

2025

Annual Comprehensive Financial Report

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MEMPHIS, TENNESSEE

For the fiscal years ended June 30, 2025 and 2024

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Memphis-Shelby County Airport Authority
MEMPHIS, TENNESSEE

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Annual
Comprehensive
Financial Report

For the Fiscal Years Ended June 30, 2025 and 2024
PREPARED BY THE FINANCE DIVISION

Memphis-Shelby County Airport Authority

JUNE 30, 2025

BOARD OF COMMISSIONERS

Michael E. Keeney, Chairman

Albert Glenn, Vice-Chairman

Pace Cooper, Secretary

Belinda Anderson

Pamela Z. Clary

Gregory Fletcher

Jack Sammons

OFFICERS AND KEY STAFF MEMBERS POSITION

MEMBERS..... POSITION

Terry S. Blue, A.A.E.	President and Chief Executive Officer
Sylvester Lavender, C.P.A.	Vice President of Finance and Administration and Chief Financial Officer, Authority Treasurer
Marshall Stevens.....	Vice President Operations and Chief Operating Officer
Amber D. Floyd	General Counsel and Authority Secretary
Jeffrey W. Hanley	Director of Finance and Authority Assistant Treasurer
Michael Fulton.....	Director of Public Affairs and Business Diversity Development
James A. Hay II.....	Senior Director of Development
Nathan Luce, P.E., A.A.E.	Director of Airside Operations and Public Safety
Jason S. McBride	Director of Properties
Lori Morris.....	Director of Terminal Operations
Kenneth Parrish.....	Director of Procurement
David Ritter.....	Director of Information Technology
Zachary Shaw.....	Director of Maintenance
Nichole N. Love, MBA, SHRM-SCP, PSHRA-SCP	Director of Human Resources
Brian A. Tenkhoff, P.E.	Director of Development
Glen A. Thomas	Director of Strategic Marketing and Communications

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INTRODUCTORY SECTION

This Section Contains the Following:

Letter of Transmittal and Exhibits

Organizational Chart



December 29, 2025

To the Board of Commissioners of the Memphis-Shelby County Airport Authority
and the citizens of the Memphis Metropolitan Statistical Area

The Annual Comprehensive Financial Report (“ACFR”) of the Memphis-Shelby County Airport Authority (the “Authority”) for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department of the Authority. To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the enclosed data of the Authority is accurate in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

In developing and evaluating the Authority’s accounting system, consideration is given to the adequacy of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Authority’s internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are authorized and recorded properly.

The ACFR is presented in four sections: Introductory, Financial, Statistical and Compliance. Just prior to the Introductory Section is a list of principal officials and the table of contents. The Introductory Section includes this transmittal letter, the Authority’s organizational chart and a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded to the Authority by the Government Finance Officers Association of the United States and Canada for the fiscal year ended June 30, 2024. The Financial Section includes the independent auditor’s report, Management’s Discussion and Analysis (“MD&A”) of the financial condition of the Authority, the Authority’s financial statements, and supplemental schedules. The Statistical Section includes select financial and demographic information, generally presented on a multi-year basis. The Compliance Section includes Schedule of Expenditures of Federal and State Awards, the related independent auditor’s reports, and the Schedule of Findings and Questioned Costs.

Management is required by GAAP to provide a narrative introductory overview and analysis as an accompaniment to the financial statements in the form of MD&A. This letter of transmittal should be read in conjunction with MD&A, which is discussed in the preceding paragraph and can be found in the Financial Section of this report.

Pursuant to Article VII E. of the Agreement between the City of Memphis (“City”) and the Authority dated May 26, 1970, an audit of the financial statements has been completed by the Authority’s independent certified public accountants, Forvis Mazars, LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2025, 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 significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the Financial Section of this report.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires the Authority to arrange for an annual audit in conformity with their provisions. Information related to a single audit, including the Schedule of Expenditures of Federal and State Awards, findings and recommendations, is reported in the Compliance Section of this report. The independent auditor’s reports on the internal control structure and compliance with applicable laws and regulations are also included in the Compliance Section of this report.

PROFILE OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

The Authority is established pursuant to the Metropolitan Airport Authority Act of Tennessee and all amendments thereto. The major purposes of the Authority are to plan, establish, acquire, construct, improve and operate one or more airports within the City and Shelby County (the “County”). The Authority has the power to issue bonds to accomplish any of the purposes authorized by the Metropolitan Airport Authority Act of Tennessee. All bonds are payable solely from the revenues, income, and charges of the Authority and such bonds do not constitute an obligation of the City or County.

The Mayor of the City, with the Mayor of Shelby County nominating two, appoints all members of the seven-member Board of Commissioners (the “Board”) to govern the Authority. Memphis City Council confirms these appointments for a seven-year term. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

The Board appoints the President, who is the chief executive officer of the Authority. The President appoints, and the Board confirms, the remaining officers. These officers manage and operate the Authority’s airports with a staff of approximately 340 employees, both permanent and temporary.

The Authority prepares an annual budget on the basis established by the 1973 General Revenue Bond Resolution dated June 15, 1973 for all accounts and funds established by those agreements and resolutions, except

construction and debt service funds. The annual budget serves as the foundation for the Authority’s financial planning and control. All appropriations, except open project account appropriations, lapse at the end of each fiscal year and must be reappropriated. Since there is no legal requirement to report on the budgetary basis, no budget information is presented in the accompanying financial statements.

The Authority owns Memphis International (the “Airport”), Charles W. Baker (“Baker”), and General DeWitt Spain (“Spain”) Airports. Baker Airport is located south of Millington, Tennessee and Spain Airport is located just north of downtown Memphis. Both Baker and Spain Airports serve general aviation and are considered reliever airports for the Airport.

The Airport occupies about 4,600 acres of land in Shelby County and is 13 miles by road southeast of downtown Memphis. The Airport is 99.9% unaffected by impassable weather and handles all types of aircraft. The Airport has four runways equipped with precision instrument landing systems suitable for use by large aircraft and a surface movement guidance system allowing the Airport to operate down to a 300 foot runway visual range. The facilities maintain 25 of the 58 gates remaining active and all of Concourse A, the remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B have been decommissioned until demand dictates additional passenger capacity requirements.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Conditions and Outlook

The United States (US) National economy continues periods of economic expansion to economic recession and various levels of uncertainty. The CY 2024 US Gross Domestic Product (GDP) increased by 2.8 percent compared to the 2.5 percent increase in CY 2023. Projected median GDP for CY 2025 is estimated at approximately 1.7 percent. The inflation rate in June 2025 was 2.7% with the federal reserve anticipating to drop the fed funds rate in an attempt to bring down inflation. The Memphis Metropolitan Statistical Area ("MMSA") unemployment rate for July 2025 was 5.4%, which was above the State of Tennessee rate of 3.6% and above the national rate of 4.2%. National unemployment for CY 2025 is projected to be in the range of 4.2 to 4.4 percent.

During FY 2025, over 98 percent of Airport enplanement activity was origination and destination (O&D) activity. Of the total FY 2025 enplanement activity at the Airport, American Airlines comprised approximately 32 percent, Delta Air Lines comprised approximately 30 percent of total enplanements, Southwest Airlines about 18 percent, United Airlines about 12 percent with all other airlines (Allegiant, Frontier, Spirit and Avelo) making up the remaining balance. With actual FY 2025 enplanements decreasing 2.7 percent over FY 2024 levels, the Authority has projected a slight increase in enplanements FY 2026. The Airport continues to seek additional routes for non-served and under-served markets at the Airport and have announced nine new routes so far in calendar year 2025.

The Authority has developed multi-year financial projections, taking into account estimated impacts on the Airport’s landed weight, non-airline revenues, amount of leased space in the terminal complex and operating expenses and projects a cost per enplaned passenger (“CPE”) to be reasonable when compared to airports of similar size and activity levels.

Cargo air carriers, primarily FedEx Express, continue to have a significant positive impact at the Airport;

accordingly, the Airport handled over 3.5 million U.S. tons of cargo in fiscal year 2025. The Airport is ranked #1 in the United States for total air cargo handled, and #3 in the world for total air cargo handled according to statistics reported by Airports Council International, Geneva, Switzerland. Over 77% of the cargo handled at Memphis International Airport was reported as domestic. FedEx Corporation (“FedEx”), the world’s second largest express transportation company, is headquartered in Memphis and operates its primary overnight package sorting facility at the Airport. FedEx continues to dominate the cargo business at the Airport, accounting for 99% of all cargo handled at the Airport in fiscal year 2025. FY 2026 cargo activity levels are expected to decrease below FY 2025 activity levels due to certain contracts of our major carrier.

Population and Employment

The MMSA encompasses an over 3,000-square-mile area comprised of Shelby, Fayette and Tipton Counties in Tennessee, Benton, Desoto, Marshall, Tate and Tunica Counties in Mississippi, and Crittenden County in Arkansas. Transportation and distribution services, tourism, technology, healthcare, trade, and construction help make the MMSA a richly diverse economic engine.

The MMSA population was 1,345,425 according to the United States 2020 Census, which is up 9% from 2010. Additionally, the population for the MMSA is expected to increase to 1,402,486 by 2025. Shelby County’s population for 2020 was 929,744, which was higher than the 927,644 for 2010. More population information can be found in the Statistical Section.

The Airport and the Port of Memphis, as well as the seven federal highways, 15 state highways and three U. S. interstate systems that cross the City, along with its central location in the United States, all contribute to Memphis’ position as America’s Distribution Center. Accordingly, transportation plays a major role in the economy of the MMSA. More metropolitan markets can be served overnight (within 600 miles) from Memphis than any other city in the central United States. Memphis offers multiple inter-modal transportation options such as air to truck or truck to air, water to truck or rail, or rail to truck. Memphis boasts the fourth busiest inland river port with enhanced inter-modal capabilities.

Visitors are also attracted to Memphis for sporting events such as the Memphis Grizzlies, a National Basketball Association team, the Redbirds, a AAA team affiliate with Major League Baseball’s St. Louis Cardinals, the AutoZone Liberty Bowl Football Classic and the PGA tour’s FedEx St. Jude Championship, to name a few. Gaming is also a contributor to the economy of the MMSA, with Southland Casino and Racing in West Memphis Arkansas only 7 miles from downtown Memphis and multiple casinos in Tunica County, Mississippi, just 30 miles from downtown Memphis. Memphis also attracts worldwide visitors to Graceland, home of Elvis Presley, St. Jude Children’s Research Center, Stax Museum of American Soul Music and the National Civil Rights Museum.

LONG TERM FINANCIAL PLANNING

Master Plan/Strategic Plan

One of the tools the Authority uses for long term planning is the Airport Master Plan, which is updated every 7 to 10 years. This document is prepared with the input of staff, the community, the signatory airlines, and other

key tenants of the Airport. The Master Plan specifies the physical improvements that are needed to meet projections of future demand. It consists of a technical report that specifies the logic and reasoning for proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of a master plan are very important because it serves as the basis for requesting federal funds for the construction of capital improvements proposed in the plan. During FY 2018, the Authority began the process to issue an updated Master Plan. In Fiscal Year 2020 the negative impact of the COVID-19 pandemic to airport operations caused the Master Plan to be delayed in order to evaluate future enplanement activity levels and other airport demand metrics. After public comments were received in the summer of 2023, the final document was submitted to the FAA in April 2024. The FAA granted approval of the MEM Airport Layout Plan (ALP) on December 31, 2024 which includes the review of the Master Plan. This will serve as a flexible and cost-effective guide for the future development of the Airport for the next decade. Capital improvements recommended by the plan are demand-driven and only those that are needed as a result of the actual increase in demand will be constructed.

The Authority has also developed a comprehensive Strategic Plan, which identifies and inventories strengths and weaknesses and guides the Authority's operating, capital and financial planning for the next 5-7 years. This Strategic Plan allows the Authority to set goals and to measure the progress in meeting these goals.

Multi-Year Financial Plan

The Authority prepares a Multi-Year Financial Plan, which is updated annually. This plan contains the first year of the proposed annual Operating Budget and the remaining two years reflecting fiscal projections developed through a combination of historical trends, contractual and other known commitments, anticipated changes to future revenues and expenditures, debt service and other reasonable assumptions. The five-year Capital Improvements Plan is updated annually and contains the current fiscal year and the ensuing four fiscal years.

RELEVANT FINANCIAL POLICIES

Cash and Investment Management

The Authority uses a portfolio manager to help direct the investment of the Authority's funds and to provide comparative investment market information. Allowable investments are limited to those authorized by the 1988 Bond Resolution and included in the Investment Policy updated in October 2021. All investments were made in compliance with their applicable resolution or bond indenture.

The Authority invests temporarily idle cash based on their recently updated investment policy which allows for investments in direct obligations of or obligations guaranteed by the United States Government, obligations of specific agencies of the United States Government, New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and guaranteed by the United States Government, secured negotiable certificates of deposit, commercial paper, secured repurchase agreements and the Tennessee local government investment pool. Investments are insured, registered or held by a trustee in the Authority's name.

The Authority's primary objective under this policy is to preserve the principal of those funds within the portfolio. The portfolio is managed in such a manner that assures that funds are available as needed to meet immediate

and/or future operating requirements and that it is managed to maximize the return of investments. At year-end, all Authority investments are presented in the basic financial statements at fair value.

Risk Management

It is the policy of the Authority to eliminate or transfer risk where possible. The Authority currently maintains approximately \$1.3 billion of total insurance coverage. For claims arising out of bodily injury or property damage at the Airport, the Authority carries approximately \$500 million of liability insurance. The Authority also has approximately \$800 million of property insurance on airport properties, which includes flood and earthquake coverage. The Authority or its tenants, within limits and with deductibles approved by the Authority, maintain fire insurance coverage on all buildings at the airports. Contractors and lessees are required to carry certain amounts of insurance. A schedule of insurance in force at June 30, 2025, can be found in the Statistical Section of this report.

In addition to the coverage discussed above, the Authority maintains an Owner Controlled Insurance Program (“OCIP”). OCIP is a method of assuring that all contractors and subcontractors of any tier performing work at a construction project jobsite are provided insurance for Tennessee Workers’ Compensation, Employers Liability, and Commercial General Liability, including Completed Operations and Excess Liability. The Authority pays for the full cost of the OCIP and charges those costs back to the projects covered.

The Authority has also implemented various risk control techniques including employee safety and accident training. The Authority’s general counsel reviews all contracts and leases.

Debt Management

As part of its strategic and long-term financial planning, the Authority strives to ensure that financial resources are adequate to meet long-term planning objectives. In managing its debt, the Authority strives to achieve the lowest cost of capital, ensure high credit quality, assure access to the capital credit markets, preserve financial flexibility, and manage interest rate risk exposure. See Note 7 of the notes to the basic financial statements in the Financial Section for Long-Term Debt information.

Pension and other Post-employment Benefits

The Authority participates in the City of Memphis Retirement System. A Board of Administration administers the plans under the direction of the City’s Mayor. Substantially all full-time salaried employees are required to participate in one of the two plans. The plans provide retirement benefits as well as death and disability benefits. The Authority is required to contribute at a statutorily determined rate set by the City of Memphis Retirement System funding policy. Per this policy the City is funding the 100% of the actuarially determined contribution (“ADC”) each year. The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC”. See Note 11 of the notes to the basic financial statements and the required supplementary information in the Financial Section for more information.

The Authority also provides a supplemental retirement benefit to eligible Authority participants. It is a defined contribution plan under which the Authority makes contributions on a discretionary basis. See Note 12 of the

notes to the basic financial statements in the Financial Section for more information.

In addition to the pension benefits, the Authority provides 80% of the cost of certain health care and life insurance coverage to active employees and provides post-retirement healthcare benefits to eligible employees who retire from the Authority under the provisions of the City's retirement plan. See Note 14 of the notes to the basic financial statements in the Financial Section for more information.

MAJOR INITIATIVES

Consolidated De-Ice Facility (CDF). The Consolidated De-Ice Facility allows the Authority to address the need for a consolidated de-ice pad to meet regulatory requirements for the collection and management of glycol and related airfield improvements. The CDF Project is comprised of two Phases - Phase I (relocates an existing public street and the construction of a vehicle service road bridge) and Phase II (the construction of 12 De-Ice pads, a control tower, and the related collection system.) Construction bids for Phase I were received in July 2017 and the project was substantially completed in September 2020. Design for Phase II was completed in November 2019 and bids were received in February 2020. The deice pads and collection was operational in November 2022 with deice dispensing and full operations were attained in November 2023. Minor enhancements are being completed with project closeout in FY 2026. The total combined cost for Phase I and II is estimated at \$290 million.

Terminal Modernization Seismic Program (TMSP). The project objective is to rehabilitate, improve, & seismically protect MEM's terminal. The existing terminal is over 60 years old, does not meet code, and no longer supports current operations. This will include (1) reconfigure vertical circulation to improve overall access/passenger flow, increase capacity and improve ADA access, (2) reconfigure ticket counters and install common use ticketing technology, (3) expand queue area for the SSCP (4) seismically protect the building, (5) upgrade aging Mechanical/Electrical/Plumbing (MEP) and installation of sprinkler fire suppression and (6) replace the existing glass with energy efficient and seismically resilient glass or glazing.

Passenger accessibility (ADA) and overall circulation improvements, enhanced wayfinding, additional space for the security screening checkpoint and common use technology for ticketing/passenger processing are all essential to the terminal meeting current future passenger demand levels. Located in the New Madrid Fault Zone and constructed in 1962, MEM's terminal is aged, does not meet current code, is seismically at risk and is operationally/environmentally inefficient. This project will ensure it can meet the future needs of the Airport by replacing MEP systems within the building and seismically protecting it structurally, all while preserving its architectural character. Additionally, modernization of the aging terminal enables the MEM to design/construct the facility in a manner that will lay the foundation for energy efficient certification and carbon-neutrality in the future. Specifically, the project will improve energy efficiency. New glass/glazing, upgraded MEP systems and upgrading of the vestibules will all reduce energy consumption significantly.

This project will be delivered in numerous phases. Phase 1 includes the initial enabling work that will allow subsequent Phases to be completed. The most critical and time sensitive component of Phase 1 is the reconstruction and reconfiguration of the outer drive. The reconstruction of the outer drive allows the inner drive to be closed and building façade to relocate north, allowing the expanded vertical circulation to be installed. In doing so, the MSCAA accomplishes a primary goal of the Terminal Modernization and Seismic Program – to improve overall access/passenger flow and improve ADA access.

AWARDS AND ACKNOWLEDGMENTS

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 Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Authority has received a Certificate of Achievement for thirty-six consecutive fiscal years from 1989-2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. The Annual Report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of the financial statements would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the Division for their help and contributions to its preparation.

Respectfully submitted,



Terry S. Blue, A.A.E.
President and Chief Executive Officer



Sylvester Lavender, C.P.A.
Vice President of Finance and Administration,
Authority Treasurer



Jeffrey W. Hanley
Director of Finance
Authority Assistant Treasurer



Government Finance Officers Association

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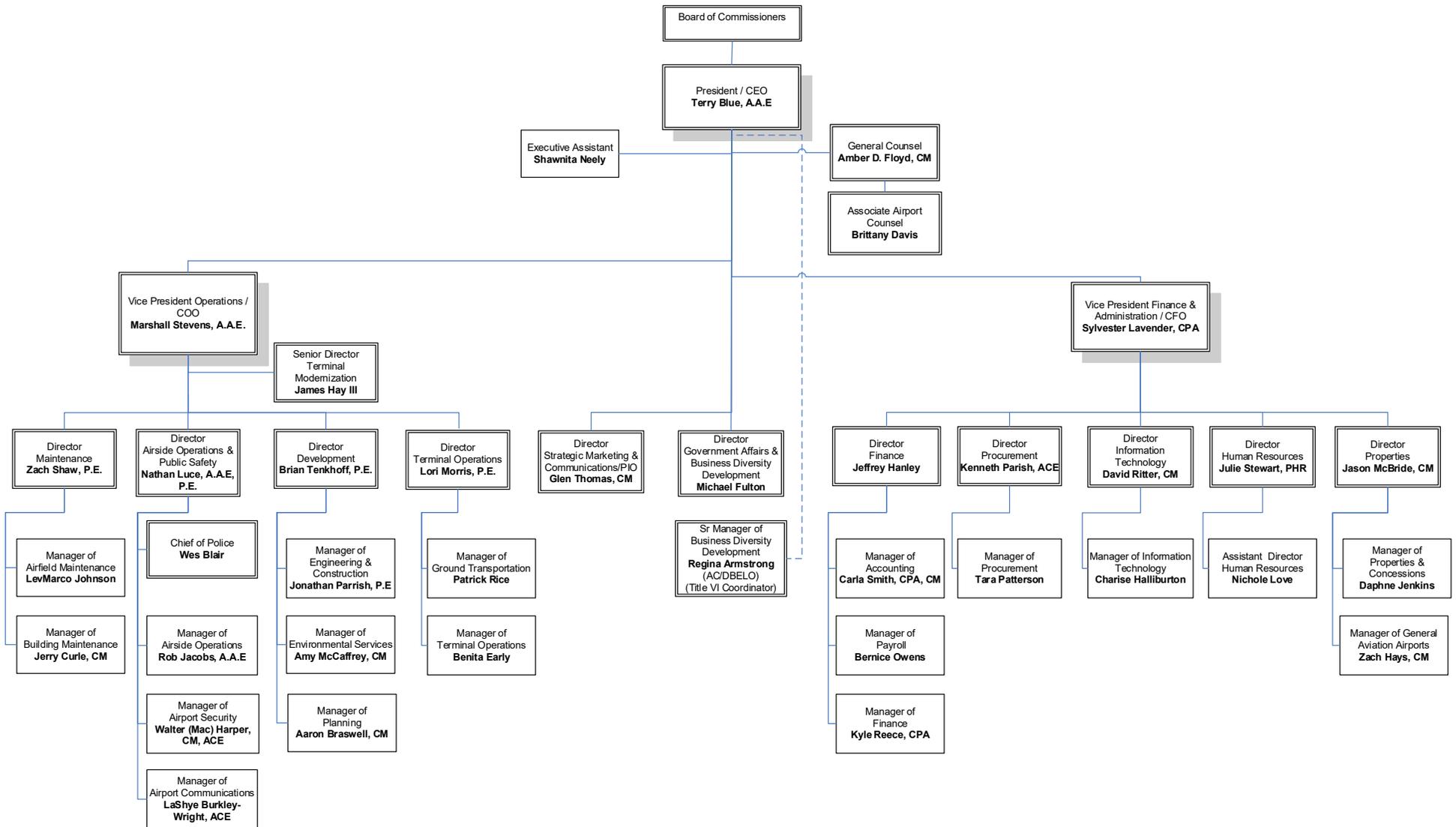
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Tennessee**

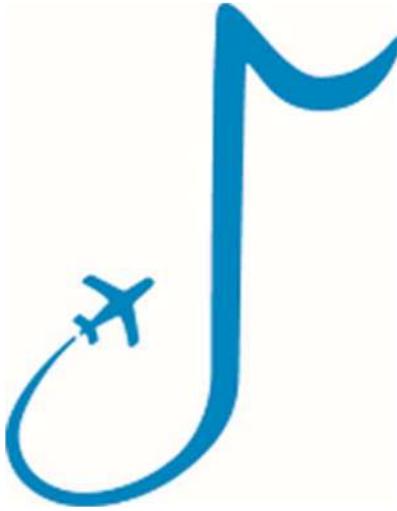
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION

This Section Contains the Following:

Independent Auditor's Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedules

Independent Auditor's Report

Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, 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 referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025 and 2024, and the changes in 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, which 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, pension and OPEB information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic 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 basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Memphis, Tennessee
December 29, 2025**

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

The following discussion and analysis of the Memphis-Shelby County Airport Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read this discussion in conjunction with the Authority's basic financial statements and the notes to the basic financial statements immediately following this discussion.

All dollar amounts, except per unit data, are expressed in thousands.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority owns and operates Memphis International Airport and two general aviation airports, Charles W. Baker and General DeWitt Spain. The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. All capital assets, except land, aviation easements, and construction-in-process are capitalized and depreciated over their useful lives. See Note 1 of the notes to the basic financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Position* present all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of the overall financial position and health of the Authority.

The *Statements of Revenues, Expenses and Changes in Net Position* present all revenues and expenses of the Authority, regardless of when cash is received or paid, and the ensuing change in net position.

The *Statements of Cash Flows* report how cash was provided and used by the Authority's operating, capital financing, and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash and balance at year-end.

In addition to the basic financial statements, this report includes a section for statistical information. This section presents certain unaudited information related to the Authority's historical financial and non-financial operating results, bonded debt activity, capital asset activity, and other demographic information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2025

- Operating revenues of \$137,529 for fiscal year 2025 increased by \$9,591 (7.5 percent) compared to fiscal year 2024 revenues of \$127,938.
- Operating expenses, before depreciation and amortization, of \$94,356 for fiscal year 2025 increased by (10.5 percent) compared to fiscal year 2024 operating expenses of \$85,402.
- The Authority's total net position at June 30, 2025 was \$1,069,097. This is an increase of \$71,380 (7.1 percent) over total net position of \$997,717 at June 30, 2024.
- Capital assets, net of accumulated depreciation increased by \$25,356 mainly due to fiscal year 2025 net capital additions of approximately \$92,890; offset by the current year change in accumulated depreciation of \$67,534.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2025 decreased by \$56,301 (12.6 percent) compared to June 30, 2024 due to the scheduled principal payments made during fiscal year 2024 and the additional amounts paid towards notes payable.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

- Operating revenues of \$127,938 for fiscal year 2024 increased by \$12,660 (11 percent) compared to fiscal year 2023 revenues of \$115,278.
- Operating expenses, before depreciation and amortization, of \$85,402 for fiscal year 2024 increased by (12.4 percent) compared to fiscal year 2023 operating expenses of \$76,008.
- The Authority's total net position at June 30, 2024 was \$997,717. This is an increase of \$54,091 (5.7 percent) over total net position of \$943,626 at June 30, 2023.
- Capital assets, net of accumulated depreciation decreased by \$4,266 mainly due to fiscal year 2024 net capital additions of approximately \$62,970; offset by the current year change in accumulated depreciation of \$67,334.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2024 decreased by \$37,705 (7.8 percent) compared to June 30, 2023 due to the scheduled principal payments made during fiscal year 2024 and the additional amounts paid towards notes payable.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION

FINANCIAL ANALYSIS

At June 30, 2025, the Authority's net position increased year over year with total assets and deferred outflows of \$1,851,392, total liabilities and deferred inflows of \$782,295 and total net position of \$1,069,097. A comparative combined condensed summary of the Authority's net position at June 30, 2025, 2024 and 2023 is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets	\$358,861	\$330,734	\$396,922
Net capital assets	1,160,978	1,135,622	1,139,888
Other non-current assets	328,667	339,481	258,387
Total assets	<u>1,848,506</u>	<u>1,805,837</u>	<u>1,795,197</u>
Deferred outflows of resources	<u>2,886</u>	<u>5,257</u>	<u>10,429</u>
Liabilities			
Current liabilities	87,307	60,925	58,525
Long-term liabilities	424,675	482,814	527,663
Total liabilities	<u>511,982</u>	<u>543,739</u>	<u>586,188</u>
Deferred inflows of resources	<u>270,313</u>	<u>269,638</u>	<u>275,812</u>
Net position			
Net investment in capital assets	788,968	735,399	710,281
Restricted	293,941	301,766	264,342
Unrestricted	(13,812)	(39,448)	(30,997)
Total net position	<u>\$1,069,097</u>	<u>\$997,717</u>	<u>\$943,626</u>

Fiscal Year 2025

Current assets at June 30, 2025 increased by \$28,127 (8.5 percent) when compared to current assets at June 30, 2024. This increase was primarily due to an increase of \$16,874 in cash and cash equivalents and investments, \$11,984 in capital contribution receivable, \$706 in accounts receivable and \$4 in lease receivable, offset by a decrease of \$967 in accrued interest receivable, \$348 in material and supplies inventory, \$99 in grants receivable and \$27 in prepaid expenses. The increase in cash and cash equivalents and investments was mainly due to the receipt of prior year capital contributions receivable along with new grants received and drawn during the year, offset partially by spending on current capital projects. The increase in capital contributions receivable resulted from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursements were received from the grantor agency. The increase in accounts receivable is due to the timing on receipt of payment of certain year-end invoices. The increase in lease receivable is due to the addition of certain leases. The decrease in accrued interest receivable was mainly due to the maturity of long-term investments. The decrease in material and supplies inventory is due to certain inventoried supplies awaiting replenishment. The decrease in grants receivable is due to a state maintenance grant that was drawn down. The decrease in prepaid expenses is due to a decrease in prepaid insurance due to the use of costs related to the Owner Controlled Insurance Program.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

Capital assets, net of depreciation increased by \$25,356 in fiscal year 2025 compared to fiscal year 2024 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2025 net capital additions were \$92,890 including the offset by the current year change in accumulated depreciation of \$67,534.

Non-current assets, other than capital assets, decreased by \$10,814 due to a decrease in non-current investments from maturities offset partially by an increase in lease receivable due to the addition of certain lease receivable.

The deferred outflows of resources at June 30, 2025 were \$2,886, a decrease of \$2,371 compared to June 30, 2024 of \$5,257. The deferred outflows of resources relate to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The decrease was due to deferred losses under GASB 68 of \$1,741 due mainly to a decrease in investment losses as compared to the expected return on assets combined with a change in proportionate share of net pension liability, deferred losses under GASB 75 of \$574 due mainly to changes in assumptions and changes in proportionate share of net OPEB liability and deferred losses of \$56 on bond refundings, which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from \$60,925 in 2024 to \$87,307 in 2025. This increase of \$26,382 (43.30 percent) is primarily due to the increase in current maturities of long-term debt of \$19,854, construction contracts payable of \$7,796, accrued expenses of \$766 and current portion of compensated absences of \$87, offset partially by a decrease in accounts payable of \$1,356 and accrued interest payable of \$765. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on debt amortization. The increase in construction contracts payable is due to an increase in major projects activity. The increase in accrued expenses is mainly due to an increase in payroll payable at year-end. The increase in the current portion-compensated absences is due to an increase in accrued leave due to GASB 101. The decrease in accounts payable is due to the timing of invoices and their respective payments. The decrease in accrued interest payable is due to a decrease in debt amortization schedules.

Long-term liabilities at June 30, 2025 were \$424,675 a decrease of \$58,139 compared to June 30, 2024 of \$482,814. The decrease in long-term liabilities was due to the net decrease in bonds and notes payable of \$56,301 from the decreasing amortization schedules and debt payments, a decrease in GASB 75 net OPEB liability of \$369 due to changes in assumptions, a decrease in GASB 68 net pension liability of \$2,106 due to an increase in plan assets from investments compared to the expected return on assets, a decrease in other liabilities due to GASB 96 Subscription-based IT arrangements of \$369 and an increase in compensated absences of \$1,006 due to GASB 101.

The deferred inflows of resources at June 30, 2025 were \$270,313, an increase of \$675 compared to June 30, 2024 of \$269,638. There was an increase in deferred inflow on leases calculation per GASB 87 of \$1,406. A increase in the actuarial gains in pension, which are reported in accordance with GASB 68 had a increase of \$1,085. This increase was due to the change in the Authority's share of the overall pension liability. These increases were partially offset by a decrease in deferred inflows of resources related to the actuarial gains in

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

OPEB, which are reported in accordance with GASB 75 of \$1,736. The decrease was due to a change in the Authority's share of the overall OPEB liability and changes in assumptions. There was also a decrease in the deferred inflows of resources related to the deferred gains on bond refundings of \$80 due to the continued amortization of the existing gains.

The largest portion of the Authority's net position is the net investment in capital assets of \$788,968 (e.g., land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

Fiscal Year 2024

Current assets at June 30, 2024 decreased by \$66,188 (16.7 percent) when compared to current assets at June 30, 2023. This decrease was primarily due to a decrease of \$70,062 in cash and cash equivalents and investments and \$1,825 in capital contribution receivable offset by an increase of \$1,625 in lease receivable, \$1,632 in material and supplies inventory, \$1,189 in accrued interest receivable, \$621 accounts receivable, \$533 in prepaid expenses and \$99 in grants receivable. The decrease in cash and cash equivalents and investments was mainly due to the maturity of current investments being reinvested in non-current investments along with spending on current capital projects. The increase in material and supplies inventory is due to the completion of adding aircraft deice fluid to our new deice facility, plus the increased cost of our inventoried items. The increase in accounts receivable is due to the timing of certain receipts. The increase in lease receivable is due to the addition of certain leases. The increase in prepaid expenses is due to an increase in prepaid insurance due to the addition of certain insured capital assets and increased insurance costs. The increase in grants receivable is due to a state maintenance grant that was yet to be drawn. These increases were partially offset by a decrease in capital contribution receivable resulting from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursement were received from the grantor agency and in accounts receivable due to timing on receipt of certain year-end invoices. The increase in accrued interest receivable was mainly due to more long-term investments. The increase in grants receivable was due to grant funds being received prior to year-end.

Capital assets, net of depreciation decreased by \$4,266 in fiscal year 2024 compared to fiscal year 2023 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2024 net capital additions were \$27,424, offset by the current year change in accumulated depreciation of \$67,344.

Non-current assets, other than capital assets, increased by \$81,094 due to an increase in non-current investments from maturities offset partially by a decrease in lease receivable due to the recognition of lease revenue.

The deferred outflows of resources at June 30, 2024 were \$5,257, a decrease of \$5,172 compared to June 30, 2023 of \$10,429. The deferred outflows of resources relate to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The decrease was due to deferred losses under GASB 68 of \$3,918 due mainly to a decrease in investment losses as compared to the expected return on assets combined with a change in proportionate share of net pension

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

liability, deferred losses under GASB 75 of \$1,131 due mainly to changes in assumptions and changes in proportionate share of net OPEB liability and deferred losses of \$123 on bond refundings, which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from \$58,525 in 2023 to \$60,925 in 2024. This increase of \$2,400 (4.1 percent) is primarily due to the increase in construction contracts payable of \$6,930, current maturities of long-term debt of \$1,726 and accrued expenses of \$24, offset partially by a decrease in unearned revenue of \$3,619, accounts payable of \$1,767, accrued interest payable of \$724 and current portion-compensated absences of \$170. The increase in construction contracts payable is due to an increase in major projects activity. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on debt amortization. The increase in accrued expenses is due to an increase in payroll payable at year-end. The decrease in unearned revenue is due to a decrease in revenue received. The decrease in accounts payable is due to the timing of invoices and their respective payments. The decrease in accrued interest payable is due to a decrease in debt amortization schedules. The decrease in the current portion-compensated absences is due to a decrease in accrued leave.

Long-term liabilities at June 30, 2024 were \$482,814 a decrease of \$44,849 compared to June 30, 2023 of \$527,663. The decrease in long-term liabilities was due to the net decrease in bonds and notes payable of \$37,705 from the decreasing amortization schedules and debt payments, a decrease in GASB 75 net OPEB liability of \$5,151 due to changes in assumptions, a decrease in GASB 68 net pension liability of \$1,458 due to an increase in plan assets from investments compared to the expected return on assets, a decrease in other liabilities due to GASB 96 Subscription-based IT arrangements of \$347 and a decrease in compensated absences of \$188 due to employment terminations.

The deferred inflows of resources at June 30, 2024 were \$269,638, a decrease of \$6,174 compared to June 30, 2023 of \$275,812. There was a decrease in deferred inflow on leases calculation per GASB 87 of \$8,152. A decrease in the actuarial gains in pension, which are reported in accordance with GASB 68 had a decrease of \$804. This decrease was due to the change in the Authority's share of the overall pension liability. A decrease in the deferred inflows of resources related to the deferred gains on bond refundings of \$158 due to the continued amortization of the existing gains. These decreases were partially offset by an increase in deferred inflows of resources related to the actuarial gains in OPEB, which are reported in accordance with GASB 75 of \$2,940. The increase was due to a change in the Authority's share of the overall OPEB liability and changes in assumptions.

The largest portion of the Authority's net position is the net investment in capital assets of \$735,399 (e.g., land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF CHANGES IN NET POSITION (CONCLUDED)

SUMMARY OF CHANGES IN NET POSITION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$137,529	\$127,938	\$115,278
Operating expenses	(94,356)	(85,402)	(76,008)
Operating income before depreciation	43,173	42,536	39,270
Depreciation	(67,977)	(67,236)	(59,157)
Operating loss	(24,804)	(24,700)	(19,887)
Non-operating income	52,850	54,256	43,545
Non-operating expense	(12,638)	(12,974)	(13,383)
Income before capital contributions	15,408	16,582	10,275
Capital contributions	55,972	37,509	71,178
Increase in net position	71,380	54,091	81,453
Net position, beginning of year	997,717	943,626	862,173
Net position, end of year	<u>\$1,069,097</u>	<u>\$997,717</u>	<u>\$943,626</u>

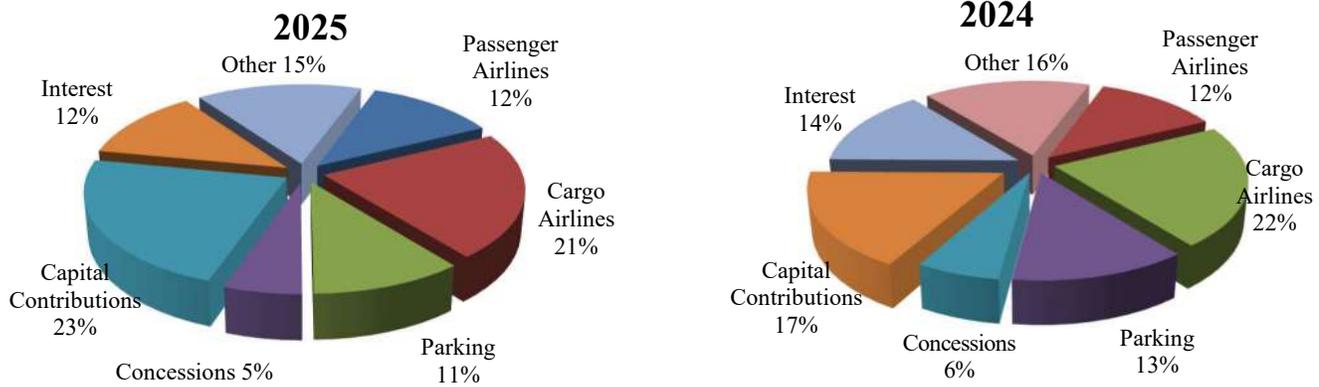
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES BY MAJOR SOURCE

The following table presents revenue by major source for the years ended June 30, 2025, 2024 and 2023 and the pie charts show the percentage of revenues by source for the years ended June 30, 2025 and 2024. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's third largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues			
Passenger Airlines			
Passenger landing fee	\$6,644	\$5,471	\$5,132
Airline terminal rentals	22,145	20,159	18,909
Other rentals	1,118	978	992
Total Passenger Airlines	<u>29,907</u>	<u>26,608</u>	<u>25,033</u>
Cargo Airlines			
Cargo landing fees	41,490	36,329	34,680
Ground rents	8,913	8,921	7,050
Other rentals	2,710	2,449	2,483
Total Cargo Airlines	<u>53,113</u>	<u>47,699</u>	<u>44,213</u>
Non-Airline Rentals			
Concessions-terminal	3,445	3,385	2,735
Concessions-rental car	9,885	9,871	9,643
Public parking	28,076	27,357	22,378
Employee parking	685	586	569
GTC rentals	2,401	2,094	1,313
Other rentals	10,017	10,338	9,394
Total Non-Airline Rentals	<u>54,509</u>	<u>53,631</u>	<u>46,032</u>
Total Operating Revenues	<u>137,529</u>	<u>127,938</u>	<u>115,278</u>
Non-operating Revenues			
Interest and investment income	29,774	30,715	20,445
Customer facility charges	13,585	13,244	10,439
Passenger facility charges	9,460	9,953	9,351
Operating grants and other	31	344	3,310
Total Non-Operating Revenues	<u>52,850</u>	<u>54,256</u>	<u>43,545</u>
Capital Contributions	55,972	37,509	71,178
Total Revenues	<u>\$246,351</u>	<u>\$219,703</u>	<u>\$230,001</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

REVENUES



Fiscal Year 2025

Operating revenues of \$137,529 for fiscal year 2025 increased by \$9,591 (7 percent) compared to fiscal year 2024 revenues of \$127,938. This increase in operating revenues is primarily due to an increase in cargo landing fees (\$5,161), airline terminal rentals (\$1,985), passenger landing fees (\$1,172), public parking (\$719), ground transportation rentals (\$307), cargo other rentals (\$261), other passenger rentals (\$140), employee parking (\$99), terminal concessions (\$60), and rental car concessions (\$14), offset by a decrease in other non-airline rentals (\$322) and ground rents (\$9). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2025 are comprised of interest income (\$29,774), customer facility charges (CFC) (\$13,585), passenger facility charges (PFC) (\$9,460) and gain on disposal of assets (\$31). Total non-operating revenues decreased by \$1,406 in fiscal year 2025 compared to fiscal year 2024 non-operating revenues. This decrease was due to a decrease in investment earnings (\$941), in PFC revenues of (\$493), in operating grants (\$269) and gain on the disposal of assets (\$44), offset partially by an increase in CFC (\$341).

Capital contributions, comprised primarily of Federal capital grants, increased from \$37,509 in fiscal year 2024 to \$55,972 in fiscal year 2025 due to increased capital expenditures related to the Terminal Modernization Seismic Program, airfield signage and tree clearing project grants and other capital project expenditures during the fiscal year.

Fiscal Year 2024

Operating revenues of \$127,938 for fiscal year 2024 increased by \$12,660 (11 percent) compared to fiscal year 2023 revenues of \$115,278. This increase in operating revenues is primarily due to an increase in public parking (\$4,979), ground rents (\$1,871), cargo landing fees (\$1,649), airline terminal rentals (\$1,250), other non-airline rentals (\$944), ground transportation rentals (\$781), terminal concessions (\$650), passenger landing fees (\$339), rental car concessions (\$228), and employee parking (\$17), offset by a decrease in other rentals (\$34) and other passenger rental (\$14). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt

SHELBY COUNTY AIRPORT AUTHORITY

REVENUES (CONTINUED)

service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2023 are comprised of interest income (\$30,715), customer facility charges (CFC) (\$13,245), passenger facility charges (PFC) (\$9,953), operating grants (\$269), and gain on disposal of assets (\$75). Total non-operating revenues increased by \$10,711 in fiscal year 2024 compared to fiscal year 2023 non-operating revenues. This increase was due to an increase in investment earnings (\$10,270), in CFC revenues of (\$2,805), PFC revenues of (\$602), offset partially by a decrease in operating grants (\$2,897) and gain on the disposal of assets (\$69).

Capital contributions, comprised primarily of Federal capital grants, decreased from \$71,178 in fiscal year 2023 to \$37,509 in fiscal year 2024 due to decreased capital expenditures related to the Consolidated Deicing Facility grants and other capital project expenditures during the fiscal year.

MEMPHIS-SHELBY COUNTY AIRPORTY AUTHORITY

EXPENSES

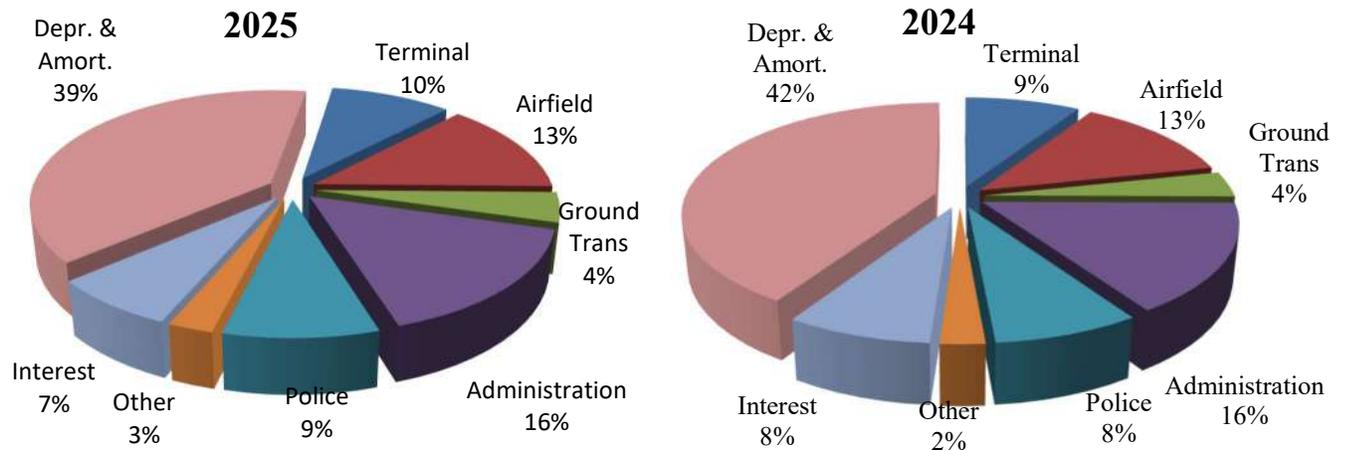
The following table presents expenses by cost center for the years ended June 30, 2025, 2024 and 2023 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2025 and 2024.

EXPENSES BY COST CENTER

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Expenses			
Airfield area	\$23,003	\$21,100	\$14,999
Terminal area	16,857	14,735	15,037
Ground transportation area	7,422	6,204	5,617
Administration area	27,445	26,294	25,004
Police and operations area	15,175	13,080	11,820
Other areas	4,454	3,989	3,531
Total operating expenses	<u>94,356</u>	<u>85,402</u>	<u>76,008</u>
Non-operating Expenses			
Interest expense	<u>12,638</u>	<u>12,974</u>	<u>13,383</u>
Total expenses before depreciation and change in accounting principle	106,994	98,376	89,391
Depreciation	<u>67,977</u>	<u>67,236</u>	<u>59,157</u>
Total Expenses	<u><u>\$174,971</u></u>	<u><u>\$165,612</u></u>	<u><u>\$148,548</u></u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

EXPENSES (CONTINUED)



Fiscal Year 2025

In fiscal year 2025, the Authority's operating expenses of \$94,356 increased compared to fiscal year 2024 operating expenses of \$85,402 by \$8,954 (10.5 percent). The increase was mainly due to increased terminal building (\$2,122), police (\$2,095), general administration (\$1,151), airfield (\$1,903), ground transportation (\$1,218), non-aviation (\$246), field shop (\$211) and other aviation (\$8). The increase in terminal building costs is mainly due to an increase in salaries and benefits, contract services, supplies, utilities, repairs and maintenance, uniforms, travel and entertainment, hand tools and printing offset by a decrease in equipment parts and rental, taxes and licenses, training and registration, program and events, freight expense, and dues and memberships. The increase in police costs is mainly due to an increase in salaries and benefits, security guard services, uniforms and clothing, supplies, travel and training, compliance, professional fees, training and registration, equipment rental, program and events offset by an increase in repairs and maintenance, fingerprinting, furniture and equipment, contract services, printing, dues and memberships, accounting fees, publications and freight expense. The increase in general administration cost was due to increase in salaries and benefits, OPEB expense, repairs and maintenance, marketing and public relations, dues and membership, training and registration, contract services, utilities, program and events, legal notices, publications, freight expense, printing, travel and entertainment and uniforms offset by a decrease in pension expense, insurance, equipment parts and rental, professional fees, accounting fees, human resources fees, furniture and equipment, supplies and taxes and licenses. The increase in airfield costs is mainly due to an increase in contract services, salaries and benefits, repairs and maintenance, deicing chemicals, equipment parts and rental, utilities, programs and events, supplies, tools, training and registration, oil and lubricants for resale and travel and entertainment, offset by a decrease in aircraft deice fluid for resale, professional fees, fuel resale at Baker and Spain Airport, joint sealant, taxes and licenses, uniforms, dues and memberships and compliance. The increase in ground transportation costs was mainly due to the increase in repairs and maintenance, contract services for commercial drive coordination, utilities, contract services for shuttle service, contract employees, insurance costs, parking management, security guard services, janitorial costs, salaries and benefits, tools, ground maintenance, courier service, elevator, escalator and moving walkways, garbage collection, offset by a decrease in credit card processing fees, supplies, equipment rental and freight expense. The increase in non-aviation cost was due to an increase in utilities at democrat square, environmental compliance, ground maintenance, janitorial costs, repairs and maintenance,

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

EXPENSES (CONTINUED)

stormwater fees, offset by a decrease in regulatory compliance and garbage collection fees. The increase in field shop was mainly due to an increase in salaries and benefits, janitorial contract, equipment parts and rental, repairs and maintenance, supplies, training and registration fees, freight expense, offset by a decrease in utilities, hand tools and minor equipment, fuel costs, travel and entertainment and garbage collection fees. The increase in other aviation costs was mainly due to an increase in equipment parts, garbage collection fees, repairs and maintenance, offset by a decrease in utilities and supplies.

Depreciation expense increased from \$67,236 in fiscal year 2024 to \$67,977 for fiscal year 2025. This increase of \$741 is mainly due to a greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating expenses are comprised of interest expenses on outstanding debt and GASB 96 subscription-based IT arrangements. Fiscal year 2025 interest expense of \$12,638 decreased \$336 compared to fiscal year 2024 interest expense of \$12,974. This decrease in interest expense was due to a decrease in GASB 96 and a decrease from the bond amortization schedules.

Fiscal Year 2024

In fiscal year 2024, the Authority's operating expenses of \$85,402 increased compared to fiscal year 2023 operating expenses of \$76,008 by \$9,394 (12.4 percent). The increase was mainly due to increased airfield (\$6,101), general administration (\$1,290), police (\$1,260), ground transportation (\$587), non-aviation of (\$193), field shop (\$180) and other aviation areas (\$85) offset by the decrease in terminal building (\$302). The increase in airfield costs is mainly due to an increase in aircraft deice fluid for resale, salaries and benefits, contract services, joint sealant, deicing chemicals, utilities, supplies, repairs and maintenance, programs and events, uniforms, taxes and licenses, tools, dues and memberships, training and registration and compliance offset by a decrease in fuel resale at Baker and Spain Airport, professional fees and equipment parts and rental. The increase in police and operations is mainly due to an increase in salaries and benefits, security guard services, repairs and maintenance, contract services, travel and training, offset by a decrease in supplies, uniforms and fingerprinting, training and registration, furniture and equipment, compliance, dues and memberships and equipment rental. The increase in general administration cost was due to increase in salaries and benefits, professional fees, contract services, accounting fees, equipment parts and rental, utilities, program and events, travel and entertainment, insurance, supplies, furniture and equipment, publications, printing and uniforms offset by a decrease in pension expense, OPEB expense, repairs and maintenance, dues and membership, taxes and licenses, marketing and public relations, training and registration, legal notices, freight expense and human resources fees. The increase in ground transportation costs was mainly due to the increase in contract services for shuttle service, parking management, security guard services, ground maintenance, janitorial costs, pest control, elevator, escalator and moving walkways, courier service, equipment rental, freight expense, garbage collection, insurance costs, credit card processing fees, salaries and benefits, offset by a decrease in repairs and maintenance, contract employees, utilities and supplies. The increase in non-aviation cost was due to an increase in ground maintenance, regulatory compliance, janitorial costs, repairs and maintenance, garbage collection fees, offset by a decrease in environmental compliance, contract services for democrat square, utilities at democrat square, and stormwater

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

EXPENSES (CONCLUDED)

fees. The increase in field shop was mainly due to an increase in janitorial contract, repair and maintenance, garbage collection fees, salaries and benefits, utilities, supplies, tools, travel, training and registration fees, and equipment parts, offset by a decrease in fuel costs, pest control and freight expense. The increase in other aviation costs was mainly due to an increase in utilities, garbage collection fees, repairs and maintenance, and pest control offset by a decrease in supplies. The decrease in terminal building costs was mainly due to the decrease in salaries and benefits, repairs and maintenance, utilities and supplies, offset by an increase in janitorial costs, contract services, equipment parts and rental, training and registration, hand tools, uniforms, taxes and licenses, freight expense, dues and memberships and program and events.

Depreciation expense increased from \$59,157 in fiscal year 2023 to \$67,236 for fiscal year 2024. This increase of \$8,079 is mainly due to a greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating expenses are comprised of interest expenses on outstanding debt and GASB 96 subscription-based IT arrangements. Fiscal year 2024 interest expense of \$12,974 decreased \$409 compared to fiscal year 2023 interest expense of \$13,383. This decrease in interest expense was due to a decrease in GASB 96 and a decrease from the bond amortization schedules.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CAPITAL ASSETS

The Authority's capital assets at June 30, 2025, 2024 and 2023 are summarized as follows:

NET CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Avigation easements	\$58,913	\$58,913	\$58,913
Land and improvements	152,420	147,033	146,554
Buildings	801,413	801,053	800,678
Runways, taxiways, and airfield lighting	1,115,840	1,056,182	1,046,228
Facilities constructed for tenants	139,542	139,542	139,411
Roads, bridges, and fences	79,112	77,931	77,358
Equipment and utility systems	214,451	208,202	188,192
Subscription-based IT arrangements	3,341	3,583	3,539
Construction in process	75,417	55,120	23,812
Total capital assets	<u>2,640,449</u>	<u>2,547,559</u>	<u>2,484,685</u>
Less accumulated depreciation	<u>1,479,471</u>	<u>1,411,937</u>	<u>1,344,797</u>
Net capital assets	<u>\$1,160,978</u>	<u>\$1,135,622</u>	<u>\$1,139,888</u>

Fiscal Year 2025

At the end of fiscal years 2025 and 2024, the Authority had \$1,160,978 and \$1,135,662 respectively, invested in net capital assets. During fiscal year 2024, completed projects totaling \$31,239 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to equipment and utility systems (\$20,206), runways, taxiways, aprons and airfield lighting (\$9,954),

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CAPITAL ASSETS (CONCLUDED)

roads, bridges and fences (\$573), buildings (\$375) and facilities constructed for tenants (\$131). In fiscal year 2025, completed projects totaling \$67,650 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to runways, taxiways, aprons and airfield lighting (\$59,658), equipment and utility systems (\$6,451), roads, bridges and fences (\$1,181) and buildings (\$360).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

Fiscal Year 2024

At the end of fiscal years 2024 and 2023, the Authority had \$1,135,622 and \$1,139,888 respectively, invested in net capital assets. During fiscal year 2023 the Authority had net additions of \$62,970 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of \$67,236.

During fiscal year 2024, completed projects totaling \$31,239 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to equipment and utility systems (\$20,206), runways, taxiways, aprons and airfield lighting (\$9,954), roads, bridges and fences (\$573), buildings (\$375) and facilities constructed for tenants (\$131).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

DEBT ACTIVITY

The Authority's outstanding bonds and notes payable, net of any premiums or discounts, at June 30, 2025, 2024 and 2023 are summarized as follows:

BONDS AND NOTES PAYABLE

	2025	2024	2023
Bonds:			
Airport Revenue	\$401,515	\$431,505	\$459,855
Unamortized bond premiums	35,365	39,175	44,244
Notes payable	7,560	10,207	12,767
Current portion of bonds and notes payable	(52,491)	(32,637)	(30,911)
Total long-term bonds and notes payable	<u>\$391,949</u>	<u>\$448,250</u>	<u>\$485,955</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

DEBT ACTIVITY (CONCLUDED)

Fiscal Year 2025

The Authority's June 30, 2025 total long-term bonds and note payable, net, of \$391,949 decreased \$56,301 (12.6 percent) compared to the June 30, 2024 total of \$448,250. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as current liability as it is due within one year of \$52,491 and the amortization of \$3,810 for bond premium costs.

In December 2024, the Authority extended its revolving line of credit of \$20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2025, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

Fiscal Year 2024

The Authority's June 30, 2024 total long-term bonds and note payable, net, of \$448,250 decreased \$37,705 (7.8 percent) compared to the June 30, 2023 total of \$485,955. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as current liability as it is due within one year of \$32,637 and the amortization of \$5,069 for bond premium costs.

In December 2023, the Authority extended its revolving line of credit of \$20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2024, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

DEBT SERVICE COVERAGE

Airport revenue bond resolution covenants require that revenues available to pay debt service, as defined in the bond resolution, are equal to a minimum of 125 percent of the debt service on airport revenue bonds. Coverage ratios for fiscal years 2025, 2024 and 2023 are as follows:

COVERAGE RATIO

	2025	2024	2023
Airport Revenue Bonds	126%	129%	137%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

AIRPORT ACTIVITIES AND HIGHLIGHTS

AIRLINE ACTIVITY

During fiscal year 2025, 4,765,564 passengers traveled through the Airport, a decrease of 3.18 percent over the 4,921,996 passengers in fiscal year 2024. Additionally, aircraft landed weight decreased from 25,742,962 per thousand-pound units in fiscal year 2024 to 20,928,527 per thousand-pound units in fiscal year 2025. These changes in activity were realized due to the decrease in passenger traffic and the decrease in cargo airline activity.

Air Cargo activity decreased in fiscal year 2025 by 18.87 percent, and Memphis remained the United States' largest cargo airport, and the world's third largest cargo airport with approximately 3.5 million and 4.4 million U.S. tons of total cargo in fiscal years 2025 and 2024, respectively. Cargo activity at the Airport is dominated by FedEx Express, which has its corporate headquarters and operates its worldwide super-hub from Memphis.

The Authority's Airport Use and Lease Agreement, in effect with eight airlines known collectively as the signatory airlines, establishes the rates and charges methodology for the signatory airlines and their affiliates each year. The last amendment expired on June 30, 2025. A new agreement is being finalized with a short hold-over period with the execution of the new agreement to begin no later than October 1, 2025. The new agreement has an eight-year term with two one-year options for a total of ten years. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 115 percent and 125 percent, respectively, of the signatory rates.

RATES AND CHARGES

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Terminal Average Square Foot Rate	\$114.63	\$81.87	\$71.24	\$69.99
Cargo Building Square Foot Rate	\$12.00	\$12.00	\$12.00	\$12.00
Aircraft Loading Position				
Rate per Linear Foot	\$590.78	\$551.03	\$556.09	\$484.28
Signatory Landing Fee-per 1,000 lbs. unit	\$2.30	\$1.55	\$1.44	\$1.27

Cost per enplaned passenger ("CPE") is a measure used by the airline industry to reflect the relative costs a passenger airline pays to operate at an airport based upon the number of enplaned passengers for that airport. That measure, however, is not exact for comparison, as not all airports calculate the number in the same way and cautions should be taken when comparing individual or groups of airports.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT ACTIVITIES AND HIGHLIGHTS (CONTINUED)

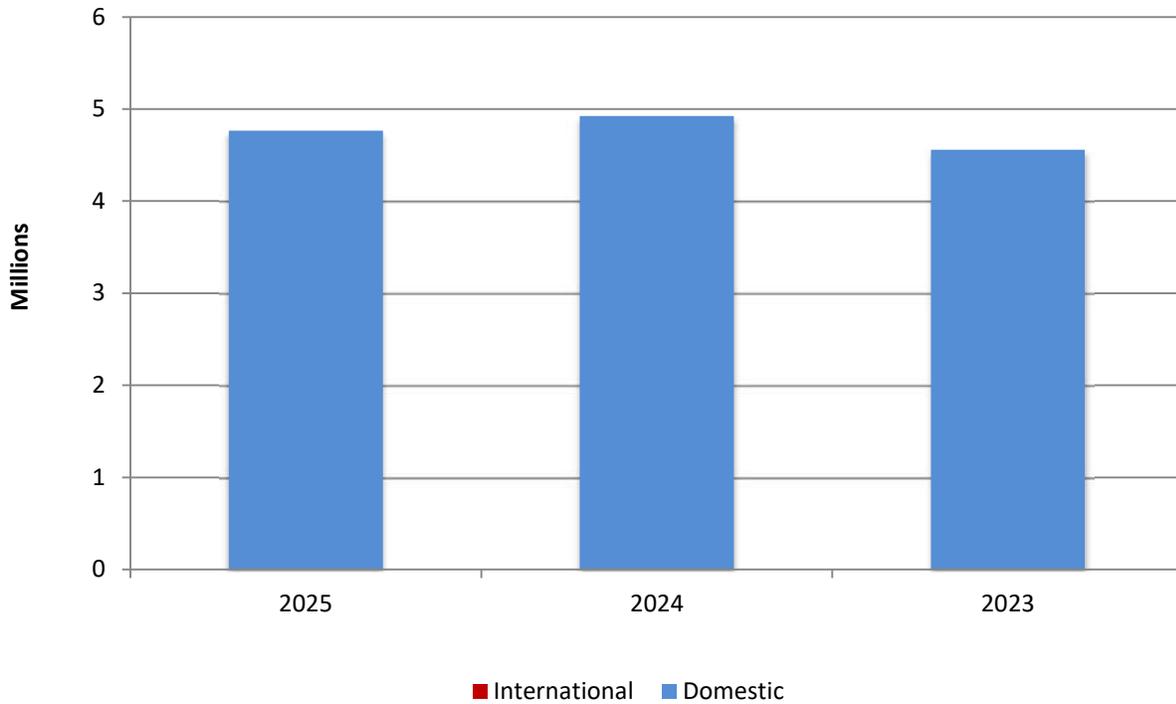
COST PER ENPLANED PASSENGER

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Average Cost Per Enplaned Passenger	\$11.33	\$7.15	\$9.86

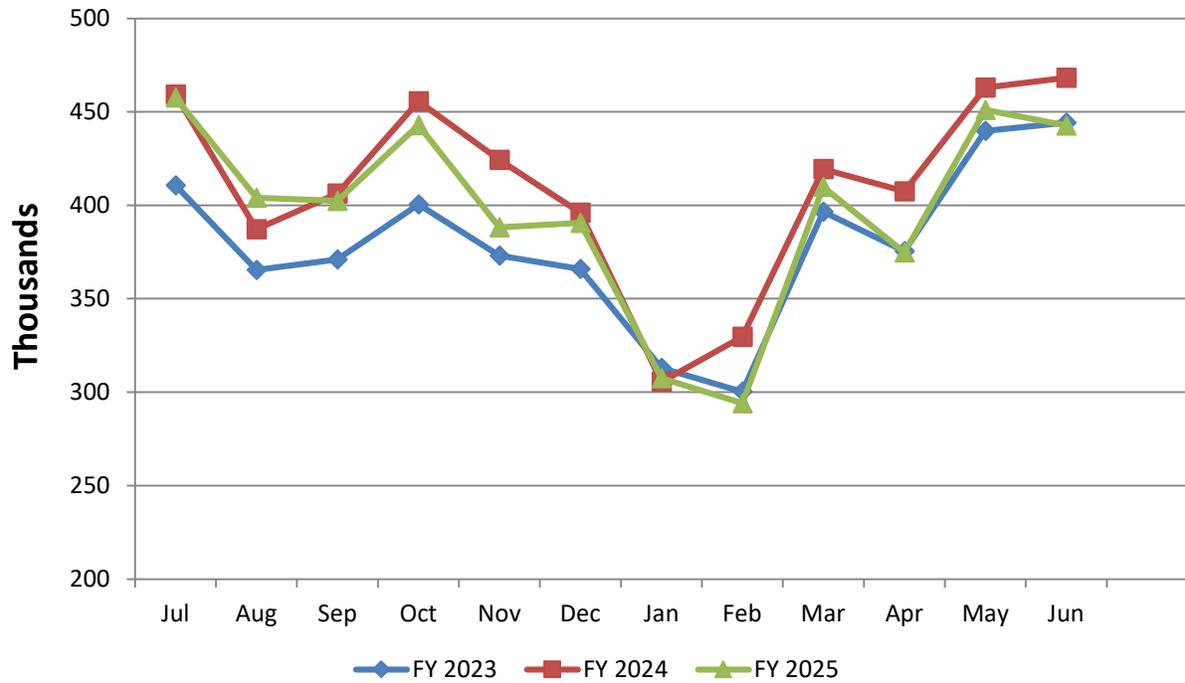
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below.

FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO HANDLED (U.S. TONS)	AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)	AIR CARRIER MOVEMENTS
2025	4,765,564	3,545,041	20,928,527	158,930
2024	4,921,996	4,369,603	25,742,962	185,898
2023	4,555,996	4,343,172	25,838,898	182,730

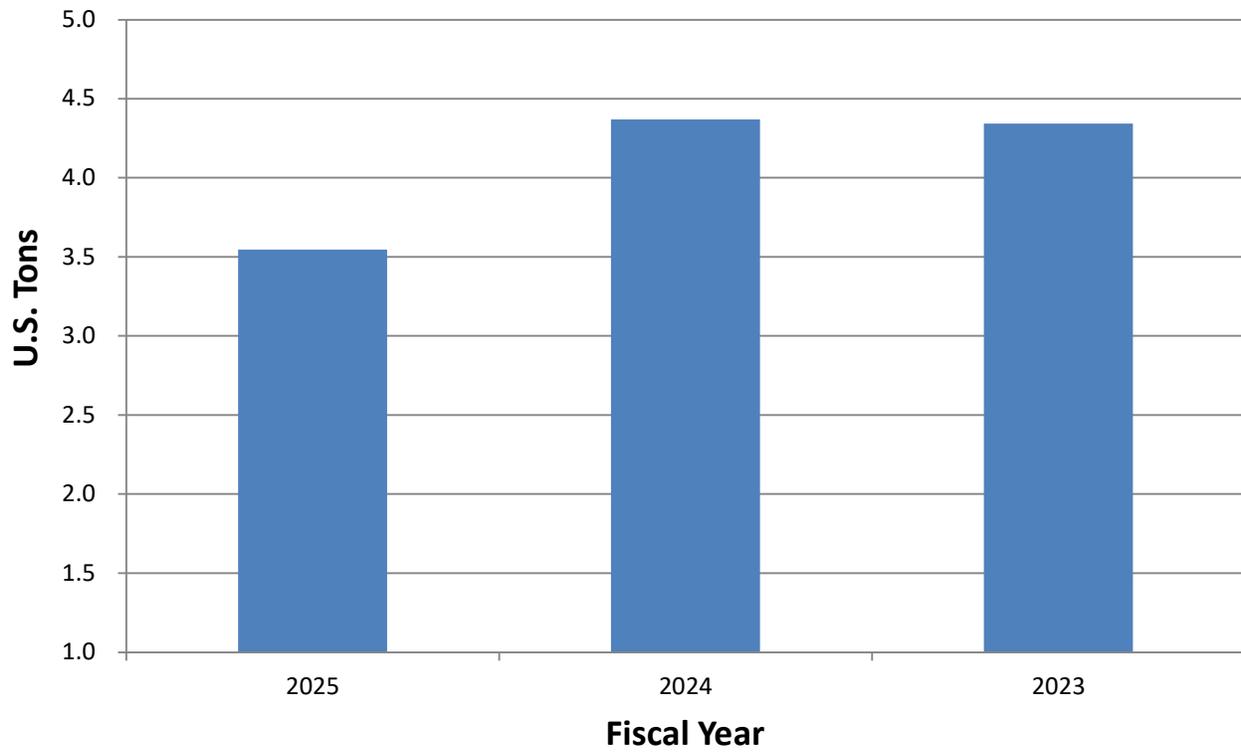
Total Passengers



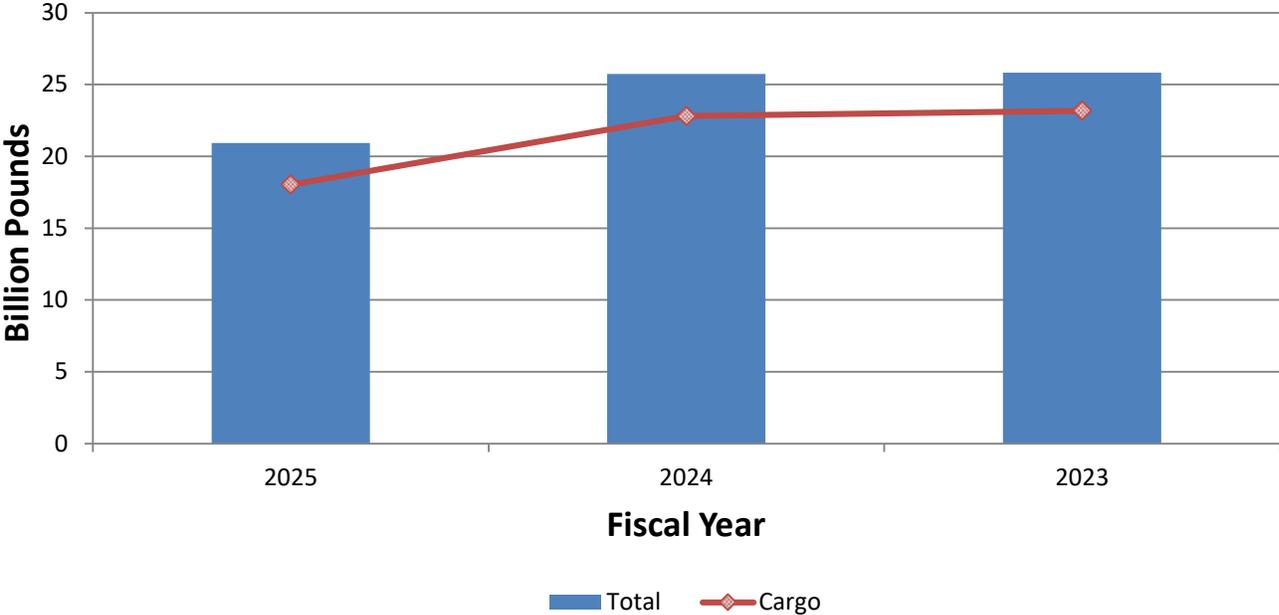
Monthly Passengers



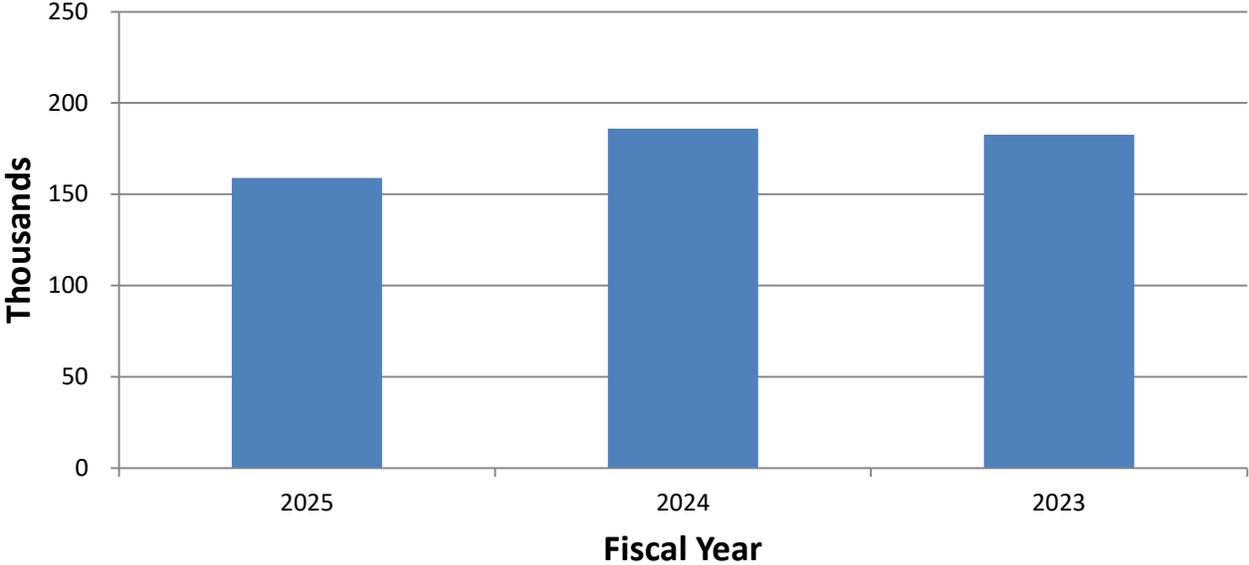
Cargo Handled



Landed Weights



Air Carrier Movements



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

FUTURE OUTLOOK

MEM has continued its strong growth trends through Fiscal Year 2025. In fiscal year 2025 MEM served 4.8 million passengers and handled 7.1 billion pounds of cargo thanks to the presence of the FedEx superhub. MEM's passenger base continues to be evenly balanced between leisure and business travelers. Based on passenger survey data of more than 8,400 travelers, 47% identified as business travelers, 43% were leisure and 10% said both business and leisure. Tourism remains a critical driver for MEM's success, with Memphis Tourism reporting that domestic travelers flying through MEM stay 4.3 nights. These visitors typically travel in pairs, amplifying their impact on the local community and with their spending across multiple sectors demonstrate the airport's vital role in supporting diverse local businesses.

The Authority has conservatively budgeted a slight fiscal year 2026 enplanements growth. Non-airline revenues including concessions, rental car, and public parking are projected to increase proportionally as per-passenger spending patterns continue to strengthen alongside passenger volume growth.

The Airport continues to collaborate with existing airline partners and prospective carriers to identify and develop new air service opportunities. So far, there have been nine new routes announced for calendar year 2025. MEM's balanced carrier airlines mix provides competitive options for travelers while mitigating single-carrier concentration risk.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Memphis-Shelby County Airport Authority, 2491 Winchester Road, Suite 113, Memphis, Tennessee 38116-3856.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF NET POSITION**

JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash and cash equivalents	\$39,149	\$19,102
Investments	6,032	2,883
Accounts receivable	6,119	5,236
Lease receivable	4,326	4,322
Accrued interest receivable	159	106
Materials and supplies inventory	6,797	7,145
Prepaid expenses	4,350	4,377
Grants receivable		99
Total current unrestricted assets	<u>66,932</u>	<u>43,270</u>
RESTRICTED ASSETS		
Cash and cash equivalents	173,750	155,286
Investments	82,519	107,305
Accounts receivable - passenger facility charges	1,596	1,605
Accounts receivable - customer facility charges	857	1,025
Accrued interest receivable	893	1,913
Capital contributions receivable	32,314	20,330
Total current restricted assets	<u>291,929</u>	<u>287,464</u>
TOTAL CURRENT ASSETS	<u>358,861</u>	<u>330,734</u>
NON-CURRENT ASSETS		
UNRESTRICTED ASSETS		
Lease receivable	226,443	219,907
Investments		2,875
Total non-current unrestricted assets	<u>226,443</u>	<u>222,782</u>
RESTRICTED ASSETS		
Investments	102,224	116,699
Total non-current restricted assets	<u>102,224</u>	<u>116,699</u>
CAPITAL ASSETS		
Land and improvements	152,420	147,033
Avigation easements	58,913	58,913
Depreciable capital assets (less accumulated depreciation and amortization of \$1,479,471 and \$1,411,937)	874,228	874,556
Construction in progress	75,417	55,120
Total capital assets, net	<u>1,160,978</u>	<u>1,135,622</u>
TOTAL NON-CURRENT ASSETS	<u>1,489,645</u>	<u>1,475,103</u>
TOTAL ASSETS	<u>\$1,848,506</u>	<u>\$1,805,837</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	\$5	\$61
Deferred actuarial losses - pension	2,352	4,093
Deferred actuarial losses - OPEB	529	1,103
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$2,886</u>	<u>\$5,257</u>

See notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF NET POSITION**

JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

	<u>2025</u>	<u>2024</u>
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Accounts payable	\$2,401	\$3,757
Accrued expenses	3,566	2,800
Current portion - compensated absences	639	552
Accrued interest payable	77	92
Total payable from unrestricted assets	<u>6,683</u>	<u>7,201</u>
Payable from restricted assets		
Construction contracts payable	20,107	12,311
Accrued interest payable	8,026	8,776
Current maturities of long-term debt	52,491	32,637
Total payable from restricted assets	<u>80,624</u>	<u>53,724</u>
TOTAL CURRENT LIABILITIES	<u>87,307</u>	<u>60,925</u>
NON-CURRENT LIABILITIES		
Compensated absences	3,095	2,089
Other liabilities	1,659	2,028
Net pension liability	20,271	22,377
Net OPEB liability	7,701	8,070
Bonds and notes payable, net of current maturities	391,949	448,250
TOTAL NON-CURRENT LIABILITIES	<u>424,675</u>	<u>482,814</u>
TOTAL LIABILITIES	<u>\$511,982</u>	<u>\$543,739</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refundings	\$52	\$132
Deferred actuarial gains - pension	1,900	815
Deferred actuarial gains - OPEB	3,587	5,323
Deferred inflow on leases	264,774	263,368
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$270,313</u>	<u>\$269,638</u>
NET POSITION		
Net investment in capital assets	\$788,968	\$735,399
Restricted		
Capital acquisition	293,941	301,766
Unrestricted	(13,812)	(39,448)
TOTAL NET POSITION	<u>\$1,069,097</u>	<u>\$997,717</u>

See notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Airfield	\$59,568	\$53,631
Terminal building	28,556	26,273
Ground transportation	42,109	40,961
Other aviation areas	6,813	5,980
Non-aviation areas	483	1,093
Total operating revenues	<u>137,529</u>	<u>127,938</u>
OPERATING EXPENSES		
Airfield	23,003	21,100
Terminal building	16,857	14,735
Ground transportation	7,422	6,204
General administration	27,445	26,294
Police	15,175	13,080
Field shop	2,485	2,274
Other aviation areas	399	391
Non-aviation areas	1,570	1,324
Total operating expenses before depreciation	<u>94,356</u>	<u>85,402</u>
DEPRECIATION	<u>67,977</u>	<u>67,236</u>
OPERATING LOSS	<u>(24,804)</u>	<u>(24,700)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	29,774	30,715
Interest expense	(12,638)	(12,974)
Customer facility charges	13,585	13,244
Passenger facility charges	9,460	9,953
Operating grants		269
Gain on disposal/sale of capital assets	31	75
Total non-operating revenues, net	<u>40,212</u>	<u>41,282</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	15,408	16,582
CAPITAL CONTRIBUTIONS	55,972	37,509
CHANGE IN NET POSITION	<u>71,380</u>	<u>54,091</u>
TOTAL NET POSITION: BEGINNING OF YEAR	<u>997,717</u>	<u>943,626</u>
TOTAL NET POSITION, END OF YEAR	<u>\$1,069,097</u>	<u>\$997,717</u>

See notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$130,701	\$119,250
Cash paid to suppliers for goods and services	(52,333)	(51,955)
Cash paid to employees for services	(41,514)	(38,104)
Net cash provided by operating activities	<u>36,854</u>	<u>29,191</u>
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	99	170
Net cash provided by non-capital financing	<u>99</u>	<u>170</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	31	75
Acquisition and construction of capital assets	(85,537)	(55,996)
Principal paid on long-term debt and notes payable	(32,637)	(30,752)
Interest paid on long-term debt and notes payable	(17,237)	(18,960)
Interest received on lease receivable	11,477	11,290
Capital contributions received	43,988	39,334
Customer facility charges	13,753	13,046
Passenger facility charges	9,469	9,958
Net cash used in capital and related financing activities	<u>(56,693)</u>	<u>(32,005)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(96,273)	(282,109)
Proceeds from sales and maturities of investment securities	136,817	244,373
Interest and dividends on investments	17,707	19,289
Net cash provided by(used in) investing activities	<u>58,251</u>	<u>(18,447)</u>
NET CHANGE IN CASH	38,511	(21,091)
Beginning of year	174,388	195,479
End of year	<u>\$212,899</u>	<u>\$174,388</u>
CASH, END OF YEAR CONSISTS OF		
Unrestricted	\$39,149	\$19,102
Restricted	173,750	155,286
TOTAL CASH, END OF YEAR	<u>\$212,899</u>	<u>\$174,388</u>

See notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	(\$24,804)	(\$24,700)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	67,977	67,236
Provision for uncollectible accounts receivable	24	(2)
Decrease (increase) in assets:		
Receivables	(907)	(426)
Lease Receivable	(5,134)	(5,217)
Materials and supplies inventory	348	(1,632)
Prepaid expenses	27	(533)
Increase (decrease) in liabilities:		
Accounts payable	(1,359)	(1,652)
Accrued expenses	1,493	(840)
Net pension liability	720	1,656
Net OPEB liability	(1,531)	(1,080)
Unearned revenue		(3,619)
Net cash provided by operating activities	<u>\$36,854</u>	<u>\$29,191</u>

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING ACTIVITIES

Investments increased by \$1,197 in fiscal year 2025 and increased by \$1,395 in fiscal year 2024 due to the change in fair value. Capital assets decreased by \$242 in fiscal year 2025 and capital assets increased by \$44 along with an increase of \$17 in other liabilities in fiscal year 2024 all due to obligations from subscription-based information technology arrangements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024 (\$ IN THOUSANDS)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization** – The Memphis-Shelby County Airport Authority (the “Authority”) is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the “Board”), who is appointed by the Mayor of the City of Memphis (the “City”), with two members nominated by the Mayor of Shelby County (the “County”). The Memphis City Council confirms all members. The Authority owns and operates the Memphis International Airport (the “Airport”) and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport. The Authority is reported as a component unit of the City.

B. **Basis of Accounting** – The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

Operating revenues and expenses – Revenues from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues are reported as operating revenues. Transactions related to financing and investing activities are reported as non-operating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to airport operations are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board (“APB”) Opinions, and Accounting Research Bulletins (“ARBs”) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, which were codified into a single source for governmental standards.

C. **Budgets** – In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970, with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. A five-year capital improvement program, including modifications and reasons for such modifications, is also required to be submitted each year. Even though the budgets are required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Airline Airport Affairs Committee, composed of signatory airlines, reviews the proposed annual budget, which is the basis for rates and charges under basic airport leases. This committee and other users may present objections and, if not adequately addressed, force a public hearing. Once adopted and issued, users have sixty days to respond after which time the budget becomes effective.

The Authority is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with the Airport Use and Lease Agreement and in conformance with requirements contained in bond resolutions. Unexpended appropriations lapse at year-end.

- D. **Investments** – Investments are reported at fair value with the exception of nonnegotiable investment contracts, which are reported at cost. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio, while maintaining enough liquidity to meet immediate and/or future operating requirements, and to maximize the return on investments while remaining within the context of these parameters.

Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents.

- E. **Materials and Supplies Inventory** – Inventory is valued at the lower of cost, determined on an average cost method, or net realizable value.
- F. **Restricted Assets** – The bond indentures and bond resolutions authorizing the issuance of bonds require segregation of cash and investments into restricted accounts. Additionally, certain assets are restricted by the Board or by regulatory agencies (Note 4).
- G. **Leases** – The Authority is lessor under numerous lease agreements. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease 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.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. **Capital Assets** – Assets with a cost of ten thousand dollars or more are capitalized. Capital assets are stated at cost when purchased or acquisition value when donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Subscription Based Information Technology Arrangements (SBITA) - SBITAs are contracts that convey the control of the right to use software, alone or in combination with tangible assets, as specified in a contract for the subscription term in an exchange or exchange-like transaction. The subscription term is the period of time that the Authority has a noncancellable right to use the underlying asset. SBITA assets and liabilities are reported at present value using the Authority's incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are recorded within capital assets and SBITA liabilities are reported with accrued expenses and other liabilities on the Statements of Net Position. The amortization of the discount is recorded as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

The estimated lives by general classification are as follows:

Asset Classification	Years
Runways, taxiways, aprons, and airfield lighting	15-30
Buildings	10-40
Facilities constructed for tenants	18
Roads, bridges, and fences	20
Equipment and utility systems	3-40
Subscription-based information technology arrangements	3-10

Avigation easements have an indefinite life and are not subject to amortization.

I. **Original Issue Discount/Premium** – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of their respective bond issues using the interest method.

J. **Capital Contributions** – Grants from Federal, State and local governments and private enterprises are received for payment of costs related to various property acquisitions and construction projects and for debt retirement. Grants are recorded when all applicable eligibility requirements are met.

K. **Compensated Absences** – Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- L. **Retirement Systems** – The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs (Note 11).
- M. **Taxes** – The Authority is exempt from payment of federal and state income, property, and certain other taxes.
- N. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- O. **Risk Management** – The Authority purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on airport properties, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage in the current year. Additionally, there were no significant settlements, which exceeded insurance coverage for each of the past three years. The Authority is a member of both the City health insurance program and the self-insured fund for health and medical benefits. The City’s Health Insurance-Internal Service Fund charges premiums which are used to pay claims and fund the accrual for “incurred but not reported” claims and administrative costs of its health and medical benefits program.
- P. **Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.
- Q. **Net Position** – The Authority recognizes the difference between its assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position categories include:
- i. Net investment in capital assets – comprised of the Authority’s capital assets, net of depreciation, reduced by the outstanding balances of bonds and notes that are attributable to the acquisition, construction or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources are also included in this component of net position, if any.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ii. Restricted for debt service – comprised of the Authority’s assets, mainly cash and investments, restricted by bond resolution to be used in paying debt service obligations.
- iii. Restricted for capital acquisition – comprised of the Authority’s assets restricted by contributors, bond resolutions, and state and federal regulations to be used in purchasing or construction of capital items or improvements reduced by liabilities and deferred inflows of resources, if any, related to these assets.
- iv. Restricted for net pension asset - comprised of the net pension asset which is not available for current expenditures.
- v. Unrestricted – the remaining balance of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital or the restricted components of net position.

The unrestricted net position (deficit) balance of (\$13,812) and (\$39,448) at June 30, 2025 and 2024, respectively, includes the effects of the Authority’s proportionate share of the City pension and OPEB liability and related deferred outflows/inflows of (\$30,578) and (\$31,389), respectively, and the GASB 87 effects of recording leases receivables and related deferred inflows of (\$38,331) and (\$43,461), respectively, with a remaining amount of \$55,097 and \$35,402.

R. Net Position Flow Assumption - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

S. Fair Value Measurement - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value in the statement of net position are categorized based on the level of judgement associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets, accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Authority’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair value disclosures are provided in Note 3 of the notes to the basic financial statements.

T. Change In Accounting Principle - In June 2022, the Governmental Accounting Standards Board (GASB) Issued GASB No. 101, Compensated Absences. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are likely to be paid or otherwise settled. Additionally, it amends certain disclosure requirements.

The Authority adopted this standard on July 1, 2024 and determined that the effect on prior year financial statements was not material.

2. DEPOSITS AND INVESTMENTS

A. Deposits – Cash deposits as of June 30, 2025 and 2024, had a carrying value of \$76,610 and \$83,205, respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2025 and 2024 was \$4 and \$3, respectively. The Authority had cash equivalents, consisting primarily of liquid asset funds, at June 30, 2025 and 2024 of \$136,285 and \$91,180, respectively.

Custodial credit risk – In the case of deposits, this is the risk that in the event of bank failure, the Authority’s deposits may not be returned. The Authority’s policy is for the deposits to be collateralized through the State of Tennessee collateral pool or for collateral to be pledged on such deposits held by the custodian. State statute requires cash deposits in excess of Federal Deposit Insurance Corporation insurance to be collateralized at 105 percent. At June 30, 2025 and 2024, all amounts were properly collateralized.

B. Investments – Investments consist of the following at June 30, 2025 and 2024:

	2025	2024	WEIGHTED AVERAGE MATURITY (DAYS) AT June 30, 2025
At fair value:			
U. S. Government agencies	\$190,775	\$205,922	461
At cost:			
Forward purchase agreement		23,840	
Total Investments	\$190,775	\$229,762	

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The investments made during fiscal years 2025 and 2024 included the classifications above along with Commercial Paper (A-1/P-1 or equivalent) and Certificates of Deposit. Investments in U.S. Government agencies included the U.S Treasury, Federal National Mortgage Association, Federal Home Loan Mortgage Company and Federal Home Loan Bank. With the exception of the discount note investments, which were rated P-1, all investments in U.S. Government agencies had a credit rating of Aa1 and Aaa by Moody's at June 30, 2025 and 2024, respectively.

In 2000, the Authority entered into a forward purchase agreement to invest \$24,513 of bond reserve funds. Per the agreement, this amount was reduced to \$23,840 on March 1, 2012. Under the agreement, the trustee holds the investments until they are required for bond maturities or until the agreement is terminated. The Authority is paid a fixed return of 6.558 percent. If the agreement is terminated prior to the bond's maturity, the Authority or the Trustee may be required to pay a termination amount. This termination amount would be determined by prevailing interest rates at the time of termination. The Authority records this nonnegotiable investment contract at cost. This investment represented 10 percent of the Authority's portfolio at June 30, 2024 and matured on March 1, 2025. The issuer of this investment contract had a credit rating of Aa2 by Moody's at June 30, 2025 and 2024.

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of individual investments. The maximum maturity of investments is 270 days for commercial paper, one year for repurchase agreements, two years for municipal obligations, certificates of deposit, interest bearing time deposits and savings accounts, no time maximum on Tennessee Local Investment Pool and four years for all other authorized investments.

Credit risk - Bond resolutions generally authorize the Authority to invest in direct obligations of or obligations guaranteed by the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and money market funds. The Authority may also invest in municipal bonds and investment agreements as long as the issuer is rated in one of the two highest rating categories by at least two nationally recognized rating agencies.

Concentration of credit risk – The Authority's investment policy provides for certain maximum limits in each eligible security type to reduce the risk of loss from an over concentration in a specific class of security. The following are the investment requirements and allocation limits on security types, issuers and maturities that are authorized for purchase by the Authority. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment at the time of purchase. Investments not listed in the policy are prohibited.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONTINUED)

<u>INVESTMENT TYPE</u>	<u>MAXIMUM</u>
U.S. Treasury Obligations	100%
Government National Mortgage Association	40%
U.S. Government Guaranteed AID and GTC	10%
Federal Agency (40% per agency for FNMA, FHLMC, FHLB, FFCB and 10% others)	75%
Agency Mortgage-Backed Securities	20%
Municipal Obligations (5% per issuer)	25%
Interest Bearing Time Deposit or Savings Accounts	50%
Certificates of Deposit (20% per issuer)	50%
Commercial Paper (5% per issuer)	35%
Each Repurchase Agreements (20% per issuer)	25%
<u>Tennessee Local Governments Investment Pool</u>	<u>50%</u>

Custodial Credit Risk – The Authority’s investment policy provides that all securities purchased by the Authority or held as collateral on either deposits or investments shall be held in third-party safekeeping at a qualified financial institution.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONCLUDED)

Foreign Credit Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Authority’s investment policy prohibits investment in foreign securities.

C. Reconciliation of Deposits and Investments to the Statements of Net Position – A reconciliation of cash and investments as shown in the accompanying statements of net position is as follows:

	2025	2024
Unrestricted current assets:		
Cash and cash equivalents	\$39,149	\$19,102
Short-term investments	6,032	2,883
Unrestricted non-current assets:		
Investments		2,875
Restricted current assets:		
Cash and cash equivalents	173,750	155,286
Short-term investments	82,519	107,305
Restricted non-current assets:		
Investments	102,224	116,699
Total	\$403,674	\$404,150
Total deposits, cash equivalents and petty cash	\$212,899	\$174,388
Total investments	190,775	229,762
Total	\$403,674	\$404,150

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL INSTRUMENTS REPORTED AT FAIR VALUE

Disclosures concerning financial instruments that are reported at fair value are presented below. Fair value has been determined based on the Authority’s assessment of available market information and appropriate valuation methodologies. The following table summarizes fair value disclosures and measurements at June 30, 2025 and 2024:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2025</u>				
Investments:				
U.S. Agencies	\$190,775		\$190,775	
<u>June 30, 2024</u>				
Investments:				
U.S. Agencies	\$205,922		\$205,922	

The following methods were used to estimate fair value of each class of significant financial instruments measured at fair value on a recurring basis:

U.S. Agencies - Prices for U.S. government and agency fixed income securities, collateralized debt obligations and mortgage-backed securities are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

The fair value presented herein is based on pertinent information available to management as of June 30, 2025 and 2024. Although management is not aware of any factors that would significantly affect fair value amounts, future events or other valuation techniques for determining fair value may differ significantly from the amounts presented herein.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. RESTRICTED ASSETS

Restricted assets for the year ended June 30, 2025, were as follows:

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable	Other Receivables	2025 Total
Restricted by Bond Indentures:					
Debt service:					
Airport revenue bonds	\$57,781				\$57,781
General obligation bonds	307				307
Total	58,088				58,088
Bond reserves:					
Airport revenue bonds	1,671	\$40,450	\$3		42,124
Total	1,671	40,450	3		42,124
Construction and land acquisition and associated costs:					
Airport expansion	78,760	135,196	799	\$32,314	247,069
Total	78,760	135,196	799	32,314	247,069
Restricted by Regulatory Agency:					
Passenger facility charges	60			1,596	1,656
U.S. Treasury Dept of Justice	314				314
Total	374			1,596	1,970
Restricted by Contributors:					
Customer facility charges	34,857	9,097	90	857	44,901
Total	34,857	9,097	90	857	44,901
Total Restricted Assets	\$173,750	\$184,743	\$893	\$34,767	\$394,153

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. RESTRICTED ASSETS (CONTINUED)

Restricted assets for the year ended June 30, 2024, were as follows:

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable	Other Receivables	2024 Total
Restricted by Bond Indentures:					
Debt service:					
Airport revenue bonds	\$38,766				\$38,766
General obligation bonds	306				306
Total	39,072				39,072
Bond reserves:					
Airport revenue bonds	13,787	\$49,014	\$524		63,325
Total	13,787	49,014	524		63,325
Construction and land acquisition and associated costs:					
Airport expansion	82,507	161,020	1,314	\$20,330	265,171
Total	82,507	161,020	1,314	20,330	265,171
Restricted by Regulatory Agency:					
Passenger facility charges	101			1,605	1,706
U.S. Treasury Dept of Justice	166				166
Total	267			1,605	1,872
Restricted by Contributors:					
Customer facility charges	19,653	13,970	75	1,025	34,723
Total	19,653	13,970	75	1,025	34,723
Total Restricted Assets	\$155,286	\$224,004	\$1,913	\$22,960	\$404,163

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. RESTRICTED ASSETS (CONCLUDED)

Revenues of the Authority are deposited to the Revenue Fund, which was created by the airport revenue bond resolution. Monies in the revenue fund are to be used and applied in the following order of priority:

First, there shall be applied each month the amount that the Authority determines to be required to pay costs of operations and maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts by the resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other monies credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, the Authority may use any monies remaining for any lawful purpose of the Authority.

The Authority covenants in bond resolutions that it will impose, prescribe, and collect rates, rentals, fees, and charges for the use of the airports, and revise the same when necessary, to assure that the Authority will be financially self-sufficient and that revenues so produced will be sufficient to pay debt service when due; to pay all costs of operations and maintenance; and to pay any other claims payable when due. The Authority was in compliance with its debt covenant requirements at June 30, 2025 and 2024.

The construction and land acquisition accounts are to be used for construction projects and acquisition of land in connection with the Authority's noise compatibility and airport expansion programs. Withdrawals of money on credit in these accounts are made upon written requisition.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. CAPITAL ASSETS

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

	Balance July 1, 2024	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2025
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	\$147,033	\$5,387		\$152,420
Avigation easements	58,913			58,913
Construction in progress	55,120	\$93,685	\$73,388	75,417
Total capital assets not being depreciated	261,066	99,072	73,388	286,750
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	1,056,182	59,658		1,115,840
Buildings	801,053	360		801,413
Facilities constructed for tenants	139,542			139,542
Roads, bridges and fences	77,931	1,181		79,112
Equipment and utility systems	208,202	6,451	202	214,451
Subscription-based IT arrangements	3,583		242	3,341
Total capital assets being depreciated	2,286,493	67,650	444	2,353,699
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	663,749	28,067		691,816
Buildings	453,084	19,024		472,108
Facilities constructed for tenants	77,652	4,265		81,917
Roads, bridges and fences	74,173	847		75,020
Equipment and utility systems	142,026	15,340	202	157,164
Subscription-based IT arrangements	1,253	435	242	1,446
Total accumulated depreciation	1,411,937	67,978	444	1,479,471
Total capital assets being depreciated, net	874,556	(328)		874,228
CAPITAL ASSETS, NET	\$1,135,622	\$98,744	\$73,388	\$1,160,978

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. CAPITAL ASSETS (CONCLUDED)

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

	Balance July 1, 2023	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2024
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	\$146,554	\$479		\$147,033
Avigation easements	58,913			58,913
Construction in progress	23,812	62,996	\$31,688	55,120
Total capital assets not being depreciated	229,279	63,475	31,688	261,066
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	1,046,228	9,954		1,056,182
Buildings	800,678	375		801,053
Facilities constructed for tenants	139,411	131		139,542
Roads, bridges and fences	77,358	573		77,931
Equipment and utility systems	188,192	20,206	196	208,202
Subscription-based IT arrangements	3,539	44		3,583
Total capital assets being depreciated	2,255,406	31,283	196	2,286,493
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	635,199	28,550		663,749
Buildings	434,037	19,047		453,084
Facilities constructed for tenants	73,390	4,262		77,652
Roads, bridges and fences	72,467	1,706		74,173
Equipment and utility systems	128,952	13,268	194	142,026
Subscription-based IT arrangements	752	501		1,253
Total accumulated depreciation	1,344,797	67,334	194	1,411,937
Total capital assets being depreciated, net	910,609	(36,051)	2	874,556
CAPITAL ASSETS, NET	\$1,139,888	\$27,424	\$31,690	\$1,135,622

Substantially all capital assets are held by the Authority for the purpose of rental or related use.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LEASE AND USE OF AIRPORT FACILITIES

The Authority leases terminal space, buildings, and airfield space on both a fixed and contingent rental (percent of revenue) to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2026 through 2059. Payments for most leases increase periodically based on reappraisals or a defined formula. The formulas that utilize the Consumer Price Index (Index), are based upon the index at lease commencement. In addition, the Authority has leases with concessionaires that have a portion of their rent based on the higher of a percentage of receipts for the year or a minimum annual guarantee. The Authority bases the payments for these leases on the required minimum annual guarantee. The Authority leases certain equipment and property to third parties that conduct operations at airport owned facilities where lease payments are based on usage. The lease receivable measurement excludes usage-based leases because they are not fixed in substance.

Revenue recognized under lease contracts during the years ended June 30, 2025, and 2024 was \$19,530 and \$19,206 respectively, which includes both lease revenue and interest. The Authority recognized lease revenue of \$13,142 and \$13,041 for the years ended June 30, 2025, and 2024, respectively, for variable (usage based) payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of future minimum payments for the Authority's leases included in the measurement of the lease receivable as of June 30, 2025:

Years	Principal	Interest	Total
2026	4,326	11,439	15,765
2027	4,434	11,221	15,655
2028	4,499	10,999	15,498
2029	4,618	10,770	15,388
2030	4,344	10,548	14,892
2034-2035	23,860	49,303	73,163
2036-2040	26,910	42,888	69,798
2041-2045	32,453	35,624	68,077
2046-2050	40,056	26,473	66,529
2051-2055	45,740	15,933	61,673
2056-2059	39,529	3,641	43,170
Total	\$230,769	\$228,839	\$459,608

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LEASE AND USE OF AIRPORT FACILITIES (CONTINUED)

REGULATED LEASES

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87 and therefore, are only subject to disclosure requirements. The terms of the regulated leases expire 2026 through 2038. Payments for most leases increase periodically based on a defined formula. Rates and fees charged by the Authority for the use of its facilities are sufficient to cover operating expenses, debt service and general obligation debt but not depreciation and amortization (as required by the terms of individual leases). The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The future minimum payments exclude usage-based payments that are not "fixed in substance". Most leases allow the lessee the exclusive use of the premises. However, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion.

Revenue recognized for fixed payment under regulated lease contracts during the years ended June 30, 2025, and 2024, was \$25,698 and \$20,722. The Authority also recognized lease revenue of \$48,382 and \$40,288 for the years ended June 30, 2025, and 2024, respectively, for variable payments not previously included in the future minimum payments. The variable payments are primarily passenger and cargo flight fees based on usage.

The following is a schedule by year of expected future minimum payments for the Authorities regulated leases as of June 30, 2025:

<u>Years</u>	<u>Total Future Payments</u>
2026	24,613
2027	1,189
2028	1,189
2029	1,188
2030	1,188
2031-2035	5,943
2036-2038	3,566
Total	<u><u>\$38,876</u></u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LEASE AND USE OF AIRPORT FACILITIES (CONCLUDED)

Exclusive use of certain spaces, including ticket counters, office space, operations space, apron storage space, etc. are given to air carriers to conduct their operations as defined in the agreements. As of June 30, 2025, and 2024, the Authority provides exclusive use to air carriers to lease 158,224 and 155,561 square feet. Also as of June 30, 2025, and 2024, the Authority provides exclusive use to air carriers to lease 1,858 and 1,737 linear feet respectively, certain assets at the Airport as described below:

	<u>2025</u>	<u>2024</u>
Ticket counter	5,676	5,676
Second level office	4,603	4,993
Outbound baggage	45,787	45,787
Operations	27,471	27,081
Holding area	39,732	37,049
Baggage claim	26,752	26,752
M&O office and ticket counter	8,223	8,223
Total terminal building	<u>158,244</u>	<u>155,561</u>
Total apron (linear feet)	1,858	1,737

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2025 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2024	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2025	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2016A	110,000	1.60%	110,000			110,000	7,110
Series 2018	119,275	5.00%	119,275			119,275	2,225
Series 2020A	24,230	4.00 - 5.00%	24,230			24,230	
Series 2020B	72,250	5.00%	28,585		17,485	11,100	11,100
Series 2021A	118,705	5.00%	118,705			118,705	16,000
Series 2021C	16,275	1.875 - 5.00%	10,645		5,100	5,545	5,545
Series 2021D	33,455	5.00%	20,065		7,405	12,660	7,775
Total	494,190		431,505		29,990	401,515	49,755
Note Payable	7,000	4.48%	3,040		517	2,523	540
Note Payable	20,000	3.03%	7,167		2,130	5,037	2,196
Unamortized bond premiums			39,175		3,810	35,365	
Total bonds and notes payable	521,190		480,887		36,447	444,440	52,491
Other liabilities:							
Compensated absences			2,641	1,451	358	3,734	639
Subscription-based IT arrangements			2,392		364	2,028	369
Total other liabilities			5,033	1,451	722	5,762	1,008
Total long-term debt	\$521,190		\$485,920	\$1,451	\$37,169	\$450,202	\$53,499

Interest expense includes amortization of deferred charges on refunding for fiscal years 2025 and 2024 of \$24 and \$36, respectively, and amortization of the net premium of \$3,810 and \$5,069, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

Long-term debt information and activity for fiscal year 2024 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2023	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2024	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2016A	110,000	1.60%	110,000			110,000	
Series 2018	119,275	5.00%	119,275			119,275	
Series 2020A	24,230	4.00 - 5.00%	24,230			24,230	
Series 2020B	72,250	5.00%	45,240		16,655	28,585	17,485
Series 2021A	118,705	5.00%	118,705			118,705	
Series 2021C	16,275	1.875 - 5.00%	15,290		4,645	10,645	5,100
Series 2021D	33,455	5.00%	27,115		7,050	20,065	7,405
Total	494,190		459,855		28,350	431,505	29,990
Note Payable	7,000	4.48%	3,533		493	3,040	516
Note Payable	20,000	3.03%	9,234		2,067	7,167	2,131
Unamortized bond premiums			44,244		5,069	39,175	
Total bonds and notes payable	521,190		516,866		35,979	480,887	32,637
Other liabilities:							
Compensated absences			2,999	394	752	2,641	552
Subscription-based IT arrangements			2,777	17	402	2,392	364
Total other liabilities			5,776	411	1,154	5,033	916
Total long-term debt	\$521,190		\$522,642	\$411	\$37,133	\$485,920	\$33,553

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

Airport Revenue Bonds – These bonds were issued for airfield and terminal building improvements and expansion of Airport parking capacity. The bond resolution contains a rate covenant which requires collection of rentals and charges for the use of the airports so that the Authority will be financially self-sufficient, and the revenues produced will be sufficient to pay principal, interest, and premium, if any, when due. The Authority may issue additional airport revenue bonds, subject to historical and future revenue tests.

On April 6, 2021, the Authority issued \$118,705 Airport Revenue Bonds, Series 2021A (AMT) and issued \$2,605, \$16,275 and \$33,455 Airport Revenue Refunding Bonds, Series 2021B, Series 2021C and 2021D, respectively at a \$34,100 premium. The bonds have a fixed interest rate of 5.00 percent, except for the 2021C issue which rates range from 1.875 percent to 5.00 percent. Maturity dates range from July 1, 2022 through July 1, 2049. The 2021A issue has certain net proceeds of \$146,464 of which \$126,029 was deposited into a trustee construction account, \$9,956 was used to fund the current debt service reserve, \$9,315 deposited as capitalized interest to pay interest due during construction and \$1,164 used to pay the cost of issuance. The 2021B refunding issue had certain net proceeds of \$2,752 together with \$4,403 of sinking funds that were deposited in escrow to defease the principal and interest on the remaining 2011A-1 bonds of \$7,128 and pay \$27 in cost of issuance fees. The 2021C refunding issue had certain net proceeds of \$17,759 together with \$426 of sinking funds that were deposited in escrow to defease the principal and interest of the remaining 2011B bonds of \$18,026 and \$159 in cost of issuance fees. The 2021D refunding issue had certain net proceeds of \$38,123 together with \$3,400 of sinking funds and \$4,275 of debt service reserve funds that were deposited in escrow to defease the principal and interest of the remaining 2011D bonds of \$42,150, fund the current debt service reserve of \$3,346 and pay cost of issuance of \$302. The 2021A issue is being used to finance the Consolidated Deicing Facility to meet the regulatory requirements imposed by the Tennessee department of Environment and Conservation. The 2021B, 2021C and 2021D refunding issues have an aggregated debt service of \$59,646 compared to prior debt service of \$67,036.

The refunding resulted in a net present value savings and economic gain of \$6,000. At June 30, 2025, \$14,720 of refunded debt is outstanding but is in-substance defeased, and therefore properly excluded from the Authority's long-term obligations.

On September 17, 2020, the Authority issued \$96,480 Airport Revenue Refunding Bonds, Series 2020A (Private Activity, Non-AMT) and Series 2020B (AMT). The bonds have fixed interest rates ranging from 4.00 percent to 5.00 percent. Maturity dates range from July 1, 2021 through July 1, 2039. Certain net proceeds of \$110,780 together with \$2,838 from the debt service reserve account for the Airport Revenue Bonds, Series 2010A and additional sinking funds of \$4,682 were deposited in escrow to defease outstanding principal and interest of \$115,040 of the Airport Revenue Bonds, Series 2010A and 2010B, fund the current debt service reserve of \$2,423 and pay cost of issuance of \$837. The 2020A and 2020B refunding issues have an aggregated debt service of \$121,000 compared to prior debt service of \$143,900. The refunding resulted in a net present value savings and economic gain of \$20,484.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

If an Event of Default, as defined in the revenue bond agreements, has occurred and is continuing, the Trustee may, upon written request of the holders of not less than 25% in principal amount of the Airport Revenue Bonds Outstanding, by written notice to the Authority declare the principal and interest on all Airport Revenue bonds immediately due and payable. The Trustee may exercise any or all of the following remedies to the extent that they are legally available:

(a) The trustee may proceed to protect and enforce its rights and the rights of the holders of the Airport Revenue Bonds by suit or suits in equity for the performance of any covenant or agreement contained in the resolution.

(b) The trustee may proceed to obtain the appointment of a receiver for the Authority, for which the receiver may enter upon and take possession of the Authority and fix rates and charges and collect all revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do.

Line of Credit – In December 2024, the Authority renewed its revolving line of credit with a bank in the amount of \$20,000. There was no outstanding balance on this line of credit at June 30, 2025 or June 30, 2024. The line of credit is renewable on December 31, 2025 and bears an interest rate based upon an independent index which is the Secured Overnight Financing Rate plus 1.90%. In the event of default, as defined in the agreement, all obligations become immediately due, including interest.

Notes Payable - On October 24, 2014, the Authority issued a \$7,000 Memphis-Shelby County Airport Authority Revenue Note, Subordinate Series ("Note"). The Note matures October 27, 2029 and bears interest at 4.48 percent. The Note was issued to reimburse costs related to the improvements to certain existing airport fueling facilities. The Note is secured by general airport revenues collected from airport operations. In the event of a default, all amounts outstanding, including interest are immediately due.

On September 13, 2017, the Authority issued a \$20,000 Memphis-Shelby County Airport Authority Customer Facility Charge ("CFC") Revenue Note ("Note"). The Note matures September 1, 2027 and bears interest an annual interest of 3.03 percent. This Note is payable solely from CFC revenues and is secured by a lien and charge on and a pledge and assignment of CFC revenues. The Note was issued to fund the construction of a rental car maintenance facility. In the event of a default, all amounts outstanding, including interest are immediately due.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONCLUDED)

Maturities of Bond Debt and Interest Payable – Maturities and interest payments of long-term debt are as follows:

YEAR	AIRPORT REVENUE BONDS	INTEREST PAYMENTS
2026	49,755	15,016
2027	32,825	13,546
2028	30,415	12,806
2029	31,300	12,183
2030	30,105	11,556
2031-2035	40,540	51,357
2036-2040	51,515	40,160
2041-2045	69,470	25,420
2046-2050	65,590	6,884
Total	\$401,515	\$188,928

The airport revenue bonds are subject to optional redemption at a premium over no greater than a five-year period prior to maturity. Bond resolutions provide that airport revenues are to be used to satisfy debt service requirements of the airport revenue bonds and general operation and maintenance costs of the airport, respectively. The airport revenue bonds are not an obligation of any other governmental unit.

Maturities of Notes and Interest Payable – Maturities and interest payments of long-term notes are as follows:

YEAR	NOTES	INTEREST PAYMENTS
2026	2,736	224
2027	2,828	132
2028	1,166	55
2029	617	25
2030	213	2
Total	\$7,560	\$438

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Subscription-based Information Technology Arrangements (SBITA) - As disclosed in Note 5, subscription assets are recorded initially at the initial measurement of the subscription liability, as disclosed in the table above, plus subscription payments made at or before the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

The Authority has SBITAs for software-related assets with contract terms ranging from 3 to 10 years, including applicable extensions. There were no fixed payments recorded in the current period that were not included in the measurement of the SBITA liability, no commitments prior to the commencement of the SBITA contracts, and no SBITA impairments as of June 30, 2025, and 2024.

The Authority has various SBITAs, the terms of which expire in various years through 2031. The subscriptions were measured based upon the incremental borrowing rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not “fixed in substance”. There are no commitments under SBITAs before the commencement of the subscription term.

During the years ended June 30, 2025, and 2024, the Authority recognized \$165 and \$31 respectively, of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following table summarizes the SBITA principal and interest payments as of June 30, 2025:

Maturity Analysis	Principal	Interest	Total Payments
2026	369	104	473
2027	371	85	456
2028	401	66	467
2029	269	45	314
2030	295	32	327
2031	323	15	338
Total Future Payments	<u>\$2,028</u>	<u>\$347</u>	<u>\$2,375</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants and other Federal agreements as follows:

	2025	2024
Federal grants	\$48,676	\$32,100
State grants	6,322	5,382
Other	974	27
Total capital contributions	\$55,972	\$37,509

FEDERAL AIP GRANT FUNDS AWARDED FOR FEDERAL FISCAL YEARS 2020-2024

For federal fiscal years 2020 - 2024, the Authority was awarded the following entitlement and discretionary funds:

	2020	2021	2022	2023	2024
Entitlement Funds:					
Passenger	\$5,243	\$5,348	\$1,337	\$1,337	\$1,337
Cargo	15,581	14,900	13,789	12,538	12,189
Total Entitlement	20,824	20,248	15,126	13,875	13,526
Discretionary Funds	37,645	37,288		66,097	
Supplemental Funds⁽¹⁾	29,295	21,277	51,040		
Total AIP Funds	\$87,764	\$78,813	\$66,166	\$79,972	\$13,526

⁽¹⁾ Federal COVID-19 relief funds provided through the AIP grant program.

STATE GRANT FUNDS ALLOCATED FOR FISCAL YEARS 2021-2025

The Authority has been allocated the following state grant funds for fiscal years 2021 - 2025:

	2021	2022	2023	2024	2025
State Grants	\$2,371	\$10,352	\$21,519	\$26,704	\$31,901

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

9. PASSENGER FACILITY CHARGES

On July 16, 2018, the Federal Aviation Administration (“FAA”) approved through Final Agency Decision the Authority’s application to impose PFC’s at Memphis International Airport (“MEM”) at the maximum rate of \$4.50 per qualifying passenger. PFC’s are fees imposed on qualifying passengers by airports to finance eligible airport-related projects that are approved by the FAA. On September 1, 2018, the airlines began collecting a PFC on those qualifying passengers at MEM. The Airport collected \$9,470 and \$9,957 in PFC’s for fiscal year 2025 and 2024, respectively. PFC revenue is reported as non-operating revenue and can only be collected and used with prior approval from the FAA for specific projects, collection limits and time periods.

10. CUSTOMER FACILITY CHARGES

All on-airport rental car companies who lease space at the Airport collected a daily customer facility charge (“CFC”) of \$4.00 per transaction day per vehicle. This rate was increased to \$8.50 per transaction day per vehicle on October 15, 2022. These rental car companies remit CFC’s that were collected or should have been collected from their customers to the Authority on a monthly basis. CFC revenue is reported as non-operating revenue and is restricted for use on expenses and capital associated with ground transportation operations.

The Authority recorded \$13,585 and \$13,244 in customer facility charges for the years ended June 30, 2025 and 2024, respectively.

11. DEFINED BENEFIT RETIREMENT PLANS

General Information about the Pension Plan

Plan Description. The Authority participates in the City of Memphis Retirement System (“City Plan”). The City Plan was established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee and is administered by a Board of Administration under the direction of the Mayor. The City Plan is a single employer, public employee retirement system and is included in the City of Memphis’ basic financial statements as a pension trust fund. Substantially all permanent full-time employees of the Authority are required to participate in one of the following plans:

- 1948 Plan – for salaried employees hired prior to July 1, 1978
- 1978 Plan – for salaried employees hired on or after July 1, 1978, but prior to July 1, 2016
- 2016 Plan – All regular salaried employees on their date of hire and hired on or after July 1, 2016. In addition, any non-grandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a non-grandfathered employee is any employee with less than 7½ years of service as of July 1, 2016.

Normal Retirement. Under the 1948 Plan, General Employees may retire after completion of 25 years of service or, if earlier, after age 60 and the completion of 10 years of service. Safety and security employees may retire after completion of 25 years of service, or at age 55 and completion of 10 years of service.

Under the 1978 Plan, General Employees hired before July 1, 2012, may retire after the completion of 25 years of service, age 60 and the completion of 10 years of service, or age 65 and the completion of 5 years of service. Employees hired on or after June 30, 2012 may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees hired before July 1, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service. Fire and Police Employees

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

hired on or after June 30, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Under the 2016 Plan, General Employees may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Benefits provided. Under the 1948 and 1978 Plans, employees who retire at or after normal retirement age, as defined, are entitled to a retirement benefit, payable monthly for life determined by a formula using average earnings multiplied by years of credited service up to a maximum benefit of 72.50%. Average monthly compensation is calculated as the highest average monthly compensation received for any five consecutive years of service or the most recent year's earnings, if greater. Credited service is the total number of years and completed one-half months of service from the date of hire to date of termination, adjusted for some certain periods of unpaid absence.

An employee in the 2016 Plan will be required to receive the normal form of annuity derived by both a market-rate cash balance account and a defined contribution account. The normal form of annuity is determined based on actuarial equivalence of 5.0% per annum and the applicable mortality table pursuant to IRC Section 417(e)(3) for the plan year. Annual allocations to the cash balance account are equal to a percentage of compensation that varies by years of service. Annual allocations to the defined contribution account are equal to 7.5% of compensation which consists of a 6.0% of compensation as an employee contribution and 1.5% of compensation as an employer contribution. Assets are participant directed and the investment earnings are included in the defined contribution account balance.

Disability retirement under the City Plan is retirement from service prior to the participant's normal retirement date for medical reasons. Participants taking disability retirement receive reduced benefits. There are also certain benefit provisions upon death.

Changes to the City Plan, including benefits provided thereunder can be made only by formal resolutions of the City of Memphis' City Council (the "City Council") based on recommendations from the Board of Administration. Benefit provisions are established and may be amended by the City Council.

Contributions. Authority employees are required to contribute a percentage of their Compensation, as defined, in accordance with the plan they belong to. Under the 1948 Plan, employees must contribute 5.00%. Under the 1978 Plan, employees are required to contribute 8.00%. Employees in the 2016 Plan must contribute 2% of compensation to the cash balance account and 6% of compensation to the IRC section 401(a) defined contribution account. The Authority is required to contribute at an actuarially determined rate set by the City of Memphis Retirement System funding policy. This policy states "that beginning in the plan year commencing on July 1, 2015, the City will fund the actuarially determined contribution ("ADC") each year over a graduated progress percentage so that in a maximum of five (5) years the City will be funding 100% of the ADC each year. The graduated progress percentage each year is at a minimum the percentage determined by calculating the difference between the percentage of the ADC paid in the plan year commencing July 1, 2014, subtracted from 100% and dividing by five (5). The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC". Contributions to the City Plan from the Authority were \$2,570 and \$2,446 for the years ended June 30, 2025 and 2024, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

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

At June 30, 2025 and 2024, the Authority reported a liability of \$20,271 and \$22,377, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of June 30, 2024. The Authority's proportion of the net pension liability was based on a proportion of the Authority's average contributions to the pension plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At July 1, 2025 and 2024, the Authority's proportion was 3.91 percent and 4.11 percent, respectively.

For the year ending June 30, 2025 and 2024, the Authority recognized pension expense of \$3,151 and \$4,101, respectively and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	2025	2024	2024
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
	of Resources	of Resources	of Resources	of Resources
Experience gains or losses	\$2,011	\$2	\$1,061	\$21
Change in assumptions	339	178	1,352	20
Net difference between projected and actual earnings on investments		456	1,580	
Changes in proportion		996	97	624
Changes in contributions	2	268	3	150
Total	\$2,352	\$1,900	\$4,093	\$815

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2025, will be recognized in pension expense as follows:

Year ended June 30:

2026	\$2,950
2027	(\$903)
2028	(\$1,047)
2029	(\$548)

Actuarial Assumptions. The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	June 30, 2025
Valuation date	June 30, 2024
Investment Yield	7.25%
Future Salary Increases	Merit and promotion scale that varies by age and service, plus inflation
Cost-of-Living Increases	None assumed

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Mortality Assumption Healthy General: Fully Generational PubG-2016 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2016.

Healthy Police and Fire: Fully Generational PubS-2016 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2016.

Disabled General: Fully Generational PubNS-2016 Public Sector Disabled Mortality Table for non-safety employees adjusted by a three-year set back with MP-2021 projection scale from 2016.

Disabled Fire and Police: Fully Generational PubS-2016 Public Sector Disabled Mortality Table for safety employees adjusted by a three-year set back with MP-2021 projection scale from 2016.

Survivors General: Fully Generational PubG-2016 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2016.

Survivors Police and Fire: Fully Generational PubS-2016 Public Sector Contingent Survivor table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2016.

Experience Study Experience study based on 5 years of experience (2016-2020)

Discount rate The discount rate used to measure total pension liability was 7.25% as of June 30, 2025 and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that Authority contributions would be made at actuarially calculated amount computed in accordance with the current funding policy adopted by the City of Memphis, and is applicable to the Authority, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. Pursuant to The Public Employee Defined Benefit Financial Security Act of 2014, the City and Authority, will phase into funding 100% of the actuarially calculated amount over a 5-year period that began with the fiscal year beginning July 1, 2015. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
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Net Pension Liability	\$33,932	\$20,271	\$8,775
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MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONCLUDED)

Pension plan fiduciary net position. The City Plan issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information on the pension plan's fiduciary net position is available in this separately issued financial report. This report may be found in the City of Memphis Annual Report under Fiduciary Funds section at <https://memphistn.gov/government/finance>.

12. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established and is administrator of the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). The Metropolitan Airport Authority Act assigns the ability to establish and amend the provisions of the Supplemental Defined Contribution Plan. All participants in the Supplemental Defined Contribution Plan are also participants in the City Plan. The purpose of the supplemental plan is to provide supplemental retirement benefits to participants in addition to the benefits provided by the City Plan. The Authority makes contributions on a discretionary basis. The participants vest in the Authority's contributions after three years of employment and any forfeitures are added to the Authority's contributions. There were forfeitures of \$32 and \$54 in fiscal year 2025 and 2024, respectively. The amount of contributions expensed for fiscal years 2025 and 2024 was \$1,141 and \$993, respectively. Since the plan assets are held in trust for the benefit of the plan members and are controlled by the members, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2025 and 2024, the fair value of the plan assets was \$30,962 and \$28,203, respectively. There is no separate, audited postemployment benefit plan report available for the defined contribution postemployment plan.

13. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, administered by the Authority and available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan has been amended to meet the enacted requirements of Internal Revenue Code Section 457. The amended plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants and are controlled by the participants, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2025 and 2024, the fair value of the plan assets was \$12,529 and \$14,799, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Spouse Eligibility for Benefits:

- Spouses of eligible retirees may receive postretirement medical benefits.
- Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree's death.
- Working spouses of commissioned police and fire, paramedics and dispatchers may receive post-retirement medical benefits provided that they pay a fee of \$150 per month. For all other participants, working spouses with available coverage elsewhere do not receive postretirement medical benefits.

Benefits provided (plan provisions).

Medical Plan Benefits Available

Pre-65 Line of Duty Disabled/Commissioned Police and Fire/Paramedics/Dispatchers and Grandfathered Post-65 Retirees without Medicare

Postretirement medical and drug coverage through the City's self-insured Select Plan. The City pays for costs that exceed required retiree premiums.

All other Participants

Pre-65 and Post-65 retirees are provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount depends on the type of retiree - Line of Duty (LOD) or other - and age of retirement, according to the table below:

			Annual HRA Amount	
			Retiree	Spouse
LOD	Pre-65		\$10,000	\$10,000
	Post-65		\$2,000	\$1,000
Other	Pre-65		\$5,000	\$5,000
	Post-65		\$1,000	\$500

Life Benefits Available to Retirees

The City provides a life insurance benefit of \$5,000 to all participants.

The payment of the \$5,000 by the City depends on if the participant had supplemental insurance as an active participant prior to retirement. If the participant elected supplemental life insurance as an active employee, the supplemental insurance drops to \$3,000 and is fully insured by the City. In addition, the City pays an additional \$2,000, which is self-insured. If the participant did not elect supplemental life insurance as an active employee, the City pays \$5,000 upon death, which is self-insured.

Contributions.

Funding Policy – Per Chapter 25, Code of Ordinances of the City of Memphis, Tennessee, contribution requirements of the participating component units of the City (of which the Authority is one), are established and

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

may be amended by the City Board of Administration. The City pays for medical costs that exceed required retiree premiums and may elect through adoption of the City’s annual budget ordinance to contribute an amount in excess of the total annual benefit payments to a qualified trust for the purpose of funding future OPEB benefits. As stated previously, in fiscal year 2009, the City of Memphis adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the plan. Neither employees nor retirees are required to contribute to the OPEB trust fund.

The Authority’s contractually required contribution rate for the year ended June 30, 2025 and 2024 was 1.5 and 1.8 percent, respectively, of covered payroll actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Authority were \$379 and \$362 for the year ended June 30, 2025 and 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025 and 2024, the Authority reported a liability of \$7,701 and \$8,070, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The Authority’s proportion of the net OPEB liability was based on a proportion of Authority’s average contributions to the OPEB plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At June 30, 2025 and 2024, the Authority’s proportion was 1.60 percent and 1.77 percent, respectively.

Change in benefit terms (plan provisions).

Effective January 1, 2025, the City of Memphis increased Post-65 HRA amount from \$1,000 to \$1,250. No decisions have been made or communicated regarding plan offerings for 2026.

For the year ending June 30, the Authority recognized OPEB income of \$1,154 and \$718 in 2025 and 2024, respectively and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025 Deferred Outflows of Resources	2025 Deferred Inflows of Resources	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources
Experience (gains) and losses	\$62	\$5	\$65	\$14
Change in assumptions	467	1,568	919	3,201
Net difference between projected and actual earnings on investments		2		10
Changes in proportion		1,867	116	1,913
Changes in contributions		145	3	185
Total	\$529	\$3,587	\$1,103	\$5,323

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2025 will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	(\$1,542)
2027	(\$1,351)
2028	(\$165)
2029	\$1
2030	\$0
Thereafter	\$0

Changes in Accounting Assumptions and Methods from Prior Year.

The last actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits was performed as of July 1, 2024. As requested by the City, the following changes were made since the prior valuation:

- 1) The mortality assumption was updated from the PubG-2010 and PubS-2010 mortality tables to the PubG-2016 and PubS-2016 tables, respectively.
- 2) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 3) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 4) The discount rate assumption changed from 4.21% as of June 30, 2024 to 4.81% as of June 30, 2025 based on the change in S&P Municipal Bond Rate Index at the measurement date.
- 5) An assumption for expected return on assets was added that is equivalent to the S&P Municipal Bond rate Index (4.21% as of July 1, 2024) given that the assets are invested and earning

There were no other changes in assumptions or methods since the prior year.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions.

Significant actuarial assumptions and other inputs used to measure the total OPEB liability:

Measurement Date	June 30, 2025
Valuation Date	June 30, 2024
Investment Yield	4.21%
Mortality Assumption	<p>Healthy General: Fully Generational PubG-2016 Public Sector Mortality Table for general employees adjusted by one year set forward with MP-2021 projection scale from 2016.</p> <p>Healthy Police and Fire: Fully Generational PubS-2016 Public Sector Mortality Table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2016.</p> <p>Disabled General: Fully Generational PubNS-2016 Public Sector Disabled Mortality Table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2016.</p> <p>Disabled Police and Fire: Fully Generational PubS-2016 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2016.</p> <p>Survivors General: Fully Generational PubS-2016 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2016.</p> <p>Survivors Police and Fire: Fully Generational PubS-2016 Public Sector Contingent Survivor table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2016.</p>

Future Trend Assumption	Fiscal Year	Trend
	2026	8.00%
	2027	7.61%
	2028	7.22%
	2029	6.83%
	2030	6.44%
	2031	6.06%
	2032	5.67%
	2033	5.28%
	2034	4.89%
	2035+	4.50%

Experience Study Experience study based on 5 years of census data (between 2016 -2020)

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

Discount Rate The discount rate used to measure the total OPEB liability was 4.81% as of June 30, 2025, which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher.

Based on the City's current funding policy effective June 30, 2025, the Plan's fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. Additionally, paragraph 4.99 of *Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)* states that the total of the benefit payments that are projected to occur in a period during which the OPEB plan's fiduciary net position is projected to not be sufficient to make those benefit payments may be classified as unfunded. As determined by the City, the discount rate assumption for determining the total OPEB liability was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2025.

Discount Rate Sensitivity

	<u>1% Decrease (3.81%)</u>	<u>Current Rate (4.81%)</u>	<u>Current Rate (5.81%)</u>
Net OPEB Liability	\$8,496	\$7,701	\$7,006

Healthcare Trend Sensitivity

	<u>1% Decrease</u>	<u>Current Rate Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$7,035	\$7,701	\$8,470

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONCLUDED)

15. RELATED PARTIES AND MAJOR CUSTOMERS

The City provided fire protection and other services to the Authority at a cost of \$5,861 and \$5,368 for fiscal years 2025 and 2024, respectively.

The Authority receives a large portion of its operating revenues from three airlines, FedEx Express, Delta Air Lines and American Airlines. Rentals, landing fees, and other revenues from these three airlines were approximately 61 percent and 57 percent of operating revenues for fiscal years 2025 and 2024, respectively.

16. COMMITMENTS AND CONTINGENCIES

The Authority's plan, design and construction projects are estimated at \$611,270 of which \$385,225 has been expended through June 30, 2025. Of the remaining \$226,045 expected to be spent, the outstanding commitments were \$149,019 and related primarily to the Terminal Modernization Seismic Program and construction of the Consolidated Deicing Facility. The remaining commitments relate to projects to be funded from Airport Expansion funds included in restricted assets (Note 4) and Federal grants.

Amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, principally the Federal government. Disallowed expenditures, if any, may constitute a liability of the applicable funds. The Authority is not currently aware of any disallowed expenditures.

In the ordinary course of operations, the Authority is subject to litigation and claims. It is the opinion of management that, based on the information presently available, no matters will have a material adverse effect upon the financial position or results of operations of the Authority.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (\$ IN THOUSANDS)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios under GASB 67 and 68 ⁽¹⁾

Net Pension Liability

(1) Year Ending June 30	(2) Proportion of the Net Liability (Asset) ⁽¹⁾	(3) Proportionate Share of Net Pension Liability	(4) Actual Covered Payroll ⁽²⁾	(5) Net Pension Liability as a Percentage of Covered Payroll (3) ÷ (4)	(6) Fiduciary Net Position as % of Total Pension Liability
2016	3.22%	\$16,977	\$18,420	92.2%	79.9%
2017	3.31%	\$13,878	\$18,709	74.2%	84.4%
2018	3.53%	\$11,317	\$19,439	58.2%	88.0%
2019	3.63%	\$15,817	\$18,698	84.6%	84.3%
2020	4.02%	\$19,301	\$20,223	95.4%	82.5%
2021	4.43%	(\$85)	\$20,175	-0.4%	100.1%
2022	4.38%	\$23,914	\$20,486	116.7%	81.5%
2023	4.19%	\$23,835	\$20,846	114.3%	81.2%
2024	4.11%	\$22,377	\$22,669	98.7%	82.5%
2025	3.91%	\$20,271	\$24,054	84.3%	83.8%

(1) Based on the cost sharing allocation percentage as of the measurement date.

(2) The actual covered payroll is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above.

(3) The actual covered payroll represents the total covered payroll for the year for those participants identified as Airport Authority in the census data.

Schedule of Employer Pension Contributions under GASB 68 ⁽¹⁾

(1) Year Ending June 30	(2) Actuarially Determined Contribution	(3) Actual Employer Contributions ⁽²⁾	(4) Contribution Excess/(Deficiency) (3) - (2)	(5) Actual Covered Payroll ⁽³⁾	(6) Contributions as a Percentage of Covered Payroll (3) ÷ (5)
2016	\$2,848	\$1,067	(\$1,781)	\$18,420	5.8%
2017	\$2,271	\$2,271		\$18,709	12.1%
2018	\$2,717	\$2,717		\$19,439	14.0%
2019	\$2,669	\$2,669		\$18,698	14.3%
2020	\$2,362	\$2,362		\$20,223	11.7%
2021	\$2,602	\$2,602		\$20,175	12.9%
2022	\$2,209	\$2,209		\$20,486	10.8%
2023	\$2,249	\$2,249		\$20,846	10.8%
2024	\$2,446	\$2,446		\$22,669	10.8%
2025	\$2,570	\$2,570		\$24,054	10.7%

(1) Refer to the City of Memphis funding valuation report for the corresponding fiscal year. Then Airport Authority's share is proportionate based on share or the actuarially accrued liability. Not: For 2017 the ADC was updated from the 2017 accounting report to be \$2,271. This change is a disclosure item only and does not impact other areas of the financial statements.

(2) The *actual covered payroll* is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above.

(3) The actual covered payroll represents the total covered payroll for the year for those participants identified as Airport Authority in the census data.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (\$ IN THOUSANDS) (CONCLUDED)

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios under GASB 75

Net OPEB Liability

(1)	(2)	(3)	(4)	(5)	(6)
Year Ended June 30	Proportion of the Net Liability (Asset) ²	Proportionate Share of Net OPEB Liability	Actual Covered Payroll ³	Net OPEB Liability as a Percentage of Covered Payroll (3) ÷ (4)	Fiduciary Net Position as a % of Total OPEB Liability
2017	2.35%	\$9,745	\$18,709	52.1%	0.8%
2018	2.39%	\$7,971	\$18,111	44.0%	1.2%
2019	2.26%	\$6,792	\$18,645	36.4%	1.3%
2020	2.09%	\$13,928	\$18,281	76.2%	0.6%
2021	2.19%	\$13,450	\$20,175	66.7%	0.6%
2022	2.24%	\$11,707	\$20,272	57.7%	1.2%
2023	2.10%	\$13,221	\$19,004	69.6%	1.7%
2024	1.77%	\$8,070	\$20,613	39.2%	4.1%
2025	1.60%	\$7,701	\$24,816	31.0%	5.3%

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

(2) Based on the cost sharing allocation percentage as of the measurement date.

(3) The actual covered payroll represents the total covered payroll for the year for those participants identified as Airport Authority in the census data.

Schedule of Employer OPEB Contributions under GASB 75

(1)	(2)	(3)	(4)	(5)	(6)
Year Ended June 30	Statutorily Required Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency) (3) - (2)	Actual Covered Payroll (3)	Fiduciary Net Position as a % of Total OPEB Liability (3) ÷ (5)
2017	\$211	\$211	\$0	\$18,709	1.1%
2018	\$303	\$303	\$0	\$18,111	1.7%
2019	\$356	\$356	\$0	\$18,645	1.9%
2020	\$288	\$288	\$0	\$18,281	1.6%
2021	\$358	\$358	\$0	\$20,175	1.8%
2022	\$355	\$355	\$0	\$20,272	1.8%
2023	\$391	\$391	\$0	\$19,004	2.1%
2024	\$362	\$362	\$0	\$20,613	1.8%
2025	\$379	\$379	\$0	\$24,816	1.5%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

(2) The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree exchange or an allowable plan. Any difference between benefits paid and employer contributions is due to a timing difference plus retiree contributions.

(3) The actual covered payroll represents the total covered payroll for the year for those participants identified as Airport Authority in the census data.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of OPEB assumptions (accounting and methods).

In the July 1, 2025 actuarial valuation:

- 1) The mortality assumption was updated from the PubG-2010 and PubS-2010 mortality tables to the PubG-2016 and PubS-2016 tables, respectively.
- 2) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 3) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 4) The discount rate assumption changed from 4.21% as of June 30, 2024 to 4.81% as of June 30, 2025 based on the change in S&P Municipal Bond Rate Index at the measurement date.
- 5) An assumption for expected return on assets was added that is equivalent to the S&P Municipal Bond rate Index (4.21% as of July 1, 2024) given that the assets are invested and earning

In the July 1, 2024 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The discount rate assumption changed from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers (“restored”) changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
 - 60% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 65%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
 - 40% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 45%).
 - 60% of the Pre-65 line-of-duty disabled retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 65%).
 - 25% of current Pre-65 opt-outs are assumed to elect Post-65 Retiree Exchange coverage (down from 35%).
- 6) Specified eligible public safety employees and non-commissioned dispatchers and paramedics currently participating in the 2016 Plan were given the option to make a one-time irrevocable election to return to the legacy 1978 Plan. The June 30, 2024 valuation census data reflects this change. The retirement rates were updated to reflect which Pension Plan formula the active participant is entitled to based on their election.

In the July 1, 2023 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The discount rate assumption changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers (“restored”) changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
-65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 75%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
-45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 55%).
- 6) The future spouse assumption was changed from 56% for general male retirees, 15% for general female retirees and 46% for police and fire retirees to 60% for all future participating male retirees and 15% for all future female participating retirees, based on emerging experience and the City’s best estimate of long-term enrollment rates.
- 7) The percentage of current pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 99% of all pre-65 retirees as of June 30, 2022 to 90% of only pre-65 retirees hired prior to 1986 as of June 30, 2023 and 100% for all other pre-65 retirees based on recent plan experience.
- 8) Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective July 1, 2023.

In the July 1, 2022 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The mortality assumption was updated to reflect the MP-2021 projection scale which was released by the Society of Actuaries.
- 4) The discount rate assumption changed from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 5) The percentage of pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 92% as of June 30, 2021 to 99% as of June 30, 2022 based on recent plan experience.
- 6) Inflation assumption was updated from 2.00% to 2.25% based on current economic projections.

In the July 1, 2021 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the MP-2020 projection scale which were released by the Society of Actuaries.
- 3) The discount rate assumption changed from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021 based on the change in the
S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers ("restored") changed based on emerging experience and the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
 - 50% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (down from 84%).
- 5) In the prior year, the Valuation Date used was the same as the Measurement Date. In the current year, a Valuation Date that is 12 months earlier than the Measurement Date was used.

In the July 1, 2020 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the MP-2019 projection scale which were released by the Society of Actuaries.
- 3) The retirement, turnover and salary scale assumptions were updated to reflect the recent experience study performed using data from July 1, 2015 through June 30, 2020.
- 4) The discount rate assumption changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 5) The participation assumptions for commissioned police and fire, paramedics and dispatchers ("restored") changed based on the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
 - 100% of future "restored" retirees are assumed to elect pre-65 coverage (up from 10%)
 - 84% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (up from 0%).
 - 75% of current "restored" retirees will elect post-65 coverage (up from 55%).

In the July 1, 2019 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the Public Sector Mortality tables and MP-2018 projection scale which were released by the Society of Actuaries. See Section V for further details on the change in the mortality assumption.
- 3) The initial annual health care trend rate was changed from using 6.28% in FYE 2019, grading down to 4.50% by FYE 2027, to 6.50% in FYE 2020, grading down to 4.50% by FYE 2029.
- 4) The participation assumptions changed based on plan experience under the current plan designs and the City's best estimate of long-term enrollment rates:
 - 10% of future retirees are assumed to elect pre-65 coverage (down from 30%)
 - 0% of current pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2019 will elect coverage for next year (down from 20%).
- 6) The discount rate assumption changed from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2018 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.
- 2) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2016 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 1 year set forward.
- 3) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2016 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 3-year set back.
- 4) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:

30% of future retirees are assumed to elect pre-65 coverage (down from 80%)

 - a. 20% of current pre-65 retirees and 0% of current post-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2018 will elect coverage for next year (down from 67% and 10%)
- 5) The discount rate assumption changed from 3.13% as of June 30, 2017 to 2.98% as of June 30, 2018 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2017 actuarial evaluation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.
- 2) The initial health care trend rate was updated from 6.35% for Pre-65 and 6.33% for Post-65 to 6.50% for all ages based on plan experience and industry trend projections.
- 3) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2014 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2016 projection scale adjusted by a 1 year set forward.
- 4) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2014 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted to 2006 with MP-2016 projection scale adjusted by a 3-year set back.
- 5) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:
 - 80% of future retirees are assumed to elect pre-65 coverage (down from 100%)
 - 55% of future retirees are assumed to elect post-65 coverage (down from 100%)
 - 67% of current pre-65 retirees and 10% of current post-65 retirees that have opted out of HRA coverage as of July 1, 2017 will elect coverage for next year.
- 6) The assumption for the percentage of future retirees that will cover a spouse after retirement was updated from 49%/10%/46% to 56%/15%/46% for General Males, General Females, and Police and Fire, respectively, based on recent plan experience.
- 7) The persistency assumption was changed from assuming all inactive participants continue their medical election coverage for their lifetime to assuming that 55% of all pre-65 retirees eligible for HRA coverage will elect coverage upon reaching age 65 based on recent plan experience of participants over age 65 who elected post-65 HRA coverage.
- 8) The percentage of current pre-65 retirees assumed to be Medicare eligible at age 65 changed from 84% to 92% based on recent plan experience.
- 9) The discount rate assumption changed from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

There were no other changes in assumptions or methods since the prior year. However, the City of Memphis elected to early adopt GASB 75 (adopted in June 2017). Therefore, the accounting and disclosure changed from the requirements of GASB 43/45 to GASB 74/75 in the City's report.

SUPPLEMENTAL SCHEDULES

Supplemental schedules, although not necessary for fair presentation of financial position and results of operation in conformity with generally accepted accounting principles, are often included to provide additional information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024

(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
ASSETS					
CURRENT ASSETS					
UNRESTRICTED ASSETS					
Cash and cash equivalents	\$39,128	\$5	\$16	\$39,149	\$19,102
Investments	6,032			6,032	2,883
Accounts receivable	6,099	8	12	6,119	5,236
Lease receivable	4,326			4,326	4,322
Accrued interest receivable	159			159	106
Materials and supplies inventory	6,706	52	39	6,797	7,145
Prepaid expenses	4,295	29	26	4,350	4,377
Grants receivable					99
Total current unrestricted assets	66,745	94	93	66,932	43,270
RESTRICTED ASSETS					
Cash and cash equivalents	173,750			173,750	155,286
Investments	82,519			82,519	107,305
Accounts receivable - passenger facility charges	1,596			1,596	1,605
Accounts receivable - customer facility charges	857			857	1,025
Accrued interest receivable	893			893	1,913
Capital contribution receivable	26,719	5,148	447	32,314	20,330
Total current restricted assets	286,334	5,148	447	291,929	287,464
TOTAL CURRENT ASSETS	353,079	5,242	540	358,861	330,734
NON-CURRENT ASSETS					
UNRESTRICTED ASSETS					
Lease receivable	226,443			226,443	219,907
Investments					2,875
Total non-current unrestricted assets	226,443			226,443	222,782
RESTRICTED ASSETS					
Investments	102,224			102,224	116,699
Total non-current restricted assets	102,224			102,224	116,699
CAPITAL ASSETS					
Land and improvements	150,261	958	1,201	152,420	147,033
Avigation easements	58,913			58,913	58,913
Depreciable capital assets (less accumulated depreciation and amortization of (\$1,479,471 and \$1,411,937))	864,271	6,862	3,095	874,228	874,556
Construction in progress	75,387	23	7	75,417	55,120
Total capital assets, net	1,148,832	7,843	4,303	1,160,978	1,135,622
TOTAL NON-CURRENT ASSETS	1,477,499	7,843	4,303	1,489,645	1,475,103
TOTAL ASSETS	\$1,830,578	\$13,085	\$4,843	\$1,848,506	\$1,805,837
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refundings	\$5			\$5	\$61
Deferred actuarial losses - pension	2,352			2,352	4,093
Deferred actuarial losses - OPEB	529			529	1,103
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$2,886			\$2,886	\$5,257

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024

(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
LIABILITIES					
CURRENT LIABILITIES					
Payable from unrestricted assets					
Accounts payable	\$2,456	\$3	(\$58)	\$2,401	\$3,757
Accrued expenses	3,467	75	24	3,566	2,800
Due to (from) other airports	(11,305)	7,778	3,527		
Current portion - compensated absences	621	9	9	639	552
Accrued interest payable	77			77	92
Total payable from unrestricted assets	(4,684)	7,865	3,502	6,683	7,201
Payable from restricted assets					
Construction contracts payable	20,107			20,107	12,311
Accrued interest payable	8,026			8,026	8,776
Current maturities of long-term debt	52,491			52,491	32,637
Total payable from restricted assets	80,624			80,624	53,724
TOTAL CURRENT LIABILITIES	75,940	7,865	3,502	87,307	60,925
NON-CURRENT LIABILITIES					
Compensated absences	3,089	3	3	3,095	2,089
Other liabilities	1,659			1,659	2,028
Net pension liability	20,271			20,271	22,377
Net OPEB liability	7,701			7,701	8,070
Bonds and notes payable, net of current maturities	391,949			391,949	448,250
TOTAL NON-CURRENT LIABILITIES	424,669	3	3	424,675	482,814
TOTAL LIABILITIES	\$500,609	\$7,868	\$3,505	\$511,982	\$543,739
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refundings	\$52			\$52	\$132
Deferred actuarial gains - pension	1,900			1,900	815
Deferred actuarial gains - OPEB	3,587			3,587	5,323
Deferred inflows on leases	264,774			264,774	263,368
TOTAL DEFERRED INFLOWS OF RESOURCES	\$270,313			\$270,313	\$269,638
NET POSITION					
Net investment in capital assets	\$776,822	\$7,843	\$4,303	\$788,968	\$735,399
Restricted					
Capital acquisition	288,346	5,148	447	293,941	301,766
Unrestricted	(2,626)	(7,774)	(3,412)	(13,812)	(39,448)
	\$1,062,542	\$5,217	\$1,338	\$1,069,097	\$997,717

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION INFORMATION BY AIRPORT
YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024
(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
OPERATING REVENUES					
Airfield	\$58,917	\$234	\$417	\$59,568	\$53,631
Terminal building	28,556			28,556	26,273
Ground transportation	42,109			42,109	40,961
Other aviation areas	6,224	385	204	6,813	5,980
Non-aviation areas	483			483	1,093
Total operating revenues	136,289	619	621	137,529	127,938
OPERATING EXPENSES					
Airfield	22,277	307	419	23,003	21,100
Terminal building	16,857			16,857	14,735
Ground transportation	7,422			7,422	6,204
General administration	26,682	373	390	27,445	26,294
Police	15,175			15,175	13,080
Field shop	2,485			2,485	2,274
Other aviation areas	399			399	391
Non-aviation areas	1,570			1,570	1,324
Total operating expenses before depreciation	92,867	680	809	94,356	85,402
DEPRECIATION	67,253	345	379	67,977	67,236
OPERATING LOSS	(23,831)	(406)	(567)	(24,804)	(24,700)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	29,774			29,774	30,715
Interest expense	(12,638)			(12,638)	(12,974)
Customer facility charges	13,585			13,585	13,244
Passenger facility charges	9,460			9,460	9,953
Operating grants					269
Gain on sale of capital assets	31			31	75
Total non-operating revenues, net	40,212			40,212	41,282
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	16,381	(406)	(567)	15,408	16,582
CAPITAL CONTRIBUTIONS	50,392	5,133	447	55,972	37,509
CHANGE IN NET POSITION	66,773	4,727	(120)	71,380	54,091
TOTAL NET POSITION: BEGINNING OF YEAR	995,769	490	1,458	997,717	943,626
TOTAL NET POSITION, END OF YEAR	\$1,062,542	\$5,217	\$1,338	\$1,069,097	\$997,717

SUPPLEMENTAL SCHEDULE OF CASH FLOWS INFORMATION BY AIRPORT

YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024

(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	129,426	626	649	\$130,701	\$119,250
Cash paid to suppliers for goods and services	(55,719)	3,848	(462)	(52,333)	(51,955)
Cash paid to employees for services	(40,884)	(315)	(315)	(41,514)	(38,104)
Net cash provided by (used in) operating activities	32,823	4,159	(128)	36,854	29,191
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received		20	79	99	170
Net cash provided by non-capital financing activities		20	79	99	170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	31			31	75
Acquisition and construction of capital assets	(80,831)	(4,698)	(8)	(85,537)	(55,996)
Principal paid on long-term debt and notes payable	(32,637)			(32,637)	(30,752)
Interest paid on long-term debt and notes payable	(17,237)			(17,237)	(18,960)
Interest received on lease receivable	11,477			11,477	11,290
Capital contributions received	43,414	520	54	43,988	39,334
Customer facility charges	13,753			13,753	13,046
Passenger facility charges	9,469			9,469	9,958
Net cash provided by (used in) capital and related financing activities	(52,561)	(4,178)	46	(56,693)	(32,005)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(96,273)			(96,273)	(282,109)
Proceeds from sales and maturities of investment securities	136,817			136,817	244,373
Interest and dividends on investments	17,707			17,707	19,289
Net cash provided by (used in) investing activities	58,251			58,251	(18,447)
NET CHANGE IN CASH	38,513	1	(3)	38,511	(21,091)
CASH, BEGINNING OF YEAR	174,365	4	19	174,388	195,479
CASH, END OF YEAR	\$212,878	\$5	\$16	\$212,899	\$174,388
CASH, END OF YEAR CONSISTS OF					
Unrestricted	\$39,128	\$5	\$16	\$39,149	\$19,102
Restricted	173,750			173,750	155,286
CASH, END OF YEAR	\$212,878	\$5	\$16	\$212,899	\$174,388

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT (CONTINUED)

YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024
(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	(\$23,831)	(\$406)	(\$567)	(\$24,804)	(\$24,700)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	67,253	345	379	67,977	67,236
Provision for uncollectible accounts receivable	17	4	3	24	(2)
(Increase) decrease in assets:					
Receivables	(935)	3	25	(907)	(426)
Lease Receivable	(5,134)			(5,134)	(5,217)
Materials and supplies inventory	343	(7)	12	348	(1,632)
Prepaid expenses	67	(22)	(18)	27	(533)
Increase (decrease) in liabilities:					
Accounts payable	(1,359)			(1,359)	(1,652)
Accrued expenses	1,442	37	14	1,493	(840)
Net pension liability	720			720	1,656
Net OPEB liability	(1,531)			(1,531)	(1,080)
Unearned revenue				0	(3,619)
Transfer between airports for operating activities	(4,229)	4,205	24		
Net cash provided by (used in) operating activities	\$32,823	\$4,159	(\$128)	\$36,854	\$29,191

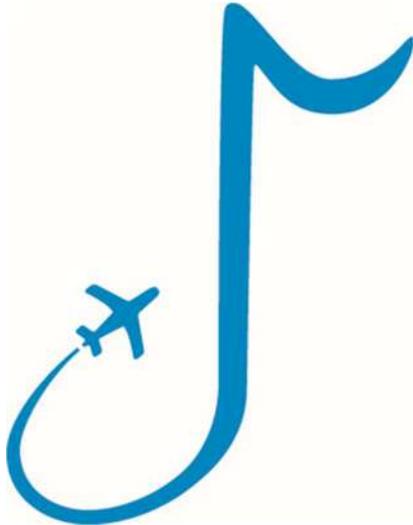
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES
BY SOURCE BY AIRPORT

YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024
(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
AIRFIELD					
Landing fees - cargo	\$41,490			\$41,490	\$36,329
Landing fees - passenger	6,644			6,644	5,471
Apron fees		1	8	9	3
Fuel flow fees - fixed base operations	247	225	408	880	1,119
Aircraft Deice Fluid Sales	2,011			2,011	2,227
Ground rentals - fixed base operations	1,304	8	1	1,313	1,287
Ground rentals - airlines	7,221			7,221	7,195
Total	58,917	234	417	59,568	53,631
TERMINAL BUILDING					
Space rental - airlines	21,123			21,123	17,938
Concessionaires - food and beverages	1,881			1,881	1,759
Concessionaires - other	1,794			1,794	1,849
Shared tenant - telephone system	71			71	65
Other commissions, fees, etc.	1,568			1,568	1,484
Debt service rental	2,119			2,119	3,178
Total	28,556			28,556	26,273
GROUND TRANSPORTATION					
Public parking	28,076			28,076	27,356
Employee parking	685			685	586
Rental car agencies and other	13,348			13,348	13,019
Total	42,109			42,109	40,961
OTHER AVIATION AREAS					
Building rentals - others	767	384	195	1,346	1,270
Cargo building rentals - airlines	517			517	518
Cargo building rentals - other	804			804	771
Fuel farm - airlines	1,447			1,447	706
Ground rentals - airlines	1,096			1,096	1,122
Ground rentals - others	1,593	1	9	1,603	1,593
Total	6,224	385	204	6,813	5,980
NON-AVIATION AREAS					
Rental - commercial sites	202			202	244
Other	281			281	849
Total	483			483	1,093
TOTAL OPERATING REVENUES	\$136,289	\$619	\$621	\$137,529	\$127,938

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
BY SOURCE BY AIRPORT
YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024
(\$ IN THOUSANDS)

				2025	2024
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
AIRFIELD					
Airfield maintenance and operations	\$15,813	\$307	\$419	\$16,539	\$15,321
Salaries and employee benefits	6,464			6,464	5,779
Total	22,277	307	419	23,003	21,100
TERMINAL BUILDING					
Terminal shop maintenance and operations	9,528			9,528	8,313
Steam and refrigeration	395			395	353
Salaries and employee benefits	6,805			6,805	5,719
Shared tenant - telephone systems	123			123	348
Customer service operations	6			6	2
Total	16,857			16,857	14,735
GROUND TRANSPORTATION					
Public parking - operations	4,712			4,712	4,255
Employee parking - operations	36			36	140
Rental car agencies and other	2,503			2,503	1,660
Salaries and employee benefits	171			171	149
Total	7,422			7,422	6,204
GENERAL ADMINISTRATION					
General - non-departmental	3,817	20	32	3,869	6,651
General - departmental	6,528	25	30	6,583	4,639
Telephone	365	4	4	373	309
Salaries and employee benefits	15,972	324	324	16,620	14,695
Total	26,682	373	390	27,445	26,294
POLICE					
Airport police operations	3,146			3,146	2,787
Salaries and employee benefits	11,694			11,694	9,952
Operation coordinators	335			335	341
Total	15,175			15,175	13,080
FIELD SHOP					
Field and paint shop maintenance and operations	1,265			1,265	1,168
Salaries and employee benefits	1,220			1,220	1,106
Total	2,485			2,485	2,274
OTHER AVIATION AREAS					
Cargo building complexes	95			95	95
Other aviation areas	304			304	296
Total	399			399	391
NON-AVIATION AREAS					
	1,570			1,570	1,324
Total Operating Expenses Before					
Depreciation	92,867	680	809	94,356	85,402
DEPRECIATION	67,253	345	379	67,977	67,236
TOTAL OPERATING EXPENSES	\$160,120	\$1,025	\$1,188	\$162,333	\$152,638



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE
REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2025 (\$ IN THOUSANDS)

AIRPORT REVENUE BONDS

Fiscal Year	Series 2016A		Series 2018		Series 2020A		Series 2020B		Series 2021A		Series 2021C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	7,110	1,703	2,225	5,908		1,101	11,100	278	16,000	5,535	5,545	52
2027	22,765	1,464	3,025	5,777		1,101			2,150	5,082		
2028	26,705	1,068	2,330	5,643	1,380	1,067				5,028		
2029	27,405	635	2,445	5,524	1,450	996				5,028		
2030	26,015	209	2,570	5,398	1,520	922				5,028		
2031			2,695	5,267	1,600	843			3,040	4,952		
2032			2,835	5,128	1,675	762			3,195	4,796		
2033			2,970	4,983	1,765	676			3,355	4,632		
2034			3,125	4,831	1,850	585			3,520	4,460		
2035			3,275	4,671	1,945	490			3,695	4,280		
2036			3,440	4,503	2,040	401			3,880	4,090		
2037			3,615	4,327	2,125	318			4,075	3,892		
2038			3,795	4,141	2,205	231			4,280	3,683		
2039			3,990	3,947	2,290	141			4,495	3,463		
2040			4,185	3,742	2,385	47			4,715	3,233		
2041			7,620	3,447					4,955	2,991		
2042			8,000	3,057					5,200	2,737		
2043			8,400	2,647					5,460	2,471		
2044			8,820	2,216					5,735	2,191		
2045			9,260	1,764					6,020	1,897		
2046			9,725	1,290					6,320	1,589		
2047			10,210	791					6,640	1,265		
2048			10,720	268					6,970	925		
2049									7,320	567		
2050									7,685	192		
	\$110,000	\$5,079	\$119,275	\$89,270	\$24,230	\$9,681	\$11,100	\$278	\$118,705	\$84,007	\$5,545	\$52

The schedule of debt service requirements presents principal and interest when due.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE
REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2025 (\$ IN THOUSANDS)

NOTES and SBITA

Series 2021D		Note		Note		SBITA		Total	Total	Total
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Long-Term Debt
7,775	439	540	102	2,196	122	369	104	52,860	15,344	68,204
4,885	122	564	77	2,264	55	371	85	36,024	13,763	49,787
		590	52	577	3	401	66	31,983	12,927	44,910
		617	25			269	45	32,186	12,253	44,439
		212	2			295	32	30,612	11,591	42,203
						323	15	7,658	11,077	18,735
								7,705	10,686	18,391
								8,090	10,291	18,381
								8,495	9,876	18,371
								8,915	9,441	18,356
								9,360	8,994	18,354
								9,815	8,537	18,352
								10,280	8,055	18,335
								10,775	7,551	18,326
								11,285	7,022	18,307
								12,575	6,438	19,013
								13,200	5,794	18,994
								13,860	5,118	18,978
								14,555	4,407	18,962
								15,280	3,661	18,941
								16,045	2,879	18,924
								16,850	2,056	18,906
								17,690	1,193	18,883
								7,320	567	7,887
								7,685	192	7,877
\$12,660	\$561	\$2,523	\$258	\$5,037	\$180	\$2,028	\$347	\$411,103	\$189,713	\$600,816

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF CHANGES IN
LONG-TERM DEBT
YEAR ENDED JUNE 30, 2025 (\$ IN THOUSANDS)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
Airport Revenue Bonds:									
Series 2016A	110,000	1.60%	3/1/2017	7/1/2029	110,000				\$110,000
Series 2018	119,275	5.00%	8/30/2018	7/1/2047	119,275				119,275
Series 2020A	24,230	4.00 - 5.00%	9/17/2020	7/1/2039	24,230				24,230
Series 2020B	72,250	5.00%	9/17/2020	7/1/2025	28,585		17,485		11,100
Series 2021A	118,705	5.00%	4/6/2021	7/1/2049	118,705				118,705
Series 2021C	16,275	1.875 - 5.00%	4/6/2021	7/1/2025	10,645		5,100		5,545
Series 2021D	33,455	5.00%	4/6/2021	7/1/2026	20,065		7,405		12,660
Total	\$494,190				\$431,505		\$29,990		\$401,515
Note Payable	7,000	4.48%	10/27/2014	10/27/2029	3,040		517		2,523
Note Payable	20,000	3.03%	9/13/2017	9/1/2027	7,167		2,130		5,037
Subscription-based IT arrangements					2,392		364		2,028
Total bonds, notes payable and SBITA	521,190				\$444,104		\$33,001		\$411,103



STATISTICAL SECTION

This part of the 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 government's overall financial health.

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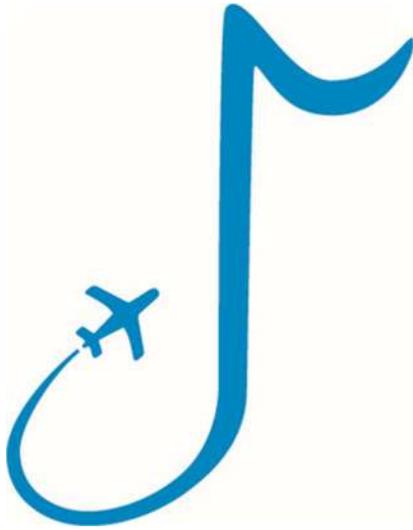
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION**

LAST TEN YEARS (\$ IN THOUSANDS)

	2025	2024	2023	2022
OPERATING REVENUES				
Airfield	\$59,568	\$53,631	\$48,198	\$41,603
Terminal	28,556	26,273	24,464	20,081
Ground transportation	42,109	40,961	35,615	31,948
Other aviation areas	6,813	5,980	6,133	5,780
Non-aviation areas	483	1,093	868	1,719
TOTAL	137,529	127,938	115,278	101,131
OPERATING EXPENSES				
Airfield	23,003	21,100	14,999	11,691
Terminal building	16,857	14,735	15,037	13,337
Ground transportation	7,422	6,204	5,617	4,467
General administration	27,445	26,294	25,004	20,964
Police	15,175	13,080	11,820	9,962
Field shop	2,485	2,274	2,094	1,961
Other aviation areas	399	391	306	322
Non-aviation areas	1,570	1,324	1,131	1,063
TOTAL	94,356	85,402	76,008	63,767
DEPRECIATION AND AMORTIZATION	67,977	67,236	59,157	51,138
OPERATING INCOME (LOSS)	(24,804)	(24,700)	(19,887)	(13,774)
NON-OPERATING REVENUE (EXPENSE)				
Interest and investment income	29,774	30,715	20,445	9,889
Customer facility charge	13,585	13,244	10,439	5,428
Passenger facility charge	9,460	9,953	9,351	9,259
Operating grants		269	3,166	8,032
Gain (loss) on disposal/sale of capital assets	31	75	144	81
Total Non-Operating Revenue	52,850	54,256	43,545	32,689
Interest expense	(12,638)	(12,974)	(13,383)	(13,185)
TOTAL	40,212	41,282	30,162	19,504
INCOME (LOSS) BEFORE CONTRIBUTIONS, CAPITAL CONTRIBUTIONS	15,408	16,582	10,275	5,730
CHANGE IN NET POSITION	71,380	54,091	81,453	88,240

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS (\$ IN THOUSANDS)

Restated 2021	2020	2019	2018	2017	2016
\$40,753	\$50,701	\$46,591	\$47,995	\$45,757	\$44,107
16,972	22,213	18,052	23,170	23,020	24,958
18,765	25,432	31,085	29,316	28,830	27,183
5,160	5,542	4,745	4,631	4,671	4,713
1,547	1,272	1,730	2,054	1,898	3,859
83,197	105,160	102,203	107,166	104,176	104,820
10,385	10,616	11,664	11,569	10,131	10,006
12,006	11,690	11,901	13,217	12,895	12,804
3,484	4,537	4,629	4,374	4,364	4,167
20,588	29,767	18,872	15,952	10,310	17,808
9,397	9,518	9,585	9,397	8,727	8,770
1,851	1,559	1,630	1,642	1,504	1,509
305	283	336	325	263	238
1,124	1,101	1,096	1,095	990	1,008
59,140	69,071	59,713	57,571	49,184	56,310
57,978	60,427	60,698	62,644	64,357	62,176
(33,921)	(24,338)	(18,208)	(13,049)	(9,365)	(13,666)
11,857	7,522	10,222	3,221	2,064	2,158
4,059	5,306	6,578	6,400	6,371	6,392
5,228	7,238	7,267			
16,715	52	68	28	67	67
59	90	159	48	72	62
37,918	20,208	24,294	9,697	8,574	8,679
(17,720)	(19,722)	(21,206)	(14,822)	(14,914)	(16,386)
20,198	486	3,088	(5,125)	(6,340)	(7,707)
(13,723)	(23,852)	(15,120)	(18,174)	(15,705)	(21,373)
82,100	45,065	47,734	28,228	23,491	15,781
68,377	21,213	32,614	10,054	7,786	(5,592)



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**NET POSITION**

LAST TEN YEARS (\$ IN THOUSANDS)

	FY2025	FY2024	FY2023	FY2022	Restated FY2021	FY2020	FY2019	FY2018	FY2017	FY2016
Net investment in capital assets	\$788,968	\$735,399	\$710,281	\$666,275	\$595,195	\$519,966	\$522,671	\$496,445	\$541,400	\$579,291
Restricted for:										
Net pension asset (liability)					85					
Capital Acquisitions	293,941	301,766	264,342	218,361	149,508	164,911	128,433	132,220	83,524	56,960
Total Restricted	293,941	301,766	264,342	218,361	149,593	164,911	128,433	132,220	83,524	56,960
Unrestricted	(13,812)	(39,448)	(30,997)	(22,463)	29,145	20,679	33,239	23,064	16,751	14,632
Total Net Position	\$1,069,097	\$997,717	\$943,626	\$862,173	\$773,933	\$705,556	\$684,343	\$651,729	\$641,675	\$650,883

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

AIRLINE	FY 2025		FY 2024		FY 2023		FY 2022	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
DOMESTIC								
Delta Air Lines	562,616	23.8%	576,675	23.6%	496,654	21.9%	449,973	21.7%
American Airlines	461,963	19.4%	553,049	22.6%	517,086	22.8%	437,149	21.1%
Southwest Airlines	431,895	18.2%	408,520	16.7%	340,356	15.0%	344,776	16.8%
American Eagle ⁽¹⁾	291,751	12.3%	246,558	10.1%	257,802	11.4%	253,876	12.3%
United Airlines	155,507	6.5%	179,116	7.3%	146,548	6.5%	47,370	2.3%
United Express ⁽²⁾	138,600	5.8%	123,552	5.1%	120,078	5.3%	171,610	8.3%
Delta Connection ⁽³⁾	135,736	5.7%	101,598	4.2%	101,527	4.5%	131,819	6.4%
Spirit Airlines	105,054	4.4%	138,594	5.7%	100,453	4.4%	21,065	1.0%
Allegiant Air	68,254	2.9%	83,958	3.4%	132,114	5.8%	136,857	6.6%
Frontier Airlines	20,876	0.9%	28,103	1.2%	51,691	2.3%	70,281	3.4%
Breeze Airways	3,138	0.1%						
Other ⁽⁴⁾	72	0.0%	61	0.0%	441	0.0%	2,769	0.1%
Avelo Airlines		0.0%	2,118	0.1%	766	0.0%		
Compass Airlines		0.0%		0.0%		0.0%		0.0%
US Airways Express		0.0%		0.0%		0.0%		0.0%
US Airways		0.0%		0.0%		0.0%		0.0%
TOTAL DOMESTIC	2,375,462	100.0%	2,441,902	99.9%	2,265,516	99.9%	2,067,545	99.9%
INTERNATIONAL								
Other ⁽⁴⁾	945	0.0%	1,281	0.1%	1,559	0.1%	1,597	0.1%
Delta Airlines		0.0%		0.0%		0.0%		0.0%
TOTAL INTERNATIONAL	945	0.0%	1,281	0.1%	1,559	0.1%	1,597	0.1%
TOTAL ENPLANEMENTS	2,376,407	100.0%	2,443,183	100.0%	2,267,075	100.0%	2,069,142	100.0%
Percent of Total								
U. S. Enplanements ⁽⁵⁾	N.A.		0.25%		0.26%		0.26%	

Source: Memphis-Shelby County Airport Authority, Activity Reports and U.S. Bureau of Transportation

(1) For FY 2025 Air Wisconsin, Envoy Air, Piedmont Airlines, PSA Airlines, Republic Airlines and SkyWest Airlines operated for American Eagle.

(2) For FY 2025 CommutAir, GoJet, Mesa Airlines, Republic Airlines and Skywest Airlines operated for United Express.

(3) For FY 2025 Endeavor Air, Republic Airlines and Skywest Airlines operated for Delta Connection.

(4) May include activity by airlines no longer serving Memphis.

(5) Source: FAA, based upon calendar year.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

FY 2021		FY 2020		FY 2019		FY 2018		FY 2017		FY 2016	
Enplanements	Share										
232,771	18.6%	408,563	24.0%	555,355	24.6%	548,396	25.5%	537,944	26.4%	540,063	27.3%
181,614	14.5%	338,747	19.9%	360,666	16.0%	305,109	14.2%	295,060	14.5%	170,508	8.7%
258,771	20.8%	292,967	17.2%	387,577	17.1%	352,394	16.4%	347,818	17.1%	335,902	17.1%
239,305	19.1%	220,768	13.0%	330,224	14.5%	339,161	15.8%	327,054	16.1%	394,878	20.1%
594	0.0%	39,301	2.3%	87,461	3.9%	57,064	2.7%	67,021	3.3%		
131,324	10.5%	167,701	9.8%	215,203	9.5%	222,562	10.3%	194,073	9.5%	218,437	11.1%
57,060	4.6%	90,945	5.3%	117,193	5.2%	106,739	5.0%	109,171	5.4%	121,664	6.2%
106,117	8.5%	93,910	5.5%	117,113	5.2%	108,131	5.0%	87,428	4.3%	79,584	4.0%
36,444	2.9%	39,039	2.3%	70,108	3.1%	89,588	4.2%	56,116	2.8%	55,451	2.8%
5,488	0.4%	3,199	0.2%	1,872	0.1%	743	0.0%	4,761	0.2%	48,882	2.5%
	0.0%		0.0%		0.0%	1,969	0.1%	4,777	0.2%	1,911	0.1%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
1,249,488	99.9%	1,695,140	99.5%	2,242,772	99.2%	2,131,856	99.1%	2,031,223	99.8%	1,967,280	99.9%
743	0.1%	9,408	0.5%	17,870	0.8%	18,679	0.9%	4,147	0.2%	1,332	0.1%
	0.0%		0.0%		0.0%		0.0%	43	0.0%	249	0.0%
743	0.1%	9,408	0.5%	17,870	0.8%	18,679	0.9%	4,190	0.2%	1,581	0.1%
1,250,231	100.0%	1,704,548	100.0%	2,260,642	100.0%	2,150,535	100.0%	2,035,413	100.0%	1,968,861	100.0%
	0.19%		0.46%		0.24%		0.24%		0.24%		0.24%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
ORIGINATING AND DESTINATION (O&D) AIRLINE PASSENGERS
 LAST TEN YEARS (IN THOUSANDS OF PASSENGERS)

FISCAL YEAR	O&D PASSENGERS	TOTAL ENPLANED PASSENGERS ⁽¹⁾	O&D PERCENTAGE
2025	2,287	2,376	96.25%
2024	2,397	2,443	98.12%
2023	2,174	2,267	95.90%
2022	2,054	2,069	99.28%
2021	1,227	1,250	98.16%
2020	1,680	1,705	98.53%
2019	2,242	2,261	99.16%
2018	2,132	2,150	99.16%
2017	2,032	2,035	99.85%
2016	1,964	1,969	99.75%

Source: Memphis-Shelby County Airport Authority Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
COST PER ENPLANED PASSENGER
LAST TEN YEARS

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Average Cost per Enplaned Passenger	\$11.33	\$7.15	\$9.86	\$7.89	\$14.17	\$11.32	\$5.52	\$8.68	\$9.18	\$11.37

Fiscal year 2017 has been restated to correct an error in calculation from \$9.27 to \$9.18.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CARGO MARKET SHARE ENPLANED

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

AIRLINE	FY2025		FY2024		FY2023		FY2022	
	Cargo Weight	Share						
DOMESTIC FREIGHT								
FedEx Express	2,874,733	79.3%	3,754,660	84.1%	3,708,705	83.5%	4,015,626	83.7%
United Parcel Service	33,184	0.9%	36,445	0.8%	40,484	0.9%	38,565	0.8%
Other ⁽¹⁾	5,034	0.1%	4,862	0.1%	4,020	0.1%	4,991	0.1%
Mountain Air	4,045	0.1%	3,821	0.1%	4,512	0.1%	2,970	0.1%
Baron Aviation	767	0.0%	545	0.0%	510	0.0%	336	0.0%
Delta Air Lines	352	0.0%	510	0.0%	421	0.0%	408	0.0%
Atlas Air	12	0.0%		0.0%	1,156	0.0%	10,420	0.2%
ABX		0.0%	149	0.0%	388	0.0%	259	0.0%
Air Transport Int'l		0.0%		0.0%		0.0%	3	0.0%
Total Domestic Freight	2,918,127	80.4%	3,800,992	85.0%	3,760,196	84.6%	4,073,578	84.9%
INTERNATIONAL FREIGHT								
FedEx Express	700,773	19.3%	661,622	14.8%	672,650	15.1%	721,058	15.0%
Atlas Air	102	0.0%						
Other ⁽¹⁾		0.0%	3	0.0%	11	0.0%	1,309	0.0%
Total International Freight	700,875	19.3%	661,625	14.8%	672,661	15.1%	722,367	15.0%
AIR MAIL								
United Parcel Service	6,488	0.2%						
Delta Air Lines	34	0.0%	1	0.0%	1	0.0%	102	0.0%
Kalitta Air		0.0%	9,083	0.3%	10,655	0.3%	6,981	0.1%
Other ⁽¹⁾		0.0%		0.0%	1,616	0.0%		0.0%
FedEx Express								
Total Air Mail	6,522	0.2%	9,084	0.2%	12,272	0.3%	7,083	0.1%
TOTAL CARGO ENPLANED	3,625,524	100.0%	4,471,701	100.0%	4,445,129	100.0%	4,803,028	100.0%

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) May include activity by airlines no longer servicing Memphis.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CARGO MARKET SHARE ENPLANED

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY2021		FY2020		FY2019		FY2018		FY2017		FY2016	
Cargo Weight	Share										
4,433,944	84.7%	4,184,516	85.3%	4,303,730	85.2%	4,256,749	85.2%	4,229,256	86.5%	4,536,524	92.6%
39,965	0.7%	35,255	0.7%	36,826	0.7%	34,923	0.7%	35,389	0.7%	35,269	0.7%
1,265	0.0%	459	0.0%	800	0.0%	3,587	0.1%	1,447	0.0%	1,320	0.0%
194	0.0%	176	0.0%	155	0.0%	451	0.0%	5,449	0.1%	5,742	0.1%
505	0.0%	783	0.0%	892	0.0%	968	0.0%	643	0.0%	547	0.0%
444	0.0%	203	0.0%	554	0.0%	631	0.0%	702	0.0%	896	0.0%
5,407	0.1%	18,870	0.4%	660	0.0%	149	0.0%				
81	0.0%	81	0.0%	128	0.0%	53	0.0%	236	0.0%		
294	0.0%	5,886	0.1%	8,605	0.2%	7,300	0.2%	8,514	0.2%	8,372	0.2%
4,482,099	85.5%	4,246,229	86.5%	4,352,350	86.1%	4,304,811	86.2%	4,281,636	87.5%	4,588,670	93.6%
746,477	14.3%	655,314	13.3%	690,023	13.7%	679,899	13.6%	603,261	12.3%	311,023	6.4%
											0.0%
154	0.0%	40	0.0%	646	0.0%	365	0.0%	124	0.0%	170	0.0%
746,631	14.3%	655,354	13.3%	690,669	13.7%	680,264	13.6%	603,385	12.3%	311,193	6.4%
147	0.0%	86	0.0%	199	0.0%	386	0.0%	386	0.0%		
9,582	0.2%	9,097	0.2%	10,760	0.2%	10,075	0.2%	9,119	0.2%		
	0.0%		0.0%	7	0.0%					342	0.0%
										1,515	0.0%
9,729	0.2%	9,183	0.2%	10,966	0.2%	10,460	0.2%	9,505	0.2%	1,857	0.0%
5,238,459	100.0%	4,910,766	100.0%	5,053,985	100.0%	4,995,535	100.0%	4,894,526	100.0%	4,901,720	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

LANDED WEIGHTS

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

AIRLINE	FY 2025		FY 2024		FY 2023		FY 2022	
	Landed Weight	Share						
MAJOR/NATIONAL								
Delta Air Lines	661,038	3.2%	671,591	2.6%	560,383	2.2%	523,748	2.0%
American Airlines	560,787	2.7%	669,222	2.6%	599,889	2.3%	501,902	1.9%
Southwest Airlines	528,520	2.5%	501,554	1.9%	383,119	1.5%	394,549	1.5%
Other ⁽¹⁾	233,794	1.1%	272,845	1.1%	249,507	1.0%	132,717	0.5%
Spirit Airlines	124,809	0.6%	144,442	0.6%	112,878	0.4%	20,516	0.1%
Allegiant Air	68,672	0.3%	83,084	0.3%	125,924	0.5%	136,006	0.5%
US Airways								
TOTAL MAJOR/NATIONAL	2,177,620	10.4%	2,342,738	9.1%	2,031,700	7.9%	1,709,438	6.5%
REGIONAL								
American Eagle	359,850	1.8%	322,084	1.3%	340,110	1.3%	312,147	1.2%
Delta Connection	174,397	0.8%	122,305	0.5%	127,688	0.5%	175,822	0.7%
United Express	174,179	0.8%	148,666	0.6%	150,219	0.6%	202,415	0.8%
Other ⁽¹⁾	2,049	0.0%	2,214	0.0%	3,019	0.0%	9,423	0.0%
Compass								
SeaPort Airlines								
US Airways Express								
TOTAL REGIONAL	710,475	3.4%	595,269	2.4%	621,036	2.4%	699,807	2.7%
CARGO								
FedEx Express	17,684,307	84.5%	22,461,834	87.2%	22,846,270	88.5%	23,806,340	89.5%
United Parcel Service	249,792	1.2%	157,790	0.6%	158,209	0.6%	162,032	0.6%
Other ⁽¹⁾	62,023	0.3%	71,983	0.3%	48,837	0.2%	37,013	0.1%
Mountain Air Cargo	26,750	0.1%	29,520	0.1%	30,727	0.1%	38,396	0.1%
Kalitta Air	15,648	0.1%	82,958	0.3%	85,856	0.3%	69,125	0.3%
Atlas Air	1,912	0.0%			11,210	0.0%	64,050	0.2%
ABX			870	0.0%	5,054	0.0%	1,937	0.0%
Air Transport Int'l							326	0.0%
TOTAL CARGO	18,040,432	86.2%	22,804,955	88.5%	23,186,163	89.7%	24,179,219	90.8%
TOTAL LANDED WEIGHTS	20,928,527	100.0%	25,742,962	100.0%	25,838,899	100.0%	26,588,464	100.0%

(1) May include activity by airlines no longer serving Memphis.

Source: Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

LANDED WEIGHTS

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY 2021		FY 2020		FY 2019		FY 2018		FY 2017		FY 2016	
Landed Weight	Share										
398,998	1.5%	521,507	2.1%	659,494	2.5%	630,755	2.4%	646,712	2.5%	619,490	2.4%
253,590	0.9%	492,641	1.8%	470,894	1.7%	371,502	1.4%	383,156	1.5%	209,198	0.8%
391,397	1.4%	424,672	1.6%	475,914	1.7%	423,464	1.6%	424,892	1.6%	411,192	1.6%
40,499	0.1%	98,312	0.4%	193,753	0.7%	166,565	0.6%	146,693	0.6%	120,757	0.5%
130,300	0.5%	101,555	0.4%	113,135	0.4%	104,253	0.4%	84,697	0.3%	81,267	0.3%
1,214,784	4.5%	1,638,687	6.1%	1,913,190	7.0%	1,696,539	6.4%	1,686,150	6.5%	1,441,904	5.6%
302,090	1.1%	302,270	1.1%	443,603	1.6%	431,527	1.6%	426,986	1.6%	484,805	1.9%
107,781	0.4%	124,346	0.5%	151,136	0.6%	138,280	0.5%	142,200	0.5%	155,877	0.6%
174,340	0.6%	211,824	0.8%	242,844	0.9%	250,489	0.9%	222,923	0.8%	239,863	0.9%
11,244	0.0%	23,597	0.1%	27,888	0.1%	24,340	0.1%	16,927	0.1%	13,028	0.1%
						2,255	0.0%	5,946	0.0%	2,553	0.0%
								2,310	0.0%	12,539	0.0%
595,455	2.2%	662,037	2.5%	865,471	3.2%	846,891	3.1%	817,292	3.0%	908,665	3.5%
24,908,798	92.1%	24,044,929	90.0%	24,250,375	88.6%	23,858,455	89.3%	23,477,449	89.3%	23,141,889	89.9%
162,740	0.6%	152,422	0.6%	137,167	0.5%	123,931	0.5%	180,131	0.7%	159,731	0.6%
8,594	0.0%	7,879	0.0%	9,018	0.0%	8,704	0.0%	7,293	0.0%	7,293	0.0%
35,053	0.1%	30,265	0.1%	24,238	0.1%	26,090	0.1%	10,160	0.0%	2,132	0.0%
67,636	0.3%	60,636	0.2%	82,494	0.3%	90,302	0.4%	75,928	0.3%	64,380	0.2%
35,801	0.1%	80,014	0.3%	7,802	0.0%	7,714	0.0%				
849		1,121	0.0%	2,301	0.0%	555	0.0%	1,937	0.0%	272	0.0%
2,282		49,500	0.2%	79,880	0.3%	53,347	0.2%	52,470	0.2%	51,534	0.2%
25,221,753	93.3%	24,426,766	91.4%	24,593,275	89.8%	24,169,098	90.5%	23,805,368	90.5%	23,427,231	90.9%
27,031,992	100.0%	26,727,490	100.0%	27,371,936	100.0%	26,712,528	100.0%	26,308,810	100.0%	25,777,800	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**AIRCRAFT OPERATIONS (1)**

LAST TEN YEARS

FISCAL YEAR	MAJOR/ NATIONALS	REGIONAL	CARGO	GENERAL AVIATION	MILITARY	TOTAL
2025	30,266	19,440	109,224	26,818	908	186,656
2024	32,538	16,364	136,996	25,719	1,053	212,670
2023	28,016	17,164	137,550	27,193	1,270	211,193
2022	23,448	19,736	142,616	29,410	1,320	216,530
2021	17,194	16,862	149,258	23,625	1,337	208,276
2020	24,398	20,260	143,836	24,631	1,273	214,398
2019	28,818	25,856	144,370	30,544	1,664	231,252
2018	25,822	24,664	142,016	29,403	1,923	223,828
2017	25,302	25,800	138,170	31,486	1,978	222,736
2016	21,864	32,500	136,028	30,904	2,102	223,398

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) Takeoffs and Landings

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

DEBT SERVICE COVERAGE

LAST TEN YEARS (\$ IN THOUSANDS)

	FY2025	FY2024	FY2023	FY2022	Restated FY2021	FY2020	FY2019	FY2018	Restated FY2017	FY2016
REVENUES (as defined in bond indenture)										
Airfield	\$59,568	\$53,631	\$48,198	\$41,603	\$40,753	\$50,701	\$46,591	\$47,995	\$45,757	\$44,107
Terminal building	28,556	26,273	24,464	20,081	16,972	22,213	18,052	23,170	23,020	24,958
Ground transportation	42,109	40,961	35,615	31,948	18,765	25,432	31,085	29,316	28,830	27,183
Other aviation areas	6,813	5,980	6,133	5,780	5,160	5,542	4,745	4,631	4,671	4,713
Non-aviation areas	483	1,093	868	1,719	1,547	1,272	1,730	2,054	1,898	3,859
Application of prior year surplus		3,619	8,840	7,903	2,983	9,525	6,230	9,863	10,001	12,215
Coverage carryforward (f)	11,886	11,324	10,028	9,451	9,541	8,928	8,688	9,306	9,631	12,471
TOTAL	149,415	142,881	134,146	118,485	95,721	123,613	117,121	126,335	123,808	129,506
OPERATING EXPENSES										
Airfield	23,003	21,100	14,999	11,691	10,385	10,616	11,664	11,569	10,131	10,006
Terminal building	16,857	14,735	15,037	13,337	12,006	11,690	11,901	13,217	12,895	12,804
Ground transportation	7,422	6,204	5,617	4,467	3,484	4,537	4,629	4,374	4,364	4,167
General administration	27,445	26,294	25,004	20,964	20,588	29,767	18,872	15,952	10,310	17,808
Police	15,175	13,080	11,820	9,962	9,397	9,518	9,585	9,397	8,727	8,770
Field shop	2,485	2,274	2,094	1,961	1,851	1,559	1,630	1,642	1,504	1,509
Other aviation areas	399	391	306	322	305	283	336	325	263	238
Non-aviation areas	1,570	1,324	1,131	1,063	1,124	1,101	1,096	1,095	990	1,008
TOTAL	94,356	85,402	76,008	63,767	59,140	69,071	59,713	57,571	49,184	56,310
Net Revenues										
Before Adjustment	55,059	57,479	58,138	54,718	36,581	54,542	57,408	68,764	74,624	73,196
Restricted interest earnings and other (a)	6,059	6,048	4,179	379	1,678	3,350	3,712	2,276	1,864	1,912
Other revenue		269	66	30	30	52	67	28	67	67
Lease revenue - GASB 87	7,883	7,612	7,144	7,146	6,995					
Federal CARES funds		5,900	3,136	8,002	16,685					
SBITA - GASB 96		(45)	(890)							
Capital outlay	(12,935)	(13,693)	(7,516)	(6,476)	(4,704)	(5,277)	(8,604)	(8,638)	(6,433)	(2,684)
Debt service on 1993 special facilities bonds and FedEx/ANG rent	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)
Notes payable principal and interest (b)	(642)	(642)	(642)	(642)	(642)	(695)	(588)	(641)	(3,604)	(9,297)
Net Revenues (c)	\$53,884	\$61,388	\$62,075	\$61,617	\$55,083	\$50,432	\$50,455	\$60,249	\$64,978	\$61,654
DEBT SERVICE REQUIREMENT										
Airport Revenue Bonds (d)	\$41,967	\$47,542	\$45,297	\$40,113	\$37,805	\$38,394	\$35,710	\$34,752	\$37,223	\$38,524
TOTAL DEBT SERVICE (e)	\$41,967	\$47,542	\$45,297	\$40,113	\$37,805	\$38,394	\$35,710	\$34,752	\$37,223	\$38,524
Coverage ratio - General and Airport Revenue Bonds	128%	129%	137%	154%	146%	131%	141%	173%	175%	160%

Source: Financial statements of the Authority and revenue bond official statements

- (a) Restricted interest earnings represent earnings on current debt service fund and operating funds. Other includes operating grant income.
- (b) FY 2018 amount of \$2,380 originally included CFC notes principal and interest of \$1,739, restated to correct amount of \$641.
- (c) Net revenues have been calculated in accordance with definitions in the basic revenue bond resolutions.
- (d) Debt service portion payable from net revenues.
- (e) Excludes amounts paid with capitalized interest.
- (f) FY 2022 coverage carryforward adjusted due to bond refundings.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
RATIO OF ANNUAL BOND DEBT SERVICE TO TOTAL EXPENSES
EXCLUDING DEPRECIATION AND AMORTIZATION
LAST TEN YEARS (IN THOUSANDS)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Principal	\$25,915	\$29,990	\$28,350	\$25,790	\$24,530	\$25,675	\$24,360	\$23,740	\$22,230	\$31,247
Interest (1)	16,052	17,552	16,947	14,323	13,454	12,719	13,406	13,856	14,993	7,277
TOTAL DEBT SERVICE (2)	\$41,967	\$47,542	\$45,297	\$40,113	\$37,984	\$38,394	\$37,766	\$37,596	\$37,223	\$38,524
Total Expenses	\$175,782	\$165,612	\$148,396	\$128,211	\$134,838	\$149,220	\$141,617	\$135,037	\$128,455	\$134,872
Less Depreciation and Amortization and Gain or Loss on Property										
Disposals	(67,946)	(67,161)	(59,013)	(51,058)	(57,920)	(60,306)	(60,539)	(62,596)	(64,285)	(62,114)
Add Principal	25,915	29,990	28,350	25,790	24,530	25,675	24,360	23,740	22,230	31,247
Add Net Capitalized Interest								264	96	
TOTAL GENERAL EXPENDITURES	\$133,751	\$128,441	\$117,733	\$102,943	\$101,448	\$114,589	\$105,438	\$96,445	\$86,496	\$104,005
RATIO OF DEBT SERVICE TO EXPENDITURES	31.4%	37.0%	38.5%	39.0%	37.4%	33.5%	35.8%	39.0%	43.0%	37.0%

Source: Authority bond amortization scheduled and audited financial statements

(1) Excludes capitalized interest paid from bond proceeds during construction.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT DEBT PER ENPLANED PASSENGER
LAST TEN YEARS (IN THOUSANDS)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Airport Revenue Bonds	\$401,515	\$431,505	\$459,855	\$485,645	\$503,560	\$441,095	\$465,455	\$324,420	\$309,650	\$303,360
Unamortized Bond Premiums	35,365	39,175	44,243	50,500	57,854	15,676	17,198	3,631	4,691	5,874
Notes Payable	7,560	10,207	12,767	15,245	17,642	19,961	22,237	24,377	6,079	9,383
Subscription-based IT arrangements	2,028	2,392	2,777							
Total Airport Debt	\$446,468	483,279	519,642	551,390	579,056	476,732	504,890	352,428	320,420	318,617
Enplaned Passengers	2,376	2,443	2,267	2,069	1,250	1,705	2,261	2,151	2,035	1,969
Airport Debt per Enplaned Passenger	\$188	\$198	\$229	\$267	\$463	\$280	\$223	\$164	\$157	\$162

(1) Debt reported for FY 2021 was restated from \$580,254 to \$579,056.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

USE OF BOND PROCEEDS

Descriptions of the uses of proceeds from the Authority's outstanding bond issues are summarized below.

AIRPORT REVENUE BONDS - OUTSTANDING

Series 2021A - The bonds were issued to fund a portion of the costs of construction of the Consolidated Deice Facility.

Refunding Series 2021B, C and D - The bonds were issued to provide funds for the purpose of refunding the 2011A-1, 2011B and 2011D bonds outstanding (\$6,920, \$17,600 and \$41,170 respectively).

Refunding Series 2020A and B - The bonds were issued to provide funds for the purpose of refunding the 2010A and 2010B bonds outstanding (\$30,290 and \$83,400 respectively). See Series 2020A and 2020B below.

Series 2018 - The bonds were issued to provide funds for the design and construction of the Concourse B modernization program.

Series 2016A - The bonds were issued to provide funds for the design and construction of the glycol collection management program and an airfield maintenance and airport operations facility.

AIRPORT REVENUE BONDS - REFUNDED

Refunding Series 2011A and B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 2001B bonds outstanding (\$17,080 and \$42,380 respectively). See Series 1999D and 2001B below.

Refunding Series 2011A-1 and A-2 - The bonds were issued to provide funds for the purpose of refunding portions of the 1999E and 2001A bonds outstanding (\$60,085 and \$38,700 respectively). See Series 1999E and 2001A below.

Series 2010A – The bonds were issued to fund a portion of the costs of construction, acquisition and equipping of Checkpoint B Renovations and the GTC.

Refunding Series 2010B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 1999E bonds outstanding (\$160,525 and \$1,455 respectively). See Series 1999D and 1999E below.

Series 2001A and B – The proceeds of this bond issue were used to finance the construction, reconstruction and extension of runways and taxiways, acquisition of property for noise mitigation, replacement of airport signage, property acquisition and clearing, expansion of the parking garage and employee parking lot, the acquisition and implementation of an automated vehicle identification system, roadway improvements, construction of terminal improvements, a walkway connector, baggage system improvements and other airline tenant finishes at the

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

USE OF BOND PROCEEDS (CONCLUDED)

at the Airport including the replacement and upgrade of two cooling plants and the relocation of an airport maintenance shop.

Series 1999E - The bonds were issued to provide funds for the purpose of refunding the Series 1991 Bonds. The proceeds of the Series 1991 Bonds were used to finance the completion of certain taxiway construction projects and the installation of an improved access control system to enhance Airport security.

Series 1999D - The proceeds of this bond issue were used to finance the extension of Taxiway N to the south end of Runway 18R-36L, construction of an aircraft apron at the south end of Taxiway N, reconstruction of Taxiway M as a temporary runway and connecting taxiways, reconstruction of Taxiway Z and T, construction of high-speed exits from Runway 9-27, enlarge the airfield maintenance facility and to acquire property for airport development in the airfield area. Repairs in the parking garage and upper-level terminal drive were projects for the ground transportation area. Terminal projects include constructing a walkway connecting Concourses B and C, additional gates to accommodate regional jets, space for airline clubs and concessions and other tenant improvements.

Funds were also used for the following airline-related improvements: finish and equip 23 regional jet gates on Concourses A and C, upgrade the flight information display system and gate check-in facilities on Concourse B, finish and equip the new Northwest World Club, renovate and expand the apron control, upgrade passenger check-in computers, expand baggage sort system and install and equip additional ticket counters for Northwest Airlines. For other airline tenants, renovate existing ticket and baggage claim facilities in Terminal C for joint use, expand hold room space and install some jet bridges in Concourse C.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TEN LARGEST EMPLOYERS - METROPOLITAN STATISTICAL AREA(1)
CURRENT YEAR AND TEN YEARS AGO**

Name of Employer ⁽²⁾	Number of	Percentage of	Number of	Percentage of
	Employees ⁽²⁾	Largest Employees	Employees ⁽²⁾	Largest Employees
	Year 2025		Year 2016	
FedEx Corporation	32,333	26.36%	30,000	34.40%
U. S. Government	16,500	13.46%	13,100	15.02%
Tennessee State Government	16,500	13.46%	12,700	14.56%
Memphis-Shelby County Schools (MSCS)	15,000	12.23%		
Methodist Le Bonheur Health Care	11,815	9.64%	10,784	12.36%
Baptist Memorial Healthcare Corp.	9,956	8.12%	6,654	7.63%
Naval Support Activity Mid-South	7,500	6.12%	7,500	8.60%
City of Memphis Government	6,837	5.58%	6,476	7.43%
St. Jude Children's Research Hospital	6,167	5.03%		
Total	122,608	100.00%	87,214	100.00%

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
POPULATION - METROPOLITAN STATISTICAL AREA (1)**

Year ⁽³⁾	Shelby County	Memphis MSA ⁽¹⁾	Tennessee	United States
1970	722,100	856,800	3,926,000	203,302,000
1980	777,100	938,500	4,591,100	226,546,000
1990	826,300	1,007,300	4,877,200	249,402,000
2000	897,500	1,135,600	5,689,300	281,422,000
2010 Census	927,644	1,239,292	6,346,105	309,050,816
2020 Census	929,744	1,345,425	6,910,840	331,449,281
Forecast 2030	905,818	1,563,900	7,397,302	359,402,000

(1) Metropolitan Statistical Area consists of Fayette, Shelby and Tipton Counties, Tennessee; Crittenden County, Arkansas; and Benton, DeSoto, Marshal, Tate and Tunica Counties, Mississippi

(2) Source: Memphis Chamber of Commerce

(3) Source: Tennessee Department of Economic and Community Development, U.S. Department of Commerce, Bureau of the Census, Current Population Reports, 2000, 2010, 2020 Census, 2030 Estimates and Projections

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

AIRLINES SERVING MEMPHIS INTERNATIONAL AIRPORT

JUNE 30, 2025

CARGO AIRLINES

21 Air dba DHL
ABX Air dba DHL
Atlas Air
Baron Aviation Services
FedEx Express
Kalitta Air
Mountain Air Cargo
United Parcel Service

PASSENGER AIRLINES

MAJOR

Allegiant Air
American Airlines, Inc.
Breeze Airways
Delta Air Lines
Frontier Airlines
Southwest Airlines
Spirit Airlines
United Airlines

CHARTER

Mid-South Jets
VIVA Aerobus

REGIONAL/COMMUTER

Air Wisconsin dba American Eagle
CommutAir dba United Express
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
GoJet dba United Express
Mesa Airlines dba United Express
Piedmont Airlines dba American Eagle
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

EMPLOYERS LOCATED ON AIRPORT PROPERTY

JUNE 30, 2025

CONCESSIONAIRES AND TENANTS

ABM
ACTS - Aviation Security, Inc
Airport Fast Park
Alamo Rent-A-Car
Anton Airfood
ARINC
Avis Rent-A-Car
Budget Rent-A-Car
Dollar Thrifty Automotive Group
Enterprise Rent-A-Car
Flight Support Solutions/Global AMS
Hertz Corporation
KC Eatery, LLC
Lenny's
Lyft, Inc.
MEM Fuel
National Car Rental
Paradies-Memphis, LLC
Payless Rent A Car
Primeflight Aviation
Regions Bank
SKB Facilities Maintenance
Starbucks
Swissport Fueling
Trego/Dugan Aviation
Tricopian, LLC
Textron Inc.
Uber
Zoom Systems

CARGO AIRLINES

21 Air dba DHL
ABX Air dba DHL
Atlas Air
Baron Aviation Services
FedEx Express
Kalitta Air LLC
Mountain Air Cargo
United Parcel Service

PASSENGER AIRLINES

Air Wisconsin dba American Eagle
Allegiant Air
American Airlines
Breeze Airways
CommutAir dba United Express
Delta Air Lines
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
Frontier Airlines
GoJet dba United Express
Mesa Airlines dba United Express
Mid South Jets
Piedmont Airlines dba American Eagle
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Southwest Airlines
Spirit Airlines
United Airlines
Viva Aerobus

OTHER EMPLOYERS

Air General
City of Memphis Fire Department
Exelis
Federal Aviation Administration
GAT Airline Ground Support
Global Signal (Premcor)
Jet Infrastructure Holding IA, LLC
Menzies Aviation (Airserv)
Richards Aviation
Signature Flight Support (WFS)
Tennessee Air National Guard
Tennessee Technology Center
Transportation Security Administration
Wilson Air Center

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY COST CENTER
LAST TEN YEARS

Cost Center	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016
Terminal Maintenance	55	57	56	55	68	68	68	67	67	67
Airfield Maintenance	81	81	77	72	60	60	60	59	59	59
Administration	93	72	69	68	68	68	67	68	66	63
Police & Operations										
Officers	94	104	105	98	98	98	98	95	95	94
Support Staff	12	12	11	11	11	11	11	11	9	9
General Aviation Airports										
Maintenance	7	7	6	7	7	7	6	6	6	5
Total	342	333	324	311	312	312	310	306	302	297

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

INSURANCE IN FORCE

JUNE 30, 2025

Type of Policy	Amount of Policy	Expiration Date	Name of Insurer	Risks Covered
Airport Liability (Comprehensive general liability, contractual liability, personal injury liability, and hangar keeper's liability)	\$500,000,000 Each Occurrence Limit \$5,000,000 Damage to Premises Rented to You \$0 Medical Expense Limit \$50,000,000 Personal & Advertising Injury \$500,000,000 Products/Completed Ops Aggregate \$500,000,000 Hangarkeepers Each Aircraft Limit \$500,000,000 Hangarkeepers Each Loss Limit \$150,000,000 Garagekeepers Per Vehicle Limit \$250,000,000 Garagekeepers Per Occurrence Limit \$50,000,000 Excess Liability over Auto & EL \$5,000 Each Occurrence Deductible \$100,000 Annual Aggregate Deductible Additional sublimits apply. Please refer to policy.	April 1, 2026	Starr Indemnity & Liability Co.	Personal injury and property damage
Aircraft non-ownership liability	\$500,000,000 Each Occurrence \$0 Deductible	April 1, 2026	Starr Indemnity & Liability Co.	Personal injury and property damage
Employee Benefits Liability	\$1,000,000 Each Employee/Aggregate \$0 Deductible	April 1, 2026	Starr Indemnity & Liability Co.	Negligent act, error or omission damages
Automobile Liability	\$1,000,000 Each Occurrence \$1,000,000 CSL Bodily Injury /Property Damage \$1,000 Comp /Coll Deductible All Vehicles	April 1, 2026	Selective Insurance Company of South Carolina	Bodily injury and property damage
Property	\$800,000,000 Policy Limit \$50,000,000 Earth Movement Limit \$50,000,000 Flood Limit \$5,000,000 Terrorism Limit \$250,000 Per Occurrence Deductible, All Other Perils 5% Earth Movement Deductible-Property Damage per location 5% Earth Movement Deductible-Time Element per location \$250,000 Minimum Earth Movement Deductible \$500,000 Flood Deductible Additional sublimits & deductibles apply. Please refer to po	April 1, 2026	FM Global	Building - All risks property damage including business interruption
Crime	\$5,000,000 Limit \$50,000 Retention	April 1, 2026	Federal Insurance Company Chubb	Employee theft, forgery, and computer fraud
Fiduciary Liability	\$5,000,000 Limit \$5,000 Retention	April 1, 2026	Federal Insurance Company Chubb	Violation of any of the responsibilities, duties or obligations of Fiduciaries
Employment Practices Liability	\$10,000,000 Limit. Shared with Public Officials P \$100,000 Retention	April 1, 2026	ACE American Insurance Company Chubb	Wrongful termination, discrimination, sexual harassment and workplace torts
Public Officials Liability	\$10,000,000 Limit. Shared with EPL \$100,000 Retention	April 1, 2026	ACE American Insurance Company Chubb	Board of Commissioners, management and professional liability
Cyber Liability	\$5,000,000 Aggregate Limit \$50,000 Retention	April 1, 2026	Crum & Forster	Cyber protection, hacking business interruption, extortion & breach
Excess Cyber Liability	\$5,000,000 Aggregate Limit	April 1, 2026	Houston Casualty Company	Excess Cyber
Workers Compensation	Statutory State of TN	April 1, 2026	Starr Specialty Insurance Company	Workers' compensation for on-the-job bodily injuries
Employers Liability	\$1,000,000 Bodily Injury by Accident Each Employee \$1,000,000 Bodily Injury by Disease Each Employee \$1,000,000 Bodily Injury by Disease Policy Limit \$250,000 Each Occurrence Deductible			
OWNER CONTROLLED INSURANCE PROGRAM -OCIP V (CONSTRUCTION INSURANCE)				
General Liability	\$4,000,000 General Aggregate Limit \$4,000,000 Products Completed/Ops Aggregate \$2,000,000 Personal & Advertising Injury \$2,000,000 Each Occurrence Limit \$250,000 Fire Legal Liability (Any One Fire) \$10,000 Medical Expense Limit \$250,000 Each Occurrence Deductible	May 7, 2027	Zurich American Insurance	Personal injury and property damage
Workers Compensation	Statutory State of TN	May 7, 2026	Zurich American Insurance	Workers' compensation
Employers Liability	\$1,000,000 Bodily Injury by Accident Each Employee \$1,000,000 Bodily Injury by Disease Each Employee \$1,000,000 Bodily Injury by Disease Policy Limit \$250,000 Each Occurrence Deductible \$100,000,000 Aggregate Limit		ACE, AWAC, Great American Ohio Casualty, Star Endurance & Westchester	property damage



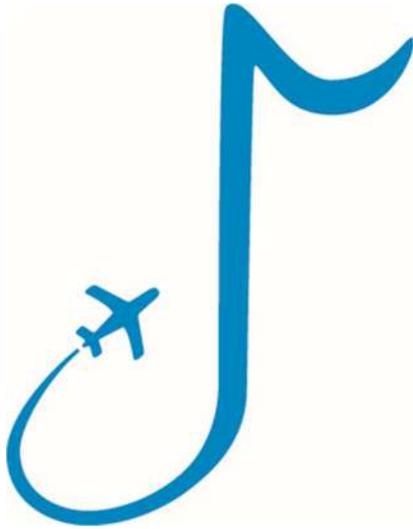
COMPLIANCE SECTION

This Section Contains the Single Audit Information,

Which Consists of the Following:

Schedule of Expenditures of Federal and State Awards

Independent Auditors' Report



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2025 (\$ IN THOUSANDS)

Grantor/Program	Federal Assistance Listings Number	Grant/Contract Number	State Grant Contract Number	Airport *	Project Description
FEDERAL AWARDS					
U.S. Department of Transportation Federal Aviation Administration (FAA): Airport Improvement Program (AIP)	20.106	3-47-0049-107-2020 3-47-0049-118-2023 3-47-0049-120-2023 3-47-0049-121-2023 3-47-0049-123-2023 3-47-0049-124-2023 3-47-0049-125-2024		MEM MEM MEM MEM MEM MEM MEM	Glycol Management Program, Jet Bridge Program, Electrical Switchgear Taxiway Alpha West Construction & Lighting Rehab Terminal C Apron Reconstruction TMSP - Design TMSP - Roadway C Apron Reconstruction, Taxiway Alpha Reconstruction, TMSP - Roadway Airfield Signage, Clearing, CDF, TMSP
Total Direct Federal Awards					
FAA through TN Dept of Transportation Airport Improvement Programs	20.106	3-47-SBGP-57, 59 3-47-SBGP-64 3-47-SBGP-57, 59 3-47-SBGP-81 3-47-SBGP-59, 64, 70, 79 3-47-SBGP-093-2024 3-47-SBGP-67 3-47-SBGP-65 3-47-SBGP-64, 70, 79, 89	AERO-20-284-00 AERO-22-415-00 AERO-23-309-00 AERO-23-311-00 AERO-24-296-00 AER1-24-296-00 AERO-22-293-00 AERO-22-416-00 AERO-25-261-00	Baker Baker Baker Baker Baker Baker Spain Spain Spain	Land Acquisition Phase 1 Baker Apron Rehab Design Baker Land Acquisition for Obstruction Clearing North of Airfield Baker Terminal Construction (BIL-ATP Funding) Baker Apron Rehab PhI (NPE Grant) Baker Apron Rehab PhI (BIL-AIG Grant) 2022 ARPA - Operational Expenses Apron Rehabilitation Design Apron Rehabilitation Construction
Total Subrecipient (of Federal Funds) Awards					
Total Federal Awards					
STATE AWARDS					
Tennessee Department of Transportation		79-555-0273-19 79-555-0715-23 79-555-0722-24 79-555-0723-24 79-555-0719-23 79-555-0720-24 79-555-0726-24 79-555-0713-23 79-555-0417-23 79-555-0728-25 79-555-0716-23 79-555-0721-24 79-555-0729-25	AERO-19-253-00 AERO-23-224-00 AERO-24-177-00 AERO-24-178-00 AERO-23-310-00 AERM-24-140-00 AERO-24-271-00 AERO-23-174-00 AERO-23-308-00 AERM-25-140-00 AERO-23-210-00 AERM-24-141-00 AERM-25-141-00	MEM MEM MEM MEM Baker Baker Baker Baker Baker Baker Spain Spain Spain	Maintenance Repair and Overhaul Facility (MRO) Runway 9/27 Runway Status Lighting System - Design MRO Hangar(s) and GRE Phase I (Site Prep) - Construction Runway 9/27 Runway Status Lighting System - Construction Baker Security Improvements 2024 Maintenance Baker Runway Rehabilitation - Construction Runways Rehabilitation Design Baker Terminal Construction (State Funding) 2025 Maintenance Grounds Maintenance Equipment Purchase 2024 Maintenance 2025 Maintenance
State Participation on Pass-Through Federally Funded Projects,		79-555-0122-23 79-555-0525-23 79-555-0527-24 79-555-0527-24 79-555-0130-25	AERO-23-309-00 AERO-23-311-00 AERO-24-296-00 AER1-24-296-00 AERO-25-261-00	Baker Baker Baker Baker Spain	Baker Land Acquisition for Obstruction Clearing North of Airfield Baker Terminal Construction (BIL-ATP Funding) Baker Apron Rehab PhI (NPE Grant) Baker Apron Rehab PhI (BIL-AIG Grant) Apron Rehabilitation Construction
Total State Awards					
TOTAL FEDERAL AND STATE AWARDS					

* Airports - Memphis International Airport (MEM), Charles W. Baker Field (2M8) (Baker), General DeWitt Spain Airport (M01) (Spain)
(1) Grant Expenditures include \$18,192 from prior years; \$18,054 Federal and \$138 State.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2025 (\$ IN THOUSANDS)

Participation Percentage	Grants as Amended 6/30/2024	Grants Awarded (Reduced)	Grants Total 6/30/2025	Grants Receivable 06/30/2024	Expenditures (1)	Cash Receipts	Grants Receivable 06/30/2025
100%	62,443	0	62,443	7,831	0	1,499	6,332
90%	11,650	0	11,650	5,741	5,907	10,264	1,384
90%	6,000	0	6,000	943	0	303	640
90%	1,337	0	1,337	0	1,337	1,142	195
80%	14,800	0	14,800	380	10,341	1,234	9,487
90%	33,647	0	33,647	274	19,124	11,962	7,436
75%	0	13,526	13,526	0	11,967	11,702	265
	129,877	13,526	143,403	15,169	48,676	38,106	25,739
100%	111	0	111	63	2	0	65
100%	165	0	165	125	0	125	0
90%	328	0	328	327	1	0	328
90%	972	0	972	0	816	270	546
90%	0	464	464	0	745	0	745
90%	0	745	745	0	485	0	485
100%	59	0	59	59	0	59	0
100%	198	0	198	0	151	0	151
95%	0	600	600	0	262	0	262
	1,833	1,809	3,642	574	2,462	454	2,582
	131,710	15,335	147,045	15,743	51,138	38,560	28,321
95%	3,000	0	3,000	2,634	0	2,634	0
95%	883	0	883	360	331	0	691
95%	3,346	0	3,346	1,520	411	1,700	231
95%	775	0	775	58	1	0	59
95%	155	0	155	0	0	0	0
95%	20	0	20	20	0	20	0
95%	3,116	0	3,116	0	2,602	0	2,602
95%	199	0	199	2	15	0	17
50%	350	0	350	0	333	110	223
95%	0	20	20	0	20	0	20
75%	60	0	60	54	0	54	0
95%	20	0	20	20	0	20	0
95%	0	20	20	0	20	0	20
5%	18	0	18	18	0	0	18
5%	54	0	54	0	45	15	30
5% & 95%	0	136	136	0	41	0	41
5%	0	41	41	0	27	0	27
5%	0	33	33	0	14	0	14
	11,996	250	12,246	4,686	3,860	4,553	3,993
	\$143,706	\$15,585	\$159,291	\$20,429	\$54,998	\$43,113	\$32,314

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS

YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Memphis-Shelby County Airport Authority (the "Authority") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

2. CONTINGENCY

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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 and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, which comprise the Authority's statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the statements, and have issued our report thereon dated December 29, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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.

Forvis Mazars, LLP

**Memphis, Tennessee
December 29, 2025**

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

Independent Auditor's Report

Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program 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 the Major Federal Program

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

We are required to be independent of the 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.

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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "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. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Memphis, Tennessee
December 29, 2025**

**Memphis-Shelby County Airport Authority
Schedule of Findings and Questioned Costs
June 30, 2025**

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year Findings

None reported

Prior Year Findings

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

None reported

Prior Year Findings

None reported

