



METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**A component unit of the City of Knoxville, Tennessee
For the fiscal years ended June 30, 2025 and 2024**

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

MCGHEE TYSON AIRPORT | DOWNTOWN ISLAND AIRPORT

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Metropolitan Knoxville Airport Authority

A Component Unit of the City of Knoxville, TN
For the Fiscal Years ended June 30, 2025 and 2024

2025 Annual Comprehensive Financial Report

Prepared By:
Accounting and Finance Department of the
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INTRODUCTORY SECTION

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OFFICIALS*As of June 30, 2025*

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
Maribel Koella		June 30, 2028
Caryn Hawthorne		June 30, 2030
Harry W. Stowers, Jr.		June 30, 2030
Allison Page		June 30, 2031

OFFICERS AND KEY STAFF MEMBERS

Patrick W. Wilson, A.A.E.	<i>President & Chief Executive Officer</i>
Jeff Perry, C.M., ACE	<i>Chief Operating Officer</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 Planning & Development</i>
Becky Huckaby, APR, A.A.E.	<i>Vice President of Public Relations</i>
Susan Gennoe, CPA	<i>Vice President of Finance</i>
Adrienne Washington, SPHR, ACC	<i>Vice President of Human Resources</i>
Treva H. Best, CAP, OM	<i>Senior Executive Assistant</i>
Mark Mamantov	<i>Legal Counsel, Bass, Berry & Sims PLC</i>

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METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

December 10, 2025

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

The Annual Comprehensive Financial Report of the Metropolitan Knoxville Airport Authority (the Authority) for the fiscal year ended June 30, 2025, 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, 2025 and 2024, 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, 2025 and 2024, 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 180 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 2,756 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 3.5 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 3.6 million in FY2025 which exceeded the pre-pandemic levels. 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 aircraft. 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”. The Bureau of the Census estimates for 2024, the population of Knox County was 506,748 and the population for the City of Knoxville was 190,740. The Bureau of the Census does not yet have official 2024 population estimates for the Knoxville MSA available, but the Federal Reserve Bank of St. Louis (FRED) database shows the MSA had a population of 957,608 in 2022.

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 approximately 12.2 million visitors in calendar year 2024. 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 FY2025-2045, the U.S. commercial air carrier industry has managed several years of tumultuous supply and demand environments. Year 2019 saw the last of ten years of unprecedented stability with lower costs and capacity discipline leading to solid profitability. Then, with the onset of the pandemic in 2020, demand collapsed overnight, bringing profitability down as well. The recovery began in 2022, but it was so uneven across markets and passenger segments that it was nearly impossible to plan. Domestic leisure traffic surged, followed by Latin and finally Atlantic markets in 2024, but Pacific traffic still lags its 2019 levels and overall business traffic remains below trend. In addition, supply chain disruptions and manufacturing missteps continue to plague aircraft production, resulting in delays and overall unpredictability of deliveries. In 2025, the environment continued to shift as some carriers benefited more than others and overall weakness appeared as the year progressed. Passengers continued to display a preference for premium and international travel, desires that strengthened following the depths of the pandemic as their focus moved from spending on goods to experiences. That evolution helped spur a surge in travel across the Atlantic but suppressed domestic travel. However, carriers increased domestic capacity in anticipation of a repeat of 2024 that didn't occur, leaving the market oversupplied and resulting in a drop in yields and profitability. The importance of premium travel to passengers became even more evident and, by the end of the year, carriers whose business strategies shunned premium products began to implement or plan for such offerings. Taken together, these shifts meant that carriers with broad international footprints, a wide range of fare classes and other perceived benefits were able to operate profitably while others posted losses.

The business modifications necessitated by the downturn will shape the industry for years to come, long after the recovery is complete. Primarily, airlines will be smaller having retired aircraft and encouraged voluntary employee separations. Fleets, however, become younger and more fuel-efficient as retirements targeted the oldest and the least efficient aircraft. In the medium-term, airlines will strive to determine which shifts in demand that occurred following the pandemic will be long-lasting and which will fade as impacts of the pandemic recede. For example, the surge in demand for travel to Florida and Caribbean leisure destinations seems to be waning and reverting to pre-pandemic levels. Similarly, the changes to travel patterns – both day-of-week and time-of-day – due to fewer business trips and more hybrid business and leisure trips have been partially unwound but may not fully revert. On the other hand, many carriers are investing in premium cabins with the expectation that customers will continue to be willing to pay for upgraded experiences. Although that willingness has been very evident during recent years, it is not certain to continue.

The robust growth in airline flights and passengers that began in FY2022 continued in FY2025 at McGhee Tyson Airport. The airport set new monthly passenger traffic records in all twelve months of the fiscal year. Airline flights grew by 21.8% vs FY2024, which produced a 21% increase in available seats, and a 17% year over year increase in flown passengers.

The airport served a record 3.55 million passengers in FY2025, which broke the previous record of 3.03 million set in FY2024. Excluding the COVID years of 2020 and 2021, McGhee Tyson Airport has now set nine new annual passenger activity records since 2015.

McGhee Tyson Airport posted a 18.6% growth in airline passengers during calendar year 2024, which led to the airport being recognized as America's fastest-growing large airport (top-100 airports) for the calendar year.

The general aviation (GA) sector has been experiencing fast growth following the recovery from the impact of the COVID-19 crisis as private aviation became an attractive substitute for wealthier individuals. This trend is reversing and the growth in GA activity is slowing down, in both the higher end turbine and the lower end piston segments of general aviation use. Flight hours by single-engine piston powered aircraft, most frequently used in training, have shown record increases in the past few years as the highest numbers in new pilot certifications in almost all categories have been recorded. While this increase is softening, FAA expects turbine activity, mostly used in business and closely follows economic growth, to remain robust in the long run, with possible fluctuations in the near term. The long-term outlook for general aviation thus is promising, as growth at the higher-end offsets continuing retirements at the traditional low end, mostly piston powered part of the sector. 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 funds were utilized early FY2025 as per management's stimulus funding plan; all such stimulus funding has been reimbursed during FY2025.

AIRLINE INFORMATION

During the fiscal year ended June 30, 2025, McGhee Tyson Airport's six passenger airlines and/or their regional affiliates offered nearly 12,000 daily 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

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

Cargo Airlines

FedEx, Inc.
UPS Airlines, Inc.

Passenger Airline Destinations (as of June 30, 2025)

Atlanta, Austin, Belleville/St. Louis MidAmerica, Boston, Charlotte, Chicago-O'Hare, Chicago-Midway, Dallas/Fort Worth, Denver, Destin/Fort Walton Beach, Detroit, Fort Lauderdale, Gulf Shores, 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, and Washington-National.

Cargo Airline Destinations

Indianapolis, Louisville and Memphis

Airline Activity

McGhee Tyson Airport's six passenger airlines and/or their regional affiliates operated over 120 daily (arrivals and departures) flights and served approximately 3.6 million passengers in FY2025, an increase of 17% when compared to FY2024. Available airline seats increased 21% during the year. The FY2025 airport load factor (percentage of airline seats filled) was 82%.

Both inbound and outbound passenger demand continued to be robust during FY2025. Most commercial airlines serving McGhee Tyson Airport continued to increase aircraft size and flight frequency on many routes. Each of the twelve months of FY2025 produced record-setting passenger traffic, continuing a period of explosive airport growth that began during FY2024.

American Airlines, which carries more passengers from McGhee Tyson Airport than any other carrier, continued their trend of upgauging 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 Airbus A320 and Boeing 717 & 737-900 aircraft.

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

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, as well as serving the needs of East Tennesseans desiring to travel to popular vacation destinations. Allegiant added new seasonal service to Gulf Shores, Alabama in FY2025. Allegiant offered year-round or seasonal service to 19 airports from McGhee Tyson Airport at the end of FY2025.

Airlines, UPS, and FedEx combined to fly 62,274,547 pounds of freight and mail through the airport during FY2025, a decrease of 17% compared to the previous year.

As FY2025 ended, McGhee Tyson Airport bookings remained very strong for the summer travel season and beyond. The MKAA was also working toward obtaining a new major signatory airline, which is expected to be finalized in FY2026.

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 2025.

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 FY2026, 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 expenditure and refundings. The Authority issued approximately \$109.2 million of its fixed rate Airport Revenue Bonds, Series 2024A (Non-AMT) and Series 2024B (Taxable) in October 2024 to provide funding for a portion of the costs of the new parking garage at McGhee Tyson Airport, make a debt service reserve fund deposit, and pay costs of issuance. Subsequently, in June 2025, the Authority issued its variable rate Series 2025 (Non-AMT) Bonds in the amount of \$38.6 million. The Series 2025 Bonds issued to provide funding for a portion of the costs of the new parking garage at McGhee Tyson Airport and pay costs of issuance, allow for pre-payment and may be paid down early, from time to time.

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 began the construction phase of the 5R/23L Runway Rehabilitation project with a contract awarded to Cleary Construction for Project 1 in the amount of \$10,418,646.50 and a contract awarded to CHA Consulting for Project 1 in the amount of \$1,056,309 in FY2025, which will be funded by 90% Federal grant funds. AIP 84 was received in the amount of \$13,032,419 in FY2025. The design of future projects was also continued with a contract awarded to CHA Consulting in the amount of \$1,153,004 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 nearing completion. AIP 87, in the amount of \$2,117,709, was received in FY2025.

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 \$16,253, \$1,643,482, \$4,452,385, \$4,396,801, and \$192,245 and to Messer Construction in the amount of \$164,718,296 in FY2025 in support of the execution of the Parking Garage Expansion project. These contracts will be funded through multiple sources including bond issues, 95% State grant funds, and local funds. State Grants totaling \$15,000,000 were received in FY2025.

The addition of three Zero Emissions Vehicles (ZEV) and four charging stations have been completed, and project closeout tasks are being currently addressed. These shuttles will serve the employees lots. This project is 90% funded through a FY2024 ZEV grant with a total project cost of \$2,232,765.

Improvements to the terminal exterior continued with Messer Construction and C2RL under the Terminal Modernization Improvements Phase I. For Phase II, contracts were awarded to C2RL, Inc. in the amount of \$576,600 and Messer Construction in the amount of \$6,507,798 in FY2025. These contracts will be funded by 100% local funds.

The roof rehabilitation project at DKX has entered the construction phase. The project is both State NPE (\$300,000) and FAA BIL (\$687,000) funded. The “Museum Hangar” and the maintenance shop attached to the terminal hangar will receive the roof replacements.

The new fuel farm at TYS has entered the design phase of the project with the bid phase following in November 2025. The project will be state grant funded with the total estimate to date being \$13,000,000 through construction.

A project to expand gate capacity to meet demand has begun. A new Passenger Boarding Bridge contract was awarded to Oshkosh in the amount of \$1,214,686 in FY2025 with further actions related to this project expected in FY2026. Funding is planned through PFC Application 9 and 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, 2024. This was the thirty second 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 & Chief Executive Officer



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, 2024

Christopher P. Morill

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*
Boston*
Minneapolis/St. Paul*
Phoenix
Jacksonville
MidAmerica St. Louis*
South Bend*
Gulf Shores*

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

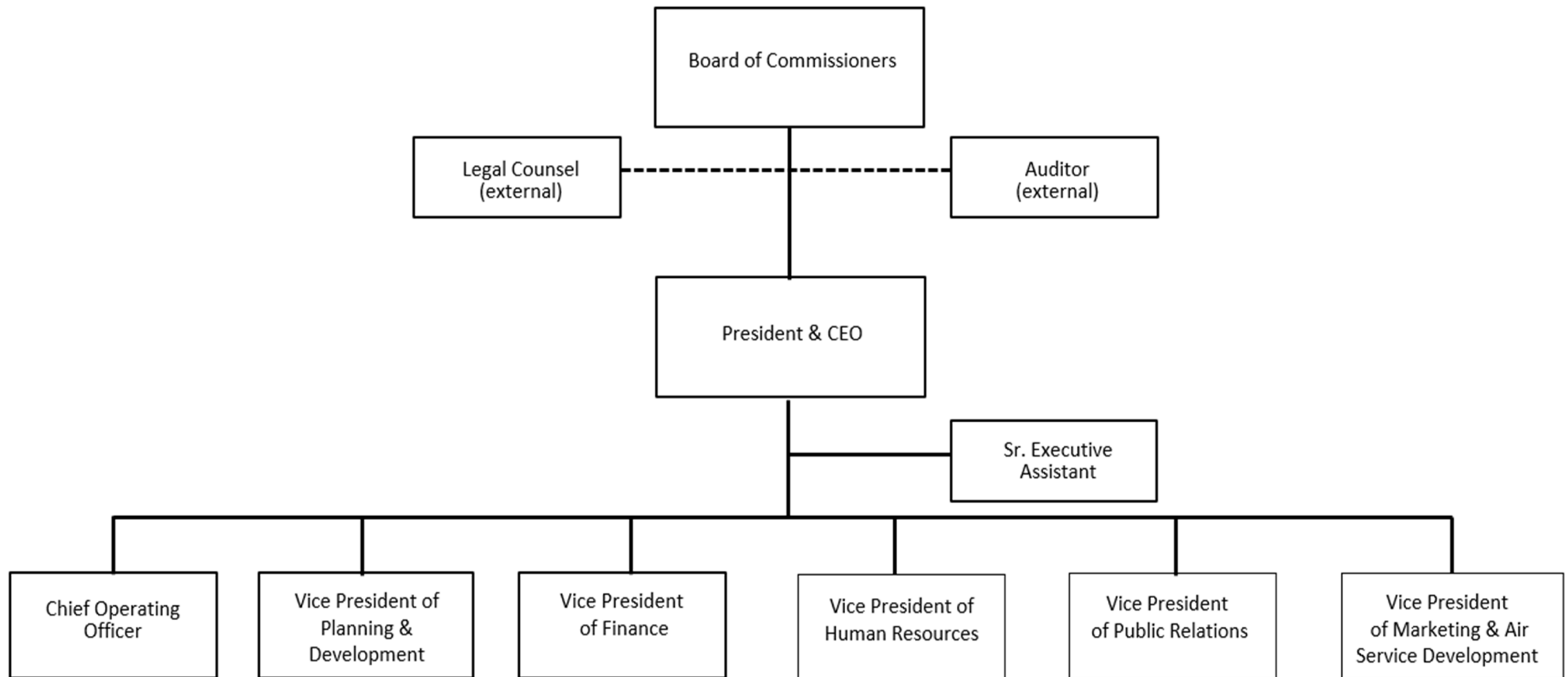
American/American Eagle

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

Frontier

Denver

Metropolitan Knoxville Airport Authority Organization Chart



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, 2025 and 2024, 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, 2025 and 2024, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2023, the Authority adopted new accounting guidance Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 December 10, 2025, 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.

December 10, 2025
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, 2025. 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 2023-2025 are as follows:

	2025	2024	2023
Enplanements	1,783,335	1,514,648	1,317,250
% (decrease) increase	17.74%	14.99%	11.88%
Aircraft operations	112,365	105,185	102,988
% (decrease) increase	6.83%	2.13%	(0.46%)
Landed weight (thousand pound units)	2,166,437	1,919,495	1,715,646
% (decrease) increase	12.86%	11.88%	6.41%
Cargo (pounds)	62,274,547	75,088,531	80,624,659
% (decrease) increase	(17.07%)	(6.87%)	(6.06%)

During FY2025, McGhee Tyson Airport offered East Tennessee travelers 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 Metropolitan Knoxville Airport Authority (the 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.

2024-2025:

The Authority's operating revenues increased by \$10,254,419 or 21.3% from FY2024 to FY2025 and operating expenses increased by \$4,928,485 or 15.1% from FY2024 to FY2025. The increase in revenues and expenses is primarily due to the continuing increase in passenger traffic during FY2025. Detail summary of activity for FY2025 and FY2024 are as follows:

The Authority felt the impact of a strong increase in passenger traffic by experiencing a 17.74% increase in enplanements and a 17.28% increase in passengers served. Consequently, aviation revenues increased by 24.3%. The Authority collected \$7.90 million in landing fees in FY2025. Air cargo weights decreased by 17.07%. Even with this decrease in air cargo weights, air cargo and other property revenues increased by 15.3% due to an increase in lease revenue from tenants. Terminal area revenues increased by 21.4%. The Authority collected \$4.79 million in terminal rent, \$662,617 in passenger loading bridge fees, and \$1.79 million in terminal apron rentals in FY2025. The Authority also collected \$275,450 for remote aircraft parking in FY2025.

Aviation area expenses increased 10.1% and terminal area expenses increased 14.4% primarily due to the overall increase in passenger traffic as well as inflation. The Authority's net nonoperating income decreased by \$4,524,551 which was attributed to the decrease in revenue recognized from the coronavirus grants as well as the increase in interest expense and bond issuance costs as a result of bond issuances in FY2025 for the parking garage project. In FY2025, the Authority recognized revenue of \$332,214 from the Federal Aviation Administration (FAA) through American Rescue Plan Act (ARPA) comparing to \$5,712,646 in FY2024 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and ARPA as the coronavirus grants have been drawn down completely in FY2025. The Authority used these funds for reimbursement of operational and maintenance expenses, and debt service payments. Interest expense included in net nonoperating income increased from the prior year by 1,094.8%. The increase in interest expense was the result of the debt service interest costs on the 2024 & 2025 Series bonds for the parking garage project.

There was an increase of 13.6% in net position from \$369,050,242 at the beginning of FY2025 to \$419,337,814 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.

2023-2024:

During FY2025, the Authority adopted GASB statement No. 101, *Compensated Absences* (GASB 101). The Authority retrospectively adjusted FY2024 results. The effect of the change to net position at the beginning of the year for FY2024 was a reduction of \$1,180,961.

The Authority's operating revenues increased by \$9,128,746 or 23.34% from FY2023 to FY2024 and operating expenses increased by \$4,568,863 or 16.25% 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 68.46%. Most of this increase came from tenants of the Tyson Centre that was purchased at the beginning of FY2024.

Aviation area expenses decreased 3.52% and terminal area expenses increased 21.12% 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 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 CRRSA Act and 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 8.15% in net position from \$341,239,750 at the beginning of FY2024 to \$369,050,242 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 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 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 CRRSA Act, and 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.

Summary of revenues, expenses, and changes in net position

	2025	2024	2023
Operating revenues	\$ 58,495,148	\$ 48,240,729	\$ 39,111,983
Operating expenses	(37,617,628)	(32,689,143)	(28,120,280)
Operating revenues in excess of operating expenses			
before depreciation and amortization	20,877,520	15,551,586	10,991,703
Depreciation and amortization	(21,023,570)	(19,968,654)	(18,899,203)
Operating loss	(146,050)	(4,417,068)	(7,907,500)
Net nonoperating income	14,441,072	18,965,623	7,092,159
Income before capital contributions	14,295,022	14,548,555	(815,341)
Capital contributions	35,992,550	13,261,937	11,388,919
Increase in net position	50,287,572	27,810,492	10,573,578
Net position at beginning of year	369,050,242	342,420,711	331,847,133
Restatement for GASB 101	-	(1,180,961)	-
Net position at end of year	\$419,337,814	\$369,050,242	\$342,420,711

Financial summary

	2025	2024	2023
Unrestricted current assets	\$106,505,839	\$100,880,909	\$ 76,088,432
Restricted current assets	175,953,904	13,593,307	19,107,638
Capital assets, net	328,817,115	282,077,227	270,778,386
Lease receivable, less current portion	8,477,573	7,754,461	8,457,800
Total assets	\$619,754,431	\$404,305,904	\$374,432,256
Current liabilities	\$ 22,756,876	\$ 12,686,017	\$ 5,887,005
Long-term debt, less current portion	166,494,096	11,900,000	17,650,000
Unearned revenue	2,331,020	2,342,680	38,981
Total liabilities	191,581,992	26,928,697	23,575,986
Deferred inflows of resources - leases	8,834,625	8,326,965	8,435,559
Total liabilities and deferred inflows of resources	200,416,617	35,255,662	32,011,545
Net investment in capital assets	277,066,576	265,254,641	251,080,250
Restricted	45,892,871	13,593,307	19,107,638
Unrestricted	96,378,367	90,202,294	72,232,823
Total net position	419,337,814	369,050,242	342,420,711
Total liabilities, deferred inflows of resources, and net position	\$619,754,431	\$404,305,904	\$374,432,256

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, Customer Facility Charges (CFC) that are restricted for use or purpose, and debt service and other reserves that are restricted by the Authority's Master Resolution. 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 have 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		
	2025	2024	2023
Landing fees (per 1,000 lbs. MCLW)	\$3.73	\$3.30	\$3.43
Terminal rates (per square foot)	\$64.59	\$63.61	\$53.76
Loading bridge rate per bridge	\$60,238	\$53,476	\$45,287
Apron charge per gate	\$162,897	\$130,955	\$115,634

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:

	2025	2024	2023
Cost per enplaned passenger	\$8.07	\$7.66	\$7.59

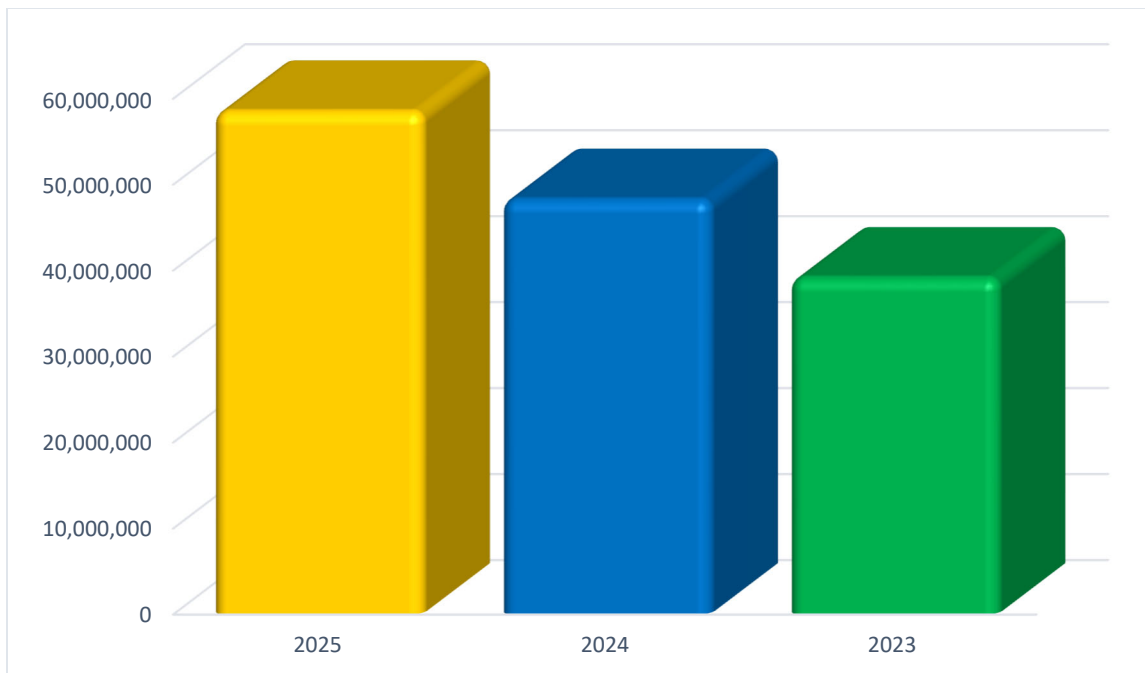
Financial details

Revenues

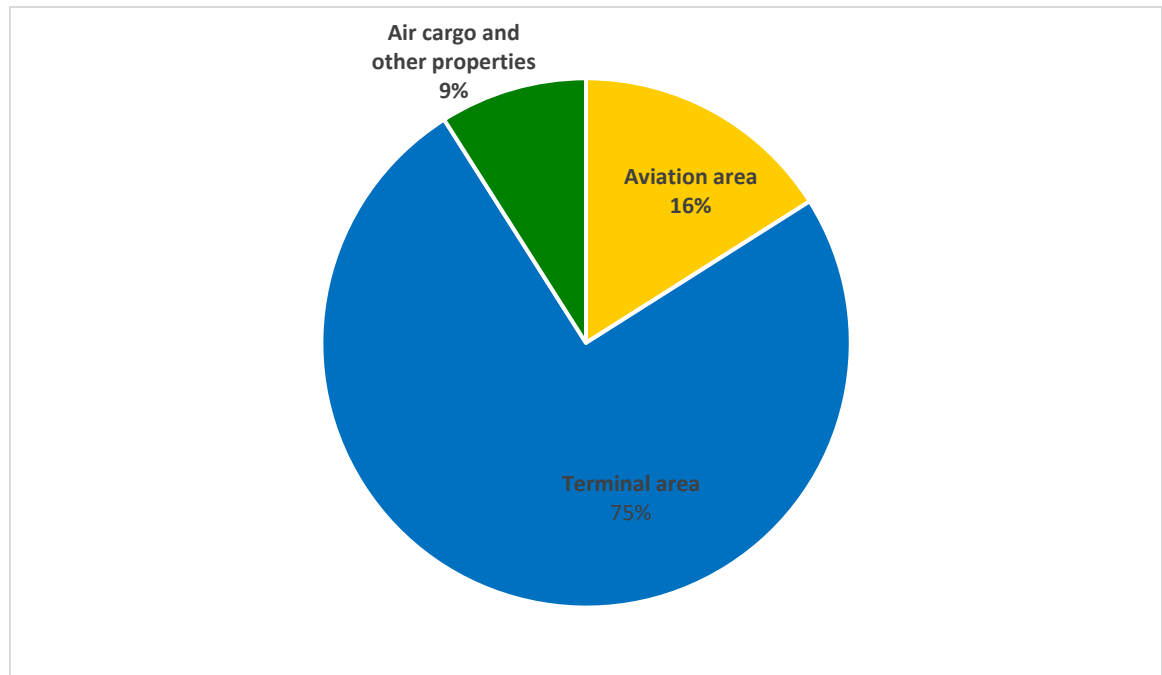
The following schedule presents a summary of operating revenues and nonoperating income:

	Year ended June 30		
	2025	2024	2023
Operating revenues:			
Aviation area	\$ 9,338,107	\$ 7,515,133	\$ 7,094,029
Terminal area	43,875,475	36,143,190	29,297,817
Air cargo and other properties	5,281,566	4,582,406	2,720,137
Total operating revenues	58,495,148	48,240,729	39,111,983
Nonoperating income and capital contributions:			
Passenger facility charges, net	7,298,806	6,292,174	5,355,953
Customer facility charges	5,681,578	4,258,456	3,001,093
Interest income	6,323,077	1,839,006	813,229
Federal and state grants	457,728	5,762,716	9,800,468
Other nonoperating income	192,192	1,211,228	—
Capital contributions	35,992,550	13,261,937	11,388,919
Total nonoperating income and capital contributions	55,945,931	32,625,517	30,359,662
Total operating revenues, nonoperating income, and capital contributions	\$114,441,079	\$80,866,246	\$69,471,645

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, 2025, are shown below.

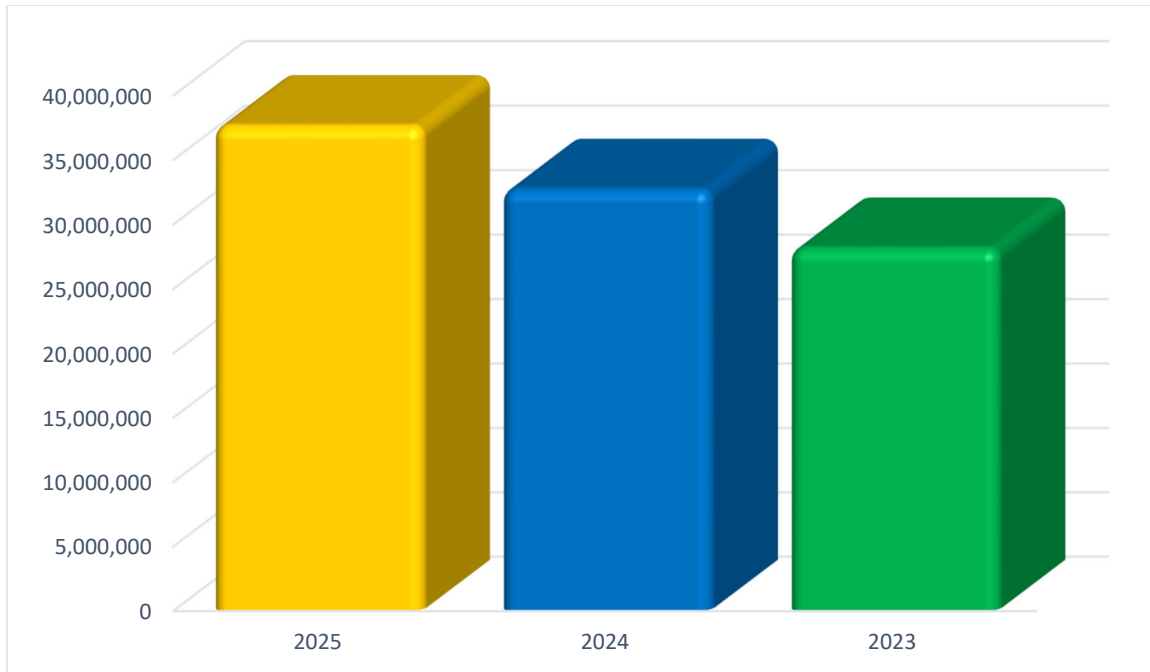


Expenses

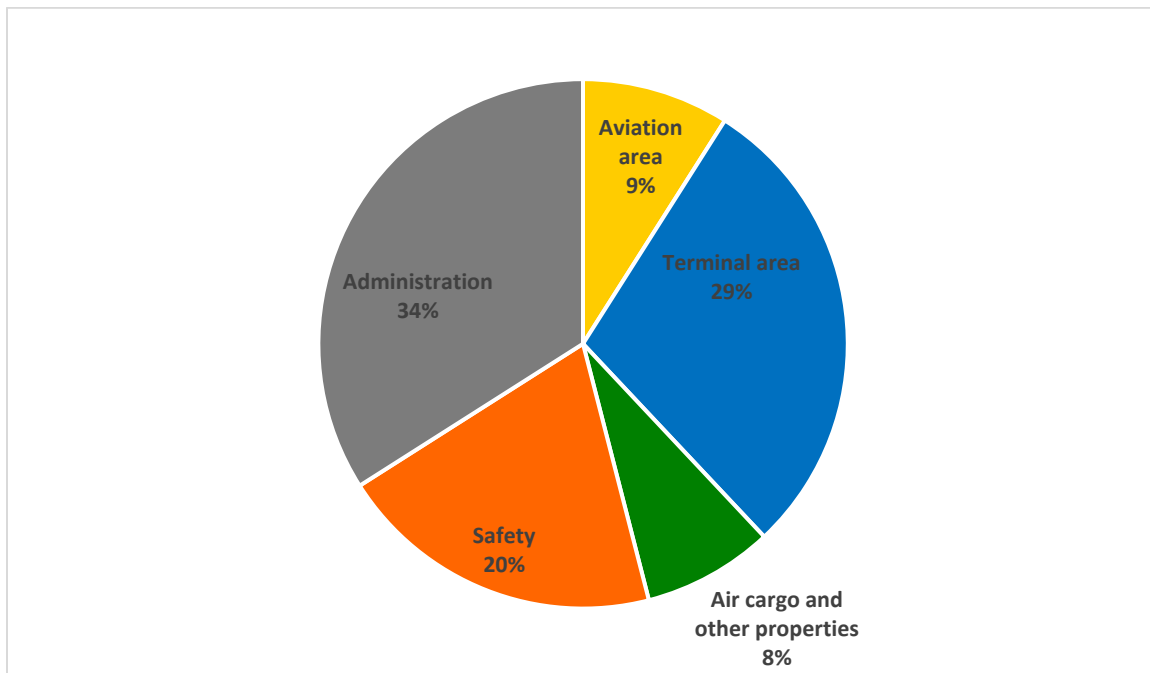
The following schedule presents a summary of operating and nonoperating expenses:

	Year ended June 30		
	2025	2024	2023
Operating expenses:			
Aviation area	\$ 3,550,302	\$ 3,224,028	\$ 3,341,581
Terminal area	10,870,710	9,499,650	7,843,207
Air cargo and other properties	2,963,892	2,868,243	2,075,886
Safety	7,415,603	5,948,428	5,557,541
Administration	12,817,121	11,148,794	9,302,065
Total operating expenses	37,617,628	32,689,143	28,120,280
Depreciation and amortization	21,023,570	19,968,654	18,899,203
Interest expense	3,996,359	334,479	680,595
Bond issuance costs	1,492,260	-	-
Transfer of assets to the FAA	-	-	10,634,317
Other nonoperating expense	23,690	63,478	563,672
Total expenses	\$ 64,153,507	\$53,055,754	\$58,898,067

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, 2025, are shown below.



Summary of cash flow activities

	Year ended June 30		
	2025	2024	2023
Operating activities	\$18,287,736	\$19,668,419	\$11,585,515
Investing activities	(149,917,268)	(6,735,306)	3,700,927
Noncapital financing activities	508,518	5,811,425	9,106,023
Capital and related financing activities	134,119,693	(7,675,192)	(28,113,233)
Net increase (decrease) in cash and equivalents	2,998,679	11,069,346	(3,720,768)
Cash and cash equivalents at beginning of year	66,396,466	55,327,120	59,047,888
Cash and cash equivalents at end of year	\$69,395,145	\$66,396,466	\$55,327,120

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, 2025, the Authority expended \$67,765,295 on capital activities. This included land acquisitions and major construction projects.

During fiscal year ended June 30, 2025, completed projects totaling \$39,112,286 were closed from construction-in-progress to their respective capital accounts. Of this amount, \$8,718,757 is related to the completion of the additional parking lot expansions and \$15,835,736 is related to the terminal apron expansion.

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 \$167,054,096 at June 30, 2025, which consists of \$11,900,000 notes payable and \$155,154,096 bonds payable.

The Authority issued fixed rate Airport Revenue Bonds, Series 2024A (Non-AMT) in the aggregate principal amount of \$68,015,000, plus an original issue premium of \$7,552,295, less an underwriters' discount of \$167,869, and Series 2024B Bonds (Taxable) in the aggregate principal amount of \$41,230,000, less an underwriters' discount of \$101,249 in October 2024 for the principal purpose of financing a portion of the costs of the construction and equipping of a new parking garage and ancillary facilities of a new parking garage at McGhee Tyson Airport, to make a debt service reserve fund deposit, and pay costs of issuance. The interest rate ranges from 4.425% to 5.315% with maturity in 2054. In June 2025, the Authority issued its variable rate Series 2025 (Non-AMT) Bonds with a par value of \$38,600,000, and an underwriters' discount of \$121,150. The Series 2025 Bonds are to provide funding for a portion of the costs of the new parking garage at McGhee Tyson Airport and pay costs of issuance, allow for pre-payment and may be paid down early, from time to time.

Detailed information on long-term debt activity can be found in Note 5 of the notes to the financial statements.

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. On June 13, 2025, the FAA approved the Authority's PFC application 23-09-C-00-TYS to collect and use a total of \$15,713,422 in PFC revenue. The collection authority has been extended to February 1, 2028. Since then, the FAA has approved an administrative amendment to the PFC application 23-09-C-00-TYS in October 2025 to increase the total collection authority by \$103,563.

As of June 30, 2025, the Authority had collected \$105,225,731 of PFC revenue including interest and expended \$99,903,001 on approved projects. The FAA has authorized \$122,885,802 PFC collection by the Authority as of June 30, 2025.

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, 2025, the Authority has \$17,713,270 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	
	2025	2024 as restated
Assets		
Unrestricted current assets:		
Cash and cash equivalents	\$ 35,148,793	\$ 54,524,772
Investments	46,791,589	30,370,817
Receivables:		
Trade	2,763,788	2,118,370
Government agencies	19,180,126	12,095,744
Lease, current portion	1,194,321	825,393
Other receivables	105,560	61,112
Prepaid expenses and other current assets	1,321,662	884,701
Total unrestricted current assets	106,505,839	100,880,909
Restricted current assets:		
Cash and cash equivalents	34,246,352	11,871,694
Investments	139,893,773	-
Receivables	1,813,779	1,721,613
Total restricted current assets	175,953,904	13,593,307
Total current assets	282,459,743	114,474,216
Noncurrent assets:		
Capital assets, net of accumulated depreciation and amortization	328,817,115	282,077,227
Lease receivable, less current portion	8,477,573	7,754,461
Total noncurrent assets	337,294,688	289,831,688
Total assets	\$ 619,754,431	\$ 404,305,904

Continued on next page

STATEMENTS OF NET POSITION *(continued)*

	June 30	
	2025	2024 as restated
Liabilities and net position		
Current liabilities:		
Accounts payable - non-construction	\$ 3,086,275	\$ 4,524,750
Accounts payable - construction	14,757,476	4,922,586
Accrued payroll and other expenses	3,785,890	3,214,332
Accrued interest	567,235	24,349
Current portion of long-term debt	560,000	-
Total current liabilities	22,756,876	12,686,017
Long-term liabilities:		
Long-term debt, less current portion	166,494,096	11,900,000
Unearned revenue	2,331,020	2,342,680
Total long-term liabilities	168,825,116	14,242,680
Total liabilities	191,581,992	26,928,697
Deferred inflows of resources		
Leases	8,834,625	8,326,965
Total liabilities and deferred inflows of resources	200,416,617	35,255,662
Net position:		
Net investment in capital assets	277,066,576	265,254,641
Restricted - expendable:		
Passenger facility charges	6,601,700	1,239,266
Law enforcement	361,785	319,373
Customer facility charges	17,713,270	12,034,668
Operating and maintenance reserve	10,716,038	-
Debt service	10,305,926	-
Other	194,152	-
Unrestricted	96,378,367	90,202,294
Total net position	419,337,814	369,050,242
Total liabilities, deferred inflows of resources, and net position	\$ 619,754,431	\$ 404,305,904

See accompanying Notes to Financial Statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years ended June 30	
	2025	2024 as restated
Operating revenues:		
Aviation area	\$ 9,338,107	\$ 7,515,133
Terminal area	43,875,475	36,143,190
Air cargo and other properties	5,281,566	4,582,406
Total operating revenues	58,495,148	48,240,729
Operating expenses:		
Aviation area	3,550,302	3,224,028
Terminal area	10,870,710	9,499,650
Air cargo and other properties	2,963,892	2,868,243
General area:		
Safety	7,415,603	5,948,428
Administration	12,817,121	11,148,794
Total operating expenses	37,617,628	32,689,143
Operating revenues in excess of operating expenses before depreciation and amortization	20,877,520	15,551,586
Depreciation and amortization	(21,023,570)	(19,968,654)
Operating loss	(146,050)	(4,417,068)
Nonoperating income (expense):		
Passenger facility charges, net	7,298,806	6,292,174
Customer facility charges	5,681,578	4,258,456
Interest income	6,323,077	1,839,006
Interest expense	(3,996,359)	(334,479)
Federal and state grants	457,728	5,762,716
Bond issuance costs	(1,492,260)	-
Other nonoperating, net	168,502	1,147,750
Net nonoperating income	14,441,072	18,965,623
Income before capital contributions	14,295,022	14,548,555
Capital contributions	35,992,550	13,261,937
Increase in net position	50,287,572	27,810,492
Net position at beginning of year	369,050,242	341,239,750
Net position at end of year	\$ 419,337,814	\$ 369,050,242

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Years ended June 30	
	2025	2024
Operating activities		
Operating cash received from customers	\$ 57,209,242	\$ 49,690,272
Cash payments to suppliers of goods and services	(18,649,334)	(12,146,386)
Cash payments to employees for services	(20,272,172)	(17,875,467)
Net cash provided by operating activities	18,287,736	19,668,419
Investing activities		
Interest received	6,369,328	1,391,067
Purchases of investments	(178,272,789)	(23,251,373)
Proceeds from maturities of investments	21,986,193	15,125,000
Net cash used in investing activities	(149,917,268)	(6,735,306)
Noncapital financing activities		
Receipts from governmental agencies and other	508,518	5,811,425
Net cash provided by noncapital financing activities	508,518	5,811,425
Capital and related financing activities		
Interest paid	(3,696,673)	(346,645)
Bond proceeds	155,397,296	-
Bond issuance costs	(1,492,260)	-
Repayments on debt	-	(5,750,000)
Purchases of capital assets	(57,930,405)	(20,020,917)
Proceeds from sale of capital assets	45,349	2,103,701
Receipts of passenger facility charges	7,245,797	5,556,416
Receipts of customer facility charges	5,642,421	4,080,322
Grant receipts from governmental agencies	28,908,168	6,701,931
Net cash provided by (used in) capital and related financing activities	134,119,693	(7,675,192)
Net increase in cash and cash equivalents	2,998,679	11,069,346
Cash and cash equivalents at beginning of year	66,396,466	55,327,120
Cash and cash equivalents at end of year	\$ 69,395,145	\$ 66,396,466
Cash and cash equivalents are classified as:		
Unrestricted current assets	\$ 35,148,793	\$ 54,524,772
Restricted current assets	34,246,352	11,871,694
Total cash and cash equivalents at end of year	\$ 69,395,145	\$ 66,396,466

Continued on next page

STATEMENTS OF CASH FLOWS *(continued)*

	Years ended June 30	
	2025	2024
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (146,050)	\$ (4,417,068)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	21,023,570	19,968,654
Changes in operating assets and liabilities:		
Receivables—trade	(645,418)	(720,983)
Lease receivable	(1,092,040)	41,641
Prepaid expenses and other assets	(481,409)	(159,178)
Accounts payable—non-construction	(1,438,475)	2,615,431
Accrued payroll and other expenses	571,558	140,336
Unearned revenue	(11,660)	2,308,180
Deferred inflows of resources—leases	507,660	(108,594)
Net cash provided by operating activities	\$ 18,287,736	\$ 19,668,419
Schedule of noncash related transactions:		
Noncash capital and related financing transactions		
Increase in accounts payable - construction related to capital asset purchases	\$ 9,834,890	\$ 2,874,450

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, as revised in 2024, whereby the Authority issues its own revenue obligations.

The reporting entity 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.

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)*

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.

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 prices 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	5 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 when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive those benefits in the future. 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, plus unspent debt proceeds, less outstanding balances of capital-related borrowings and capital-related deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets.

Restricted: Net position that is subject to externally imposed stipulations and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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 2025 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.

Recently Adopted Accounting Pronouncements

During 2025, the Authority adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) which updates the recognition and measurement guidance for compensated absences under a unified model. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Authority retrospectively adjusted fiscal year 2024 as follows:

	As Restated	As Previously Reported	Effect of Change
Accrued payroll and other expenses	\$ 3,214,332	\$ 2,033,371	\$ 1,180,961
Unrestricted net position	90,202,294	91,383,255	(1,180,961)
Net position at beginning of year	341,239,750	342,420,711	(1,180,961)

NOTES TO FINANCIAL STATEMENTS *(continued)*

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, 2025 and 2024, 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.

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, 2025, all investments are held in the LGIP.

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, 2025 and 2024:

	2025	2024
Lease revenue	\$1,430,420	\$1,463,833
Interest income related to its leases	437,085	314,084
Revenue from variable payments not previously included in the measurement for the lease receivable.	2,271,811	1,800,385
Short-term lease revenue	7,423,331	6,556,864

Of the Authority's lease receivables at June 30, 2025, the entire amount of \$9,671,894 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, 2025 are as follows:

	Principal	Interest	Total
2026	\$1,194,321	\$ 294,705	\$ 1,489,026
2027	1,194,360	257,095	1,451,455
2028	640,872	223,603	864,475
2029	334,905	210,772	545,677
2030	325,922	199,712	525,634
2031 – 2035	461,746	935,894	1,397,640
2036 – 2040	532,752	855,333	1,388,085
2041 – 2045	622,737	762,003	1,384,740
2046 – 2050	732,456	652,284	1,384,740
2051 – 2055	861,508	523,232	1,384,740
2056 – 2060	1,013,297	371,443	1,384,740
2061 – 2065	1,191,830	192,910	1,384,740
2066 – 2070	536,382	33,859	570,241
2071 – 2072	28,806	559	29,365
Total	<u>\$9,671,894</u>	<u>\$5,513,404</u>	<u>\$15,185,298</u>

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, employee parking areas, and common area ground rent. Air Cargo leases will expire on June 30, 2026.

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 24 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, 2025 and 2024:

	2025	2024
Lease revenue	\$1,567,051	\$1,203,174
Revenue from variable payments excluded from the schedule of expected future minimum payments.	9,232,254	7,228,114

Future expected minimum payments related to the Airport Authority's regulated leases at June 30, 2025 are as follows:

2026	\$ 2,201,667
2027	1,497,216
2028	1,520,196
2029	1,297,989
2030	1,025,027
2031 – 2035	1,654,817
2036 – 2040	1,654,817
2041 – 2045	1,654,817
2046 – 2050	1,399,113
Total	<u>\$13,905,659</u>

NOTES TO FINANCIAL STATEMENTS *(continued)*

4. Capital Assets

Capital asset activity, including Master Plans, for the years ended June 30, 2025 and 2024, is as follows:

Year ended June 30, 2025	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 41,441,103	\$ 525,000	\$ -	\$ 41,966,103
Land easements	625,903	-	-	625,903
Construction in progress	24,296,741	67,881,506	(39,862,709)	52,315,538
Total nondepreciable capital assets	66,363,747	68,406,506	(39,862,709)	94,907,544
Depreciable capital assets:				
Land improvements	262,776,588	25,827,055	-	288,603,643
Buildings and building improvements	197,816,363	6,488,604	(33,155)	204,271,812
Equipment, furniture and fixtures	45,496,726	6,796,627	(1,851,527)	50,441,826
Total depreciable capital assets	506,089,677	39,112,286	(1,884,682)	543,317,281
Less accumulated depreciation:				
Land improvements	(128,703,039)	(10,897,513)	-	(139,600,552)
Buildings and building improvements	(141,355,818)	(6,320,058)	33,155	(147,642,721)
Equipment, furniture and fixtures	(21,136,754)	(3,474,043)	1,849,690	(22,761,107)
Total accumulated depreciation	(291,195,611)	(20,691,614)	1,882,845	(310,004,380)
Net depreciable capital assets	214,894,066	18,420,672	(1,837)	233,312,901
Other capital assets:				
Master plans and other plans	11,518,811	109,212	-	11,628,023
Accumulated amortization	(10,699,397)	(331,956)	-	(11,031,353)
Net other capital assets	819,414	(222,744)	-	596,670
Total capital assets, net of accumulated depreciation	<u>\$ 282,077,227</u>	<u>\$ 86,604,434</u>	<u>\$ (39,864,546)</u>	<u>\$ 328,817,115</u>

The Authority is contractually obligated to expend approximately \$172 million more for various projects. Estimated costs to complete construction in progress for these projects total approximately \$184 million as of June 30, 2025. The work will be funded through proceeds from Federal and State grants, Passenger Facility Charges, Customer Facility Charges, bond proceeds, and other Authority funds.

NOTES TO FINANCIAL STATEMENTS *(continued)*4. Capital Assets *(continued)*

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	55,961,049	19,875,029	(9,472,331)	66,363,747
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	485,549,227	20,836,925	(296,475)	506,089,677
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	(271,819,394)	(19,672,692)	296,475	(291,195,611)
Net depreciable capital assets	213,729,833	1,164,233	-	214,894,066
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	1,087,504	(268,090)	-	819,414
Total capital assets, net of accumulated depreciation	\$ 270,778,386	\$ 20,771,172	\$ (9,472,331)	\$ 282,077,227

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, 2025 and 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Year ended June 30, 2025				
Notes payable	\$11,900,000	\$ —	\$ —	\$11,900,000
Bonds payable	—	147,845,000	—	147,845,000
Unamortized bond premium	—	7,552,295	243,199	7,309,096
Total long-term debt	11,900,000	\$155,397,295	\$ 243,199	167,054,096
Less current portion	—			560,000
Long-term portion	<u>\$11,900,000</u>			<u>\$166,494,096</u>
Year ended June 30, 2024				
Notes payable	\$17,650,000	\$ —	\$ 5,750,000	\$11,900,000
Total long-term debt	17,650,000	\$ —	\$ 5,750,000	11,900,000
Less current portion	—			—
Long-term portion	<u>\$17,650,000</u>			<u>\$11,900,000</u>

During 2000, the Authority's Board of Commissioners adopted a Master Resolution allowing the Authority to issue Airport Revenue Obligations. A revised Master Resolution was adopted by the Authority's Board of Commissioners effective September 18, 2024. 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.

In June 2019, the Authority issued a \$39,570,000 Series 2019A Airport Revenue Refunding Note. The note bears 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

5. Long-Term Debt *(continued)*

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.

In June 2025, the Authority issued \$38,600,000 in Subordinate Airport Revenue Bonds, Series 2025, to provide funds to finance a portion of the costs of a new parking garage at McGhee Tyson Airport. Total cost of issuance and underwriter's discount was \$595,981. The interest rate is variable (3.95% at June 30, 2025) with maturity in 2055. The interest rate is adjusted daily by the remarketing agent on the basis of prevailing financial market conditions. Annual interest payments included below in the scheduled debt service requirements are based on the interest rate at June 30, 2025.

All outstanding debt 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 \$9,929,560 were 34% of the net revenue available for debt service of \$28,964,180.

Scheduled Debt Service Requirements

Scheduled principal payments for the Series 2019A notes payable for fiscal year 2026 was prepaid in fiscal year 2024. As of June 30, 2025, scheduled debt service requirements of all outstanding debt are as follows.

Year ending June 30	Bonds Principal	Bonds Interest	Notes Payable Principal	Notes Payable Interest	Total Requirements
2026	\$ 560,000	\$ 7,165,531	\$ —	\$ 306,458	\$ 8,031,989
2027	1,320,000	7,126,431	5,900,000	294,386	14,640,817
2028	2,615,000	7,070,896	6,000,000	142,240	15,828,136
2029	2,745,000	6,950,873	—	—	9,695,873
2030	2,875,000	6,824,113	—	—	9,699,113
2031-2035	16,675,000	31,961,285	—	—	48,636,285
2036-2040	21,275,000	27,589,063	—	—	48,864,063
2041-2045	27,230,000	21,939,250	—	—	49,169,250
2046-2050	34,995,000	14,552,428	—	—	49,547,428
2051-2055	37,555,000	4,930,402	—	—	42,485,402
Total	\$147,845,000	\$136,110,272	\$11,900,000	\$743,084	\$296,598,356

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 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:

	Level 1	Level 2	Level 3	Total
Investments:				
Government debt securities	\$ —	\$4,925,800	\$ —	\$ 4,925,800

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, 2025 and 2024. Employer contribution expense totaled \$1,474,266 in 2025 and \$1,375,851 in 2024. There were minimal forfeitures during 2025 and 2024. 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 \$7,298,806 in 2025 and \$6,292,174 in 2024. All PFCs were authorized for use, and no deferred revenues were recorded.

The Authority has received approval to collect \$114,914,215 on currently approved projects through February 2028, unless extended. Cumulative expenditures to date on these approved PFC projects total \$91,931,414. In October 2025, the FAA authorized an increase of \$103,563 on approved projects.

As of June 30, 2025, the Authority has \$6,601,700 of PFCs available and authorized for use. This amount is included in restricted net position on the statement of net position (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. 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. CFC receipts are recognized and recorded as nonoperating income. CFC revenues totaled \$5,681,578 in 2025 and \$4,258,456 in 2024.

As of June 30, 2025, the Authority has \$17,713,270 of CFCs available for authorized use. This amount is included in restricted net position on the statement of net position (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 \$7,768,604 in 2025 and \$6,033,505 in 2024. In addition, a significant portion of terminal area revenue is directly and indirectly generated from four of these airlines' passengers, which accounted for approximately 98% and 97% of total passengers in 2025 and 2024, respectively. As of June 30, 2025 and 2024, 59% and 47%, respectively, of trade accounts receivables are due from these major airlines.

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

Net position consists of the following as of June 30:

	2025	2024
		as restated
Net investment in capital assets		
Capital assets, net	\$ 328,817,115	\$ 282,077,227
Less related liabilities:		
Accounts payable - construction	14,757,476	4,922,586
Long-term debt	167,054,096	11,900,000
Less: unspent bond proceeds	(130,061,033)	-
Total related liabilities	51,750,539	16,822,586
Net investment in capital assets	<u>\$ 277,066,576</u>	<u>\$ 265,254,641</u>
Restricted net position:		
Cash and cash equivalents - passenger facility charges	\$ 5,322,730	\$ 13,305
Cash and cash equivalents - law enforcement	361,785	319,373
Cash and cash equivalents - customer facility charges	17,178,461	11,539,016
Cash and cash equivalents - debt service	473,186	-
Cash and cash equivalents - operating and maintenance reserve	10,716,038	-
Cash and cash equivalents - other	194,152	-
Investments - debt service	9,832,740	-
Receivables - passenger facility charges	1,278,970	1,225,961
Receivables - customer facility charges	534,809	495,652
Restricted net position	<u>\$ 45,892,871</u>	<u>\$ 13,593,307</u>
Unrestricted net position		
Assets:		
Cash and cash equivalents	\$ 35,148,793	\$ 54,524,772
Investments	46,791,589	29,877,173
Receivables	23,243,795	15,594,263
Prepaid expenses and other current assets	1,321,662	884,701
Lease receivable	8,477,573	7,754,461
Total unrestricted assets	114,983,412	108,635,370
Less liabilities:		
Accounts payable - non-construction	3,086,275	4,524,750
Accrued payroll and other expenses	3,785,890	3,214,332
Accrued interest	567,235	24,349
Unearned revenue	2,331,020	2,342,680
Total liabilities	9,770,420	10,106,111
Less deferred inflows of resources:	8,834,625	8,326,965
Unrestricted net position	<u>\$ 96,378,367</u>	<u>\$ 90,202,294</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, 2025 and 2024 for the two divisions is as follows:

	McGhee Tyson		Downtown Island	
	2025	2024	2025	2024
		as restated		as restated
Unrestricted current assets	\$ 106,286,152	\$ 100,527,439	\$ 219,687	\$ 353,470
Restricted current assets	175,953,904	13,593,307	-	-
Capital assets, net	315,409,595	268,124,988	13,407,520	13,952,239
Lease receivable, less current portion	8,430,296	7,681,606	47,277	72,855
Intercompany receivable	6,440,403	6,027,388	-	-
Total assets	\$ 612,520,350	\$ 395,954,728	\$ 13,674,484	\$ 14,378,564
Current liabilities	\$ 22,642,135	\$ 12,589,109	\$ 114,741	\$ 96,908
Intercompany payable	-	-	6,440,403	6,027,388
Long-term debt, less current portion	166,440,207	11,846,111	53,889	53,889
Unearned revenue	2,331,020	2,342,680	-	-
Deferred inflows of resources	8,714,391	8,195,883	120,234	131,082
Total liabilities and deferred inflows of resources	\$ 200,127,753	\$ 34,973,783	\$ 6,729,267	\$ 6,309,267
Net position:				
Net investment in capital assets	\$ 263,712,945	\$ 251,356,291	\$ 13,353,631	\$ 13,898,350
Restricted	45,892,871	13,593,307	-	-
Unrestricted	102,786,781	96,031,347	(6,408,414)	(5,829,053)
Total net position	\$ 412,392,597	\$ 360,980,945	\$ 6,945,217	\$ 8,069,297
Operating revenues	\$ 56,488,650	\$ 46,389,404	\$ 2,006,498	\$ 1,851,325
Operating expenses	(35,522,550)	(30,600,758)	(2,095,078)	(2,088,385)
Depreciation and amortization	(19,860,327)	(18,833,802)	(1,163,243)	(1,134,852)
Operating income (loss)	1,105,773	(3,045,156)	(1,251,823)	(1,371,912)
Net nonoperating income	14,440,323	18,964,477	749	1,146
Capital contributions	35,865,556	13,066,071	126,994	195,866
Increase in net position	\$ 51,411,652	\$ 28,985,392	\$ (1,124,080)	\$ (1,174,900)
Cash flows:				
Operating activities	\$ 18,257,822	\$ 19,934,693	\$ 29,914	\$ (266,274)
Investing activities	(149,919,396)	(6,737,957)	2,128	2,651
Noncapital financing activities	95,503	6,303,943	413,015	(492,518)
Capital and related financing activities	134,562,443	(8,431,588)	(442,750)	756,396
Net change in cash and cash equivalents	2,996,372	11,069,091	2,307	255
Cash and cash equivalents at beginning of the year	66,395,811	55,326,720	655	400
Cash and cash equivalents at end of the year	\$ 69,392,183	\$ 66,395,811	\$ 2,962	\$ 655

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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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues:										
Aviation area	\$9,338,107	\$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
Terminal area	43,875,475	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
Air cargo and other properties	5,281,566	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
Total operating revenues	58,495,148	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
Operating expenses:										
Aviation area	3,550,302	3,224,028	3,341,581	2,556,934	2,238,000	2,472,712	2,639,540	2,332,940	2,203,523	2,326,391
Terminal area	10,870,710	9,499,650	7,843,207	6,461,859	5,155,536	5,980,383	6,722,177	5,847,724	5,874,317	5,506,569
Air cargo and other properties	2,963,892	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
General area:										
Safety	7,415,603	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
Administration	12,817,121	11,148,794	9,249,277	7,948,542	7,068,580	7,295,849	7,748,675	7,368,863	7,187,377	6,434,369
Total operating expenses	37,617,628	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
Operating revenues in excess of operating expenses before depreciation and amortization	20,877,520	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
Depreciation and amortization	(21,023,570)	(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)
Operating income (loss)	(146,050)	(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)
Net nonoperating income	14,441,072	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
Income (loss) before capital contributions	14,295,022	14,548,555	(815,341)	9,277,457	9,134,018	7,846,870	10,314,959	3,006,535	843,281	188,469
Capital contributions	35,992,550	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
Increase in net position	50,287,572	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
Net position at beginning of year	369,050,242	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
Restatement for GASB 101	-	(1,180,961)	-	-	-	-	-	-	-	-
Net position at beginning of year, restated	369,050,242	341,239,750	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	\$ 419,337,814	\$ 369,050,242	\$ 342,420,711	\$ 331,847,133	\$ 315,478,675	\$ 282,009,754	\$ 244,125,080	\$ 206,273,988	\$ 184,085,854	\$ 151,556,882
Net position at end of year:										
Net investment in capital assets	\$277,066,576	\$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
Restricted-expendable	\$45,892,871	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
Unrestricted	\$96,378,367	\$90,202,294	72,232,823	71,385,117	70,346,790	67,475,197	68,086,616	58,137,543	58,583,938	57,899,046
Net position at end of year	\$ 419,337,814	\$ 369,050,242	\$ 342,420,711	\$ 331,847,133	\$ 315,478,675	\$ 282,009,754	\$ 244,125,080	\$ 206,273,988	\$ 184,085,854	\$ 151,556,882

Source: Audited Financial Statements, 2016-2025

SCHEDULE 2:
Debt service coverage - last ten fiscal years (unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues:										
Aviation area	\$9,338,107	\$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
Terminal area	43,875,475	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
Air cargo and other properties	5,281,566	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
Total operating revenues	58,495,148	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
Operating expenses:										
Aviation area	3,550,302	3,224,028	3,341,581	2,556,934	2,238,000	2,472,712	2,639,540	2,332,940	2,203,523	2,326,391
Terminal area	10,870,710	9,499,650	7,843,207	6,461,859	5,155,536	5,980,383	6,722,177	5,847,724	5,874,317	5,506,569
Air cargo and other properties	2,963,892	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
General area:										
Safety	7,415,603	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
Administration	12,817,121	11,148,794	9,249,277	7,948,542	7,068,580	7,295,849	7,748,675	7,368,863	7,187,377	6,434,369
Total operating expenses	37,617,628	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
Operating income before other income and other expenses	20,877,520	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
Other income	8,078,254	14,280,826	15,932,431	10,604,471	17,695,099	11,489,448	6,142,269	5,013,136	4,148,074	4,454,066
Net revenues (a)	\$ 28,955,774	\$ 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
Debt service on airport revenue general obligation debt (b)	\$ 9,929,560	\$ 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
Coverage ratio - airport revenue general obligation debt	291.6%	507.4%	442.1%	335.4%	826.5%	258.0%	229.9%	198.5%	175.2%	184.6%

Source: Audited Financial Statements, 2016-2025

(a) Net revenues, as defined in the Master Resolution, are pledged for payments

(b) Amounts based on scheduled principal payments.

SCHEDULE 3:
Ratios of debt service and outstanding debt - last ten fiscal years (unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Principal (a)	\$ 5,690,000	\$ 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
Interest	4,239,560	334,479	680,595	871,741	1,061,819	1,787,977	1,754,035	1,782,123	2,209,043	2,111,919
Total debt service	\$9,929,560	\$ 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
Total expenses	\$ 62,880,758	\$ 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
Less depreciation and amortization	(21,023,570)	(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)
Add principal (a)	5,690,000	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
Total general expenditures	\$ 47,547,188	\$ 38,568,622	\$ 34,210,875	\$ 30,419,860	\$ 23,113,709	\$ 29,818,282	\$ 30,718,662	\$ 28,615,734	\$ 28,127,774	\$ 26,668,597
Ratio of debt service to expenditures	20.9%	15.2%	17.8%	20.2%	10.1%	24.7%	23.1%	24.1%	24.2%	24.3%
Outstanding debt (b)	\$ 167,054,096	\$ 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
Total number of passengers	\$ 3,554,233	\$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
Outstanding debt per passenger	\$ 47.00	\$ 3.93	\$ 6.72	\$ 12.32	\$ 24.65	\$ 23.38	\$ 24.02	\$ 29.59	\$ 35.41	\$ 39.46
Debt service per passenger	\$ 2.79	\$ 1.94	\$ 2.32	\$ 2.62	\$ 1.68	\$ 3.77	\$ 2.99	\$ 3.28	\$ 3.57	\$ 3.62

Source: Audited Financial Statements, 2016-2025

(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)*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Terminal rent:										
Ticket counter (per linear foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Ticket queuing (per square foot) (a)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Office space (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Outbound baggage space (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Operations space (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Baggage service office (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Holdroom area (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Baggage claim (per square foot)	\$64.59	\$63.61	\$53.76	\$44.07	\$35.49	\$40.30	\$48.84	\$43.22	\$42.01	\$38.76
Apron charge (per gate) (a)	\$162,897	\$130,955	\$115,634	\$91,735	\$72,665	\$84,802	\$92,101	\$86,085	\$82,788	\$81,934
Loading bridge rent (per bridge) (a)	\$60,238	\$53,476	\$45,287	\$100,926	\$85,178	\$95,295	\$40,574	\$43,802	\$45,176	\$45,436
Landing fee (per 1,000 pounds)	\$3.73	\$3.30	\$3.43	\$2.94	\$3.02	\$2.99	\$3.14	\$3.13	\$3.23	\$3.50

(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
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
2025	35,992	21,811	46,170	8,392	112,365

*Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report**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	Enplaned passengers	Deplaned passengers	Total passengers
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
2025	1,783,335	1,770,898	3,554,233

*Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report***SCHEDULE 7:***Distribution of airline passengers - fiscal year ended June 30, 2025 (unaudited)*

Airline	Enplaned passengers	Deplaned passengers	Total passengers	Percentage of passengers
United	280,973	275,895	556,868	15.67%
Allegiant Air	469,274	466,358	935,632	26.32%
American	595,961	594,225	1,190,186	33.49%
Delta	398,633	394,579	793,212	22.32%
Frontier	22,045	23,690	45,735	1.29%
Avelo	8,047	8,001	16,048	0.45%
Other	8,402	8,150	16,552	0.47%
Total	1,783,335	1,770,898	3,554,233	100.00%

*Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics 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	Enplaned	Freight Deplaned	Total cargo
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
2025	23,728,662	38,545,885	62,274,547

*Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics Report***SCHEDULE 9:***Distribution of cargo - fiscal year ended June 30, 2025 (in pounds) (unaudited)*

Airline	Enplaned	Freight Deplaned	Total	Percentage
Major:				
Delta	257,468	302,841	560,309	0.90%
Regional:				
PSA	53,773	54,112	107,885	0.17%
Cargo:				
FedEx	13,848,321	23,092,010	36,940,331	59.32%
UPS	9,544,772	15,070,673	24,615,445	39.53%
Other Freight	24,328	26,249	50,577	0.09%
Total	23,728,662	38,545,885	62,274,547	100.00%

*Source: Metropolitan Knoxville Airport Authority Aviation's Activities Statistics 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
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
2025	999,183	945,580	221,674	2,166,437

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	2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
PSA	245,214	11%	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%
FedEx	137,699	6%	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%
Pinnacle	244,562	11%	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%
Allegiant Air	474,854	22%	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%
ExpressJet	-	0%	-	0%	-	0%	-	0%	13,536	1%	71,800	5%	123,750	8%	134,215	9%	185,213	13%	213,080	17%
Delta	196,759	9%	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%
Skywest	89,012	4%	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%
UPS	83,976	4%	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%
ASA	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	11,122	1%	28,564	2%	60,625	4%	50,382	4%
American	227,266	10%	221,723	12%	180,175	11%	3,169	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
United	76,195	4%	5,260	0%	872	0%	-	0%	-	0%	-	0%	20,225	1%	43,387	3%	-	0%	-	0%
Republic	86,020	4%	35,878	2%	6,184	0%	450	0%	2,646	0%	69,600	5%	-	0%	-	0%	-	0%	-	0%
Mesa	600	0%	-	0%	5,500	0%	19,131	1%	53,268	4%	43,713	3%	45,153	3%	28,827	2%	14,017	1%	-	0%
Commute Air	120,648	6%	87,648	5%	80,828	5%	82,104	5%	64,372	5%	4,312	0%	-	0%	-	0%	-	0%	-	0%
Trans States	-	0%	-	0%	-	0%	-	0%	-	0%	24,577	2%	34,956	2%	27,444	2%	35,160	2%	50,646	4%
GO Jets	6,527	0%	11,468	1%	11,407	1%	9,455	1%	22,143	2%	2,775	0%	1,943	0%	30,083	2%	19,430	1%	9,330	1%
American Eagle	66,513	3%	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%
Frontier	24,109	1%	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%
Air Wisconsin	7,661	0%	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%
AmeriFlight	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	740	0%	1,255	0%	1,193	0%	1,376	0%
Piedmont	69,753	3%	18,115	1%	19,424	1%	43,170	2%	34,440	2%	46,356	3%	22,611	1%	2,095	0%	-	0%	-	0%
Mountain Air	-	0%	-	0%	-	0%	-	0%	-	0%	481	0%	17	0%	214	0%	100	0%	103	0%
Shuttle America	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1,957	0%
Avelo	9,070	0%	2,286	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other	-	0%	31	0%	283	0%	163	0%	125	0%	8	0%	9,456	1%	8,482	1%	25,284	2%	26	0%
Total	2,166,437	100%	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%

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

SCHEDULE 12:
Total Passengers - ten fiscal year trend history (unaudited)

Airline	2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Delta	793,212	22%	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%
Allegiant Air	935,632	26%	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%
PSA	404,760	11%	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%
American Eagle	112,376	3%	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%
ExpressJet	-	0%	-	0%	-	0%	-	0%	19,415	1%	113,192	6%	193,928	8%	143,002	7%	188,560	10%	188,712	11%
ASA	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	21,298	1%	47,720	2%	105,245	6%	93,217	5%
American	420,638	12%	417,987	14%	311,881	12%	6,874	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
United	125,388	4%	9,110	0%	1,238	0%	-	0%	-	0%	6,975	0%	31,627	1%	62,791	3%	-	0%	-	0%
Mesa	1,153	0%	-	0%	10,486	0%	34,594	1%	82,095	6%	61,672	3%	77,706	3%	43,117	2%	21,227	1%	-	0%
Trans States	-	0%	-	0%	-	0%	-	0%	-	0%	47,423	2%	69,904	3%	47,375	2%	64,306	3%	92,648	5%
Go Jets	9,872	0%	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%
Skywest	157,090	4%	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%
Frontier	45,735	1%	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%
Air Wisconsin	14,430	0%	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%
Commute Air	243,256	7%	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%
Piedmont	143,044	4%	37,161	1%	40,679	2%	88,563	4%	55,848	4%	82,428	4%	44,447	2%	-	0%	-	0%	-	0%
Avelo	16,048	0%	3,918	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Republic	115,047	3%	47,135	2%	6,583	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other	16,552	0%	15,930	1%	11,824	0%	15,379	1%	10,728	1%	8,518	0%	19,673	1%	14,365	1%	30,160	2%	8,278	0%
Total	3,554,233	100%	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%

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

SCHEDULE 13:
Distribution of total cargo - ten fiscal year trend history (in pounds)(unaudited)

Airline	2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
<i>Passenger:</i>																				
Delta	560,309	1%	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	0%
PSA	107,885	0%	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%
American Eagle	2,690	0%	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%
Skywest	-	0%	726	0%	-	0%	746	0%	4,025	0%	525	0%	10,828	0%	6,569	0%	998	0%	-	0%
American	2,023	0%	2,090	0%	3,738	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Piedmont	43,513	0%	11,927	0%	5,715	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Air Wisconsin	1,150	0%	8,662	0%	430	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Chautauqua	-	0%	-	0%	-	0%	-	0%	-	0%	1,568	0%	5	0%	-	0%	-	0%	-	0%
Other	1,201	0%	2,625	0%	2,942	0%	-	0%	-	0%	236	0%	3	0%	1,316	0%	2,576	0%	-	0%
<i>Cargo:</i>																				
FedEx	36,940,331	59%	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%
UPS	24,615,445	40%	22,996,211	31%	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%
AmeriFlight	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	96,641	0%	150,231	0%	177,325	0%	211,133	0%
Mountain Air	-	0%	-	0%	-	0%	-	0%	-	0%	83,565	0%	1,480	0%	28,582	0%	8,513	0%	9,677	0%
Other	-	0%	-	0%	-	0%	-	0%	28	0%	90	0%	5,395	0%	5,116	0%	7,834	0%	5,182	0%
Total	62,274,547	100%	75,088,531	100%	80,624,659	100%	85,823,544	101%	88,412,307	100%	83,936,760	100%	83,282,205	100%	82,377,022	100%	85,287,015	100%	80,470,932	100%

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

SCHEDULE 14:

Authority employees and demographic data - population (unaudited)

Full-time equivalent employees as of fiscal year-end

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration	15.7	15.3	15.1	12.5	12.5	12.0	12.0	11.5	12.0	13.0
Marketing/Public Relations	8.9	8.1	6.4	7.0	7.5	9.0	9.5	8.5	9.0	9.0
Planning & Development	7.0	7.0	5.7	6.0	6.0	6.0	6.0	6.0	7.0	7.0
Safety (Police & Fire)	66.5	59.8	61.6	57.5	53.0	58.0	58.0	56.0	49.0	47.0
*Operations Administration	12.9	11.5	12.9	12.5	12.0	12.5	11.5	12.0	12.0	13.0
*Technology	4.8	4.3	-	-	-	-	-	-	-	-
Building Maintenance	8.7	8.9	8.9	8.0	8.0	8.0	7.5	7.5	9.0	10.5
Airfield Maintenance	20.0	18.0	20.4	17.5	16.0	20.5	21.0	20.5	20.0	22.0
Building Services (Custodial)	27.2	26.1	26.8	20.0	22.0	25.5	26.0	26.5	28.0	29.0
Knoxville Downtown Island Airport	7.8	7.4	7.3	7.0	6.5	6.5	6.5	6.0	7.0	7.0
Total Employees	179.5	166.4	165.1	148.0	143.5	158.0	158.0	154.5	153.0	157.5

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 included with Operations Administration prior to 2024

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)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
National	4.0%	3.6%	3.6%	5.3%	8.1%	3.5%	3.9%	4.1%	4.9%	5.0%
Tennessee	3.4%	3.3%	3.4%	4.4%	9.3%	3.3%	3.3%	3.3%	5.1%	5.8%
Major Tennessee metropolitan areas:										
Chattanooga	3.2%	3.1%	3.3%	5.0%	8.3%	3.2%	3.1%	3.3%	4.9%	5.1%
Knoxville (a)	3.2%	3.0%	3.1%	4.3%	7.9%	2.9%	2.8%	2.9%	4.7%	5.0%
Memphis	4.1%	4.0%	4.2%	7.6%	11.7%	3.8%	3.7%	3.7%	5.3%	6.1%
Nashville	2.8%	2.6%	2.7%	4.4%	10.0%	2.3%	2.3%	2.4%	3.8%	4.2%

*Source: U.S. Bureau of Labor Statistics**(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
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
2024	65,524	73,402

*Source: U.S. Bureau of Economic Analysis via FRED®***SCHEDULE 17:***Demographic data - total personal income last ten calendar years (thousands of dollars) (unaudited)*

Calendar Year	Tennessee	United States
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
2024	475,258,300	25,042,276,000

Source: U.S. Bureau of Economic Analysis via FRED®

SCHEDULE 18

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

	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Major Employers:																				
U.S. Department of Energy Oak Ridge Operations	16,975	3%	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%
Covenant Health	12,231	2%	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%
The University of Tennessee Knoxville	11,671	2%	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%
Knox County Schools	10,070	2%	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%
Wal-Mart Stores, Inc.	5,863	1%	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%
University Health Systems	5,387	1%	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%
Clayton Homes	5,104	1%	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%
Denso Manufacturing Tennessee	5,000	1%	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%
Roark Capital Group	4,512	1%	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%
The Dollywood Co.	4,500	1%	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%
K-VA-T Food Stores	4,366	1%	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%

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, 2025

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**

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, 2025

Passenger Airlines	Destination	Daily flights	Daily seats	Weekly flights	Weekly seats	Aircraft
Allegiant Air	Austin*			4	720	A320
	Belleville/ St. Louis MidAmerica*			4	720	A320
	Boston*			4	720	A320
	Chicago-Midway*			4	720	A320
	Denver*			4	720	A320
	Destin/Fort Walton*			4	720	A320
	Fort Lauderdale*			6	1,080	A320
	Gulf Shores*			4	720	A320
	Houston- Hobby*			4	720	A320
	Jacksonville*			4	720	A320
	Las Vegas*			4	720	A320
	Minneapolis/ St. Paul*			4	720	A320
	Newark*			4	720	A320
	Orlando- Int'l*			4	720	A320
	Orlando-Sanford*			6	1,080	A320
	Phoenix*			4	720	A320
	Punta Gorda/SW Florida*			6	1,080	A320
	South Bend*			4	720	A320
	St. Petersburg/Tampa Bay*			10	1,800	A320
American Airlines	Charlotte	14	1,712	98	11,984	ERJ, CR9, A319, A320
	Chicago-O'Hare	6	390	42	3,794	CR7, ERJ
	Dallas/Fort Worth	10	1,364	70	9,548	CR9, A320, A321, B738
	Miami	2	256	14	1,792	A319
	New York- LaGuardia	6	412	42	2,884	E175
	Philadelphia	6	352	42	2,464	CR7, CR9, , ERJ
	Washington-National	6	412	42	2,884	CR7, CR9, E175
Avelo Airlines	New Haven*			2	378	B737
Delta Air Lines	Atlanta	14	2,428	98	16,996	B717, A320, CR9, B739
	Detroit	4	290	28	2,030	CR7, CR9, B717
	Minneapolis/ St. Paul	2	152	14	1,064	CR9
	New York-LaGuardia	6	456	42	3,192	CR9
Frontier Airlines	Denver*			8	1,488	A320, A321
United Airlines	Chicago-O'Hare	6	352	42	2,464	CR550, E175, A320
	Denver	4	392	28	2,744	E175, A319, A320
	Houston -Bush	8	400	56	2,800	ERJ, CR550
	Washington-Dulles	8	400	56	2,800	ERJ
Totals		102	9,768	812	87,146	

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, 2025

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.
 Immaculate Flight
 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)
 PSA Airlines, Inc.

Bank ATMs

First Horizon Bank
 Regions Bank
 Truist Bank
 TN State Bank

Concessionaires

Classic Shine
 Five Star Food Service

Concessionaires (cont.)

HMS Host Corporation
 Knoxville Airport Hotel Company dba Knoxville Airport Hilton
 Knoxville Coca-Cola Co.
 Paradies-Knoxville, LLC
 Rick McGill Toyota
 Ruby Tuesday, Inc.
 Security Point Media, LLC
 Smarte Carte, Inc.

Rental car companies

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

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.

Series 2025 - \$38,600,000

Proceeds from this debt issuance was to provide funding for a portion of the costs of the new parking garage at McGhee Tyson Airport and pay costs of issuance.

Series 2024A&B - \$109,245,000

Proceeds from these debt issuances were to provide funding for a portion of the costs of the new parking garage at McGhee Tyson Airport, make a debt service reserve fund deposit, and pay costs of issuance.

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.

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.

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.

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 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, 2025

Type of policy	Policy insurer	Expiration date	Policy limit	Risk Coverage
Airport Liability	Chubb	July 12, 2025	\$200,000,000 aggregate limit	Personal injury and property damage
Commercial Property	Allianz	June 30, 2025	\$386,773,372	Buildings - Fire and other perils (includes contents, rental income and extra expense)
Cybersecurity Insurance	Cowbell Cyber	August 1, 2025	\$3,000,000	Cyber liability and security
Public Officials and Employer Liability	Chubb	December 1, 2025	\$10,000,000	Commissioners and employee professional liability
Commerical Crime Coverage	Great American Insurance Group	July 27, 2025	\$500,000	Employee dishonesty, forgery, computer hacking, funds transfer fraud
Automobile Liability	Cincinnati Insurance Company	July 1, 2025	\$1,000,000	Automobile liability
Physical Damage - Two Fire Trucks	National Hangar Insurance Co.	November 29, 2025	\$1,433,250	Property damage - two fire trucks
Physical Damage - Refueler Trucks	National Hangar Insurance Co.	November 29, 2025	\$230,000	Property damage-refueler trucks
Liability Only - Two Fire Trucks	National Hangar Insurance Co.	November 29, 2025	\$150,000	Liability Only - two old trucks
Workers' Compensation	AmTrust	June 30, 2025	\$1,000,000	Employer's liability - employee bodily injury
Employee Health, Vision and Dental	United Health Care	May 31, 2026		Employee medical, vision and dental
Employee Long-Term Disability	Unum	May 31, 2026		Employee earnings after 90 days disability
Employee AD&D	Unum	May 31, 2026	\$100,000/Employee \$5,000/Spouse \$1,000/Child	Accidental death and dismemberment
Employee and Dependent Life	Unum	May 31, 2026	\$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, 2025

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
2025	AV/PA, FIDS/BIDS, ACUS	\$5.2 million
2025	Terminal Apron Expansion	\$15.8 million
2025	Economy Parking Lot Expansions	\$8.7 million

SCHEDULE 25:

Capital Asset Information (unaudited)

As of June 30, 2025

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:	2,756 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 Rental Cars Total Garage	2,338 435 <u>2,773</u>		
	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 Lot G-Economy Total Surface	668 379 1,720 218 170 177 41 720 <u>4,093</u>		
	Total Parking	<u>6,866</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, 2025

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	\$ 15,991,621
	COVID-19 - Airport Improvement Program	20.106	N/A	332,214
		Total Program 20.106*		<u>16,323,835</u>
U.S. Department of Justice	Equitable Sharing Program	16.922	TN0050700	82,746
U.S. Department of Treasury	Equitable Sharing Program	21.016	TN0050700	356
TOTAL FEDERAL AWARDS				<u>\$ 16,406,937</u>
<i>*Major federal financial assistance program.</i>				
<u>State Financial Assistance</u>				
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0799-23	2,415,466
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0701-23	(7,917)
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0702-23	327,442
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0704-23	7,228
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0705-23	915,933
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0709-24	76,802
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0710-24	318,411
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0711-25	787,457
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0713-25	33,113
Tennessee Department of Transportation	Airport Improvements – McGhee Tyson Airport	N/A	47-555-0714-25	15,000,000
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0795-22	5,159
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0712-25	20,000
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0715-25	41,835
Tennessee Department of Transportation	Airport Improvements – Downtown Island Airport	N/A	47-555-0716-25	60,000
TOTAL STATE AWARDS				<u>\$ 20,000,929</u>
TOTAL FEDERAL AND STATE AWARDS				<u><u>\$ 36,407,866</u></u>

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

Year ended June 30, 2025

Passenger Facility Charges

Available at July 1, 2024	\$ 1,239,266
Charges collected	7,265,926
Service charges, net of interest earned	32,880
Total available	<u>8,538,072</u>
Expended	<u>(1,936,372)</u>
Available at June 30, 2025	<u><u>\$ 6,601,700</u></u>

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

1. Basis of Presentation

The 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, 2025 and Passenger Facility Charges (PFCs) collected and expended for the year ended June 30, 2025. 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, 2025

Year ending June 30:	Series 2019A Note		Series 2024A Bonds		Series 2024B Bonds		Series 2025 Bonds (a)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ -	\$ 306,458	\$ -	\$ 3,490,900	\$ -	\$ 2,133,420	\$ 560,000	\$ 1,541,211	\$ 560,000	\$ 7,471,989
2027	5,900,000	294,386	-	3,490,900	710,000	2,133,420	610,000	1,502,111	7,220,000	7,420,817
2028	6,000,000	142,240	1,235,000	3,490,900	740,000	2,102,003	640,000	1,477,993	8,615,000	7,213,136
2029	-	-	1,300,000	3,429,150	770,000	2,069,036	675,000	1,452,687	2,745,000	6,950,873
2030	-	-	1,360,000	3,364,150	810,000	2,033,962	705,000	1,426,001	2,875,000	6,824,113
2031	-	-	1,435,000	3,296,150	845,000	1,996,078	740,000	1,398,127	3,020,000	6,690,355
2032	-	-	1,505,000	3,224,400	885,000	1,956,135	780,000	1,368,866	3,170,000	6,549,401
2033	-	-	1,580,000	3,149,150	930,000	1,912,956	820,000	1,338,025	3,330,000	6,400,131
2034	-	-	1,655,000	3,070,150	975,000	1,867,349	860,000	1,305,604	3,490,000	6,243,103
2035	-	-	1,745,000	2,987,400	1,020,000	1,819,291	900,000	1,271,604	3,665,000	6,078,295
2036	-	-	1,825,000	2,900,150	1,075,000	1,768,301	945,000	1,236,019	3,845,000	5,904,470
2037	-	-	1,915,000	2,808,900	1,130,000	1,713,702	995,000	1,198,653	4,040,000	5,721,255
2038	-	-	2,015,000	2,713,150	1,185,000	1,655,744	1,045,000	1,159,312	4,245,000	5,528,206
2039	-	-	2,115,000	2,612,400	1,250,000	1,594,373	1,095,000	1,117,996	4,460,000	5,324,769
2040	-	-	2,220,000	2,506,650	1,315,000	1,529,011	1,150,000	1,074,702	4,685,000	5,110,363
2041	-	-	2,335,000	2,395,650	1,380,000	1,460,434	1,210,000	1,029,231	4,925,000	4,885,315
2042	-	-	2,445,000	2,278,900	1,455,000	1,388,467	1,270,000	981,390	5,170,000	4,648,757
2043	-	-	2,570,000	2,156,650	1,530,000	1,312,588	1,330,000	931,178	5,430,000	4,400,416
2044	-	-	2,700,000	2,028,150	1,610,000	1,232,799	1,400,000	878,590	5,710,000	4,139,539
2045	-	-	2,830,000	1,893,150	1,695,000	1,148,837	1,470,000	823,236	5,995,000	3,865,223
2046	-	-	2,980,000	1,744,575	1,785,000	1,058,748	1,540,000	765,117	6,305,000	3,568,440
2047	-	-	3,135,000	1,588,125	1,880,000	963,875	1,620,000	704,226	6,635,000	3,256,226
2048	-	-	3,300,000	1,423,538	1,980,000	863,953	1,700,000	640,174	6,980,000	2,927,665
2049	-	-	3,480,000	1,250,288	2,080,000	758,716	1,785,000	572,959	7,345,000	2,581,963
2050	-	-	3,660,000	1,067,588	2,195,000	648,164	1,875,000	502,382	7,730,000	2,218,134
2051	-	-	3,855,000	875,438	2,310,000	531,500	1,970,000	428,247	8,135,000	1,835,185
2052	-	-	4,060,000	673,050	2,430,000	408,724	2,065,000	350,359	8,555,000	1,432,133
2053	-	-	4,270,000	459,900	2,560,000	279,569	2,170,000	268,711	9,000,000	1,008,180
2054	-	-	4,490,000	235,725	2,700,000	143,505	2,280,000	182,911	9,470,000	562,141
2055	-	-	-	-	-	-	2,395,000	92,763	2,395,000	92,763
Total	\$ 11,900,000	\$ 743,084	\$ 68,015,000	\$ 66,605,227	\$ 41,230,000	\$ 40,484,660	\$ 38,600,000	\$ 29,020,385	\$ 159,745,000	\$ 136,853,356

(a) - Series 2025 Bonds incur interest at a variable rate. The amortization schedule is based on an interest rate of 3.95% effective on June 30, 2025.

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
BONDS PAYABLE									
Series 2024A	\$ 68,015,000	5.00 - 5.25%	10/24/2024	6/1/2054	\$ -	\$ 68,015,000	\$ -	\$ -	\$ 68,015,000
Series 2024B	41,230,000	4.425% - 5.315%	10/24/2024	6/1/2054	-	41,230,000	-	-	\$ 41,230,000
Series 2025	38,600,000	Variable	6/4/2025	6/1/2055	-	38,600,000	-	-	\$ 38,600,000
Total Bonds Payable					<u>\$ -</u>	<u>\$ 147,845,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,845,000</u>
NOTES PAYABLE									
Series 2019A	\$ 39,570,000	2.54%	6/27/2019	6/1/2028	\$ 11,900,000	\$ -	\$ -	\$ -	\$ 11,900,000
Total Notes Payable					<u>\$ 11,900,000</u>	<u>\$ -</u>	<u>\$ -</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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

December 10, 2025
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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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.

December 10, 2025
Knoxville, Tennessee

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's 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 auditor's 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> <tr> <th>Assistance Listing Number</th><th>Name of Program</th></tr> <tr> <td>20.106</td><td>Airport Improvement Program</td></tr> </table>	Assistance Listing Number	Name of Program	20.106	Airport Improvement Program
Assistance Listing Number	Name of Program				
20.106	Airport Improvement Program				
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, 2025***Section II – Financial Statement Audit Findings**

None reported.

Section III – Federal Award Findings

None reported.

Section IV – Schedule of Prior Year Audit Findings

None reported.



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KNOXVILLE
AIRPORT
AUTHORITY

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