knoxville, Tennessee (as defined by GASB 2600-125, GAAFR Chapter 33). The Authority issues an Annual Comprehensive Financial Report, which is incorporated in the City of Knoxville’s Annual Comprehensive Financial Report. The financial statements following this MD&A are comprised of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and the accompanying Notes to the Financial Statements. The financial information herein is presented at a summarized level for analysis purposes only. See Note 1 to the financial statements for significant accounting policies related to the Authority.

2023-2024:

The Airport Authority’s operating revenues increased by \$9,128,746 or 23.3% from FY2023 to FY2024 and operating expenses increased by \$4,568,863 or 16.2% from FY2023 to FY2024. The increase in revenues and expenses is primarily due to the continuing increase in passenger traffic during FY2024. Detail summary of activity for FY2024 and FY2023 are as follows:

The Authority felt the impact of a strong increase in passenger traffic by experiencing a 14.99% increase in enplanements and a 15.31% increase in passengers served. Consequently, aviation revenues increased by 5.94% and terminal area revenues increased by 23.36%. Air cargo weights decreased by 6.87%. Even with this decrease in air cargo weights the air cargo and other property revenues increased by 68.5%. Most of this increase came from tenants of the Tyson Centre that was purchased at the beginning of FY2024.

Aviation area expenses decreased 3.45% and terminal area expenses increased 21.09% primarily due to the overall increase in passenger traffic as well as inflation. The Authority's net nonoperating income increased by \$11,873,464 as a result of assets transferred to the Federal Aviation Administration (FAA) during FY2023 upon completion and acceptance of re-installation/replacement of the runway 5L/23R owned Instrument Landing System (ILS). In FY2024, the Authority recognized revenue of \$5,712,646 from the FAA through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and American Rescue Plan Act (ARPA) comparing to \$9,760,735 in FY2023. The Authority used these funds for reimbursement of operational and maintenance expenses, and debt service payments. Interest expense included in the net nonoperating income decreased from the prior year by 50.86%. The decrease in interest expense is the result of the prepayments of the Series 2019A debt principal amounts.

There was an increase of 8.12% in net position from \$342,420,711 at the beginning of FY2024 to \$370,231,203 at the end of the fiscal year. The change in net position is an indication of whether the overall fiscal condition of the Authority has improved or worsened during the year. We feel the overall fiscal condition of the Authority remains strong.

2022-2023:

The Airport Authority's operating revenues increased by \$4,826,256 or 14.08% from FY2022 to FY2023 and operating expenses increased by \$3,847,161 or 15.85% from FY2022 to FY2023. The increase in revenues and expenses is primarily due to the increase in post-pandemic passenger traffic during FY2023. Detail summary of activity for FY2023 and FY2022 are as follows:

The Authority felt the impact from a strong rebound in passenger traffic by experiencing a 11.88% increase in enplanements and a 12.13% increase in passengers served. Consequently, aviation revenues increased by 19.66% and terminal area revenues increased by 14.90%. Air cargo weights decreased by 6.06% resulting in air cargo and other property revenues decreasing by 4.86%. Air cargo weights surged in FY2020 and FY2021 during the pandemic.

Aviation area expenses increased 30.69% and terminal area expenses increased 21.38% primarily due to the overall increase in passenger traffic as well as inflation. The Authority's net nonoperating income decreased by \$6,317,070 as certain assets were transferred to the Federal Aviation Administration (FAA) upon completion and acceptance of re-installation/replacement of the runway 5L/23R owned Instrument Landing System (ILS). In FY2023, the Authority recognized revenue of \$9,760,735 from the FAA through the Coronavirus Aid, Relief, and Economic Security Act (CARES) Airport Grant, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and American Rescue Plan Act (ARPA) comparing to \$6,180,502 in FY2022. The Authority used these funds for reimbursement of operational and maintenance expenses, and debt service payments. Interest expense included in the net nonoperating income decreased from the prior year by 21.93%. The decrease in interest expense is the result of the prepayments of the Series 2019A debt principal amounts.

There was an increase of 3.19% in net position from \$331,847,133 at the beginning of FY2023 to \$342,420,711 at the end of the fiscal year. The change in net position is an indication of whether the overall fiscal condition of the Authority has improved or worsened during the year. We feel the overall fiscal condition of the Authority remains strong.

2021-2022:

The Airport Authority's operating revenues increased by \$11,852,825 or 52.84% from FY2021 to FY2022 and operating expenses increased by \$3,501,229 or 16.86% from FY2021 to FY2022. The increase in revenues and expenses is primarily due to the increase in post-pandemic passenger traffic during FY2022. Detail summary of activity for fiscal year 2022 and 2021 are as follows:

The Authority felt the impact from a strong rebound in passenger traffic by experiencing a 68.61% increase in enplanements and a 68.45% increase in passengers served. Consequently, aviation revenues increased by 28.02% and terminal area revenues increased by 71.15%. Air cargo weights decreased by 2.93% resulting in air cargo and other property revenues decreasing by 1.54%. Air cargo weights surged in FY2020 and FY2021 supported by consumers purchasing goods to enhance time spent at home as necessitated by the pandemic and slowed down as aviation industry recovers from the pandemic in FY2022. However, despite the decrease from FY2021, the Airport Authority's air cargo weights in FY2022 were still above the pre-pandemic level.

Aviation area expenses increased 14.25% and terminal area expenses increased 25.34% primarily due to the overall increase in passenger traffic. The Authority's net nonoperating income decreased by \$4,203,263. In FY2022, the Authority recognized revenue of \$6,180,502 from the FAA through the Coronavirus Aid, Relief, and Economic Security Act (CARES) Airport Grant and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act comparing to \$14,330,976 in FY2021. The Authority used these funds for reimbursement of operational and maintenance expenses and debt service payments. Interest expense included in the net nonoperating income decreased from the prior year by 55.94%. The decrease in interest expense is the result of the amortization of the remaining balance of \$916,666 of a deferred charge on debt refunding, when the related debt was paid in full in FY2021.

There was an increase of 5.19% in net position from \$315,478,675 at the beginning of FY2022 to \$331,847,133 at the end of the fiscal year. The change in net position is an indication of whether the overall fiscal condition of the Authority has improved or worsened during the year. We feel the overall fiscal condition of the Authority remains strong.

Summary of revenues, expenses, and changes in net position

	2024	2023	2022
Operating revenues	\$ 48,240,729	\$ 39,111,983	\$ 34,285,727
Operating expenses	(32,689,143)	(28,120,280)	(24,273,119)
Operating revenues in excess of operating expenses			
before depreciation and amortization	15,551,586	10,991,703	10,012,608
Depreciation and amortization	(19,968,654)	(18,899,203)	(14,144,380)
Operating loss	(4,417,068)	(7,907,500)	(4,131,772)
Net nonoperating income	18,965,623	7,092,159	13,409,229
Income (loss) before capital contributions	14,548,555	(815,341)	9,277,457
Capital contributions	13,261,937	11,388,919	7,091,001
Increase in net position	27,810,492	10,573,578	16,368,458
Net position at beginning of year	342,420,711	331,841,133	315,478,675
Net position at end of year	\$370,231,203	\$342,420,711	\$331,847,133

Financial summary

	2024	2023	2022
Unrestricted current assets	\$100,823,212	\$ 76,016,999	\$ 74,649,030
Restricted current assets	13,593,307	19,107,638	16,520,981
Capital assets, net	281,257,813	269,690,882	273,595,822
Master plans and other plans, net	819,414	1,087,504	861,716
Lease receivable, less current portion	7,754,461	8,457,800	8,621,917
Other	57,697	66,952	443,112
Total assets	\$404,305,904	\$374,427,775	\$374,692,578
Current liabilities	\$ 11,505,056	\$ 5,887,005	\$ 5,208,389
Long-term debt, less current portion	11,900,000	17,650,000	28,885,000
Unearned revenue	2,342,680	34,500	40,500
Total liabilities	25,747,736	23,571,505	34,133,889
Deferred inflow of resources - leases	8,326,965	8,435,559	8,711,556
Total liabilities and deferred inflows of resources	34,074,701	32,007,064	42,845,445
Net investment in capital assets	265,254,641	251,080,250	243,941,035
Restricted net position	13,593,307	19,107,638	16,520,981
Unrestricted net position	91,383,255	72,232,823	71,385,117
Total net position	370,231,203	342,420,711	331,847,133
Total liabilities, deferred inflows of resources, and net position	\$404,305,904	\$374,427,775	\$374,692,578

The largest portion of the Authority's net position each year represents its investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its passengers and visitors; consequently, these assets are not available for future spending.

Although the Authority’s investment in its capital assets is reported net of related debt, the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities. Another portion of net position is restricted and primarily represents Passenger Facility Charges (PFC) that are restricted by Federal regulations and Customer Facility Charges (CFC) that are restricted for use or purpose. The remaining portion of net position is externally unrestricted and may be used to meet any of the Authority’s ongoing obligations.

Airline signatory rates and charges

The Authority and certain airlines negotiated an agreement effective July 1, 2018, for five years, which established how those airlines would be assessed annual rates and charged for their use of the airport. Airline Lease and Use agreements expired as of June 30, 2023, but has currently been extended on a month-to-month basis.

Terminal rates and landing fees are estimated at the beginning of the year with an annual year-end settlement calculation. The rates and charges for the signatory airlines were as follows:

	Year ended June 30		
	2024	2023	2022
Landing fees (per 1,000 lbs. MCLW)	\$3.30	\$3.43	\$2.94
Terminal rates (per square foot)	\$63.61	\$53.76	\$44.07
Loading bridge rate per bridge	\$53,476	\$45,287	\$100,926
Apron charge per gate	\$130,955	\$115,634	\$91,735

Cost per enplaned passenger

Cost per enplaned passenger or airline cost per passenger is generally considered to be part of an airline’s cost of doing business at an airport. Cost per enplaned passenger is defined as all landing fees, airside usage charges, terminal rents and other airline payments to airports divided by enplaned passengers. The cost per enplaned passenger for McGhee Tyson Airport were as follows:

	2024	2023	2022
Cost per enplaned passenger	\$7.66	\$7.59	\$7.18

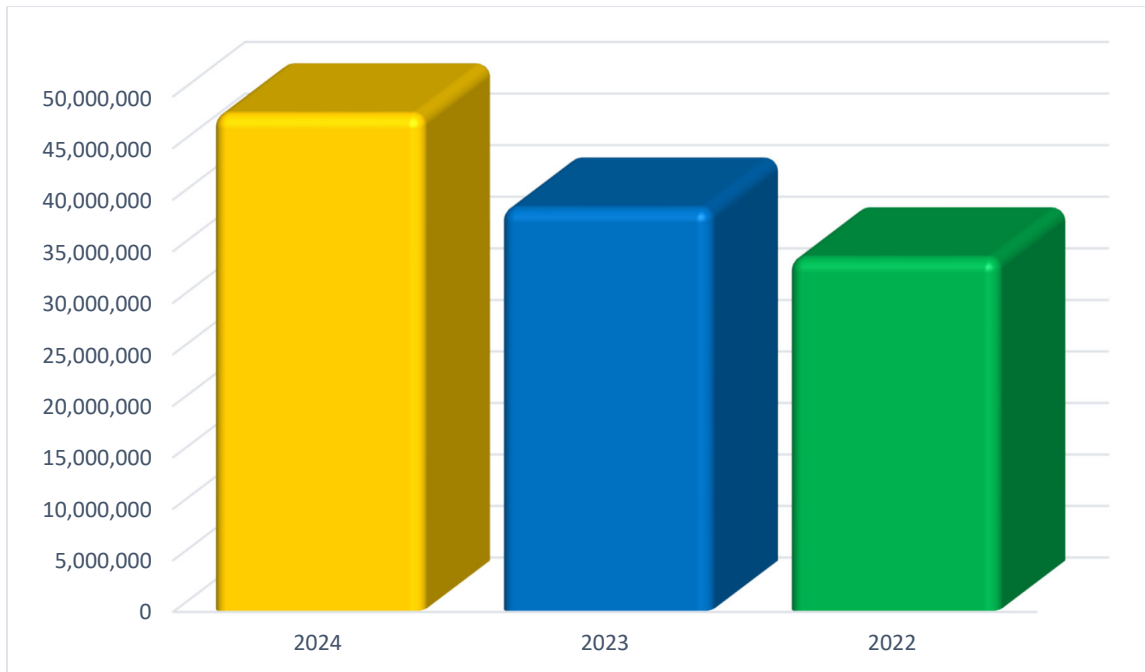
Financial details

Revenues

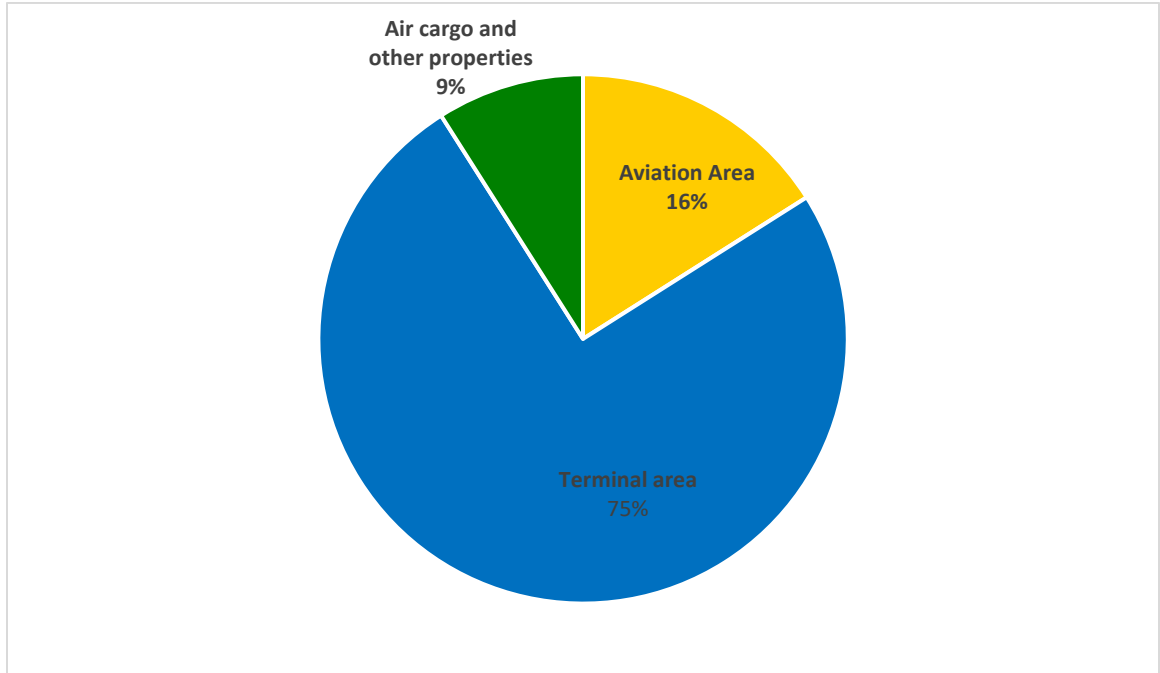
The following schedule presents a summary of operating revenues and nonoperating income:

	Year ended June 30		
	2024	2023	2022
Operating revenues:			
Aviation area	\$ 7,515,133	\$ 7,094,029	\$ 5,928,246
Terminal area	36,143,190	29,297,817	25,498,292
Air cargo and other properties	4,582,406	2,720,137	2,859,189
Total operating revenues	48,240,729	39,111,983	34,285,727
Nonoperating income and capital contributions:			
Passenger facility charges, net	6,292,174	5,355,953	4,890,019
Customer facility charges	4,258,456	3,001,093	2,715,365
Interest income	1,839,006	813,229	383,140
Federal and state grants	5,762,716	9,800,468	6,226,707
Other nonoperating income	1,211,228	–	65,739
Capital contributions – grant receipts from governmental agencies	13,261,937	11,388,919	7,091,001
Net nonoperating income and capital contributions	32,625,517	30,359,662	21,371,971
Total revenues and nonoperating income	\$ 80,866,246	\$69,471,645	\$55,657,698

The following chart shows the operating revenues for the past three fiscal years.



The sources and the percentage of operating revenue for fiscal year ended June 30, 2024, are shown below.

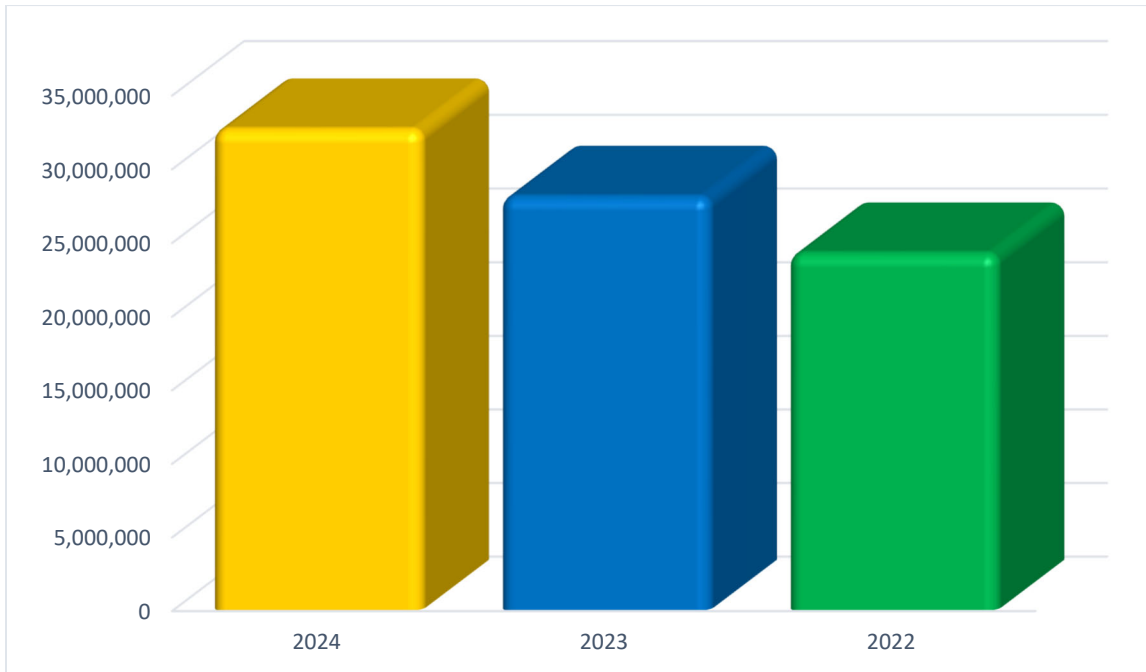


Expenses

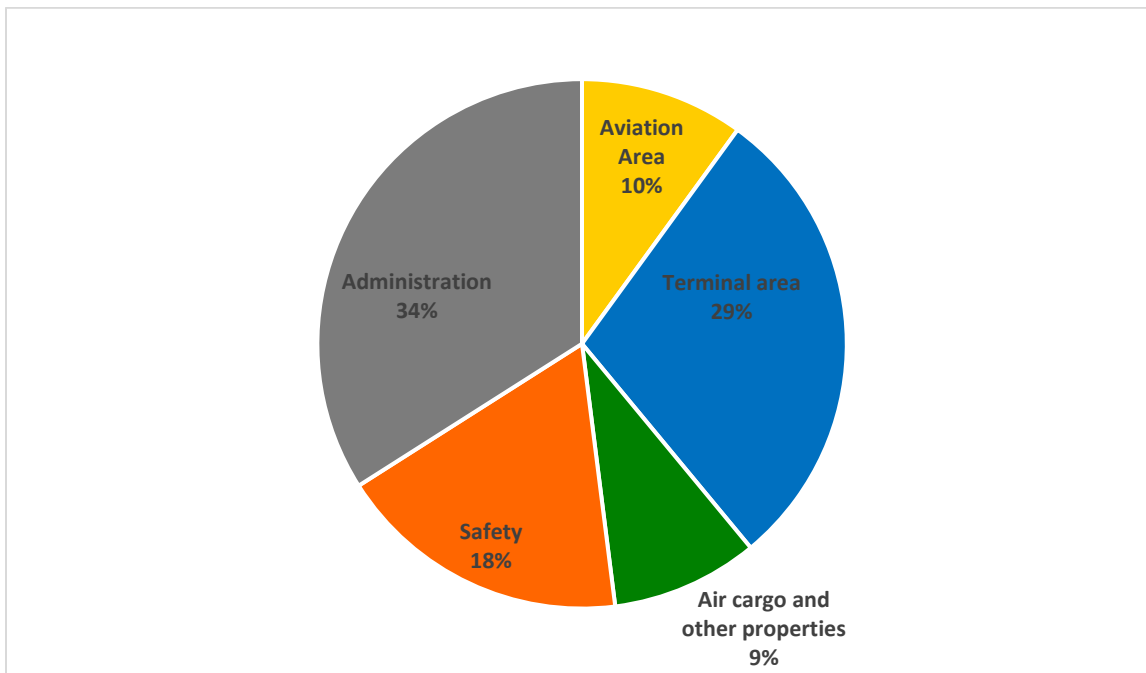
The following schedule presents a summary of operating and nonoperating expenses:

	Year ended June 30		
	2024	2023	2022
Operating expenses:			
Aviation area	\$ 3,226,236	\$ 3,341,581	\$ 2,556,934
Terminal area	9,496,982	7,843,207	6,461,859
Air cargo and other properties	2,868,243	2,075,886	2,057,645
Safety	5,948,428	5,557,541	5,202,216
Administration	11,149,254	9,302,065	7,994,465
Total operating expenses	32,689,143	28,120,280	24,273,119
Depreciation and amortization	19,968,654	18,899,203	14,144,380
Interest expense	334,479	680,595	871,741
Transfer of assets to the FAA	—	10,634,317	—
Other nonoperating expense	63,478	563,672	—
Total expenses	\$ 53,055,754	\$58,898,067	\$39,289,240

The following chart shows the operating expenses for the past three fiscal years.



The sources and the percentage of operating expense for fiscal year ended June 30, 2024, are shown below.



Summary of cash flow activities

	Year ended June 30		
	2024	2023	2022
Operating activities	\$ 19,668,419	\$11,585,515	\$ 9,994,850
Investing activities	(6,735,306)	3,700,927	(12,623,366)
Noncapital financing activities	5,811,425	9,106,023	7,018,140
Capital and related financing activities	(7,675,192)	(28,113,233)	(2,729,163)
Net increase in cash and equivalents	11,069,346	(3,720,768)	1,660,461
Cash and cash equivalents at beginning of year	55,327,120	59,047,888	57,387,427
Cash and cash equivalents at end of year	\$ 66,396,466	\$55,327,120	\$59,047,888

Financial statements

The Authority’s financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenue recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See the notes to the financial statements for a summary of the Authority’s significant accounting policies.

Capital acquisitions and construction activities

During fiscal year ended June 30, 2024, the Authority expended \$20,020,917 on capital activities. This included land acquisitions and major construction projects.

During fiscal year ended June 30, 2024, completed projects totaling \$9,074,679 were closed from construction-in-progress to their respective capital accounts. Of this amount, \$7,216,864 is related to the completion of the Economy Parking Lot C.

Property and equipment acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants, state grants, debt issuances, and airport revenues. See Note 4 in the notes to the financial statements for more detailed information on capital asset activity.

Long-term debt

The outstanding long-term debt of the Authority is \$11,900,000 at June 30, 2024, which consists of Notes Payable.

The Authority’s most recent issuance of debt was the Airport Revenue Refunding Note, Series 2019A, in the amount of \$39,570,000. The note is secured by and payable solely from the net revenues derived from the operations of the airport by the Authority as defined in the Master Plan Resolution. The Series 2019A Note was issued to refund a portion of the Authority’s Series V-A-1 Bonds and to terminate the variable interest rate. The refunding did not extend the maturity date of the bonds but fixed the interest rate for the remaining term due. Maturities ranged from 2022 to 2028. The principal and interest payable on the debt is paid from airport revenues. Detailed information on long-term debt activity can be found in Note 5 of the notes to the financial statements.

In October 2024, the Authority issued \$68,015,000 in Airport Revenue Bonds, Series 2024A, to provide funds to finance a portion of the costs of a new parking garage at McGhee Tyson Airport. The Series 2024A bonds were issued at a premium of \$7,552,295. The interest rate ranges from 5.00% to 5.25% with maturity in 2054.

In October 2024, the Authority issued \$41,230,000 in Airport Revenue Bonds, Series 2024B (Federally Taxable), to provide funds to finance a portion of the costs of a new parking garage at McGhee Tyson Airport. The interest rate ranges from 4.425% to 5.315% with maturity in 2054.

Passenger facility charges

On October 6, 1993, the Metropolitan Knoxville Airport Authority received approval from the Federal Aviation Administration (FAA) to collect a \$3.00 PFC on each passenger enplaning at McGhee Tyson Airport. On September 16, 2003, the FAA approved an increase in the Authority's PFC rate to \$4.50 per enplaning passenger. The FAA determined that the earliest effective date for the new rate was October 1, 2003. The collection authority has been extended to August 1, 2024. On July 6, 2021, the FAA approved the Authority's amendment to PFC Application 98-06-C-01-TYS, reducing the Airport's PFC authority by \$11,470,501 to reflect the refunding of PFC-eligible debt service. The adjustment of PFCs disbursed for the applicable project, Terminal Construction/Rehabilitation, is documented in the SOAR Report for the quarter ended December 31, 2021, for an amount of \$6,050,889 to account for the updated eligible debt service for the period from 2001 through 2021. On December 1, 2022, the FAA approved the Authority's PFC application 23-08-C-00-TYS to collect and use a total of \$14,870,960 in PFC revenue.

As of June 30, 2024, the Authority had collected \$97,979,934 of PFC revenue including interest and expended \$97,966,630 on approved projects. The FAA has authorized \$107,172,380 PFC collection by the Airport Authority as of June 30, 2024.

Customer facility charges

On February 1, 2020, the Authority began collecting a \$4.00 per day transaction fee, known as a customer facility charge (CFC), from rental car operators serving McGhee Tyson Airport. On July 1, 2023, this fee was increased to \$5.50 per day. Fees collected are to fund the planning, design/engineering, and construction of new car rental facilities, and/or improvements to the existing car rental facilities, including any associated infrastructure costs or payments of any Authority debt service incurred to finance these costs or ongoing maintenance of rental car facilities. As of June 30, 2024, the Authority has \$12,034,668 of CFCs available for authorized use.

Request for information

The financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Vice President of Finance or the Controller, Metropolitan Knoxville Airport Authority, P. O. Box 15600, Knoxville, TN 37901 or by email to Susan.Gennoe@tys.org or to Yin.Chen@tys.org.

Respectfully submitted,



Susan Gennoe, CPA
Vice President, Finance



Yin Chen, CPA
Controller

STATEMENTS OF NET POSITION

	June 30	
	2024	2023
Assets		
Unrestricted current assets:		
Cash and cash equivalents	\$ 54,524,772	\$ 37,027,203
Investments	29,877,173	21,168,308
Receivables:		
Trade	2,118,370	1,397,387
Government agencies	12,095,744	5,535,738
Lease, current portion	825,393	163,695
Other receivables	61,112	1,179,911
Interest	493,644	45,705
Prepaid expenses and other current assets	827,004	9,499,052
Total unrestricted current assets	100,823,212	76,016,999
Restricted current assets:		
Cash and cash equivalents	11,871,694	18,299,917
Receivables	1,721,613	807,721
Total restricted current assets	13,593,307	19,107,638
Total current assets	114,416,519	95,124,637
Noncurrent assets:		
Capital assets, net of accumulated depreciation	281,257,813	269,690,882
Master plans and other plans, net of accumulated amortization	819,414	1,087,504
Lease receivable, less current portion	7,754,461	8,457,800
Other	57,697	66,952
Total noncurrent assets	289,889,385	279,303,138
Total assets	\$ 404,305,904	\$ 374,427,775

Continued on next page

STATEMENTS OF NET POSITION *(continued)*

	June 30	
	2024	2023
Liabilities and net position		
Current liabilities:		
Accounts payable - non-construction	\$ 4,524,750	\$ 1,909,319
Accounts payable - construction	4,922,586	2,048,136
Accrued payroll and other expenses	2,033,371	1,893,035
Accrued interest	24,349	36,515
Total current liabilities	11,505,056	5,887,005
Long-term liabilities:		
Long-term debt	11,900,000	17,650,000
Unearned revenue	2,342,680	34,500
Total long-term liabilities	14,242,680	17,684,500
Total liabilities	25,747,736	23,571,505
Deferred inflows of resources		
Leases	8,326,965	8,435,559
Total liabilities and deferred inflows of resources	34,074,701	32,007,064
Net position:		
Net investment in capital assets	265,254,641	251,080,250
Restricted - expendable:		
Passenger facility charges	1,239,266	10,944,975
Law enforcement	319,373	335,939
Customer facility charges	12,034,668	7,826,724
Unrestricted	91,383,255	72,232,823
Total net position	370,231,203	342,420,711
Total liabilities, deferred inflows of resources, and net position	\$ 404,305,904	\$ 374,427,775

See accompanying Notes to Financial Statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years ended June 30	
	2024	2023
Operating revenues:		
Aviation area	\$ 7,515,133	\$ 7,094,029
Terminal area	36,143,190	29,297,817
Air cargo and other properties	4,582,406	2,720,137
Total operating revenues	48,240,729	39,111,983
Operating expenses:		
Aviation area	3,226,236	3,341,581
Terminal area	9,496,982	7,843,207
Air cargo and other properties	2,868,243	2,075,886
General area:		
Safety	5,948,428	5,557,541
Administration	11,149,254	9,302,065
Total operating expenses	32,689,143	28,120,280
Operating revenues in excess of operating expenses before depreciation and amortization	15,551,586	10,991,703
Depreciation and amortization	(19,968,654)	(18,899,203)
Operating loss	(4,417,068)	(7,907,500)
Nonoperating income (expense):		
Passenger facility charges, net	6,292,174	5,355,953
Customer facility charges	4,258,456	3,001,093
Interest income	1,839,006	813,229
Interest expense	(334,479)	(680,595)
Federal and state grants	5,762,716	9,800,468
Transfer of assets to the FAA	-	(10,634,317)
Other nonoperating, net	1,147,750	(563,672)
Net nonoperating income	18,965,623	7,092,159
Income (loss) before capital contributions	14,548,555	(815,341)
Capital contributions	13,261,937	11,388,919
Increase in net position	27,810,492	10,573,578
Net position at beginning of year	342,420,711	331,847,133
Net position at end of year	\$ 370,231,203	\$ 342,420,711

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Years ended June 30	
	2024	2023
Operating activities		
Operating cash received from customers	\$ 49,690,272	\$ 39,156,296
Cash payments to suppliers of goods and services	(12,146,386)	(11,249,976)
Cash payments to employees for services	(17,875,467)	(16,320,805)
Net cash provided by operating activities	19,668,419	11,585,515
Investing activities		
Interest received	1,391,067	783,717
Purchases of investments	(23,251,373)	(9,748,405)
Proceeds from maturities of investments	15,125,000	12,665,615
Net cash (used in) provided by investing activities	(6,735,306)	3,700,927
Noncapital financing activities		
Receipts from governmental agencies and other financing activities	5,811,425	9,106,023
Net cash provided by noncapital financing activities	5,811,425	9,106,023
Capital and related financing activities		
Interest paid	(346,645)	(702,800)
Repayments on debt	(5,750,000)	(11,235,000)
Prepayment for purchase of capital asset	-	(8,769,780)
Purchases of capital assets	(20,020,917)	(25,475,627)
Proceeds from sale of capital assets	2,103,701	39,830
Receipts of passenger facility charges	5,556,416	5,310,888
Receipts of customer facility charges	4,080,322	2,935,169
Grant receipts from governmental agencies	6,701,931	9,784,087
Net cash used in capital and related financing activities	(7,675,192)	(28,113,233)
Net increase in cash and cash equivalents	11,069,346	(3,720,768)
Cash and cash equivalents at beginning of year	55,327,120	59,047,888
Cash and cash equivalents at end of year	\$ 66,396,466	\$ 55,327,120
Cash and cash equivalents are classified as:		
Unrestricted current assets	\$ 54,524,772	\$ 37,027,203
Restricted current assets	11,871,694	18,299,917
Total cash and cash equivalents at end of year	\$ 66,396,466	\$ 55,327,120

Continued on next page

STATEMENTS OF CASH FLOWS *(continued)*

	Years ended June 30	
	2024	2023
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (4,417,068)	\$ (7,907,500)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	19,968,654	18,899,203
Changes in operating assets and liabilities:		
Receivables—trade	(720,983)	99,121
Lease receivable	41,641	207,096
Prepaid expenses and other assets	(159,178)	285,404
Accounts payable—non-construction	2,615,431	269,180
Accrued payroll and other expenses	140,336	15,008
Unearned revenue	2,308,180	(6,000)
Deferred inflows of resources—leases	(108,594)	(275,997)
Net cash provided by operating activities	\$ 19,668,419	\$ 11,585,515
Schedule of noncash related transactions:		
Noncash capital and related financing transactions		
Transfer of assets to the FAA	\$ -	\$ 10,634,317
Increase in accounts payable - construction related to capital asset purchases	\$ 2,874,450	\$ 416,633

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization and Reporting Entity

The Metropolitan Knoxville Airport Authority (the Authority) is a component unit of the City of Knoxville, Tennessee (the City) (as defined by GASB 2600-125, GAAFR Chapter 33), governed by a nine-member Board of Commissioners appointed by the Mayor of the City and confirmed by members of City Council. A Master Resolution was adopted in 2000 whereby the Authority issues its own revenue obligations.

The reporting entity, as a component unit of the City, includes the accounts of McGhee Tyson Airport and Knoxville Downtown Island Airport. There are no agencies, departments or funds subordinate to the Authority, which might be considered for inclusion in the reporting entity.

The Authority operates under, and pursuant to, the authority granted by the Metropolitan Airport Authority Act of 1969 (Tennessee Code Annotated Section 42-4-101, et seq.).

Basis of Accounting

The Authority reports as a Business Type Activity. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets.

Revenues from airlines, concessions, leases, rental cars and parking are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as nonoperating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Fiscal Year-End

The Authority operates on a fiscal year ending June 30. All references in these notes refer to the fiscal year-end unless otherwise specified.

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.

Budgets

Under the by-laws of the Authority, management must submit an annual operating budget to the Board of Commissioners for approval. In addition, management must submit to the Board of Commissioners annually a capital-improvements budget covering a period of five years.

The Authority is not required to demonstrate statutory compliance with its annual operating or capital-improvements budget. Accordingly, budgetary data is not included in the financial statements. All budgets are prepared in accordance with bond covenants. Unexpended appropriations, excluding grants and capital projects, lapse at year-end.

NOTES TO FINANCIAL STATEMENTS *(continued)*

1. Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The Authority reports investments in the Tennessee Local Government Investment Pool (LGIP) at amortized cost using a stable net asset value. The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by TCA Section 9-4-602. Remaining investments are reported at fair value using quoted market price or the best available estimate thereof. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction with willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as nonoperating income in the accompanying statements of revenues, expenses and changes in net position.

Amounts Due from Governmental Agencies

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Tennessee (State) and the Authority, or from various state allocations or grant programs. Funding provided under government grants is considered earned when the related allowable expenditures are incurred, and the funds are available.

Restricted Assets

Restricted assets are held to satisfy bond principal and interest sinking fund requirements or are otherwise held for certain capital improvement and certain other restricted expenditures. For expenditures in which both restricted and unrestricted net positions are available, the Authority first applies restricted assets when such expenditures are incurred.

Capital Assets

Capital assets are stated at cost and defined by the Authority as assets with an initial cost greater than \$5,000. Donated capital assets, if any, are reported at acquisition value. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. The cost and accumulated depreciation on retired assets are removed from the books and the gain or loss, if any, is reflected in nonoperating activities.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 – 20 years
Buildings and building improvements	5 – 40 years
Equipment, furniture and fixtures	3 – 10 years

Master Plans

Master plans are stated at cost. Amortization is computed using the straight-line method over the plans' estimated useful lives of five years.

NOTES TO FINANCIAL STATEMENTS *(continued)*

1. Significant Accounting Policies *(continued)*

Deferred Inflow or Outflow of Resources

The statement of net position will sometimes report separate sections for deferred inflows or outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Compensated Absences

Compensated absences are accrued as payable when earned and are cumulative from one fiscal year to the next. The liability is included with accrued payroll in the financial statements. The Authority does not have any long-term liabilities for compensated absences.

Net Position

Net position is classified in the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, less outstanding principal of debt and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets.

Restricted:

Nonexpendable – Net position subject to externally imposed stipulations that the Authority maintains them permanently. As of June 30, 2024, the Authority does not have nonexpendable net position.

Expendable – Net position on which use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

Operating Revenues and Expenses

Aviation area revenues are those revenues received from the use of the airfield such as landing fees, fuel flowage fees, airfield site leases, and military joint use agreements.

Terminal area revenues are those revenues received from space rentals paid by airlines conducting operations in the terminal and revenues received from public parking, rental car concessions and other businesses operating in the terminal.

Air cargo revenues are those revenues received from space leases in the cargo building and the air cargo complex. Revenues from other properties are those revenues received from the hotel lease and nonaviation property leases.

All expenses related to operating the Airport are reported as operating expenses.

NOTES TO FINANCIAL STATEMENTS *(continued)*

1. Significant Accounting Policies *(continued)*

Risk Management

The Authority is subject to risks that include personal injury, property damage, employee bodily injury, employee theft, employee medical, cyber security, public officials and employee conduct, and workers' compensation. The Authority has purchased insurance policies that transfer these risks, subject to policy limits. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Reclassifications

Certain amounts in the prior year have been reclassified to conform with 2024 classifications.

Leases

As lessor, the Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, except for certain regulated leases and short-term leases. 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 at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The future lease payments due from the Authority's lessee's have been discounted using an incremental borrowing rate that the Authority has determined for each lessee based on various factors, primarily the lease term. The lease term includes the noncancellable period of the lease plus any option to extend that is reasonably certain to be exercised. Lease receipts included in measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that require a reassessment of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

2. Deposits and Investments

Deposits

Deposits are included in the Authority's financial statements as "cash and cash equivalents" and "restricted cash and cash equivalents." As of June 30, 2024 and 2023, all bank balances in excess of federal insurance limits were covered by the bank collateral pool administered by the Treasurer of the State of Tennessee. Banks participating in the pool report the aggregate balance of their public fund accounts to the State. Collateral to secure these deposits must be pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Public fund accounts covered by the pool are considered entirely insured or collateralized.

NOTES TO FINANCIAL STATEMENTS *(continued)*

2. Deposits and Investments *(continued)*

Investments

The Authority’s investment policy follows the City of Knoxville and Knox County’s investment policies. These policies authorize the Authority to invest idle funds in direct obligations of the United States Treasury, its agencies and instrumentalities, money market funds, the state local treasurer’s investment pool (Tennessee Local Government Investment Pool), prime commercial paper, bankers’ acceptance notes, certificates of deposit, corporate bonds, equity funds, short-term bonds and debt securities.

Investments in the LGIP contain investments in certificates of deposit, U.S. Treasury securities, and repurchase agreements backed by the U.S. Treasury securities.

Interest Rate Risk: To limit the Authority’s exposure to fair value losses arising from changing interest rates, the Authority’s investment policy prohibits more than 20% of investments (as defined) to be invested with maturities of greater than two years from the acquisition date. Also, investment maturities may not exceed five years from the acquisition date. Investments with maturities of greater than two years require approval of the finance committee.

Credit Risk: The Authority’s investment policy allows only investments rated in the highest category by two nationally recognized rating services. As of June 30, 2024, all the Authority’s investments in debt securities were rated at least Aaa by Moody’s Investor Services or AA+ by Standard & Poor’s rating services. The Authority’s debt securities investments of U.S. Government Sponsored Enterprises at June 30, 2024 have an implied but not explicit backing of the United States government.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a failure of the custodian, the Authority will not be able to recover the value of investments or collateral that are in the possession of an outside party. The Authority’s investments are typically uninsured and unregistered investments for which the securities are held by the custodian’s trust department or agent in the Authority’s name.

As of June 30, 2024, each investment of the Authority accounts for more than 5% of total investments and as such, represents a concentration. Investments of the Authority at June 30, 2024, are as follows:

	Weighted Average Maturity (Months)	Investments at Fair Value	Investments at Net Asset Value	Interest Rates	Maturity Dates
Federal Farm Credit Bank	3.85	\$ 4,925,800	\$ —	0.70%	10/25/2024
Local Government Investment Pool		—	24,951,373	Variable	
Total investments		<u>\$4,925,800</u>	<u>\$24,951,373</u>		
Portfolio weighted average maturity	3.85				

NOTES TO FINANCIAL STATEMENTS *(continued)*

3. Leases

The Authority leases certain assets to various third parties. The assets leased include land, hangars, terminal space for concessions, and office space. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable. Variable payments are certain lease payments based on a percentage of concessioners' revenue, or to cover actual operating and maintenance expenses.

The Authority recognized the following related to its lessor agreements for the years ended June 30, 2024 and 2023

	2024	2023
Lease revenue	\$1,463,833	\$ 298,283
Interest income related to its leases	314,084	275,197
Revenue from variable payments not previously included in the measurement for the lease receivable.	1,800,385	715,554

Of the Authority's lease receivables at June 30, 2024, the entire amount of \$8,579,854 relates to leases whose revenues are pledged to secure certain outstanding debt obligations of the Airport Authority. The leases do not contain options to terminate the lease. Abatement of rent can occur if leased premises are partially or wholly untenable due to fire or casualty, until such time as repairs are completed.

Future principal and interest payment requirements related to the Authority's lease receivable at June 30, 2024 are as follows:

	Principal	Interest	Total
2025	\$ 825,393	\$ 261,506	\$ 1,086,899
2026	403,197	244,029	647,226
2027	355,982	232,829	588,811
2028	352,941	221,651	574,592
2029	334,905	210,772	545,677
2030 – 2034	688,530	954,496	1,643,026
2035 – 2039	519,018	872,367	1,391,385
2040 – 2044	602,850	781,890	1,384,740
2045 – 2049	709,065	675,675	1,384,740
2050 – 2054	833,996	550,744	1,384,740
2055 – 2059	980,937	403,803	1,384,740
2060 – 2064	1,153,769	230,971	1,384,740
2065 – 2069	738,162	54,899	793,061
2070 – 2072	81,109	2,383	83,492
Total	<u>\$8,579,854</u>	<u>\$5,698,015</u>	<u>\$14,277,869</u>

On July 1, 2023, the Authority purchased the leasehold interest in buildings and related fixtures located on land owned by the Authority for approximately \$8,700,000. The funds were transferred to an escrow account on June 30, 2023 and is reported as a deposit in other current assets at June 30, 2023. As part of this agreement, the Authority's ground lease to the seller was terminated on July 1, 2023. As such, \$1,819,055 of lease receivable and \$1,778,710 of deferred lease inflow at June 30, 2023 were terminated on July 1, 2023.

NOTES TO FINANCIAL STATEMENTS *(continued)*

3. Leases *(continued)*

Regulated Leases (Lessor)

The Authority is party to certain regulated leases, as defined by GASB Statement No. 87. Leased assets in the Air Carrier leases include airfield, terminal complex space, passenger hold rooms, passenger boarding bridges, and parking aprons. The Air Carrier leases are currently month-to-month as new agreements are being negotiated.

Leased assets in the Air Cargo leases include airfield, buildings, aircraft aprons, and employee parking areas. One Air Cargo lease will expire on June 30, 2026. As of June 30, 2024, the other Air Cargo lease will be month-to-month as a new agreement is being negotiated.

Leased assets in the other air service leases include land, airfield, and office space. The expiration date of the other air service leases varies between 1 to 25 years.

Airfield, terminal buildings, baggage room, boarding bridges, and cargo spaces are regulated under the U.S. Department of Transportation and the FAA between airports and air carriers and other aeronautical users.

Three airlines each have preferential use of three of the twelve gates and the fourth airline has preferential use of two of the twelve gates. Three airlines each have exclusive use of three ticket counters and the fourth has exclusive use of four ticket counters. Four airlines have exclusive use of their respective office space and baggage room.

Cargo carriers each have exclusive right to their respective cargo building and its own employee parking area. They each also have one preferential aircraft apron in front of their respective cargo building.

The Authority recognized the following from regulated leases for the years ended June 30, 2024 and 2023:

	2024	2023
Lease revenue	\$ 1,203,174	\$1,278,049
Revenue from variable payments excluded from the schedule of expected future minimum payments.	7,228,114	5,899,899

Future expected minimum payments related to the Airport Authority’s regulated leases at June 30, 2024 are as follows:

2025	\$ 752,275
2026	758,187
2027	456,670
2028	456,670
2029	393,817
2030 – 2034	1,654,817
2035 – 2039	1,654,817
2040 – 2044	1,654,817
2045 – 2049	1,654,817
2050	75,260
Total	<u>\$9,512,147</u>

NOTES TO FINANCIAL STATEMENTS (continued)

4. Capital Assets

Capital asset activity, including Master Plans, for the years ended June 30, 2024 and 2023, is as follows:

Year ended June 30, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 41,237,909	\$ 600,846	\$ (397,652)	\$ 41,441,103
Land easements	625,903	-	-	625,903
Construction in progress	14,097,237	19,274,183	(9,074,679)	24,296,741
Total nondepreciable capital assets	<u>55,961,049</u>	<u>19,875,029</u>	<u>(9,472,331)</u>	<u>66,363,747</u>
Depreciable capital assets:				
Land improvements	254,621,319	8,155,269	-	262,776,588
Buildings and building improvements	185,713,466	12,102,897	-	197,816,363
Equipment, furniture and fixtures	45,214,442	578,759	(296,475)	45,496,726
Total depreciable capital assets	<u>485,549,227</u>	<u>20,836,925</u>	<u>(296,475)</u>	<u>506,089,677</u>
Less accumulated depreciation:				
Land improvements	(118,203,271)	(10,499,768)	-	(128,703,039)
Buildings and building improvements	(135,354,970)	(6,000,848)	-	(141,355,818)
Equipment, furniture and fixtures	(18,261,153)	(3,172,076)	296,475	(21,136,754)
Total accumulated depreciation	<u>(271,819,394)</u>	<u>(19,672,692)</u>	<u>296,475</u>	<u>(291,195,611)</u>
Net depreciable capital assets	<u>213,729,833</u>	<u>1,164,233</u>	<u>-</u>	<u>214,894,066</u>
Total capital assets, net of accumulated depreciation	<u>\$ 269,690,882</u>	<u>\$ 21,039,262</u>	<u>\$ (9,472,331)</u>	<u>\$ 281,257,813</u>
Other capital assets:				
Master plans and other plans	\$ 11,490,939	\$ 27,872	\$ -	\$ 11,518,811
Accumulated amortization	(10,403,435)	(295,962)	-	(10,699,397)
Net other capital assets	<u>\$ 1,087,504</u>	<u>\$ (268,090)</u>	<u>\$ -</u>	<u>\$ 819,414</u>

The Authority is contractually obligated to expend approximately \$32 million more for various projects. Estimated costs to complete construction in progress for these projects total approximately \$192 million as of June 30, 2024. The work will be funded through proceeds from Federal and State grants, CFC, bond proceeds, and other Authority funds.

NOTES TO FINANCIAL STATEMENTS (continued)

4. Capital Assets (continued)

Year ended June 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 40,764,562	\$ 473,347	\$ -	\$ 41,237,909
Land easements	625,903	-	-	625,903
Construction in progress	20,578,875	22,857,957	(29,339,595)	14,097,237
Total nondepreciable capital assets	<u>61,969,340</u>	<u>23,331,304</u>	<u>(29,339,595)</u>	<u>55,961,049</u>
Depreciable capital assets:				
Land improvements	245,538,772	9,082,547	-	254,621,319
Buildings and building improvements	181,359,031	4,354,435	-	185,713,466
Equipment, furniture and fixtures	37,889,184	7,429,966	(104,708)	45,214,442
Total depreciable capital assets	<u>464,786,987</u>	<u>20,866,948</u>	<u>(104,708)</u>	<u>485,549,227</u>
Less accumulated depreciation:				
Land improvements	(108,042,297)	(10,160,974)	-	(118,203,271)
Buildings and building improvements	(129,653,201)	(5,701,769)	-	(135,354,970)
Equipment, furniture and fixtures	(15,465,007)	(2,862,962)	66,816	(18,261,153)
Total accumulated depreciation	<u>(253,160,505)</u>	<u>(18,725,705)</u>	<u>66,816</u>	<u>(271,819,394)</u>
Net depreciable capital assets	<u>211,626,482</u>	<u>2,141,243</u>	<u>(37,892)</u>	<u>213,729,833</u>
Total capital assets, net of accumulated depreciation	<u>\$ 273,595,822</u>	<u>\$ 25,472,547</u>	<u>\$ (29,377,487)</u>	<u>\$ 269,690,882</u>
Other capital assets:				
Master plans and other plans	\$ 11,091,653	\$ 399,286	\$ -	\$ 11,490,939
Accumulated amortization	(10,229,937)	(173,498)	-	(10,403,435)
Net other capital assets	<u>\$ 861,716</u>	<u>\$ 225,788</u>	<u>\$ -</u>	<u>\$ 1,087,504</u>

In 2023, the Authority completed installation and replacement of the Runway 5L/23R Instrument Landing Systems (ILS) which was fully funded through grants provided by the FAA. Certain related assets constructed, emplaced, or installed became the property of the FAA upon their acceptance that it was substantially complete and ready for use. The FAA accepted responsibilities for operations and maintenance requirements of this equipment in 2023. Equipment of approximately \$10,600,000 was transferred to the FAA upon title transfer in 2023 and recorded in the statement of operations as a nonoperating expense.

NOTES TO FINANCIAL STATEMENTS *(continued)*

5. Long-Term Debt

Long-term debt includes the following Airport Revenue Obligations payable from operating revenues for the years ended June 30, 2024 and 2023:

	Beginning Balance	Additions	Payments	Ending Balance
Year ended June 30, 2024				
Notes payable:				
Series 2019A	\$17,650,000	\$ —	\$ 5,750,000	\$11,900,000
Total long-term debt	17,650,000	\$ —	\$ 5,750,000	11,900,000
Less notes payable, current portion	—			—
Long-term portion	<u>\$17,650,000</u>			<u>\$11,900,000</u>
	Beginning Balance	Additions	Payments	Ending Balance
Year ended June 30, 2023				
Notes payable:				
Series 2019A	\$28,885,000	\$ —	\$ 11,235,000	\$17,650,000
Total long-term debt	28,885,000	\$ —	\$ 11,235,000	17,650,000
Less notes payable, current portion	—			—
Long-term portion	<u>\$28,885,000</u>			<u>\$17,650,000</u>

During 2000, the Authority’s Board of Commissioners adopted a Master Resolution allowing the Authority to issue Airport Revenue Obligations. The Authority has pledged revenues, as defined in the Master Resolution, to repay the long-term debt issued under the Master Resolution for the term of the debt. Under this resolution, the Authority is required to establish certain funds, accounts and subaccounts to deposit funds to be held in trust by the Authority in order to meet the requirements of the resolution.

These funds include:

Revenue Fund, including accounts for General Revenue and PFC Revenue into which the Authority is to deposit all such revenues.

Sinking Fund, including a payments account and a debt service reserve account, into which the Authority will deposit funds from the Revenue Fund, as needed, to pay revenue obligations as they come due.

Renewal and Extension Fund, into which the Authority may deposit any monies or securities held in the Revenue Fund (excluding PFC funds) in excess of 45 days’ estimated expenses.

Project Fund, into which proceeds from issuance of revenue obligations will be deposited to fund project costs.

A revised Master Resolution was adopted by the Authority’s Board of Commissioners effective September 18, 2024.

NOTES TO FINANCIAL STATEMENTS *(continued)*

5. Long-Term Debt *(continued)*

Outstanding debt during fiscal year 2024 and 2023, consists of the following:

Series 2019A – \$39,570,000 Airport Revenue Refunding Note issued on June 27, 2019, bearing interest at a fixed rate of 2.54% with maturity in June 2028. Interest is paid semiannually.

In October 2024, the Authority issued \$68,015,000 in Airport Revenue Bonds, Series 2024A, to provide funds to finance a portion of the costs of a new parking garage at McGhee Tyson Airport. The Series 2024A bonds were issued at a premium of \$7,552,295. Total cost of issuance and underwriter’s discount was \$795,261. The interest rate ranges from 5.00% to 5.25% with maturity in 2054.

In October 2024, the Authority issued \$41,230,000 in Airport Revenue Bonds, Series 2024B (Federally Taxable), to provide funds to finance a portion of the costs of a new parking garage at McGhee Tyson Airport. Total cost of issuance, underwriter’s discount, and insurance cost was \$567,778. The interest rate ranges from 4.425% to 5.315% with maturity in 2054.

All outstanding notes payable, which does not include the 2024A and 2024B Airport Revenue Bonds, contain a provision that in an event of default, outstanding amounts may be declared due by the lender if the Authority is unable to make payment.

Annual scheduled principal and interest payments of \$5,879,479 were 20% of the net revenue available for debt service of \$29,832,412.

Scheduled Debt Service Requirements

All scheduled principal payments for fiscal years 2025 and 2026 were prepaid in fiscal years 2023 and 2024. As of June 30, 2024, scheduled debt service requirements of all outstanding debt are as follows.

Year ending June 30	Principal	Interest	Total
2025	\$ –	\$ 302,260	\$ 302,260
2026	–	302,260	302,260
2027	5,900,000	290,353	6,190,353
2028	6,000,000	140,292	6,140,292
Total	\$11,900,000	\$1,035,165	\$12,935,165

NOTES TO FINANCIAL STATEMENTS *(continued)*

6. Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Debt securities (Note 2) classified as Level 2 are valued based on quoted matrix pricing models.

The proceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes fair value disclosures and measurements at June 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Total
June 30, 2024				
Investments:				
Government debt securities	\$ —	\$ 4,925,800	\$ —	\$ 4,925,800
June 30, 2023				
Investments:				
Government debt securities	\$ —	\$19,468,308	\$ —	\$19,468,308

7. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and is administered by Mission Square Retirement. The plan, available to all full-time Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Separate audited financial reports are not available for this plan.

8. Retirement Plan

The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan (Metropolitan Knoxville Airport Authority Plan) which was established and can be amended under the authority of the Board of Commissioners and is administered by Mission Square Retirement. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees are eligible to participate from the date of employment.

The Authority's contributions for each employee (and investment income allocated to the employees' account) are vested after one year of employment. Under the terms of the plan, employer contributions are determined annually by the Board of Commissioners. There are no minimum required employer contributions under the terms of the plan and there is no outstanding employer liability as of June 30, 2024 and 2023. Employer contribution expense totaled \$1,375,851 in 2024 and \$1,204,575 in 2023. There were minimal forfeitures during 2024 and 2023. Separate audited financial reports are not available for this plan.

NOTES TO FINANCIAL STATEMENTS *(continued)*

9. Passenger Facility Charges

Passenger Facility Charges (PFC) are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance the safety, security or capacity; reduce noise; or increase air carrier competition. Since September 2003, the air carriers have been collecting a \$4.50 PFC on qualifying passengers at McGhee Tyson Airport on behalf of the Authority. Both the fee and its intended projects must be reviewed and approved by the FAA. PFCs, along with related interest earnings, are recorded as deferred revenues until authorized to use for construction and related debt services payments under FAA approved Application to Use. Once authorized to use, the PFC receipts are recognized and recorded as nonoperating income in the year collected by the air carriers. PFC revenues totaled \$6,292,174 in 2024 and \$5,355,953 in 2023. All PFCs were authorized for use, and no deferred revenues were recorded.

The Authority has received approval to collect \$99,200,793 on currently approved projects through December 2025, unless extended. Cumulative expenditures to date on these approved PFC projects total \$89,995,043.

As of June 30, 2024, the Authority has \$1,239,266 of PFCs available and authorized for use. This amount is included in restricted net position on the balance sheet (see Note 12).

10. Customer Facility Charges

The Authority collects Customer Facility Charges (CFC) fees from rental car operators serving McGhee Tyson Airport. Fees collected are to fund the planning, design/engineering, construction of new car rental facilities and/or improvements to the existing car rental facilities, including any associated infrastructure costs or payment of any Authority debt service incurred to finance these costs or ongoing maintenance of rental car facilities. Effective in July 2023, the CFC is a \$5.50 fee per car rental transaction day collected by rental car companies from each of their customers and subsequently remitted to the Authority. The fee per car rental transaction day was \$4.00 prior to July 2023. CFC receipts are recognized and recorded as nonoperating income. CFC revenues totaled \$4,258,457 in 2024 and \$3,001,093 in 2023.

As of June 30, 2024, the Authority has \$12,034,668 of CFCs available for authorized use. This amount is included in restricted net position on the balance sheet (see Note 12).

11. Business Concentrations

The Authority is dependent to a large extent on five major airlines and their regional affiliates in that a significant portion of aviation area revenues are generated by these airlines. These airlines accounted for aviation area revenues totaling \$6,033,505 in 2024 and \$5,653,323 in 2023. In addition, a significant portion of terminal area revenue is directly and indirectly generated from four of these airlines' passengers, which accounted for approximately 97% of total passengers in 2024 and 2023. As of June 30, 2024 and 2023, 47% and 45%, respectively, of trade accounts receivables are due from these major airlines. As of June 30, 2024 and 2023, the Authority also had receivables from rental car companies which collectively accounted for 10% and 11%, respectively, of trade accounts.

NOTES TO FINANCIAL STATEMENTS *(continued)***12. Net Position**

Net position consists of the following as of June 30:

	2024	2023
Net investment in capital assets		
Noncurrent assets:		
Capital assets, net	\$ 281,257,813	\$ 269,690,882
Master plans and other plans, net	819,414	1,087,504
Total noncurrent assets	<u>282,077,227</u>	<u>270,778,386</u>
Less related liabilities:		
Accounts payable - construction	4,922,586	2,048,136
Long-term debt	11,900,000	17,650,000
Total related liabilities	<u>16,822,586</u>	<u>19,698,136</u>
Net investment in capital assets	<u>\$ 265,254,641</u>	<u>\$ 251,080,250</u>
Restricted net position:		
Cash and cash equivalents - passenger facility charges	\$ 13,305	\$ 10,454,772
Cash and cash equivalents - law enforcement	319,373	335,939
Cash and cash equivalents - customer facility charges	11,539,016	7,509,206
Receivables - passenger facility charges	1,225,961	490,203
Receivables - customer facility charges	495,652	317,518
Restricted net position	<u>\$ 13,593,307</u>	<u>\$ 19,107,638</u>
Unrestricted net position (all other items on statements of net position not reflected above):		
Assets:		
Cash and cash equivalents	\$ 54,524,772	\$ 37,027,203
Investments	29,877,173	21,168,308
Receivables	15,594,263	8,322,436
Prepaid expenses and other current assets	827,004	9,499,052
Other noncurrent assets	57,697	66,952
Lease receivable	7,754,461	8,457,800
Total unrestricted assets	<u>108,635,370</u>	<u>84,541,751</u>
Less liabilities:		
Accounts payable - non-construction	4,524,750	1,909,319
Accrued payroll and other expenses	2,033,371	1,893,035
Accrued interest	24,349	36,515
Unearned revenue	2,342,680	34,500
Total liabilities	<u>8,925,150</u>	<u>3,873,369</u>
Less Deferred inflows of resources:		
Deferred inflows - leases	8,326,965	8,435,559
Unrestricted net position	<u>\$ 91,383,255</u>	<u>\$ 72,232,823</u>

NOTES TO FINANCIAL STATEMENTS *(continued)*
13. Division Information

The Metropolitan Knoxville Airport Authority provides services through two divisions - McGhee Tyson Airport and Knoxville Downtown Island Airport. Key financial data as of and for the years ended June 30, 2024 and 2023 for the two divisions is as follows:

	McGhee Tyson		Downtown Island	
	2024	2023	2024	2023
Unrestricted current assets	\$ 100,527,439	\$ 74,681,085	\$ 295,773	\$ 1,335,914
Restricted current assets	13,593,307	19,107,638	-	-
Capital assets and master plans, net	268,124,988	256,173,974	13,952,239	14,604,412
Other noncurrent assets, net	-	-	57,697	66,952
Lease receivable, less current portion	7,681,606	8,358,861	72,855	98,939
Intercompany receivable	6,027,388	6,519,906	-	-
Total assets	\$ 395,954,728	\$ 364,841,464	\$ 14,378,564	\$ 16,106,217
Current liabilities	\$ 11,432,035	\$ 5,790,636	\$ 73,021	\$ 96,369
Intercompany payable	-	-	6,027,388	6,519,906
Long-term debt	11,846,111	17,570,072	53,889	79,928
Unearned revenue	2,342,680	34,500	-	-
Deferred inflows of resources	8,195,883	8,293,629	131,082	141,930
Total liabilities and deferred inflows of resources	\$ 33,816,709	\$ 31,688,837	\$ 6,285,380	\$ 6,838,133
Net position:				
Net investment in capital assets	\$ 251,356,291	\$ 236,555,766	\$ 13,898,350	\$ 14,524,484
Restricted	13,593,307	19,107,638	-	-
Unrestricted	97,188,421	77,489,223	(5,805,166)	(5,256,400)
Total net position	\$ 362,138,019	\$ 333,152,627	\$ 8,093,184	\$ 9,268,084
Operating revenues	\$ 46,389,404	\$ 37,823,349	\$ 1,851,325	\$ 1,288,634
Operating expenses	(30,600,758)	(26,445,175)	(2,088,385)	(1,675,105)
Depreciation and amortization	(18,833,802)	(17,934,099)	(1,134,852)	(965,104)
Operating loss	(3,045,156)	(6,555,925)	(1,371,912)	(1,351,575)
Net nonoperating income	18,964,477	7,091,396	1,146	763
Capital contributions	13,066,071	1,959,873	195,866	9,429,046
Increase in net position	\$ 28,985,392	\$ 2,495,344	\$ (1,174,900)	\$ 8,078,234
Cash flows:				
Operating activities	\$ 19,934,693	\$ 11,523,270	\$ (266,274)	\$ 62,245
Investing activities	(6,737,957)	3,700,927	2,651	-
Noncapital financing activities	6,303,943	7,696,895	(492,518)	1,409,128
Capital and related financing activities	(8,431,588)	(26,642,011)	756,396	(1,471,222)
Net change in cash and cash equivalents	11,069,091	(3,720,919)	255	151
Cash and cash equivalents at beginning of the year	55,326,720	59,047,639	400	249
Cash and cash equivalents at end of the year	\$ 66,395,811	\$ 55,326,720	\$ 655	\$ 400

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STATISTICAL SECTION

This part of the Metropolitan Knoxville Airport Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the airport's overall financial health.

Contents

Financial Trends

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the airport's current levels of outstanding debt and the airport's ability to issue additional debt in the future.

Revenue Capacity

These schedules contain information to help the reader assess the airport's most significant local revenue sources.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the airport's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the airport's financial report relates to the services the airport provides and activities it performs.

SCHEDULE 1:

Operating revenues and expenses - last ten fiscal years (unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues:										
Aviation area	\$ 7,515,133	\$ 7,094,029	\$ 5,928,246	\$ 4,630,643	\$ 5,491,542	\$ 6,107,314	\$ 5,365,728	\$ 5,157,606	\$ 5,133,877	\$ 5,038,282
Terminal area	36,143,190	29,297,817	25,498,292	14,898,453	20,910,056	23,423,378	21,008,481	20,075,555	18,848,009	18,625,307
Air cargo and other properties	4,582,406	2,720,137	2,859,189	2,903,806	3,377,678	4,271,066	4,028,575	3,858,125	3,710,606	3,810,517
Total operating revenues	48,240,729	39,111,983	34,285,727	22,432,902	29,779,276	33,801,758	30,402,784	29,091,286	27,692,492	27,474,106
Operating expenses:										
Aviation area	3,226,236	3,341,581	2,556,934	2,238,000	2,472,712	2,639,540	2,332,940	2,203,523	2,326,391	2,241,790
Terminal area	9,496,982	7,843,207	6,461,859	5,155,536	5,980,383	6,722,177	5,847,724	5,874,317	5,506,569	5,579,811
Air cargo and other properties	2,868,243	2,075,886	2,057,645	1,620,723	1,452,443	1,595,465	1,530,434	1,453,788	1,529,873	1,621,939
General area:										
Safety	5,948,428	5,610,329	5,248,139	4,689,051	5,060,627	4,908,770	4,628,650	4,609,726	4,394,476	4,536,099
Administration	11,149,254	9,249,277	7,948,542	7,068,580	7,295,849	7,748,675	7,368,863	7,187,377	6,434,369	5,631,927
Total operating expenses	32,689,143	28,120,280	24,273,119	20,771,890	22,262,014	23,614,627	21,708,611	21,328,731	20,191,678	19,611,566
Operating income before adjustments	15,551,586	10,991,703	10,012,608	1,661,012	7,517,262	10,187,131	8,694,173	7,762,555	7,500,814	7,862,540
Depreciation and amortization	(19,968,654)	(18,899,203)	(14,144,380)	(10,139,486)	(10,055,598)	(9,912,669)	(9,499,946)	(9,539,399)	(9,912,070)	(10,717,072)
Operating (loss) income	(4,417,068)	(7,907,500)	(4,131,772)	(8,478,474)	(2,538,336)	274,462	(805,773)	(1,776,844)	(2,411,256)	(2,854,532)
Net nonoperating income (expense)	18,965,623	7,092,159	13,409,229	17,612,492	10,385,206	10,040,497	3,812,308	2,620,125	2,599,725	1,933,972
Income (loss) before capital contributions	14,548,555	(815,341)	9,277,457	9,134,018	7,846,870	10,314,959	3,006,535	843,281	188,469	(920,560)
Capital contributions	13,261,937	11,388,919	7,091,001	24,334,903	30,037,804	27,536,133	19,181,599	31,685,691	14,834,999	9,437,726
Increase in net position	27,810,492	10,573,578	16,368,458	33,468,921	37,884,674	37,851,092	22,188,134	32,528,972	15,023,468	8,517,166
Net position at the beginning of year	342,420,711	331,847,133	315,478,675	282,009,754	244,125,080	206,273,988	184,085,854	151,556,882	136,533,414	128,016,248
Net position at end of year	\$ 370,231,203	\$ 342,420,711	\$ 331,847,133	\$ 315,478,675	\$ 282,009,754	\$ 244,125,080	\$ 206,273,988	\$ 184,085,854	\$ 151,556,882	\$ 136,533,414
Net position at end of year:										
Net investment in capital assets	\$ 265,254,641	\$ 251,080,250	\$ 243,941,035	\$ 238,827,856	\$ 210,964,151	\$ 173,637,819	\$ 146,198,639	\$ 123,577,195	\$ 91,628,740	\$ 81,407,805
Restricted-expendable	13,593,307	19,107,638	16,520,981	6,304,029	3,570,406	2,400,645	1,937,806	1,924,721	2,029,096	1,704,693
Unrestricted	91,383,255	72,232,823	71,385,117	70,346,790	67,475,197	68,086,616	58,137,543	58,583,938	57,899,046	53,420,916
Net position at end of year	\$ 370,231,203	\$ 342,420,711	\$ 331,847,133	\$ 315,478,675	\$ 282,009,754	\$ 244,125,080	\$ 206,273,988	\$ 184,085,854	\$ 151,556,882	\$ 136,533,414

Source: Audited Financial Statements, 2015-2024

SCHEDULE 2:

Debt service coverage - last ten fiscal years (unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues:										
Aviation area	\$ 7,515,133	\$ 7,094,029	\$ 5,928,246	\$ 4,630,643	\$ 5,491,542	\$ 6,107,314	\$ 5,365,728	\$ 5,157,606	\$ 5,133,877	\$ 5,038,282
Terminal area	36,143,190	29,297,817	25,498,292	14,898,453	20,910,056	23,423,378	21,008,481	20,075,555	18,848,009	18,625,307
Air cargo and other properties	4,582,406	2,720,137	2,859,189	2,903,806	3,377,678	4,271,066	4,028,575	3,858,125	3,710,606	3,810,517
Total operating revenues	48,240,729	39,111,983	34,285,727	22,432,902	29,779,276	33,801,758	30,402,784	29,091,286	27,692,492	27,474,106
Operating expenses:										
Aviation area	3,226,236	3,341,581	2,556,934	2,238,000	2,472,712	2,639,540	2,332,940	2,203,523	2,326,391	2,241,790
Terminal area	9,496,982	7,843,207	6,461,859	5,155,536	5,980,383	6,722,177	5,847,724	5,874,317	5,506,569	5,579,811
Air cargo and other properties	2,868,243	2,075,886	2,057,645	1,620,723	1,452,443	1,595,465	1,530,434	1,453,788	1,529,873	1,621,939
General area:										
Safety	5,948,428	5,610,329	5,248,139	4,689,051	5,060,627	4,908,770	4,628,650	4,609,726	4,394,476	4,536,099
Administration	11,149,254	9,249,277	7,948,542	7,068,580	7,295,849	7,748,675	7,368,863	7,187,377	6,434,369	5,631,927
Total operating expenses	32,689,143	28,120,280	24,273,119	20,771,890	22,262,014	23,614,627	21,708,611	21,328,731	20,191,678	19,611,566
Operating income before other income and other expenses	15,551,586	10,991,703	10,012,608	1,661,012	7,517,262	10,187,131	8,694,173	7,762,555	7,500,814	7,862,540
Other income	27,542,763	27,321,350	17,695,472	42,030,002	41,527,252	33,678,402	24,194,735	35,833,765	19,289,065	13,082,418
Net revenues	43,094,349	38,313,053	27,708,080	43,691,014	49,044,514	43,865,533	32,888,908	43,596,320	26,789,879	20,944,958
Less capital contributions - grant receipts										
from government agencies included in other income	(13,261,937)	(11,388,919)	(7,091,001)	(24,334,903)	(30,037,804)	(27,536,133)	(19,181,599)	(31,685,691)	(14,834,999)	(9,437,726)
Net revenues less grant receipts from government agencies in other income	\$ 29,832,412	\$ 26,924,134	\$ 20,617,079	\$ 19,356,111	\$ 19,006,710	\$ 16,329,400	\$ 13,707,309	\$ 11,910,629	\$ 11,954,880	\$ 11,507,232
Debt service on airport revenue general obligation debt (a)	\$ 5,879,479	\$ 6,090,595	\$ 6,146,741	\$ 2,341,819	\$ 7,367,977	\$ 7,104,035	\$ 6,907,123	\$ 6,799,043	\$ 6,476,919	\$ 6,366,528
Coverage ratio - airport revenue general obligation debt	507.4%	442.1%	335.4%	826.5%	258.0%	229.9%	198.5%	175.2%	184.6%	180.7%

Source: Audited Financial Statements, 2015-2024

(a) Amounts based on scheduled principal payments.

Note: Revenues, as defined in the Master Resolutions, are pledged for payments.

SCHEDULE 3:

Ratios of debt service and outstanding debt - last ten fiscal years (unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Principal (a)	\$ 5,545,000	\$ 5,410,000	\$ 5,275,000	\$ 1,280,000	\$ 5,580,000	\$ 5,350,000	\$ 5,125,000	\$ 4,590,000	\$ 4,365,000	\$ 4,155,000
Interest	334,479	680,595	871,741	1,061,819	1,787,977	1,754,035	1,782,123	2,209,043	2,111,919	2,211,528
Total debt service	\$ 5,879,479	\$ 6,090,595	\$ 6,146,741	\$ 2,341,819	\$ 7,367,977	\$ 7,104,035	\$ 6,907,123	\$ 6,799,043	\$ 6,476,919	\$ 6,366,528
Total expenses	\$ 52,992,276	\$ 47,700,078	\$ 39,289,240	\$ 31,973,195	\$ 34,293,880	\$ 35,281,331	\$ 32,990,680	\$ 33,077,173	\$ 32,215,667	\$ 32,540,166
Less depreciation and amortization	(19,968,654)	(18,899,203)	(14,144,380)	(10,139,486)	(10,055,598)	(9,912,669)	(9,449,946)	(9,539,399)	(9,912,070)	(10,717,072)
Add principal (a)	5,545,000	5,410,000	5,275,000	1,280,000	5,580,000	5,350,000	5,125,000	4,590,000	4,365,000	4,155,000
Total general expenditures	\$ 38,568,622	\$ 34,210,875	\$ 30,419,860	\$ 23,113,709	\$ 29,818,282	\$ 30,718,662	\$ 28,665,734	\$ 28,127,774	\$ 26,668,597	\$ 25,978,094
Ratio of debt service to expenditures	15.2%	17.8%	20.2%	10.1%	24.7%	23.1%	24.1%	24.2%	24.3%	24.5%
Outstanding debt (b)	\$ 11,900,000	\$ 17,650,000	\$ 28,885,000	\$ 34,295,000	\$ 45,640,000	\$ 57,045,000	\$ 62,395,000	\$ 67,520,000	\$ 70,635,000	\$ 75,000,000
Total number of passengers	\$ 3,030,494	\$ 2,628,222	2,343,910	1,391,469	1,952,143	2,375,059	2,108,507	1,906,795	1,790,247	1,739,183
Outstanding debt per passenger	\$ 3.93	\$ 6.72	\$ 12.32	\$ 24.65	\$ 23.38	\$ 24.02	\$ 29.59	\$ 35.41	\$ 39.46	\$ 43.12
Debt service per passenger	\$ 1.94	\$ 2.32	\$ 2.62	\$ 1.68	\$ 3.77	\$ 2.99	\$ 3.28	\$ 3.57	\$ 3.62	\$ 3.66

Source: Audited Financial Statements, 2015-2024

(a) Amounts based on scheduled principal payments.

(b) Outstanding debt is for Airport Revenue Obligations, payable from general airport revenue.

SCHEDULE 4:

*McGhee Tyson Airport annual terminal rents and landing fees
last ten fiscal years (unaudited)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Terminal rent:										
Ticket counter (per linear foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Ticket queuing (per square foot) (a)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Office space (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Outbound baggage space (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Operations space (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Baggage service office (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Holdroom area (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Baggage claim (per square foot)	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76	\$38.62
Apron charge (per gate) (a)	\$130,955.00	\$115,634.00	\$91,735.00	\$72,665.00	\$84,802.00	\$92,101.00	\$86,085.00	\$82,788.00	\$81,934.00	\$77,624.00
Loading bridge rent (per bridge) (a)	\$53,476.00	\$45,287.00	\$100,926.00	\$85,178.00	\$95,295.00	\$40,574.00	\$43,802.00	\$45,176.00	\$45,436.00	\$51,378.00
Landing fee (per 1,000 pounds)	\$3.30	\$3.43	\$2.94	\$3.02	\$2.99	\$3.14	\$3.13	\$3.23	\$3.50	\$3.43

*(a) Fees and rental charges became effective with beginning of fiscal year for which amounts are shown.
Notes: The revenue bases to which these rates are applied and their principal payers can be found in schedules 7, 9 and 11.*

SCHEDULE 5:*Airline arrivals and departures - last ten fiscal years (unaudited)*

Fiscal Year	Air carrier	Air taxi	General aviation	Military	Total
2015	10,778	30,812	32,645	23,874	98,109
2016	12,460	28,823	33,882	19,211	94,376
2017	17,115	25,120	38,631	18,993	99,859
2018	23,417	20,204	47,532	20,836	111,989
2019	23,613	26,037	50,895	19,257	119,802
2020	23,254	20,960	49,785	15,072	109,071
2021	21,176	15,155	39,083	11,078	86,492
2022	26,903	19,150	45,779	11,636	103,468
2023	27,070	17,729	48,636	9,553	102,988
2024	31,346	19,167	45,377	9,295	105,185

*Source: McGhee Tyson Airport F.A.A. Control Tower**Note: Air carriers are passenger, charter, and cargo aircraft certified by the F.A. A. to carry 60 or more passengers. Air taxis include regional, charter, and cargo aircraft that are certified to carry less than 60 passengers.*

SCHEDULE 6:

Historical airline passenger activity - last ten fiscal years (unaudited)

Fiscal Year	Passengers enplaned	Passengers deplaned	Total passengers
2015	872,849	866,334	1,739,183
2016	898,671	891,576	1,790,247
2017	958,429	948,366	1,906,795
2018	1,057,578	1,050,929	2,108,507
2019	1,191,198	1,183,861	2,375,059
2020	975,910	976,233	1,952,143
2021	698,270	693,199	1,391,469
2022	1,177,367	1,166,543	2,343,910
2023	1,317,250	1,310,972	2,628,222
2024	1,514,648	1,515,846	3,030,494

Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report

SCHEDULE 7:

Distribution of airline passengers - fiscal year ended June 30, 2024 (unaudited)

Airline	Enplaned passengers	Deplaned passengers	Total passengers	Percentage of passengers
United	210,342	207,343	417,685	13.78%
Allegiant Air	373,763	372,851	746,614	24.64%
American	536,683	542,541	1,079,224	35.61%
Delta	352,898	351,145	704,043	23.23%
Frontier	31,203	31,877	63,080	2.08%
Avelo	1,932	1,986	3,918	0.13%
Other	7,827	8,103	15,930	0.53%
Total	1,514,648	1,515,846	3,030,494	100.00%

Source: Metropolitan Knoxville Airport Authority, Annual Activity Report

Note: The Authority has elected not to report a ten-year history of passengers by airline because history has shown when a particular airline withdraws from the market, another airline enters the market or an existing airline expands their flights.

SCHEDULE 8:

Cargo - last ten fiscal years (in pounds) (unaudited)

Fiscal Year	Freight		Total cargo
	Enplaned	Deplaned	
2015	36,351,492	39,459,681	75,811,173
2016	37,089,237	43,381,695	80,470,932
2017	37,210,403	48,076,612	85,287,015
2018	35,725,317	46,651,705	82,377,022
2019	36,427,469	46,854,736	83,282,205
2020	34,383,758	49,553,002	83,936,760
2021	37,824,291	50,588,016	88,412,307
2022	37,184,796	48,638,748	85,823,544
2023	33,276,857	47,347,802	80,624,659
2024	29,623,918	45,464,613	75,088,531

Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report

SCHEDULE 9:

Distribution of cargo - fiscal year ended June 30, 2024 (in pounds) (unaudited)

Airline	Freight		Total	Percentage
	Enplaned	Deplaned		
Major:				
Delta	230,443	229,650	460,093	0.61%
Regional:				
PSA	37,443	36,669	74,112	0.10%
Cargo:				
FedEx	21,130,654	30,398,838	51,529,492	68.62%
UPS	8,212,818	14,783,393	22,996,211	30.63%
Other Freight	12,560	16,063	28,623	0.04%
Total	29,623,918	45,464,613	75,088,531	100.00%

Source: Metropolitan Knoxville Airport Authority, Annual Activity Report

Note: The Authority has elected not to report a ten-year history of cargo by airline because history has shown when a particular airline withdraws from the market, another airline enters the market or an existing airline expands their flights.

SCHEDULE 10:

Aircraft landed weights - last ten fiscal years (in thousand pound units) (unaudited)

Fiscal Year	Major passenger airlines	Regional airlines	Cargo airlines	Total
2015	255,671	736,629	280,670	1,272,970
2016	259,716	747,191	274,808	1,281,715
2017	329,063	787,276	290,938	1,407,277
2018	381,683	855,278	274,653	1,511,614
2019	395,936	965,645	286,676	1,648,257
2020	330,481	882,742	285,236	1,498,459
2021	277,355	675,578	304,368	1,257,301
2022	467,751	821,039	323,433	1,612,223
2023	727,319	666,013	322,314	1,715,646
2024	805,906	803,865	309,724	1,919,495

Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report

SCHEDULE 11:

Aircraft landed weights - ten fiscal year trend history (in thousand pound units) (unaudited)

Airline	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
PSA	251,109	13%	191,039	11%	255,612	16%	160,805	13%	174,050	12%	197,355	12%	209,086	14%	220,844	16%	214,497	17%	209,479	16%
FedEx	224,349	12%	231,413	13%	232,542	14%	220,317	18%	214,658	14%	217,120	13%	207,785	14%	217,078	15%	204,158	16%	191,071	15%
Pinnacle	185,375	10%	163,766	9%	203,866	13%	228,647	18%	261,075	17%	275,618	17%	219,571	15%	177,725	13%	164,518	13%	158,198	12%
Allegiant Air	343,215	18%	323,644	19%	299,935	19%	254,826	20%	209,124	14%	228,065	14%	180,899	12%	153,689	11%	108,627	8%	102,409	8%
ExpressJet	-	0%	-	0%	-	0%	13,536	1%	71,800	5%	123,750	8%	134,215	9%	185,213	13%	213,080	17%	212,354	17%
Delta	197,170	10%	190,723	11%	135,215	8%	2,420	0%	83,682	6%	121,759	7%	131,656	9%	137,379	10%	135,749	11%	135,471	11%
Skywest	134,475	7%	80,592	5%	83,681	5%	56,710	5%	72,467	5%	125,649	8%	122,505	8%	22,180	2%	13,627	1%	1,081	0%
UPS	85,375	4%	90,901	5%	90,891	6%	84,051	7%	70,088	5%	68,774	4%	65,366	4%	72,533	5%	69,146	5%	87,911	7%
ASA	-	0%	-	0%	-	0%	-	0%	-	0%	11,122	1%	28,564	2%	60,625	4%	50,382	4%	36,900	3%
American	221,723	12%	180,175	11%	3,169	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
United	5,260	0%	872	0%	-	0%	-	0%	-	0%	20,225	1%	43,387	3%	-	0%	-	0%	-	0%
Republic	35,878	2%	6,184	0%	450	0%	2,646	0%	69,600	5%	-	0%	-	0%	-	0%	-	0%	-	0%
Mesa	-	0%	5,500	0%	19,131	1%	53,268	4%	43,713	3%	45,153	3%	28,827	2%	14,017	1%	-	0%	-	0%
Commute Air	87,648	5%	80,828	5%	82,104	5%	64,372	5%	4,312	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Trans States	-	0%	-	0%	-	0%	-	0%	24,577	2%	34,956	2%	27,444	2%	35,160	2%	50,646	4%	17,210	1%
GO Jets	11,468	0%	11,407	1%	9,455	1%	22,143	2%	2,775	0%	1,943	0%	30,083	2%	19,430	1%	9,330	1%	-	0%
American Eagle	58,775	3%	79,282	5%	90,695	6%	30,144	2%	78,416	5%	64,854	4%	11,022	1%	21,326	2%	13,737	1%	77,507	6%
Frontier	38,538	2%	32,776	2%	29,432	2%	20,109	2%	21,692	1%	25,886	2%	25,741	2%	20,079	1%	15,340	1%	17,792	1%
Air Wisconsin	18,706	1%	26,837	2%	32,712	2%	8,742	1%	49,585	3%	53,204	3%	33,417	2%	23,422	2%	15,416	1%	13,066	1%
AmeriFlight	-	0%	-	0%	-	0%	-	0%	-	0%	740	0%	1,255	0%	1,193	0%	1,376	0%	1,415	0%
Piedmont	18,115	1%	19,424	1%	43,170	2%	34,440	2%	46,356	3%	22,611	1%	2,095	0%	-	0%	-	0%	-	0%
Mountain Air	-	0%	-	0%	-	0%	-	0%	481	0%	17	0%	214	0%	100	0%	103	0%	217	0%
Shuttle America	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1,957	0%	638	0%
Chatauqua	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	5,067	0%
Air Net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	56	0%
Avelo	2,286	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Freedom	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	5,119	0%
Other	31	0%	283	0%	163	0%	125	0%	8	0%	9,456	1%	8,482	1%	25,284	2%	26	0%	9	0%
Total	1,919,495	100%	1,715,646	100%	1,612,223	100%	1,257,301	100%	1,498,459	100%	1,648,257	100%	1,511,614	100%	1,407,277	100%	1,281,715	100%	1,272,970	100%

Source: Metropolitan Knoxville Airport Authority, Annual Activity Report

SCHEDULE 12:

Total Passengers - ten fiscal year trend history (unaudited)

Airline	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Delta	704,043	23%	633,090	24%	589,573	25%	283,258	20%	541,604	28%	679,504	29%	592,892	28%	528,295	28%	522,892	29%	225,241	13%
Allegiant Air	746,614	25%	716,106	27%	603,924	26%	381,158	27%	400,682	21%	442,824	19%	364,125	17%	300,796	16%	221,807	12%	218,386	13%
PSA	422,612	14%	313,976	12%	412,898	18%	244,906	18%	245,357	13%	309,303	13%	328,538	16%	345,775	18%	344,727	19%	343,334	20%
American Eagle	97,497	3%	141,396	6%	155,308	7%	49,216	4%	270,167	14%	264,231	11%	240,147	11%	201,287	11%	226,015	13%	170,642	10%
ExpressJet	-	0%	-	0%	-	0%	19,415	1%	113,192	6%	193,928	8%	143,002	7%	188,560	10%	188,712	11%	281,754	16%
ASA	-	0%	-	0%	-	0%	-	0%	-	0%	21,298	1%	47,720	2%	105,245	6%	93,217	5%	66,769	4%
American	417,987	14%	311,881	12%	6,874	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
United	9,110	0%	1,238	0%	-	0%	-	0%	6,975	0%	31,627	1%	62,791	3%	-	0%	-	0%	-	0%
Mesa	-	0%	10,486	0%	34,594	1%	82,095	6%	61,672	3%	77,706	3%	43,117	2%	21,227	1%	-	0%	-	0%
Trans States	-	0%	-	0%	-	0%	-	0%	47,423	2%	69,904	3%	47,375	2%	64,306	3%	92,648	5%	30,523	2%
Go Jets	5,298	0%	16,580	1%	13,136	1%	27,552	2%	2,887	0%	3,031	0%	48,229	2%	32,603	2%	16,443	1%	-	0%
Skywest	245,881	8%	147,888	6%	150,403	6%	86,776	6%	35,698	2%	67,784	3%	54,610	3%	23,546	1%	24,891	1%	1,704	0%
Frontier	63,080	2%	62,966	2%	60,083	3%	37,671	3%	46,335	2%	56,495	2%	51,815	2%	39,243	2%	30,242	2%	43,348	2%
Air Wisconsin	37,744	1%	51,006	2%	59,557	3%	11,832	1%	83,818	4%	91,902	4%	54,865	3%	15,465	1%	20,375	1%	15,695	1%
Commute Air	176,484	6%	162,523	6%	153,618	7%	101,014	7%	5,387	0%	1,402	0%	14,916	1%	10,287	1%	-	0%	-	0%
Shuttle America	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	3,822	0%	-	0%	-	0%	-	0%
Chautauqua	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	3,828	0%	1,175	0%
Piedmont	37,161	1%	40,679	2%	88,563	4%	55,848	4%	82,428	4%	44,447	2%	-	0%	-	0%	-	0%	66,955	4%
Endeavor Air	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Avelo	3,918	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Republic	47,135	2%	6,583	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other	15,930	1%	11,824	0%	15,379	1%	10,728	1%	8,518	0%	19,673	1%	10,543	1%	30,160	2%	4,450	0%	4,468	0%
Total	3,030,494	100%	2,628,222	100%	2,343,910	100%	1,391,469	100%	1,952,143	100%	2,375,059	100%	2,108,507	100%	1,906,795	100%	1,790,247	100%	1,739,183	100%

Source: Schedule 7 of Annual Comprehensive Financial Report

SCHEDULE 13:

Distribution of total cargo - ten fiscal year trend history (in pounds)(unaudited)

Airline	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
<i>Passenger:</i>																				
Delta	460,093	1%	518,534	1%	335,448	1%	9,357	0%	256,913	0%	354,524	1%	379,315	1%	353,740	1%	302,992	1%	394,091	1%
PSA	74,112	0%	25,051	0%	42,965	0%	25,931	0%	50,072	0%	82,438	0%	107,971	0%	80,491	0%	146,212	0%	175,714	0%
American Eagle	2,593	0%	6,683	0%	24,213	0%	22,898	0%	25,148	0%	25,823	0%	7,862	0%	26,849	0%	2,551	0%	10,058	0%
Skywest	726	0%	-	0%	746	0%	4,025	0%	525	0%	10,828	0%	6,569	0%	998	0%	-	0%	-	0%
American	2,090	0%	3,738	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Piedmont	11,927	0%	5,715	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Air Wisconsin	8,662	0%	430	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Chautauqua	-	0%	-	0%	-	0%	-	0%	1,568	0%	5	0%	-	0%	-	0%	-	0%	-	0%
Other	2,625	0%	2,942	0%	-	0%	-	0%	236	0%	3	0%	1,316	0%	2,576	0%	-	0%	162	0%
<i>Cargo:</i>																				
FedEx	51,529,492	69%	55,784,729	69%	60,334,989	70%	60,873,204	69%	57,832,977	69%	60,799,647	73%	61,790,777	75%	64,672,651	76%	58,126,733	72%	52,408,255	69%
UPS	22,996,211	30%	24,276,837	30%	25,085,183	29%	27,476,864	31%	25,685,666	31%	21,905,421	26%	19,899,283	24%	19,956,038	23%	21,666,452	27%	22,597,174	30%
AmeriFlight	-	0%	-	0%	-	0%	-	0%	-	0%	96,641	0%	150,231	0%	177,325	0%	211,133	0%	219,152	0%
Mountain Air	-	0%	-	0%	-	0%	-	0%	83,565	0%	1,480	0%	28,582	0%	8,513	0%	9,677	0%	-	0%
Air Net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other	-	0%	-	0%	-	0%	28	0%	90	0%	5,395	0%	5,116	0%	7,834	0%	5,182	0%	6,567	0%
Total	75,088,531	100%	80,624,659	100%	85,823,544	100%	88,412,307	100%	83,936,760	100%	83,282,205	100%	82,377,022	100%	85,287,015	100%	80,470,932	100%	75,811,173	100%

Source: Schedule 9 of Annual Comprehensive Financial Report

SCHEDULE 14:

Authority employees and demographic data - population (unaudited)

Full-time equivalent employees as of fiscal year-end

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	15.3	15.1	12.5	12.5	12.0	12.0	11.5	12.0	13.0	12.5
Marketing/Public Relations	8.1	6.4	7.0	7.5	9.0	9.5	8.5	9.0	9.0	7.0
Engineering & Planning	7.0	5.7	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
Safety (Police & Fire)	59.8	61.6	57.5	53.0	58.0	58.0	56.0	49.0	47.0	45.0
*Operations Administration	11.5	12.9	12.5	12.0	12.5	11.5	12.0	12.0	13.0	12.0
*Technology	4.3	-	-	-	-	-	-	-	-	-
Building Maintenance	8.9	8.9	8.0	8.0	8.0	7.5	7.5	9.0	10.5	8.0
Airfield Maintenance	18.0	20.4	17.5	16.0	20.5	21.0	20.5	20.0	22.0	22.0
Building Services (Custodial)	26.1	26.8	20.0	22.0	25.5	26.0	26.5	28.0	29.0	29.0
Knoxville Downtown Island Airport	7.4	7.3	7.0	6.5	6.5	6.5	6.0	7.0	7.0	7.0
Total Employees	166.4	165.1	148.0	143.5	158.0	158.0	154.5	153.0	157.5	149.5

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Technology was included with Operations Administration in prior years.

Demographic data - population

Actual	City	County	Metropolitan area (a)
1970	174,587	276,293	461,876
1980	175,045	319,694	546,488
1990	165,121	335,749	585,926
2000	173,890	382,032	687,249
2010	178,874	432,226	787,919
2020	190,740	478,971	864,442

Source: Bureau of the Census

(a) Knoxville's Metropolitan Statistical Area (MSA) includes Anderson, Blount, Knox, Loudon, Sevier, and Union counties. Prior to 1983, statistics were gathered only for Anderson, Blount, Knox, and Union counties.

SCHEDULE 15:

Demographic data - unemployment information last ten calendar years (unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
National	6.2%	5.0%	4.9%	4.1%	3.9%	3.5%	8.1%	5.3%	3.6%	3.6%
Tennessee	6.7%	5.8%	5.1%	3.3%	3.3%	3.3%	9.3%	4.4%	3.4%	3.3%
Major Tennessee metropolitan areas:										
Chattanooga	6.5%	5.1%	4.9%	3.3%	3.1%	3.2%	8.3%	5.0%	3.3%	3.1%
Knoxville (a)	5.8%	5.0%	4.7%	2.9%	2.8%	2.9%	7.9%	4.3%	3.1%	3.0%
Memphis	7.6%	6.1%	5.3%	3.7%	3.7%	3.8%	11.7%	7.6%	4.2%	4.0%
Nashville	5.2%	4.2%	3.8%	2.4%	2.3%	2.3%	10.0%	4.4%	2.7%	2.6%

Source: Tennessee Department of Labor and Workforce Development

(a) Knoxville's Metropolitan Statistical Area (MSA) includes Anderson, Blount, Campbell, Grainger, Knox, Loudon, Morgan, Roane, and Union Counties.

SCHEDULE 16:

Demographic data - per capita personal income last ten calendar years (unaudited)

Calendar Year	Tennessee	United States
2014	40,233	46,414
2015	42,094	48,112
2016	43,380	49,255
2017	45,517	51,631
2018	46,900	54,420
2019	48,684	56,469
2020	50,547	59,450
2021	54,873	63,492
2022	58,292	65,471
2023	62,229	69,815

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

SCHEDULE 17:

Demographic data - total personal income last ten calendar years (thousands of dollars) (unaudited)

Calendar Year	Tennessee	United States
2014	263,437,186	14,801,624,000
2015	277,832,327	15,463,981,000
2016	288,531,063	15,912,777,000
2017	297,292,992	16,413,551,000
2018	319,400,765	17,572,929,097
2019	332,472,653	18,542,262,000
2020	348,109,172	19,679,715,147
2021	382,748,632	20,056,621,907
2022	410,944,846	21,804,787,547
2023	435,066,536	22,952,028,337

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

SCHEDULE 18

Demographic data - top employers in Knoxville area for the last ten calendar years (unaudited)

	2023		2022		2021		2020		2019		2018		2017		2016		2015		2014			
Major Employers:	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%		
U.S. Department of Energy																						
Oak Ridge Operations	16,975	3%	16,175	3%	15,388	3%	17,079	4%	15,862	4%	12,387	3%	12,618	3%	11,750	3%	11,986	3%	11,637	3%		
Covenant Health	11,963	2%	11,913	2%	11,357	2%	11,060	3%	9,792	2%	10,419	2%	10,419	3%	10,119	3%	10,304	3%	10,458	3%		
The University of Tennessee Knoxville	11,197	2%	9,299	2%	8,959	2%	8,959	2%	9,384	2%	6,689	2%	6,689	2%	6,646	2%	6,609	2%	6,660	2%		
Knox County Schools	10,118	2%	10,047	2%	9,558	2%	9,519	2%	7,949	2%	8,082	2%	7,881	2%	8,146	2%	7,241	2%	6,804	2%		
Wal-Mart Stores, Inc.	6,614	1%	6,863	1%	6,863	1%	6,863	2%	6,863	2%	5,998	1%	5,881	1%	6,206	2%	5,951	2%	6,006	2%		
University Health Systems	5,387	1%	5,387	1%	5,290	1%	5,137	1%	5,458	1%	5,547	1%	5,316	1%	5,144	1%	4,941	1%	4,224	1%		
Clayton Homes	5,047	1%	5,047	1%	5,436	1%	4,262	1%	4,883	1%	3,662	1%	3,188	1%	3,139	1%	2,883	1%	2,784	1%		
Denso Manufacturing Tennessee	5,000	1%	5,000	1%	4,500	1%	4,200	1%	5,350	1%	5,000	1%	4,439	1%	3,900	1%	3,800	1%	3,500	1%		
Roark Capital Group	4,608	1%	3,873	1%	3,656	1%	3,530	1%	2,788	1%	2,627	1%	1,902	0%	1,904	0%	1,796	0%	1,796	0%		
The Dollywood Co.	4,500	1%	4,500	1%	4,000	1%	4,500	1%	4,500	1%	4,000	1%	4,000	1%	4,000	1%	3,000	1%	2,521	1%		
K-VA-T Food Stores	4,023	1%	4,302	1%	4,227	1%	4,634	1%	3,104	1%	3,487	1%	3,328	1%	3,545	1%	3,913	1%	4,078	1%		

Source: Knoxville Area Chamber Partnership

Notes: Percentages reported above are based upon total employment in Knoxville and its Metropolitan Statistical Area (MSA).

n/a = not available

SCHEDULE 19:*Airlines serving McGhee Tyson Airport (unaudited)*

June 30, 2024

Major/domestic passenger airlines

Allegiant Air
 American Airlines*
 Avelo Airlines
 Delta Air Lines*
 Frontier Airlines
 United Airlines*

**Some or all service offered through regional airline affiliates shown below.*

Regional Airline Affiliates

Air Wisconsin Airlines/American Airlines
 Commute Air /United Airlines
 Endeavor Air /Delta Air Lines
 Envoy Airlines/American Airlines
 GoJet Airlines/United Airlines
 Mesa/American Airlines
 Piedmont Airlines/American Airlines
 PSA Airlines/American Airlines
 Republic Airlines/American Airlines
 Republic Airlines/United Airlines
 Skywest Airlines/American Airlines
 Skywest Airlines/United Airlines

Cargo airlines

FedEx, Inc.
 UPS Airlines, Inc.

SCHEDULE 20:

Flight information (unaudited)

June 30, 2024

Passenger Airlines	Destination	Daily flights	Daily seats	Weekly flights	Weekly seats	Aircraft
Allegiant Air	Austin*			4	744	A320
	Belleville/ St. Louis MidAmerica*			4	744	A320
	Boston*			4	744	A320
	Chicago-Midway*			4	744	A320
	Denver*			4	744	A320
	Destin/Fort Walton*			4	744	A320
	Fort Lauderdale*			8	1,488	A320
	Houston-Hobby*			4	744	A320
	Jacksonville*			4	744	A320
	Las Vegas*			4	744	A320
	Minneapolis/ St. Paul*			4	744	A320
	Newark*			4	744	A320
	Orlando-International*			6	1,116	A320
	Orlando-Sanford*			8	1,488	A320
	Phoenix*			4	744	A320
	Punta Gorda/SW Florida*			8	1,488	A320
	South Bend*			4	744	A320
	St. Petersburg/Tampa Bay*			8	1,488	A320
	West Palm Beach*			4	744	A320
American Airlines	Charlotte	14	1,554	98	10,878	CR9, A319, A320
	Chicago-O'Hare	4	200	28	1,400	CR7, ERJ
	Dallas/Fort Worth	6	1,032	42	7,224	A320, A321, B738
	Miami	2	152	14	1,064	E175
	New York-LaGuardia	2	152	14	1,064	E175
	Philadelphia	6	352	42	2,464	CRJ, ERJ
	Washington-National	6	456	42	3,192	CRJ, E175
Avelo Airlines	New Haven*			2	378	B737
Delta Air Lines	Atlanta	16	1,700	112	11,900	B717, A320, CR9, B739
	Detroit	4	880	28	6,160	B717
	Minneapolis/St. Paul	2	152	14	1,064	CR9
	New York-LaGuardia	6	456	42	3,192	CR9
Frontier Airlines	Denver*			8	1,840	A320, A321
	Orlando- International*			6	1,080	A320
	Philadelphia*			6	1,080	A320
United Airlines	Chicago-O'Hare	8	440	56	3,080	CR550, E175
	Denver	4	504	28	3,528	E175, A319, A320
	Houston -Bush	6	300	42	2,100	ERJ, CRJ
	Washington-Dulles	4	200	28	1,400	ERJ
Totals		90	8,530	746	81,572	

Cargo Airlines	Destination	Daily flights	Weekly Flights	Aircraft
FedEx, Inc	Indianapolis	2	10	A310, B757
	Memphis	4	20	A310, B757
UPS Airlines	Louisville	2	10	A310

* less-than-daily or seasonal

SCHEDULE 21:*Companies conducting business on airport property (unaudited)*

June 30, 2024

Aviation service operators

Air America Aerial Ads DBA Drake Aerial Enterprises
 Aircraft Technicians, Inc.
 Avflight Services Corporation
 AVZ Flight Academy
 CAVU, LLC
 Fast Track Flight Training
 G2 Secure Staff, LLC
 Horizon Avionics, Inc.
 Jetstar Aviation, LLC
 Knoxville Flight Training Center, Inc.
 MaxAir Charters dba Flight Choice
 Sky Pirate Aviation LLC
 Smoky Mountain Air Charter
 Standard Aero Alliance
 Signature Flight Support LLC
 The Jet Shop, LLC
 United Ground Express
 Xpress Aircraft Maintenance, LLC

U.S. government agencies

Federal Aviation Administration
 Knox County Sheriff's Dept.
 Tennessee Air National Guard
 Tennessee Army National Guard
 Transportation Security Administration

Airline maintenance

Endeavor Air (Delta Connection)

Bank ATMs

First Horizon Bank
 Regions Bank
 Truist Bank
 TN State Bank

Concessionaires

Classic Shine
 Five Star Food Service
 HMS Host Corporation
 Knoxville Airport Hotel Company dba Knoxville Airport Hilton
 Knoxville Coca-Cola Co.

Concessionaires (cont.)

Paradies-Knoxville, LLC
 Rick McGill Toyota
 Ruby Tuesday, Inc.
 Smarte Carte, Inc.
 Security Point Media, LLC

Rental car companies

Alamo Rent A Car
 Avis Car Rental
 Budget Car Rental
 Dollar Rent-a-Car
 Enterprise Rent-A-Car
 Hertz Rent-a-Car
 National Car Rental
 Payless Car Rental
 Thrifty Rent-a-Car
 Gitbin & Associates, Inc. dba GO Rentals

Other

ARINC
 Atmos Energy
 Cirrus Design Corp dba Cirrus Aviation
 Delta Cargo, Inc.
 East TN Natural Gas, LLC
 K12 Management Inc.
 Lamar Dunn & Associates, Inc.
 Lyft
 Massey Properties, LLC
 National Safe Skies Alliance
 R Squared Construction
 Republic/REEF Parking System
 RTW Management Inc.
 SITA
 Uber
 TURO
 V. Alexander & Company, Inc.

SCHEDULE 22:*Use of debt proceeds (unaudited)*

Descriptions of the uses of proceeds from the Authority's debt are summarized below.

Airport revenue refunding note**Series 2019A - \$39,570,000**

Proceeds from this debt issuance was used to partially refund the series 2008 V-A-1 bonds and to terminate the associated variable interest.

Series 2017A - \$11,000,000 (retired)

Proceeds from this debt issuance was used to refund the series 2000 II-D-1 bonds and to terminate the associated interest rate swap.

Local government public improvement revenues bonds**Series 2008 V-A-1—\$84,645,000 (retired)**

Proceeds from this bond issue were used to refund the Series III-A outstanding bonds in advance of their maturity.

Special purpose revenue bonds**Series 2002—\$8,500,000 (retired)**

The Authority issued these bonds on behalf of Northwest Airlines, Inc., now Delta Air Lines, to construct a regional jet maintenance hangar for their affiliate airline, Pinnacle Airlines, Inc., in the West Aviation Area. The Authority is not at risk for these bonds.

Local government public improvement revenue bonds**Series 2000 II-D-1—\$18,500,000 (retired)**

Proceeds from this bond issue were used to finance a regional jet maintenance facility for ExpressJet, formerly Continental Express, Inc., and for the West Aviation Area at McGhee Tyson Airport. These were the first bonds issued under the new Master Bond Resolution.

Series 2001 III-A—\$ 95,000,000 (retired)

Proceeds from this bond issue were used for repayment of all outstanding General Obligation bonds, including Series E-1, E-2, II-G-2, III-B-1, III-G-2, and IV-A-1. They were also used for completion of the renovation and expansion of the terminal building at McGhee Tyson Airport, for the West Aviation Area, and for land acquisition.

Series 1999 IV-A-1—\$20,300,000 (retired)

Proceeds from this bond issue were used to finance the renovation and expansion of the terminal building at McGhee Tyson Airport, construct a 750-space public parking lot, and refinance the outstanding Airport Revenue-General Obligation Series G and H bonds.

Series 1999 III-G-2—\$5,500,000 (retired)

Proceeds from this bond issue were used to finance the renovation and expansion of the terminal building at McGhee Tyson Airport

Series 1998 III-B-1—\$36,500,000 (retired)

Proceeds from this bond issue were used to finance the renovation and expansion of the terminal building at McGhee Tyson Airport

Series 1997 II-G-2—\$ 8,000,000 (retired)

Proceeds from this bond issue were used to finance the renovation and expansion of the terminal building at McGhee Tyson Airport

Series 1996 E-2—\$5,350,000 (retired)

Proceeds from this bond issue were used to finance the construction of improvements to the air cargo facilities at the McGhee Tyson Airport and aircraft T-hangars at the Knoxville Downtown Island Airport. They were also used to refinance the outstanding Airport Revenue-General Obligation Bonds, Series F.

Series 1996 E-1—\$7,150,000 (retired)

Proceeds from this bond issue were used to expand the public garage in front of the terminal building from 1,394 to 2,811 spaces.

SCHEDULE 23:
Insurance in force (unaudited)
June 30, 2024

Type of policy	Policy insurer	Expiration date	Policy limit	Risk Coverage
Airport Liability	Chubb	July 12, 2024	\$200,000,000 aggregate limit	Personal injury and property damage
Commercial Property	Allianz	June 30, 2024	\$369,042,635	Buildings - Fire and other perils (includes contents, rental income and extra expense)
Cybersecurity Insurance	Cowbell Cyber	August 1, 2024	\$3,000,000	Cyber liability and security
Public Officials and Employer Liability	Chubb	December 1, 2024	\$10,000,000	Commissioners and employee professional liability
Commerical Crime Coverage	Great American Insurance Group	July 27, 2024	\$500,000	Employee dishonesty, forgery, computer hacking, funds transfer fraud
Automobile Liability	Cincinnati Insurance Company	July 1, 2024	\$1,000,000	Automobile liability
Physical Damage - Two Fire Trucks	National Hangar Insurance Co.	November 29, 2024	\$1,433,250	Property damage - two fire trucks
Physical Damage - Refueler Trucks	National Hangar Insurance Co.	November 29, 2024	\$230,000	Property damage-refueler trucks
Liability Only - Two Fire Trucks	National Hangar Insurance Co.	November 29, 2024	\$150,000	Liability Only - two old trucks
Workers' Compensation	AmTrust	June 30, 2024	\$1,000,000	Employer's liability - employee bodily injury
Employee Health, Vision and Dental	United Health Care	May 31, 2025		Employee medical, vision and dental
Employee Long-Term Disability	Unum	May 31, 2025		Employee earnings after 90 days disability
Employee AD&D	Unum	May 31, 2025	\$100,000/Employee \$5,000/Spouse \$1,000/Child	Accidental death and dismemberment
Employee and Dependent Life	Unum	May 31, 2025	\$100,000/Employee \$5,000/Spouse \$1,000/Child	Life and dependent life

SCHEDULE 24:*Major Airport Capital Improvements Completed (unaudited)*

As of June 30, 2024

Year Completed	Description	Cost
1989	Parking Garage Phase I (775 spaces)	\$5.7 million
1991	Air Cargo Complex (FedEx and UPS)	\$12 million
1993	Runway 5R/23L 3,000 foot extension	\$14 million
1995	Parking Garage Phase II (619 spaces)	\$3.2 million
1998	Parking Garage Phase III (1,417 spaces)	\$8.2 million
2000	Passenger Terminal Building Renovation and Expansion	\$72 million
2000	Express Jet Maintenance Facility	\$13.7 million
2002	Delta Air Lines Maintenance Facility	\$8.5 million
2008	Airport Rescue and Fire Fighting Facility	\$11.6 million
2009	West Aviation Area	\$53 million
2010	Taxiway B Reconstruction	\$5.4 million
2013	Airfield Maintenance Complex	\$18.7 million
2015	Land acquisition in Runway 23R Runway Protection Zone	\$6.1 million
2016	Aircraft Storage Hangar for Cirrus Design Corp.	\$2.3 million
2017	Air Cargo Building (Delta)	\$2.0 million
2018	Knoxville Downtown Island Airport T-Hangars, Taxiway & Apron	\$2.7 million
2019	Passenger Boarding Bridges (12)	\$8.4 million
2022	Runway 5L/23R Construction	\$139.9 million
2023	Runway 5L/23R Construction, continuation	\$0.9 million
2023	Third Baggage Claim Carousel	\$2.5 million
2023	Knoxville Downtown Island Airport Runway	\$11.1 million
2024	Tyson Center Building Purchase	\$8.8 million
2024	Economy Lot C	\$7.2 million

SCHEDULE 25:

Capital Asset Information (unaudited)

As of June 30, 2024

Airport Code:	TYS		DKX	
Location:	Alcoa, TN		Knoxville, TN	
Coordinates:	N35° 48.66' W83° 59.64'		N35° 57' 49.8" W83° 52' 25.2"	
Elevation:	979 feet		833.2 feet	
Tower:	24/7 121.2		None	
Total acreage:	2,752 acres		179.5 acres	
Runways:	RWY 05L-23R RWY 05R-23L	10,000 x 150 ft. 9,000 x 150 ft.	RWY 08-26	3499 x 75 ft
Apron area-sq ft:	Cargo Airlines Fixed Base Operator	314,284 1,985,064		
Terminal Complex	Number of passenger gates Number of loading bridges Total area - sq ft Useable space - sq ft Leasable space - sq ft Mechanical - sq ft	12 12 260,936 217,397 104,874 35,798		
Parking spaces, number:	Garage: Garage Parking Surface Parking Exit Rental Cars Total Garage	2,178 158 435 <u>2,771</u>		
	Surface: Garage Entrance Terminal Surface Rental Car Surface Lot A-Terminal Lot B-Terminal Lot C-Economy Lot D-Monthly/Employee Lot E-Monthly/Employee Lot F-Gnd Trnspt/Employee Ground Trnspt Pickup Total Surface	45 635 51 666 379 1,094 197 164 177 41 <u>3,449</u>		
	Total Parking	<u><u>6,220</u></u>		
Fixed Base Operator	Signature Flight Support			

Source: Metropolitan Knoxville Airport Authority Engineering and Planning department

COMPLIANCE SECTION

This section contains the following items:

Schedule of Expenditures of Federal Awards, State Financial Assistance and Passenger Facility Charges Collected and Expended

Schedule of Long-Term Debt Principal and Interest Requirements

Schedule of Changes in Long-Term Debt by Individual Issue

Independent Auditor's Reports

Schedule of Findings and Questioned Costs

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE AND
PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

Year ended June 30, 2024

Federal Grantor / Pass-Through Grantor	Program Title	Assistance Listing Number	Contract Number	Expenditures
<u>Federal Awards</u>				
U.S. Department of Transportation	Airport Improvement Program	20.106	N/A	\$ 2,885,890
	COVID-19 - Airport Improvement Program	20.106	N/A	5,712,646
			Total Program 20.106*	<u>8,598,536</u>
Executive Office of the President Passed Through Laurel County Fiscal Court	High Intensity Drug Trafficking Area	95.001	G23AP0001A	8,089
		95.001	G24AP0001A	8,820
			Total Program 95.001	<u>16,909</u>
U.S. Department of Justice	Equitable Sharing Program	16.922	TN0050700	2,176
U.S. Department of Treasury	Equitable Sharing Program	21.016	TN0050700	47,503
TOTAL FEDERAL AWARDS				\$ <u>8,665,124</u>

**Major federal financial assistance program.*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE AND
PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

Year ended June 30, 2024

Federal Grantor / Pass-Through Grantor	Program Title	Assistance Listing Number	Contract Number	Expenditures
<u>State Financial Assistance</u>				
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0799-23	5,585,242
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0701-23	198,900
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0703-23	92,107
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0704-23	297,377
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0705-23	3,339,756
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0707-24	59,040
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0709-24	42,374
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0710-24	565,385
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0795-22	175,865
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0706-24	20,000
TOTAL STATE AWARDS				\$ 10,376,046
TOTAL FEDERAL AND STATE AWARDS				\$ 19,041,170
<u>Passenger Facility Charges</u>				
Available at July 1, 2023				\$ 10,944,975
Charges collected				6,267,461
Service charges, net of interest earned				24,713
Total available				17,237,149
Expended				(15,997,883)
Available at June 30, 2024				\$ 1,239,266

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE AND PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

1. Basis of Presentation

The above Schedule of Expenditures of Federal Awards, State Financial Assistance, and Passenger Facility Charges Collected and Expended (the Schedule) summarizes the federal and state expenditures of the Metropolitan Knoxville Airport Authority (the Authority) under programs of the federal and state government for the year ended June 30, 2024 and Passenger Facility Charges (PFCs) collected and expended for the year ended June 30, 2024. These amounts were obtained from the Authority's general ledger, which is prepared on the accrual basis. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net position, and current revenues and expenditures of the Authority.

For purposes of the Schedule, federal awards include federal financial assistance received directly from a federal awarding agency or indirectly from a pass-through entity. The awards are classified into major program categories in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Authority did not elect to apply the 10% de minimis indirect cost rate.

2. Passenger Facility Charge Program

The objective of the Passenger Facility Charge program is to authorize public agencies controlling commercial service airports to impose a charge of \$1 to \$4.50 per enplaned passenger. The proceeds from such PFCs are to be used to finance approved, eligible airport-related projects that preserve or enhance safety, capacity, or security; reduce noise; or increase air carrier competition. PFCs are not considered to be federal financial assistance defined by the Uniform Guidance.

3. Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures for federal assistance programs and PFCs are recognized on the accrual basis of accounting. Federal expenditures are primarily for administering an Airport Improvement Program for the Authority.

The Authority uses PFCs for various improvement project expansions of the airport facilities and payments for debt service on bonds incurred to carry out such projects.

**SCHEDULE OF LONG-TERM DEBT PRINCIPAL
AND INTEREST REQUIREMENTS**

June 30, 2024

Airport Revenue Refunding Note, Series 2019A, fixed rate of 2.54%:

Year ending June 30:	Principal	Interest	Total
2025	\$ -	\$ 302,260	\$ 302,260
2026	-	302,260	302,260
2027	5,900,000	290,353	6,190,353
2028	6,000,000	140,292	6,140,292
Total	\$ 11,900,000	\$ 1,035,165	\$ 12,935,165

**SCHEDULE OF CHANGES IN LONG-TERM DEBT
BY INDIVIDUAL ISSUE**

June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Paid and/or			Outstanding 6/30/2024
						Issued During Period	Matured During Period	Refunded During Period	
NOTES PAYABLE									
Series 2019A	\$ 39,570,000	2.54%	6/27/2019	6/1/2028	\$ 17,650,000	\$ -	\$ 5,750,000	\$ -	\$ 11,900,000
Total Notes Payable					<u>\$ 17,650,000</u>	<u>\$ -</u>	<u>\$ 5,750,000</u>	<u>\$ -</u>	<u>\$ 11,900,000</u>

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

Independent Auditor's Report

Board of Commissioners
Metropolitan Knoxville Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Metropolitan Knoxville Airport Authority (the Authority), a component unit of the City of Knoxville, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Board of Commissioners
Metropolitan Knoxville Airport Authority

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.

Coulter & Justus, P. C.

November 15, 2024
Knoxville, Tennessee



Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Metropolitan Knoxville Airport Authority

Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

Opinion on Each Major Federal Program

We have audited compliance of the Metropolitan Knoxville Airport Authority (the Authority), a component unit of the City of Knoxville, Tennessee, with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program and the compliance requirements of the Passenger Facility Charge (PFC) program as described in the *Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies* for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Board of Commissioners
Metropolitan Knoxville Airport Authority

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the PFC 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and PFC 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.

Board of Commissioners
Metropolitan Knoxville Airport Authority

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Coulter & Justus, P. C.

November 15, 2024
Knoxville, Tennessee

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None reported
Significant deficiency(s) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditors' report issued on compliance for major federal program:	Unmodified				
Internal control over major federal program: Material weakness(es) identified?	None reported				
Significant deficiency(s) identified?	None reported				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported				
Identification of major programs:	<table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">Assistance Listing Number</td> <td>Name of Program</td> </tr> <tr> <td style="text-align: right;"><i>20.106</i></td> <td><i>Airport Improvement Program</i></td> </tr> </table>	Assistance Listing Number	Name of Program	<i>20.106</i>	<i>Airport Improvement Program</i>
Assistance Listing Number	Name of Program				
<i>20.106</i>	<i>Airport Improvement Program</i>				
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000				
Auditee qualified as low-risk auditee?	Yes				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(continued)*
Year ended June 30, 2024

Section II – Financial Statement Audit Findings

None reported.

Section III – Federal Award Findings

None reported.

Section IV – Schedule of Prior Year Audit Findings

Prior Year Finding Number	Finding Title	Status
2023-001	Fraudulent Wire Transfer	Corrected



METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

McGhee Tyson Airport
P.O. Box 15600
Knoxville, TN 37901

865/342-3000 * Fax 865/342-3050

Email: info@tys.org