

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**

**Financial Statements**

**December 31, 2024**

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
December 31, 2024**

---

	<b>Page(s)</b>
<b>Independent Auditors' Report</b>	1
Required Supplementary Information-Management's Discussion and Analysis (Unaudited)	4
 <b><i>Basic Financial Statements:</i></b>	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21
 <b><i>Required Supplementary Information:</i></b>	
Schedule of Changes in Net Pension Liability and Related Ratios- Non-Union and Union Pension Plan	51
Schedule of Authority Contributions - Pension Plans	53
Schedule of Investment Returns - Pension Plans	54
Notes to Required Supplementary Schedules - Pension Plans	55
 <b><i>Supplementary Information:</i></b>	
Schedule of Departmental Operating Revenue and Expenses	57
Schedule of Departmental Operating Revenues	58
Schedule of Expenditures of Federal Awards	59
Notes to Schedule of Expenditures of Federal Awards	60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control over Compliance	63
Schedule of Findings and Questioned Costs	66
Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge (PFC) Program and on Internal Control Over Compliance and the Schedule of Passenger Facility Charges Collected and Expended	67
Supplemental Schedule of Expenditures - Passenger Facility Charges	70
Schedule of Passenger Facility Charges Findings and Questioned Costs and Summary Schedule of Prior Audit Findings	71

## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors  
Lehigh-Northampton Airport Authority  
Allentown, Pennsylvania

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the business-type activities and fiduciary activities of the Lehigh-Northampton Airport Authority (the Authority), as of and for the year ended December 31, 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 respective financial position of the business-type activities and fiduciary activities of the Authority, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

## ***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 opinions. 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, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other supplementary information on pages 57 and 58 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and other supplementary information on pages 57 and 58 are the responsibility of management and were 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 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.

  
Crowe LLP

Indianapolis, Indiana  
May 30, 2025

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

Management's Discussion and Analysis (MD&A) of the Lehigh-Northampton Airport Authority (Authority) provides a brief introduction to its organizational structure, facilities, major activities affecting the operations of the facilities, as well as an overview of the financial performance and statements of the Airport Authority for the year ended December 31, 2024.

**AUTHORITY**

The Airport Authority is a public instrumentality of the Commonwealth of Pennsylvania and a body politic and corporate organized by Lehigh and Northampton Counties under the Municipality Authorities Act, 53 PA. C. S. as amended and supplemented. Organized in 1946, the LNAA was the first Airport Authority formed in the Commonwealth of Pennsylvania under the Municipal Authorities Act of 1945. Shortly after the Airport Authority was organized, the City of Easton and the County of Northampton became additional sponsors. The name of the Airport was changed from Allentown-Bethlehem to Allentown-Bethlehem-Easton (ABE), and the name of the Airport Authority became Lehigh-Northampton Airport Authority (LNAA). In 1968, the two Counties (Lehigh and Northampton) assumed the entire sponsorship. In 1994, the name of the Airport was changed to Lehigh Valley International Airport (LVIA). On December 3, 1999, the LNAA acquired Braden Airpark (N43) in Forks Township, Northampton County. On November 1, 2000, the Airport Authority acquired Queen City Municipal Airport (XLL) in the City of Allentown, Lehigh County.

**LEHIGH VALLEY INTERNATIONAL AIRPORT**

Founded in 1929 as Allentown Airport, Lehigh Valley International Airport (ABE) is a commercial service airport occupying approximately 2,067 acres of land east of the Lehigh River, at its closest point, in Lehigh and Northampton counties. It is located approximately four miles northeast of Allentown, four miles northwest of Bethlehem and twelve miles west of Easton.

- The Major Airfield Facilities consist of two runways (6/24 and 13/31) and associated taxiways providing access to the air carrier aircraft ramp to the east, a light general aviation area to the northeast, fixed based operator (FBO) facilities to the southwest, and an air cargo area to the west. The primary runway (6/24) is 7,599 feet long and the crosswind runway (13/31) is 5,800 feet long. Both are equipped with Category 1 precision instrument landing systems (ILS) and high intensity runway edge lighting systems.
- The Terminal Complex is comprised of a Main Passenger Terminal Building that contains a total of approximately 201,100 square feet of space consisting of three levels. In 2023, a new Passenger Screening Checkpoint and Terminal Connector was added which provides an above ground connection to the Satellite Terminal Facility. The Satellite Terminal contains ground and second level passenger hold rooms with access to eight passenger boarding bridges and two ground level aircraft parking positions. The existing underground passenger walkway was renovated and reconfigured as part of the 2023 Connector Project to provide one-way flow for passengers moving from the Satellite Terminal to the Main Terminal.
- The Airport currently has 1,685 public surface automobile spaces allocated among Short and Long-term parking, with 497 additional public parking spaces in the overflow parking lot, and 287 additional spaces used by car rental agencies. There are also 125 Trans-Bridge Lines bus service customer parking spaces. The General Aviation facilities at ABE consists of 329,127 square feet of aircraft storage space and 73,871 square feet of associated office/shop space provided in 8 bulk hangars and 50 T-hangars. The Authority has an additional 62 T-hangars and 6 bulk hangars at Queen City Municipal Airport and Braden Airpark.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

- The Airport Authority operates a consolidated airport maintenance facility located in the north central quadrant of the airfield consisting of a 23,400 square foot facility and associated storage facilities for vehicles, equipment, and material storage.
- The Airport Authority also operates a 13,000 square foot Aircraft Rescue and Firefighting (ARFF) facility located in the northeast quadrant of the airfield. ABE is served by a 24-hour Air Traffic control tower operated by the Federal Aviation Administration (FAA).

**AIRLINES**

**Scheduled Passenger Airlines**

Allegiant Air

American Airlines

- Envoy Air Inc.
- Landline Bus Service
- Piedmont Airlines Inc.
- PSA Airlines

Delta Airlines

- Endeavor Air
- Skywest Airlines

United Express

- Air Wisconsin
- GoJet Airlines LLC
- Landline Bus Service
- Skywest Airlines

**Charter Routes**

Allegiant Air

Sun Country

Global X Crossing Airlines

Nolinor Aviation

Swift Air

**Cargo Airlines**

Air Transport International

Atlas Air

Federal Express

During the FY 2024, ABE was served primarily by four commercial airlines: Allegiant Air, American Airlines, Delta Airlines, and United Airlines. Those airlines offered regular, non-stop service to 15 cities with an average of 18 flights per day. Non-stop service also includes daily scheduled airline bus service to Newark and Philadelphia. Top destinations continue to be the leisure markets in Florida, South Carolina, Tennessee, but ABE also had excellent service to major hubs including Atlanta, Charlotte, Chicago, Newark, and Philadelphia.

Lehigh Valley International Airport (ABE) continued to see increased passenger traffic levels in 2024 surpassing the million total combined passenger traffic level for the first time since 2004 with 1,012,120 passengers. ABE's surge in passenger traffic was led by Allegiant with a 12% increase in traffic versus 2023. Legacy traffic from American, Delta, and United, also collectively increased by 5% versus 2023.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

ABE's year over year traffic growth was 15.9% in TSA checkpoint throughput and 6.5% in scheduled airline seats. All U.S. airports experienced on average 10.5% in TSA checkpoint throughput and 9.8% in scheduled passenger seats for the same time period. Compared to ten similar size small and non-hub "peer" airports such as Harrisburg (MDT) and Wilkes-Barre / Scranton (AVP), ABE posted one of the top growth rates in both TSA throughput and scheduled airline seats; the average of those ten airports were up 7.9% in TSA throughput and 5.2% in available seats versus 2023.

In 2024, ABE used \$2.0 million of COVID-19 federal assistance from the American Rescue Plan Act (ARPA). The \$2.0 million was approximately \$0.7 million lower than the 2024 budget. ABE was able to reduce the amount of ARPA support due to delays in planned structure demolition of Airport Authority-owned properties. The demolition has been deferred to Spring of 2025.

ABE maintained the essential role of serving the Lehigh Valley and the rest of the Tri-State Area through daily operations of both passenger airline and air cargo service. Below are other significant achievements at ABE in 2024:

- Net Operating Income before depreciation was \$11,296,232, surpassing the previous highest level from 2023 by \$1,532,486 (15.7%).
- During the summer of 2024, the TSA Checkpoint / Terminal Connector Project was finalized, giving ABE more efficient passenger capacity.
- American Airlines (AA) continues to expand the passenger bus service to Philadelphia (PHL) expanding to five trips a day in the second half of 2024. The increased trips to Philadelphia's American Airlines (AA) Hub highlights the importance of strong connectivity between the Lehigh Valley and the AA Network.

The legacy airlines at ABE (American, Delta, and United) operate with a "hub and spoke" model, which concentrates on streamlining passenger traffic through their major hubs (Ex: Atlanta Airport for Delta, etc.). The "hub and spoke" system, ABE's proximity to Philadelphia and Newark airports, pilot and aircraft shortages, and the current economic climate create a challenging environment for expanding air service. Even with the previously described challenges, ABE has built a solid foundation for continued growth compared to other regional airports due to the Allegiant crew base operation established in 2020 and a growing air cargo operation. ABE's cost per enplaned passenger (CPE) increased by 6.0% vs 2023 to \$20.96 due to inflationary challenges and less operational federal funding (ARPA).

The Authority is committed to managing ABE's costs to commercial airlines while reinvesting in airport infrastructure long term. During 2024, ABE finalized the new TSA Checkpoint and Terminal Connector while also maintaining steady process on the \$90MM Rehabilitation Program for Runway 6-24.

LNAA is determined to continue its mission of being a customer-centric organization that operates facilities safely and efficiently while collaborating closely with stakeholders, and partners to deliver the highest level of customer service for Airport passengers. LNAA's vision to be the best regional airport system in North America remains squarely in our sights.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Airport Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles disseminated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, and expenses are recognized when incurred. Capital assets are recorded in Land, Building and Equipment accounts and, except for land, are depreciated over their useful lives. See notes to the financial statements for a summary of the Airport Authority's organization and significant financial policies.

The basic financial statements of the LNAA, including notes, follow the Management Discussion and Analysis. The notes are essential for a full understanding of the data contained in the financial statements. The Airport Authority's basic financial statements are designed to provide readers with a broad overview of the LNAA's financial position and activities.

- The **Statement of Net Position** presents information on all the Authority's assets and liabilities, and deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.
- The **Statement of Revenues, Expenses and Changes in Net Position** presents information showing the change in the Authority's net position during the fiscal year. All changes in Net Position are reported as soon as the underlying event occurs, regardless of timing of related cash flow. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.
- The **Statement of Cash Flows** relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. Reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

**FINANCIAL POSITION SUMMARY**

The Authority's financial position can be analyzed from its changes in net position over the years. As of December 31, 2024, the Authority's assets exceeded liabilities by \$309 million as compared to \$298 million in 2023.

	<u>2024</u>	<u>2023</u>	<u>Changes</u>
<b>Assets and Deferred Outflows of Resources</b>			
Current and Other Assets	\$ 43,983,642	\$ 44,897,873	\$ (914,231)
Capital Assets	326,711,157	322,770,604	3,940,553
Right of Use Asset - Leases	239,898	455,980	(216,082)
Right of Use Asset - Subscriptions	798,673	235,769	562,904
Short Term Lease Receivable	2,214,178	2,776,840	(562,662)
Long Term Lease Receivable	14,177,390	16,223,160	(2,045,770)
Deferred Outflows of Resources - Pension	1,359,770	2,504,816	(1,145,046)
Total Assets and Deferred Outflows of Resources	<u>\$ 389,484,708</u>	<u>\$ 389,865,042</u>	<u>\$ (380,334)</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$ 14,893,418	\$ 18,635,935	\$ (3,742,517)
Non-Current Liabilities	47,419,529	51,812,689	(4,393,160)
Lease Liability	246,408	461,942	(215,534)
Subscription Liability	472,946	136,271	336,675
Net Pension Liability	1,501,564	2,485,891	(984,327)
Deferred Inflows of Resources - Leases	15,383,849	18,485,939	(3,102,090)
Deferred Inflows of Resources - Pension	224,368	193,252	31,116
Total Liabilities and Deferred Inflows of Resources	<u>80,142,082</u>	<u>92,211,919</u>	<u>(12,069,837)</u>
<b>Net Position</b>	<u>\$ 309,342,626</u>	<u>\$ 297,653,123</u>	<u>\$ 11,689,503</u>

The Authority's overall financial position was impacted by several factors in 2024:

1. The overall economy, including the related inflationary impact on both business and leisure air travel.
2. The amount and timing of various operational grants such as CARES, ARPA, etc. Prior to 2020, the LNAA only received capital infrastructure grants and rarely received any operational grants.
3. Strong management and board oversight to manage expenses and remain committed to crucial capital projects while maintaining adequate cash levels.
4. The overall performance of the pension investment portfolio and the associated actuarial assumptions.

The largest portion of the Airport Authority's net position is net investment in capital assets \$274.0 million, representing capital assets less related debt to acquire those capital assets. These assets are available to the airlines, passengers and service providers at the Airport and are financed by the funds received from federal grants, state grants, and annual operating income.

The restricted portion of the Airport Authority's net position \$4.0 million, represents bond funds earmarked for specific use and restricted by bond resolutions, an Operation & Maintenance Reserve Fund used only for deficiencies in the Operating Funds, and a Renewal/Replacement Fund for major repairs, replacement, or reconstruction of the Airport's facilities as required by Bond Indenture. The remaining \$31.3 million is unrestricted and may be used to meet the Airport Authority's ongoing obligations without restriction.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Operating Revenues	\$ 42,038,152	\$ 39,157,326	\$ 2,880,826
Operating Expenses	30,741,920	29,393,580	1,348,340
Depreciation and Amortization Expense	15,789,399	15,403,629	385,770
Total Expenses	<u>46,531,319</u>	<u>44,797,209</u>	<u>1,734,110</u>
Operating Loss	(4,493,167)	(5,639,883)	1,146,716
Non-Operating Revenues (Expenses), Net	<u>1,503,048</u>	<u>1,602,407</u>	<u>(99,359)</u>
Loss before Capital Contributions	(2,990,119)	(4,037,476)	1,047,357
Capital Contributions	14,679,622	22,857,879	(8,178,257)
Increase (Decrease) in Net Position	<u>\$ 11,689,503</u>	<u>\$ 18,820,403</u>	<u>\$ (7,130,899)</u>

The significant items affecting the 2024 Changes in Net Position are as follows:

Operating revenue increased \$2.9 million or 7.4%, in 2024:

1. Overall terminal revenue increased by \$0.9 million (12.7%) versus 2023. Rental revenue from the airlines increased by 15.3% and restaurant concessionaires' revenues increased by 8.0%.
2. In October of 2024 ABE increased the parking rate for the first time in well over a decade. The increased rates helped increase revenues by \$0.5 million or 82% from last year.
3. Revenue from deicing services increased by \$0.4 million or 118.1% from the previous year.
4. The 2024 final aircraft landing fee was exactly as budgeted at \$5.22 per 1,000 pounds, which was up \$0.69 from the final 2023 rate. Passenger landed weight increased by 19,233 tons (7.5%) from last year. The combination resulted in a \$0.4 million (6.9%) increase.
5. The residual increase in revenue was a result of the contractual annual increase to various agreements.

Operating expenses, including depreciation, increased \$1.3 million or 4.6% from 2023 to 2024:

1. Wages and benefit costs increased by \$1.5 million or 8.5% versus 2023, based primarily on the rise of regional labor costs.
2. Contract Services decreased \$0.6 million versus 2023 mainly due to the deferment of various demolition projects deferred to 2025.
3. Maintenance materials and repair related expenses increased by \$0.4 million due to inflationary increases and aging infrastructure.
4. Advertising fees increased \$186K compared to 2023 due to increased advertising opportunities associated with the new terminal connector as well as additional airline incentives during 2024.
5. Legal fees increased by \$135K due to overall increased activity around the airport.
6. Dues and Subscription expenses increased by \$119K or 15.6% due to increased IT security and software fees.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION (Continued)**

The following is a summary of revenues at Lehigh Valley International Airport (ABE) by cost center and the percentage of the total for both 2024 and 2023:

<b>ABE Only Operating and Related Cost Center Revenues</b>	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>
Airfield	\$ 6,921,924	16.24%	\$ 6,474,724	15.94%
Terminal	10,320,276	24.21%	9,154,908	22.53%
Parking & Roadways	6,943,085	16.29%	6,417,295	15.79%
Aviation Leased Areas	4,550,935	10.68%	4,308,298	10.60%
Non-Aviation Leased Areas	1,315,498	3.09%	1,202,646	2.96%
Ground Handling	2,517,090	5.90%	1,960,070	4.82%
Aviation Services	6,761,408	15.86%	6,864,802	16.90%
Advertising	804,327	1.89%	602,770	1.48%
Cares Act Reimbursements	2,000,000	4.69%	3,050,361	7.51%
Lease Revenue Adjustment	493,657	1.16%	595,767	1.47%
Total Operating Revenues	<u>\$ 42,628,200</u>	<u>100.00%</u>	<u>\$ 40,631,641</u>	<u>100.00%</u>

A summary of expenses, excluding depreciation expense, at Lehigh Valley International Airport (ABE) by cost center and the percentage of the total for both 2024 and 2023:

<b>ABE Only Operating and Related Cost Center Expenses</b>	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>
Airfield	\$ 5,304,157	18.37%	\$ 4,975,632	18.09%
Terminal	7,757,834	26.88%	7,240,690	26.33%
Parking & Roadways	1,540,574	5.34%	1,491,062	5.42%
Aviation Leased Areas	686,806	2.38%	575,459	2.09%
Non-Aviation Leased Areas	358,895	1.24%	335,551	1.22%
Ground Handling	4,188,047	14.51%	3,722,055	13.53%
Aviation Services	4,768,343	16.52%	5,104,999	18.56%
Advertising	201,572	0.70%	147,313	0.54%
Administrative	4,570,902	15.84%	4,246,960	15.44%
Lease and Subs. Int/Exp Adjust	(518,163)	-1.80%	(336,183)	-1.22%
Total Operating Expenses	<u>\$ 28,858,967</u>	<u>100.00%</u>	<u>\$ 27,503,538</u>	<u>100.00%</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION (Continued)**

**CAPITAL ASSETS**

The following reflects the changes in capital assets:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Capital Assets:</b>			
Land	\$ 51,416,955	\$ 51,119,439	\$ 297,516
Property and Avigation Easements	44,307,392	44,307,392	-
Construction in Progress	69,130,184	56,910,716	12,219,468
Land Improvements	180,678,866	177,894,113	2,784,753
Buildings, Systems and Equipment	168,664,872	165,741,178	2,923,694
Capital Planning and Studies	2,795,990	2,795,990	-
Total Capital Assets	<u>516,994,259</u>	<u>498,768,828</u>	18,225,430
Less: Accumulated Depreciation	<u>(190,283,102)</u>	<u>(175,998,225)</u>	<u>(14,284,877)</u>
Capital Assets, Net (Note 5)	<u>\$ 326,711,157</u>	<u>\$ 322,770,603</u>	<u>\$ 3,940,553</u>

A significant portion of the increase in Buildings and Land Improvements was for the Runway 6-24 Rehabilitation. More information is available in Note 5.

Total leased assets, net of accumulated amortization, totaled \$239,898 as of December 31, 2024, a decrease of \$216,082 from 2023. Total subscription assets, net of accumulated amortization, totaled \$798,673 as of December 31, 2024, an increase of \$562,904 from 2023. More information is available in Note 8.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

**LONG TERM DEBT**

Changes in long-term debt during 2024 are reflected below:

	Balance January 1, 2024	Additions	Deductions/ Payments	Balance December 31, 2024	Amount Due In One Year
Direct Placements:					
Bonds Payable - Series 2015	\$ 27,685,000	\$ -	\$ (2,585,000)	\$ 25,100,000	\$ 2,650,000
Bonds Payable - Series 2018	9,475,000	-	(190,000)	9,285,000	200,000
Bonds Payable - Series 2021	14,850,000	-	(600,000)	14,250,000	600,000
Direct Borrowings:					
Notes & Grants Payable	277,739	13,931	(251,575)	40,095	40,095
Direct Financing Notes	3,201,984	-	(768,294)	2,433,690	738,703
Other Liabilities:					
Net Pension Liability (Asset)	2,485,891	2,032,525	(3,016,852)	1,501,564	-
<b>Total</b>	<b><u>\$ 57,975,614</u></b>	<b><u>\$ 2,046,456</u></b>	<b><u>\$ (7,411,721)</u></b>	<b><u>\$ 52,610,349</u></b>	<b><u>\$ 4,228,798</u></b>

In 2021, the Lehigh-Northampton Airport Authority (LNAA) issued \$23,000,000 of Tax-Exempt Revenue Bonds. Series 2021A consisting of \$15,000,000 is designated for reimbursement of the non-grant proceeds spent on the construction of the new Terminal Connector/TSA Checkpoint. Series 2021B consists of \$8,000,000 of short-term bridge financing for state grants associated with the Terminal Connector/TSA Checkpoint. As of FY 2023, the LNAA has received the full \$15,000,000 funding from the 2021A Series and paid off the balance in full of the 2021B Series bridge Bonds. The Terminal Connector/TSA Checkpoint has added additional TSA screening lanes, modernized the existing terminal complex, and accommodated the rising passenger traffic at ABE.

In 2018, the Airport Authority issued a \$10,000,000 Taxable Revenue Bond designated for the building of Hangar 11. The Additional Hangar was built based on the regional demand for more corporate and general aviation hangar space. For the duration of 2024, the Hangar was between 95% and 100% occupied.

In 2015, the Airport Authority issued revenue bonds and revenue refunding bonds to refinance all bonds payable and provide proceeds for capital related settlements. In June 2020, the LNAA amended the 2015 series bonds. The 2020 amendment deferred \$2.4 million principal payments due in 2020; approximately \$1.3 million was added to the 2022 debt service payments and the remaining \$1.1 million principal is scheduled for 2029 debt service. See Note 7 for more detail.

Notes and Grants Payable primarily consist of payables associated with a DCED Grant Agreement with the state in which a majority of the expenses were incurred during 2024. These established payables will be cleared as part of the project closeout during 2025.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
December 31, 2024**

---

The overall funding level of the pension plan increased from 88% to 93% despite the conservative change in assumptions adopted with the 2024 Minimum Municipal Obligation (MMO). LNAA updated the mortality tables reflecting the increased longevity of its pension recipients. In addition, the assumed rate of return was reduced by 0.25%. Both the Airport Authority's non-union and union pension plans assume an annual return of 7.25% versus the 12.1% actual return in 2024. The Airport Authority was able to meet its primary investment goal to remain in the top 50% of their peer universe including other municipalities' defined benefit plans during 2024.

**CURRENTLY KNOWN FACTS**

Other than the uncertainty of general economic indicators on the Airport Authority, Airlines, and its customers there are no other facts, decisions or conditions management believes will have a significant impact on the financial position or results of operations.

This financial report was designed to provide our stakeholders, patrons, and other interested parties with a general overview of the Lehigh Northampton Airport Authority's finances and to demonstrate the Authority's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact the Authority at (610) 266-6001.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
December 31, 2024

**Assets and Deferred Outflows of Resources**

**Current Assets**

Unrestricted Assets:	
Cash and Cash Equivalents (Note 2 and 3)	\$ 29,294,903
Accounts Receivable, Net of Allowance of \$2,483	2,922,331
Capital Grants Receivable (Note 4)	1,421,839
Inventory and Prepays	1,552,647
Short Term Lease Receivable (Note 12)	2,214,178
Total Unrestricted Assets	37,405,898
Restricted Assets:	
Cash and Cash Equivalents - Debt Service and Bond Proceeds (Note 2)	3,703,733
Total Current Assets	41,109,631

**Non-Current Assets**

Unrestricted Assets:	
Long Term Lease Receivable (Note 12)	14,177,390
Restricted Assets:	
Cash and Cash Equivalents-Restricted and Designated (Note 2)	5,088,189
Capital Assets:	
Land	51,416,955
Property and Avigation Easements	44,307,392
Construction in Progress	69,130,184
Total Non-Depreciable Capital Assets	164,854,531
Land Improvements	180,678,866
Buildings, Systems and Equipment	168,664,872
Capital Planning and Studies	2,795,990
Total Depreciable Capital Assets	352,139,728
Total Capital Assets before Right of Use Assets	516,994,259
Less: Accumulated Depreciation	(190,283,102)
Capital Assets, Net before Right of Use Assets (Note 5)	326,711,157
Right of Use Assets - Leases	863,925
Less: Accumulated Amortization	(624,027)
Net Lease Assets (Note 8)	239,898
Right of Use Assets - Subscriptions	874,587
Less: Accumulated Amortization	(75,914)
Net Subscription Assets (Note 8)	798,673
Total Capital Assets	327,749,728
Total Non-Current Assets	347,015,307

**Deferred Outflows of Resources:**

Pension Related (Note 10)	1,359,770
---------------------------	-----------

<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 389,484,708</b>
--	-----------------------

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
December 31, 2024

**Liabilities, Deferred Inflows of Resources and Net Position**

**Current Liabilities**

Payable from Unrestricted:	
Accounts Payable-Operations	\$ 3,437,230
Accounts and Retainages Payable - Capital	5,154,964
Unearned Revenues	277,565
Payroll Related Liabilities	1,139,068
Direct Financing Notes - Current Portion (Note 7)	738,703
Total Unrestricted Liabilities	10,747,530
Current Liabilities Payable from Restricted Assets:	
Bonds Payable - Current Portion (Note 7)	3,450,000
Grants Payable - Current Portion (Note 7)	40,095
Accrued Bond Interest Payable	655,793
Total Current Restricted Liabilities	4,145,888
Total Current Liabilities	14,893,418

**Non-Current Liabilities**

Payable from Unrestricted:	
Unearned Revenues	5,875
Direct Financing Notes, Net (Note 7)	1,694,987
Bonds Payable, Net (Note 7)	45,185,000
Net Pension Liability / (Asset) (Note 10)	1,501,564
Total Payable from Unrestricted Liabilities	48,387,426
Payable from Restricted and Designated:	
Leasehold Deposits	533,667
Total Non-Current Liabilities	48,921,093

**Lease Liabilities**

Lease Liability - Short Term (Note 8)	180,608
Lease Liability - Long Term (Note 8)	65,800
Total Lease Liability	246,408

**Subscription Liabilities**

Subscription Liability - Short Term (Note 8)	210,298
Subscription Liability - Long Term (Note 8)	262,648
Total Lease Liability	472,946

Total Liabilities	64,533,865
-------------------	------------

**Deferred Inflows of Resources**

Lease Related (Note 12)	15,383,849
Pension Related (Note 10)	224,368
Total Deferred Inflow of Resources	15,608,217

**Net Position**

Net Investment in Capital Assets (Note 9)	274,001,669
Restricted (Note 9)	4,048,201
Unrestricted	31,292,756
Total Net Position	309,342,626

<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 389,484,708</b>
--	-----------------------

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**Year ended December 31, 2024**

---

**Operating Revenues**

Airfield	\$ 6,921,923
Terminal	6,862,742
Concessions and Advertising	4,261,862
Parking and Roadways	6,943,085
Hangar, Building and Land Rents	5,866,432
Ground Handling	2,517,090
Fuel and Handling Sales	6,761,409
General Aviation	1,409,952
Lease Revenue Impact	(327,987)
Lease Interest Revenue	821,644
Total Operating Revenues	<u>42,038,152</u>

**Operating Expenses**

Wages and Related Benefits	19,735,688
Contract Services, Advertising and Other	4,696,484
Materials, Supplies, Repairs and Maintenance	1,879,145
Utilities, Taxes and Insurance	3,145,351
Cost of Sale - Fuel	1,803,415
Lease and Subscription Expense Impact	(540,028)
Lease and Subscription Interest Expense	21,865
Lease and Subscription Amortization Expense	292,483
Depreciation	15,496,916
Total Operating Expenses	<u>46,531,319</u>

**Operating Loss**

(4,493,167)

**Non-Operating Revenues (Expenses)**

Investment Income	1,458,761
Other Income	120,209
Federal Grants - ARPA Act	2,000,000
Interest Expense	(2,075,922)
Total Non-Operating Revenues (Expenses)	<u>1,503,048</u>

**Income before Capital Contributions**

(2,990,119)

**Capital Contributions**

Passenger Facility Charges	1,932,070
Car Rental Customer Facility Charges	345,598
Federal Grants	9,382,853
State Grants	3,019,101
Total Capital Contributions	<u>14,679,622</u>

**Increase in Net Position**

11,689,503

**Total Net Position, Beginning of Year**

297,653,123

**Total Net Position, End of Year**

\$ 309,342,626

---

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2024**

---

**Cash Flows from Operating Activities:**

Operating Cash Receipts from Customers	\$ 42,158,257
Cash Paid to Suppliers for Goods and Services	(13,292,391)
Cash Paid to Employees for Services and Benefits	(19,127,200)
<b>Net Cash Provided by Operating Activities</b>	<b><u>9,738,666</u></b>

**Cash Flows from Noncapital Financing Activities:**

Federal Grants Received	<u>2,000,000</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b><u>2,000,000</u></b>

**Cash Flows from Capital and Related Financing Activities:**

Capital Grants Received	14,138,718
Passenger Facility Charges	1,932,070
Car Rental Facility Charges	345,598
Acquisition of Capital Assets	(22,478,034)
Principal Paid on Notes Payable	(237,644)
Interest Paid on Direct Financing Notes	(113,643)
Principal Paid on Direct Financing Notes	(768,294)
Principal Paid on Bonds	(3,375,000)
Interest Paid on Bonds	(2,042,739)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b><u>(12,598,967)</u></b>

**Cash Flows from Investing Activities:**

Interest Received	<u>1,458,761</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>1,458,761</u></b>

**Net Increase in Cash and Cash Equivalents** 598,460

<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>37,488,366</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 38,086,826</u></b>

---

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year ended December 31, 2024

---

<b>Operating Loss</b>	<u>\$ (4,493,167)</u>
Adjustments to Reconcile Loss to Net Cash Provided by Operating Activities:	
Depreciation	15,496,916
Amortization	255,040
Provision for Bad Debt	11,137
Changes in Assets and Liabilities:	
Accounts Receivable	(119,849)
Inventory and Prepaid Expenses	(104,225)
Net Pension Liability (Asset)	(984,327)
Deferred Outflows - Pension Related	1,145,046
Deferred Inflows - Pension Related	31,116
Unearned Revenues	(1,916,750)
Accounts Payable	481,796
Accrued Payroll Expenses	416,653
Right of Use Asset - Subscriptions	(601,862)
Lease Liabilities	(215,534)
Subscription Liabilities	336,675
Total Adjustments	<u>14,231,833</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>9,738,666</u></u>
<b>Non-Cash Items from capital and related financing activities</b>	
Direct Financing Notes Obligations and Additions	-
Accounts and Retainage Payable in Capital Assets	5,154,964
<b>Cash and Cash Equivalents</b>	
<b><u>Current Assets</u></b>	
Unrestricted Assets	29,294,903
Restricted Assets	3,703,733
<b><u>Noncurrent Assets</u></b>	
Restricted and Designated	5,088,189
Total Cash and Cash Equivalents	<u><u>\$ 38,086,826</u></u>

---

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2024**

---

	<u>Pension Trust Funds Total</u>
<b>Assets</b>	
Cash (Cash and cash equivalents)	
Checking/Savings Account	\$ 1,125,308
Total Cash	<u>1,125,308</u>
Receivables	
Accrued interest and dividends	<u>22,475</u>
Total Receivables	<u>22,475</u>
Investments:	
Equities	11,585,807
Fixed Income	<u>7,072,690</u>
Total Investments	<u>18,658,497</u>
Total Assets	<u>\$ 19,806,280</u>
<b>Liabilities</b>	
Accrued Administrative Expense	22,550
<b>Net Position Restricted for Pension</b>	<u>\$ 19,783,730</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year ended December 31, 2024

	<b>Pension Trust Funds Total</b>
<b>Additions:</b>	
Contributions:	
Members' Contribution	\$ 27,006
Employer Contributions	901,047
Total Contributions	928,053
Investment Income:	
Interest	291,433
Dividends	171,465
Net Appreciation/(depreciation) in fair value of investments	1,668,111
Total Investment Income	2,131,009
Less Investment Expenses	(42,210)
Net Investment Income	2,088,799
Total Additions	3,016,852
<b>Deductions:</b>	
Pension Payments	940,348
Refund terminated members' contributions	4,527
Administrative Expenses	22,550
Total Deductions	967,425
Net Increase/(Decrease)	2,049,427
<b>Net Position Restricted for Pension</b>	
Balance on January 1	17,734,303
Balance on December 31	\$ 19,783,730

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 1 - Summary of Significant Accounting Policies**

***Authority Operations***

The Lehigh-Northampton Airport Authority (the "Authority") was created pursuant to the Pennsylvania Municipality Authorities Act of 1945. The Authority's affairs are conducted by a 15-member Board who are appointed by Lehigh and Northampton Counties. The Authority owns and operates the Lehigh Valley International Airport (ABE), Braden Airpark (N43) and Queen City Airport (XLL), all located in Lehigh Valley, Pennsylvania.

***Measurement Focus and Basis of Accounting***

The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the LNAA is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

***Fiduciary Fund***

The Lehigh-Northampton Airport Authority's defined benefit pension trust funds are presented in a fiduciary fund in the accompanying financial statements. These assets are being held for the benefit of pension participants and cannot be used for the activities or obligations of the Airport Authority. The Fiduciary Fund has been presented as of its year end of December 31, 2024.

***Net Position***

The Authority's net position is classified as follows:

- **Net Investment in Capital Assets:** The Airport Authority's investment in capital assets, net of outstanding debt obligations related to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position:** Net position is reported as restricted when constraints placed on use are imposed externally. External restrictions are imposed by creditors, grantors, contributors, laws, or regulations of other governments. The Airport Authority's restricted assets are expendable.
- **Unrestricted Net Position:** Net position whose use by the Airport Authority is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board.

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

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

***Revenue and Expense Classifications***

The Lehigh-Northampton Airport Authority classifies revenues and expenses as operating or non-operating.

- Operating consists of revenue and expenses sources that constitute the principal ongoing activities of the Airport Authority's operations and excludes infrequent operations and/or events. The major components of the LNAA's operating revenue consist of landing fees, terminal, hangar, building and land rentals, concession fees, parking fees, ground handling fee, and other miscellaneous fees and charges. Landing fees and terminal building rates are charged based on recovery of actual costs for operating and maintaining the ABE airfield and terminal areas. Hangar, building, and land rentals are based on leases for various terms with fixed rates. Concession fees are determined as a percentage of gross monthly revenues as well as minimum rental guarantees. The major components of the Airport Authority's operating expenses consist of wages and benefits, contract services, advertising, materials, supplies, repairs and maintenance, utilities, taxes, and insurance.
- Non-operating and capital contributions consist of financing, investing and other activities, which do not constitute the principal ongoing activities of the Airport Authority's operations. The major components of non-operating revenue are interest income, passenger and customer facility charges, and noncapital federal and state grant revenues. The major component of non-operating expenses is interest expense and grant project expenses not related to LNAA operations. Capital contributions include capital asset related funding from federal, state, and local sources.

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

***Concentrations***

The primary source of net revenues is the Operating Agreements between the Authority and the airlines. The four major airlines at the Authority are Allegiant, American, Delta, and United. The financial results of the Lehigh-Northampton Airport Authority are largely dependent upon conditions in the national economy and the U.S. airline industry. Accounts receivable has been adjusted for all known doubtful accounts.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash and cash equivalents include cash-on-hand, demand and time deposits, liquid investments, and debt instruments purchased with a maturity of three months or less, including restricted assets.

***Restricted Assets***

Funds are set aside as restricted assets, and they are not available for current expenses, when constraints placed on their use are legally enforceable due to either:

- Externally imposed requirements by creditors (such as through debt covenants), grantors or contributors.
- Laws or regulations of other governments.
- Constitutional provisions or enabling legislation.

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are eligible to be paid from either restricted or unrestricted resources, it is the general policy to apply restricted resources first, then unrestricted resources as needed.

***Receivables and Allowance policy***

Accounts Receivables are reported in the period earned at present value less the estimated portion that is expected to be uncollectible. The Authority uses a specific identification method for its estimate of the allowance. As of December 31, 2024, the allowance for uncollectible accounts was \$2,483. Grant receivables include both billed and unbilled receivables. No allowance was reported by management for grant receivables.

***Inventories***

The Authority adjusted many of its aviation fuels to a just-in-time inventory process. The inventories listed are stated at the lower of cost or market (net realizable value). Inventories include the remaining aviation fuel and fluids with costs determined using the first-in, first-out (FIFO) method of accounting.

***Capital Assets***

Assets acquired are stated at historical cost and include the expense of federal grants to construct and improve the facilities of the Authority. The capitalization threshold is \$5,000. Depreciation on property and equipment are computed under the straight-line method with rates varying based on the assets' estimated useful lives ranging from three to forty years. Provision for depreciation has been calculated using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	3 - 15
Building and Systems	20 - 40
Master Plan	15 - 20
Land Improvements	5 - 40

The costs of property and aviation easements are not amortized as they have indefinite useful lives. Costs of studies for noise compatibility and roadways as well as master plan updates are amortized over the life of the plan.

***Evaluation of Long-Lived Assets***

The Airport Authority accounts for long-lived assets under GASB No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Authority is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. This Statement requires the Authority to report the effects of capital asset impairments in its financial statements when they occur and to account for insurance recoveries in the same manner.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

The Airport Authority accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with GASB No. 101 Accounting for Compensated Absences. Employees accrue vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time off in lieu of overtime compensation and/or working on holidays. Vacation time vests as earned based on years of service. Sick time payout varies to a maximum of \$20 per day depending on job classification. As of December 31, 2024, the liability for the compensated absences was \$886,214 as part of the payroll related current liabilities.

As a result of GASB No. 101, the Airport Authority recognized no prior period adjustment and the effects of the implementation were run through 2024 expenses.

Compensated absence liability activity for the year ended December 31, 2024, is summarized below:

Balance January 1, 2024	Additions and Transfers	Deletions and Transfers	Balance December 31, 2024
\$464,365	\$467,332	(\$45,483)	\$886,214

**Retainage Payable**

The Airport Authority engages in construction contracts that may include retainage provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the LNAA. The Airport Authority's policy is to record the retainage payable only after completion of the work and the acceptance of contractor invoices have occurred. Retainage payable on completed and uncompleted contracts is included with accounts and retainages payable – capital on the accompanying statements of net position. As of December 31, 2024, the liability for Retainage was \$1,926,513.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The Airport Authority's activities are related to recognition of changes in its defined benefit plans' net pension liability, as well as the present value recognition of future lease payments, both incoming and outgoing, associated with deferred leases. The defined benefit will be amortized in future periods, while the deferred lease value will be amortized over the life of the lease as it pertains to GASB 87 implementation (Note 12).

**Net Pension Liability (Asset)**

The Airport Authority has recorded a net pension liability reflecting the difference between the total pension liabilities and the fiduciary net positions of its' two single employer defined benefit plans. For purposes of measuring the net pension liability (asset), deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position, and additions and deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the single employer defined benefit plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when they are due and payable in accordance with the benefit terms. Investments are reported at fair value.

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

***Grant Revenue Policy***

Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred. Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), as well as the Aviation Development Program (ADP) and the Transportation Assistance Program (TAP)/Capital Budget through the Pennsylvania Department of Transportation – Bureau of Aviation (BOA), with certain matching funds provided by the Authority. Grants and related agreements for the acquisition and construction of land, property and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenue and expenses, as capital contributions.

***Passenger Facility Revenue and Customer Facility Charges***

The Passenger Facility Charges and Customer Facility Charges are recognized as revenue in the financial statements when collected from airlines. There is no receivable recorded as there is no reasonable method of determining the amount.

***COVID-19 Residual Impact***

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 impacted economic activity and financial markets globally. The operations and business results of the LNAA have returned to pre-pandemic levels. Management continues to follow a conservative strategy regarding the use of remaining American Rescue Plan Act (ARPA) funds. At the end of 2024, the Airport Authority had a remaining ARPA balance of \$2.4 million, which will be used during 2025.

***Adoption of New Accounting Pronouncements***

For the year ended December 31, 2024, the Airport Authority adopted the following accounting pronouncements.

- **GASB Statement No. 100, Accounting Changes and Error Corrections** Amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement did not have a material effect on the financial statements.
- **GASB Statement No. 101, Accounting for Compensated Absences** requires that liabilities for compensated absences be recognized for leave that has not been used as well as leave that has been used but not yet paid in cash or through noncash means. Liabilities should be recognized for any leave attributable to services already renders or leave that is more likely than not to be used for time off or otherwise paid in cash or noncash means. Leave that accumulates is carried forward from the reporting period from which it is earned to future reporting periods where it may be used. In estimating the leave that is more likely than not to be used, a government should consider factors of employment policies related to compensated absences while considering historical information relevant to the usage of compensated absences in prior periods. Leave that is more likely than not to be used should not be included in a liability for compensated absences. Liability should include any direct or incrementally associated costs associated with the above-mentioned leave. The Airport Authority elected to waive an entry to adjust the beginning of year net position related to compensated absences and recognize the entire expense during the 2024 Fiscal Year. The effect of implementing this statement as of the beginning of 2024 was approximately \$466,000.

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 2 - Cash and Cash Equivalents - Restricted and Designated**

Certain cash and cash equivalents are segregated from the Authority's operating cash to reflect certain requirements as follows as of December 31, 2024:

**Restricted**

Operations and Maintenance Reserve - Noncurrent	\$ 4,052,022
Renewal and Replacement Capital - Noncurrent	500,000
Debt Service Fund - Current	3,599,472
Series 2018 Bond Capital Project Account - Current	64,166
DCED State Grant Project Account - Current	40,095
Total Restricted Cash	<u>8,255,755</u>

**Designated**

AEP Scholarship Fund - Noncurrent	23,213
Leasehold Security Deposits - Noncurrent	512,954
Total Designated Cash	<u>536,167</u>

Total Restricted and Designated Cash	<u>\$ 8,791,922</u>
--------------------------------------	---------------------

*Operations and Maintenance Reserve Fund* - The Airport Authority is required by the continuing Bond Indenture to maintain at the end of each year a reserve fund of cash equal to 1/6 of the current year's original operating budget. These funds may only be utilized to make up for any deficiencies in the Operating Fund.

*Renewal and Replacement Fund* - The Airport Authority is required by the Series 1993 Bond Indenture to maintain, at the end of each year, a reserve fund of cash in the amount of \$500,000 which may be applied to pay the cost of major replacement, reconstruction, or repairs of the Authority's airport facilities.

*Debt Service Fund* - In 2015, the Airport Authority issued 2015 series bonds. The set-up of the bonds required the establishment of several accounts such as a construction project fund, a cost of issuance fund and an escrow holding fund for pending payments. In 2018 and 2021, the Authority issued 2018 and 2021 series bonds, which also requires an escrow holding fund for pending payments.

*DCED State Grant Project Fund* - In 2023, the Airport Authority received \$2.6 million in grant funding and incurred \$2.5M in corresponding project costs through the end of 2024. The residual \$0.4M is found in the Deferred Grant Revenue (liability) account and is payable back to the state as part of the closeout process.

*AEP Scholarship Fund* - In 2013, the Airport Authority established the Aviation & Aerospace Exposure and Education Program (AEP) Scholarship Fund. Beginning in 2016, the fund will pay a maximum of \$2,000 annually to Lehigh Valley area students interested in pursuing careers in aviation and aerospace. The AEP Scholarship Fund is a by-product of the Aviation & Aerospace Exposure and Education Program launched in late 2014. The program has exposed Lehigh Valley students to aviation and aerospace related careers, aeronautical facilities, and equipment, including aircraft, spacecraft, ground vehicles, cooperative education projects and on-the-job training experiences.

*Leasehold Security Deposits* - Various tenants, as required by lease agreements, have deposited funds with the Authority as security on leased space.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 3 - Cash and Investments**

**Cash**

Deposits in savings accounts or time deposits or share accounts of institutions are insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, approved collateral as provided by law is pledged by the depository. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, money market funds at amortized cost and small amounts of cash on hand on December 31, 2024. The difference between the carrying value and the bank balance is principally caused by outstanding checks and deposits in-transit. On December 31, 2024, the Airport Authority's deposits consisted of the following:

	Carrying Value	Bank Balance
Demand Deposits	\$ 34,359,880	\$ 21,308,980
Money Market Funds	\$ 3,726,946	16,781,025
	<u>\$ 38,086,826</u>	<u>\$ 38,090,005</u>

**Note 4 - Capital Grants Receivable**

Capital Grants receivable represent reimbursable amounts for eligible grant expenditures. On December 31, 2024, the Authority's grant expenditures consisted of the following:

U.S. Department of Transportation	\$ 1,421,839
Total Capital Grants Receivable	<u>\$ 1,421,839</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 5 - Capital Assets**

A summary of changes in capital assets for the year ending December 31, 2024, are as follows:

	Balance January 1, 2024	Transfers and Additions	Transfers and Retirements	Balance December 31, 2024
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 51,119,439	\$ 297,516	\$ -	\$ 51,416,955
Property and Avigation Easements	44,307,392	-	-	\$ 44,307,392
Construction in Progress	56,910,716	18,132,321	5,912,853	\$ 69,130,184
<b>Total Capital Assets not Being Depreciated</b>	<b>152,337,547</b>	<b>18,429,837</b>	<b>5,912,853</b>	<b>\$ 164,854,531</b>
<u>Other Capital Assets:</u>				
Land Improvements:				
Drainage and Landscaping	3,322,635	-	-	\$ 3,322,635
Landing Area Improvements	161,615,602	1,572,719	-	\$ 163,188,321
Road Improvements	4,905,976	727,226	-	\$ 5,633,202
Parking Facilities	8,049,900	484,808	-	\$ 8,534,708
	<u>177,894,113</u>	<u>2,784,753</u>	<u>-</u>	<u>\$ 180,678,866</u>
Buildings, Systems and Equipment:				
Terminal	78,072,935	67,715	41,533	\$ 78,099,117
Hangars	41,273,795	1,026,565	-	\$ 42,300,360
Property Acquisitions	1,689,566	-	-	\$ 1,689,566
Maintenance Building	4,475,025	42,369	-	\$ 4,517,394
Government Building	427,832	-	-	\$ 427,832
Fire Station	5,507,806	44,467	17,550	\$ 5,534,723
Equipment and Furnishings	34,294,219	1,946,984	145,323	\$ 36,095,880
	<u>165,741,178</u>	<u>3,128,100</u>	<u>204,406</u>	<u>\$ 168,664,872</u>
Capital Planning and Studies	2,795,990	-	-	\$ 2,795,990
<b>Total Other Capital Assets</b>	<b>346,431,282</b>	<b>5,912,853</b>	<b>204,406</b>	<b>\$ 352,139,728</b>
<b>Total Capital Assets</b>	<b>498,768,829</b>	<b>24,342,690</b>	<b>6,117,259</b>	<b>\$ 516,994,259</b>
<u>Less Accumulated Depreciation:</u>				
Land Improvements:				
Drainage and Landscaping	3,257,470	9,270	-	\$ 3,266,740
Landing Area Improvements	72,265,425	6,516,168	-	\$ 78,781,593
Road Improvements	1,955,699	373,053	-	\$ 2,328,752
Parking Facilities	5,480,584	359,696	-	\$ 5,840,280
Buildings, Systems and Equipment:				
Terminal	47,736,845	2,651,915	20,655	\$ 50,368,105
Hangars	16,340,532	1,305,879	-	\$ 17,646,411
Property Acquisitions	1,335,451	46,001	-	\$ 1,381,452
Maintenance Building	2,643,268	121,479	-	\$ 2,764,747
Government Building	290,831	21,392	-	\$ 312,223
Fire Station	2,555,107	192,688	17,550	\$ 2,730,245
Equipment and Furnishings	20,501,924	2,583,238	110,416	\$ 22,974,746
Capital Planning and Studies	1,635,089	252,719	-	\$ 1,887,808
<b>Total Accumulated Depreciation</b>	<b>175,998,225</b>	<b>14,433,498</b>	<b>148,621</b>	<b>\$ 190,283,102</b>
<b>Total Other Capital Assets, Net</b>	<b>170,433,057</b>	<b>(8,520,645)</b>	<b>55,785</b>	<b>\$ 161,856,626</b>
<b>Total Capital Assets, Net</b>	<b>\$ 322,770,604</b>	<b>\$ 9,909,192</b>	<b>\$ 5,968,638</b>	<b>\$ 326,711,157</b>

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 5 - Capital Assets (continued)**

In 2024 the Airport Authority continued to catch up on long overdue projects. Completed projects include additional Terminal Loop Repaving, multiple airside concrete and joint repairs, along with Hangar 7 refresh projects including painting refresh, new signage, and upgraded restrooms.

IT infrastructure continued to be a large part of the Airport Authority's capital asset program resulting in approximately \$929,000 of equipment and furnishings being capitalized during 2024.

Continuation of the eleven phase Runway 6/24 Rehabilitation Project largely contributed to the increase to the Construction in Progress. Several phases are anticipated to be completed and closed out during the 2025 fiscal year.

**Note 6 - Passenger Facility Charge Fund and Customer Facility Charge Fund**

The Passenger Facility Charge (PFC) was established under the Aviation Safety and Capacity Expansion Act of 1990. The Act authorizes airports to impose a charge of \$4.50 on each fare-paying passenger enplaning at the facility. Charges are collected by the air carriers and remitted to the airport. Their use is restricted to eligible airport projects, which will:

- Preserve or enhance capacity, safety, or security.
- Reduce noise resulting from an airport; or
- Furnish opportunities for enhanced competition between or among air carriers.

In March 2005, the Airport Authority was approved to impose and use up to \$27,940,236 of PFC revenue to fund the local share of various airport improvement projects in the main terminal. In 2020, the Airport Authority reduced the overall amount of PFC funding by \$6,500,000 to account for other grants received. The final PFC project total of \$21,440,236 was closed in 2020.

In 2019, the LNAA was approved to impose and use up to \$23,381,196 to fund new airport improvement projects. During 2024, the Airport Authority collected \$1,932,070 in PFCs from the Airlines. The current approved charge expires June 1, 2033.

A Customer Facility Charge (CFC) of \$1.00 per day was established in June 2015 to fund capital improvements specific to rental car concessionaire vehicle rentals. In 2024, the fund collected \$345,598. Most of the funds are being used to help fund the Multi-Modal Transportation project.

There are no cash balances for CFC and a \$4,343 cash balance for the PFC Fund on December 31, 2024.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 7 - Long-Term Debt**

**A) Bonds Payable**

On November 5, 2015, the Airport Authority issued \$43,065,000 of Airport Revenue Refunding Bonds, Series 2015A, 2015B, 2015C and 2015D and the Airport Revenue Bonds Series 2015E (collectively the "Series 2015 Bonds") with maturities through January 1, 2035. The Series 2015A-D bonds totaling \$36,025,000, with an average interest rate of 2.41%, along with other available funds of the Airport Authority, were used to (i) refund all the Authority's outstanding Airport Revenue Bonds Series 2000 and Airport Revenue Refunding Bonds Series 2005, with an average interest rate of 5.81%, and (ii) pay the costs of issuance of the Series 2015 Bonds. The Series 2015E bonds in the amount of \$7,040,000 were used to fund capital purchases and pay issuance costs. The Authority refunded the Series 2000 and 2005 bonds to improve cash flow by refinancing at a lower interest rate to reduce overall debt service.

On June 29, 2018, the Authority issued a \$10,000,000 of Airport Taxable Revenue Bond, Series 2018 with an average interest rate of 5.24%. The Series 2018 bonds were restricted to the Hangar 11 construction project on airport property.

On June 3, 2021, the Airport Authority issued \$23,000,000 of Airport Tax Exempt Revenue Bonds, Series 2021A and 2021B. Series 2021A is for \$15,000,000 with monthly interest only payments the initial 24 months based on a Wall Street Journal U.S. Prime Rate discounted 83% based on Non-bank Qualified Tax-Exempt rate. Series 2021A is restricted to reimbursement of the Terminal Connector construction project. On December 28, 2023, the 2021B series was paid off and closed out. On October 1, 2023, the Series 2021A was financed at 5.96% fixed rate for 8 years. Total interest paid in 2024 on these Series A and B was \$827,510.

The Bond Resolutions require the Airport Authority to fund our bi-annual debt service monthly to our bond custodian US Bank, N.A. The LNAA reported they were in compliance on December 31, 2024. The 2015, 2018, and 2021 bond financial covenants require the Authority to maintain a net revenue ratio of at least 1.25 of annual debt service. For 2024, the Authority reported a ratio of 2.28 including the CARES/ARPA support funding.

The Bonds are considered as a direct placement of debt. The Bond Resolutions include provisions in case of an event of default that allow for an acceleration of payment on the Bonds.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 7 - Long-Term Debt (Continued)**

**A) Bonds Payable (Continued)**

Bonds Payable consisted of the following direct placement debt as of December 31, 2024:

2.44% Airport Revenue Refunding Bonds, Series 2015A, Due in Annual Installments on Each January 1, Beginning 2018 at \$125,000 Increasing to a Final Payment of \$4,145,000 in 2030.	\$ 18,060,000
3.48% Airport Revenue Bonds, Series 2015E, Due in Annual Installments on Each January 1, Beginning 2031 at \$1,310,000 Increasing to a Final Payment of \$1,510,000 in 2035.	7,040,000
5.24% Airport Revenue Bond, Series 2018, Due in Annual Installments on Each January 1, Beginning 2021 at \$165,000 Increasing to a Final Payment of \$655,000 in 2048.	9,285,000
5.68% Airport Revenue Bond, Series 2021A Principal Payments of \$50,000 per month	14,250,000
	48,635,000
Less: Current Portion	(3,450,000)
Bonds Payable, Net of Current Portion	\$ 45,185,000

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 7 - Long-Term Debt (Continued)**

The future annual payments required to retire bond debt obligations are:

Year Ending December 31,	Series 2015 A & E		
	Principal	Interest	Total Debt Service
2025	\$ 2,650,000	\$ 685,656	\$ 3,335,656
2026	2,715,000	620,996	3,335,996
2027	2,780,000	554,750	3,334,750
2028	2,850,000	486,918	3,336,918
2029	2,920,000	417,378	3,337,378
2030-2034	9,675,000	1,045,784	10,720,784
2035	1,510,000	52,548	1,562,548
Total	\$ 25,100,000	\$ 3,864,030	\$ 28,964,030

Year Ending December 31,	Series 2018		
	Principal	Interest	Total Debt Service
2025	\$ 200,000	\$ 481,294	\$ 681,294
2026	215,000	470,421	685,421
2027	225,000	458,893	683,893
2028	235,000	446,841	681,841
2029	250,000	434,134	684,134
2030-2034	1,450,000	1,955,830	3,405,830
2035-2039	1,875,000	1,522,875	3,397,875
2040-2044	2,410,000	964,160	3,374,160
2045-2048	2,425,000	262,393	2,687,393
Total	\$ 9,285,000	\$ 6,996,841	\$ 16,281,841

Year Ending December 31,	Series 2021A		
	Principal	Interest *	Total Debt Service
2025	\$ 600,000	\$ 753,951	\$ 1,353,951
2026	600,000	721,581	1,321,581
2027	600,000	689,211	1,289,211
2028	600,000	656,841	1,256,841
2029	600,000	624,471	1,224,471
2030-2032	11,250,000	2,053,472	13,303,472
Total	\$ 14,250,000	\$ 5,499,527	\$ 19,749,527

\* Estimated based on timing of loan periods

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 7 - Long-Term Debt (Continued)**

**B) Grants Payable**

DCED Grant Interest received is payable back to the state above a \$500 threshold.	\$ 40,095	
Total Grant Interest Payable - Current	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">40,095</td> </tr> </table>	40,095
40,095		

**C) Direct Financing Notes**

The Airport Authority is obligated under certain agreements accounted for as direct financing notes. Future minimum payments pertaining to these notes are due as follows:

Year Ending December 31,		
	2025	\$ 822,368
	2026	628,577
	2027	480,705
	2028	348,672
	2029	351,058
Total Minimum Payments		2,631,380
Less: Amount Representing Interest		(197,690)
Present Value of Minimum Payments		2,433,690
Less: Current Portion		(738,703)
Obligations Under Capital - Noncurrent		\$ 1,694,987

Interest expense on direct financing notes amounted to \$113,643 in 2024.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 7 - Long-Term Debt (Continued)**

Property held under direct financing notes, included with building, systems, and equipment on the statement of net position, consists of the following on December 31, 2024:

<u>Classification:</u>	
Equipment	\$ 4,202,620
Building Improvements	<u>3,661,584</u>
Total	7,864,204
Less: Accumulated Depreciation	<u>(5,430,514)</u>
Property and Equipment Under Direct Financing Notes, Net	<u>\$ 2,433,690</u>

The Airport Authority has open lines of credit with a maximum value of \$686,616. The lines have various expiration dates. The indicative interest rates are based upon the average US swap rates or the Wall Street Prime rates at the time of closing of the lease line. Collateral is the actual capital item being leased. If the loan is considered in default the entire outstanding lease amount becomes due at that point.

**D) Changes in Long-Term Debt**

	Balance January 1, 2024	Additions	Deductions/ Payments	Balance December 31, 2024	Amount Due In One Year
Direct Placements:					
Bonds Payable - Series 2015	\$ 27,685,000	\$ -	\$ (2,585,000)	\$ 25,100,000	\$ 2,650,000
Bonds Payable - Series 2018	9,475,000	-	(190,000)	9,285,000	200,000
Bonds Payable - Series 2021	14,850,000	-	(600,000)	14,250,000	600,000
Direct Borrowings:					
Notes & Grants Payable	277,739	13,931	(251,575)	40,095	40,095
Direct Financing Notes	3,201,984	-	(768,294)	2,433,690	738,703
Other Liabilities:					
Net Pension Liability (Asset)	<u>2,485,891</u>	<u>2,032,525</u>	<u>(3,016,852)</u>	<u>1,501,564</u>	<u>-</u>
<b>Total</b>	<u>\$ 57,975,614</u>	<u>\$ 2,046,456</u>	<u>\$ (7,411,721)</u>	<u>\$ 52,610,349</u>	<u>\$ 4,228,798</u>

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 8 – Lease and Subscription Commitments (Lessee)**

***Obligations Under GASB 87 Leases***

The Airport Authority, as a lessee, recognizes the lease liability along with a right of use asset and associated accumulated amortizations for all leases with certain exceptions for short-term leases. The lease liability is measured at the present value of the lease payments expected to be received over the duration of the lease term. The right of use assets should be measured at the value of the lease liability in addition to any payments paid at or before the commencement of the lease term that relates to the future periods.

The Airport Authority has several obligations for various equipment rentals, which are accounted for under the GASB 87 provisions. During the year ending December 31, 2024, The LNAA recognized the following related to its lessee agreements:

Equipment and Furnishings - Fuel Trucks (7 leases)		
Net Right of Use Asset	\$	224,308
Lease Liability	\$	(230,949)
Equipment and Furnishings - Office Equipment (6 leases)		
Net Right of Use Asset	\$	15,590
Lease Liability	\$	(15,459)

The following is a schedule of future minimum rental payments for those operating leases that have initial or remaining non-cancellable lease terms longer than one year as of December 31, 2024.

Year Ending December 31,	Principal	Interest	Total Payments
2025	\$ 180,609	\$ 5,803	\$ 186,412
2026	42,329	2,083	44,412
2027	23,470	295	23,765
Total	\$ 246,408	\$ 8,181	\$ 254,589

Total rental expense under all operating leases reported in the statement of revenue, expenses, and changes in net position was \$300,514 for the year ended December 31, 2024.

***Obligations Under GASB 96 Subscriptions***

The Airport Authority, as a lessee, recognizes the subscription liability along with a right of use asset and associated accumulated amortizations for all subscriptions with certain exceptions for short-term subscriptions. The subscription liability is measured at the present value of the subscription payments expected to be received over the duration of the lease term. The right of use asset should be measured at the value of the subscription liability in addition to any payments paid at or before the commencement of the subscription term that relate to the future periods.

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 8 – Lease and Subscription Commitments (Lessee)**

The Airport Authority has several obligations for various subscription agreements, which are accounted for under the GASB 96 provisions. The LNAA have the following IT subscription agreements:

IT Subscriptions	
Right of Use Asset	\$798,673
Subscription Liability	(\$472,946)

The following is a schedule of future minimum payments for those subscriptions that have initial or remaining non-cancellable terms longer than one year as of December 31, 2024.

Year Ending December 31,	Principal	Interest	Total Payments
2025	\$ 210,299	\$ 25,182	\$ 235,481
2026	219,245	12,210	231,455
2027	43,402	-	43,402
Total	\$ 472,946	\$ 37,392	\$ 510,338

Total expense under all subscriptions reported in the statement of revenue, expenses, and changes in net position was \$122,000 for the year ended December 31, 2024.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 9 – Net Investment in Capital Assets and Restricted Net Position**

Elements of Net Position consist of the following on December 31, 2024:

Capital Assets:	
Land	\$ 51,416,955
Property and Avigation Easements	44,307,392
Construction in Progress	69,130,184
Land Improvements	180,678,866
Building, Systems & Equipment	168,664,872
Capital Planning and Studies	2,795,990
Total Capital Assets	516,994,259
Less: Accumulated Depreciation	(190,283,102)
Total Capital Assets, Net	326,711,157
Less: Related Liabilities and Proceeds:	
Accounts and Retainage Payable - Capital	(5,154,964)
Bonds Payable	(45,185,000)
Less: Capital Related Bond Proceeds - Series 2018	64,166
Obligations Under Direct Financing Notes	(2,433,690)
Total Related Liabilities and Proceeds	(52,709,488)
Net Investment in Capital Assets	274,001,669
 <i>Restricted Net Position:</i>	
Cash and Cash Equivalents, Restricted and Designated (Note 2)	5,088,189
Cash and Cash Equivalents - Debt Service Funds (Note 2)	3,703,733
Total Assets	8,791,922
Less: Related Liabilities from Restricted Assets:	
Capital Related Bond Proceeds - Series 2018	(64,166)
Notes and Grants Payable	(40,095)
Bonds Payable - Current Portion	(3,450,000)
Accrued Bond Interest Payable	(655,793)
Leasehold Deposits	(533,667)
Total Related Liabilities	(4,743,721)
Restricted Net Position	\$ 4,048,201

None of the Authority's restricted net position is considered restricted by enabling legislation.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 10 - Retirement Plans**

***Defined Benefit Plan Descriptions***

The Lehigh Northampton Airport Authority Non-Union Employees' Retirement Plan and the Lehigh Northampton Airport Authority Union Employees' Retirement Plan are single employer defined benefit pension plans controlled by the provisions of the plan documents. The plans are governed by the Authority's eight-member Pension Board, which is made up of five board members and three employee representatives. The employee representatives consist of a member of the Non-Union, a member of the Union and a member of the current retirees. The Board of Governors selects the representatives. The Pension Board may amend the plan provisions and is responsible for management of the assets of the plans. The Pension Board has delegated custodial services and management of certain assets of the plans to outside advisors.

The Authority filed actuarial valuation reports Form 205C with the Public Employee Retirement Commission for each of the plans. The reports dated January 1, 2022, were the most recently certified by the municipality's chief administrative officer for the Non-Union and Union Plans. The reports indicated the municipality maintains pension plans to provide pension or retirement benefits for Non-Union and Union employees.

<b>Plan Status</b>	<b>Non-Union</b>	<b>Union</b>
Active Employees	39	54
Retirees and beneficiaries currently receiving benefits	41	50
Terminated employees entitled to benefits but not yet receiving them	35	22
Total	115	126

The plans prepare financial statements on the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due, and the employer has made a formal commitment to provide the contributions. The pension plans' investments are reported at fair value. The plans do not issue separate audited financial statements.

***Benefits Provided***

The plans cover all full-time non-union and union employees upon completion of ninety days of credited service. The Pension Boards make determinations on benefit provisions.

The Non-Union plan's normal retirement date is at age 65 with five years of service. Additional early retirement date clauses for the age of 60 with ten years of service or age 50 with twenty years of service are also available. Effective January 1, 2018, the Non-Union pension plan was closed for newly hired full-time employees; newly hired Non-Union receive the defined contribution plan only.

The Union plan's normal retirement date is at age 65 with ten years of service for Police and Firemen and five years for Teamsters. An early retirement date clause for age 60 and ten years of service is also available. Postponement of retirement dates and disability retirement are also allowed.

In addition, effective January 1, 2018, newly hired full-time Teamster Union employees must contribute 2% of their gross pay toward the defined benefit pension plan. Effective January 1, 2019, the Union pension plan was closed for newly hired full-time Firemen; newly hired Firemen receive the defined contribution plan only. January 1, 2020, through December 31, 2021, newly hired police officers had a choice of defined pension or the defined contribution plan. Effective January 1, 2022, all newly hired police officers are part of the defined contribution plan.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 10 - Retirement Plans (Continued)**

Retirement benefits vest 100% after 5 years of service under the Non-Union Plan and for Teamster members under the Union Plan. For Police and Firefighters members the retirement benefits vest 100% after 10 years of service under the Union Plan. The general retirement benefits are computed at 3/4 of 1% of compensation for each year of credited service, plus 20% compensation in excess of covered compensation. The union firefighter plan has a second part to the calculation. Early retirement, disability, and death benefits are available under each plan.

**Contributions**

The Pennsylvania Recovery Program for Municipal Pension Systems Act 2015 requires that annual contributions to the plan be based upon the Minimum Municipal Obligation (MMO). The MMO is based on each plan's biennial actuarial valuation. In accordance with the governing documents of the plans, employees are not required to contribute to the plan.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

The 2024 Employer contributions to the Non-Union plan were \$495,609 and the Union plan was \$405,438. Newly hired Teamster employees contributed \$27,006 toward the defined pension plan.

**Total Pension Liability / (Asset)**

The components of the liability of the Authority to plan members for benefits provided through the pension plans (the net pension liability) were as follows:

	<b>Non-Union</b>	<b>Union</b>	<b>Total</b>
Total Pension Liability	\$ 12,021,909	\$ 9,263,385	\$ 21,285,294
Plan Fiduciary Net Position	10,917,590	8,866,140	19,783,730
Net Pension Liability/(Asset)	\$ 1,104,319	\$ 397,245	\$ 1,501,564
Plan Fiduciary Net Position as a percentage of Total Pension Liability	90.8%	95.7%	92.9%

The Authority's total pension liability was determined as part of a biennial actuarial valuation on January 1, 2022. The measurement date of the total pension liability was December 31, 2021. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2024. Total pension liability as of December 31, 2024, was determined using the following updated actuarial assumptions:

- Salary Increases – 4.25%
- Investment Return – 7.25% per year, net of investment expenses
- Mortality – PubG-2010 projected 5 years past the valuation date using most recent MP Scale Form of Annuity - Straight Life
- Retirement Age - Normal retirement age, or age on valuation date if greater
- Disability - None assumed
- COLA – None assumed
- Actuarial Cost Method – Entry Age Normal Cost

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 10 - Retirement Plans (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on the investments of both pension plans was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.47%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. The two plans have similar targeted allocations and an expected real rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Non-Union		Union	
	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity:				
Large Cap	41%	5.81%	41%	5.81%
Mid Cap	0%	7.06%	0%	7.06%
Small Cap	8%	7.06%	8%	7.06%
International Equity	9%	6.64%	9%	6.64%
Fixed Income	36%	3.51%	36%	3.51%
Real Estate	0%	4.94%	0%	4.94%
Cash	6%	1.00%	6%	1.00%
	100%		100%	

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Non-Union plan was 11.77% and the Union plan was 11.82%. The Plan Fiduciary Net Position consisted of the following:

Plan Fiduciary Net Position	Total of Both Plans		
	Non-Union	Union	Total
Cash and Cash Equivalents	\$ 631,291	\$ 494,017	\$ 1,125,308
Investment Income Receivable	12,505	9,970	22,475
Equities	6,374,353	5,211,454	11,585,807
Fixed Income	3,909,366	3,163,324	7,072,690
Administrative Expense Payable	(9,925)	(12,625)	(22,550)
Total	\$ 10,917,590	\$ 8,866,140	\$ 19,783,730

Under GASB, the investments are measured at fair value using Level 1.

***Discount Rate***

The discount rate used to measure the total pension liability was reduced to 7.25% for both plans in 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 10 - Retirement Plans (Continued)**

***Changes in Net Pension Liability***

The following table shows the changes in net pension liability recognized over the measurement period.

	<b>Total for Both Plans</b>		
	Total Pension	Plan	Net
	Liability	Fiduciary Net Position	Pension Liability / (Asset)
Balances at 12/31/2023	\$ 20,220,194	\$ 17,734,303	\$ 2,485,891
Changes for the year:			
Service cost	539,554	-	539,554
Interest	1,470,421	-	1,470,421
Employer Contributions	-	901,047	(901,047)
Employee Contributions	-	27,006	(27,006)
Net investment income	-	2,088,799	(2,088,799)
Benefit payments	(944,875)	(944,875)	-
Administrative expenses	-	(22,550)	22,550
Balances at 12/31/2024	<u>\$ 21,285,294</u>	<u>\$ 19,783,730</u>	<u>\$ 1,501,564</u>

	<b>Non-Union Plan</b>			<b>Union Plan</b>		
	Total Pension	Plan	Net	Total Pension	Plan	Net
	Liability	Fiduciary Net Position	Pension Liability / (Asset)	Liability	Fiduciary Net Position	Pension Liability / (Asset)
Balances at 12/31/2023	\$ 11,385,191	\$ 9,753,840	\$ 1,631,351	\$ 8,835,003	\$ 7,980,463	\$ 854,540
Changes for the year:						
Service cost	282,009	-	282,009	257,545	-	257,545
Interest	828,295	-	828,295	642,126	-	642,126
Employer Contributions	-	495,609	(495,609)	-	405,438	(405,438)
Member Contributions	-	-	-	-	27,006	(27,006)
Net investment income	-	1,151,652	(1,151,652)	-	937,147	(937,147)
Benefit payments	(473,586)	(473,586)	-	(471,289)	(471,289)	-
Administrative expenses	-	(9,925)	9,925	-	(12,625)	12,625
Balances at 12/31/2024	<u>\$ 12,021,909</u>	<u>\$ 10,917,590</u>	<u>\$ 1,104,319</u>	<u>\$ 9,263,385</u>	<u>\$ 8,866,140</u>	<u>\$ 397,245</u>

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 10 - Retirement Plans (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.25% as well as what the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Net Pension Liability / (Asset):			
Non-Union Plan	\$ 2,552,555	\$ 1,104,319	\$ (127,191)
Union Plan	1,382,848	397,245	(442,918)
Total Net Pension Liability (Asset)	\$ 3,935,403	\$ 1,501,564	\$ (570,109)

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

For the year ended December 31, 2024, the Authority plans recognized pension expense of \$1,093,155 which included \$685,479 for Non-Union plan and \$407,676 for the Union plan. On December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Total of Both Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
Differences Between Expected and Actual Experience	\$ 155,465	\$ (224,641)	\$ (69,176)
Changes in Assumptions	1,131,341	-	1,131,341
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	72,964	-	72,964
Total	\$ 1,359,770	\$ (224,641)	\$ 1,135,129

<b>Individual Plans</b>	<b>Non-Union</b>		<b>Union</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 142,333	\$ (101,852)	\$ 13,132	\$ (122,789)
Changes in Assumptions	655,864	-	475,477	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	26,431	-	46,533	-
Total	\$ 824,628	\$ (101,852)	\$ 535,142	\$ (122,789)

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 10 - Retirement Plans (Continued)**

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

Year ended December 31,	<u>Total</u>	<u>Non-Union</u>	<u>Union</u>
2025	\$ 469,027	\$ 351,193	\$ 117,834
2026	647,859	390,698	257,161
2027	(211,187)	(88,482)	(122,705)
2028	73,137	72,660	477
2029	76,502	(3,293)	79,795
Thereafter	79,791	-	79,791
	<u>\$ 1,135,129</u>	<u>\$ 722,776</u>	<u>\$ 412,353</u>

Investment-related deferrals are amortized over a 5-year period and other deferrals are amortized over the remaining service lives of plan members.

**Defined Contribution Plans**

Lehigh-Northampton Airport Authority Union Employee Retirement Plan sponsors defined contribution plans for each of the Fire, Police and Teamsters employees. These plans cover all full-time unionized employees after 90 days of service. The Authority is required to contribute \$.47 per hour for each hour a Teamster employee works and \$.18 per hour for each hour a Fire or Police employee works. Additionally, newly hired firefighters as of January 1, 2019, receive 6% of their gross salary contributed by the Authority. Employer contributions to the plans were \$79,201 for the year ended December 31, 2024.

Lehigh-Northampton Airport Authority Non-Union Employee Retirement Plan sponsors a defined contribution plan for severance benefits to terminated regular, full-time non-union employees. Benefits accrue based upon length of service, currently at \$75 per each calendar quarter of service. Employer contributions to the plan were \$11,900 for the year ended December 31, 2024. Effective January 1, 2018, newly hired full-time non-union employees receive 3% of their gross salary contributed by the Authority and up to another 3% as a dollar-for-dollar match based on the employee's level of contribution. The vesting is graded at 20% each year, fully vested after five years of full-time employment. Employer contributions to the plan were \$219,097 for the year ended December 31, 2024.

The Plan's benefit provisions and contribution rates are determined by the respective Authority Pension Boards. The Plans assets are held in trust with external custodian. The Plans do not issue stand-alone financial statements.

**Note 11 - Deferred Compensation Plan**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is available to employees at termination, retirement, death, or unforeseeable emergency.

Assets of the Plan are held in trust with Mission Square, previously known as ICMA-RC. Mission Square provides the platform for participants to choose their investments.

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 12 - Lease Revenues (Lessor) – GASB 87**

The Authority leases certain of its capital assets, such as terminal space, hangars, and land to airlines and other tenants under operating leases. The airline terminal space rents are determined annually based upon actual operating costs of the related airport space. Such costs are allocated pro rata to each tenant based upon factors such as square footage. A majority of the airline terminal space leases, as well as other leases, are contracted on a month-to-month basis and accordingly are not reflected in the schedule below.

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. For the lessor the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received over the duration of the lease term. The deferred inflow of resources should be measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to the future periods.

During the year ending December 31, 2024, The Authority recognized the following related to its lessor agreements:

Total Lease Receivable	\$ 16,391,568
Total Deferred Inflows of Resources Lease Related	\$ 15,383,849
Lease Revenue	\$ (327,987)
Interest income related to leases	\$ 821,644
Revenue from variable payments not previously included in the measurement of lease receivables	\$ 2,820,374

Detail on leases and lease revenue are shown below:

Building (5 leases)	
Lease Receivable	\$ 2,728,993
Lease Revenue	\$ 33,248
Land (4 leases)	
Lease Receivable	\$ 6,552,300
Lease Revenue	\$ 58,453
Advertising (20 leases)	
Lease Receivable	\$ 4,591,016
Lease Revenue	\$ 46,124
Terminal (13 leases)	
Lease Receivable	\$ 2,519,259
Lease Revenue	\$ 190,162

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 12 - Lease Revenues (Lessor) – GASB 87 (Continued)**

The receivable on these leases was discounted to the net present value determined as of January 1, 2024. The discount rates are based on The Authority's borrowing rate and length of the lease ranging from 3.41% to 6.54%.

Future principal and interest payment requirements related to The Authority's lease receivable as of December 31, 2024, are as follows:

Year Ending December 31,	Principal	Interest	Total Payments
2025	\$ 2,214,178	\$ 708,013	\$ 2,922,191
2026	532,862	662,645	1,195,507
2027	390,496	644,068	1,034,564
2028	357,869	629,360	987,229
2029	358,629	614,255	972,884
2030-2034	2,745,397	2,806,529	5,551,926
2035-2039	5,679,356	1,727,227	7,406,583
2040-2044	3,964,269	340,796	4,305,065
2045-2049	148,513	3,261	151,774
Total	<u>\$ 16,391,568</u>	<u>\$ 8,136,155</u>	<u>\$ 24,527,723</u>

**Regulated Leases**

The Authority leases certain assets to various third parties that are considered regulated leases, as defined by GASB 87. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. For example, U.S. Department of Transportation (DOT) and the Federal Aviation Administration regulate aviation leases between airport and air carriers and other aeronautical users through various policies and guidance, including the FAA's Rates and Charges Policy and Federal Grant Assurances. In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. The regulated lease assets include hangars and land. Leased land and several of the terminal office locations are considered exclusive use by the second parties to the agreement, while most terminal areas are considered shared/joint use.

Future expected minimum payments related to The Authority's regulated leases as of December 31, 2024, are as follows:

Year Ending December 31,	Amount
2025	\$ 1,700,224
2026	1,437,734
2027	1,397,301
2028	1,259,183
2029	522,694
2030-2034	1,312,994
2035-2039	21,883
Total	<u>\$ 7,652,013</u>

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 13 - Commitments and Contingencies**

Self-Insurance: The Authority has elected to be a Self-Insured Reimbursable Employer in the Pennsylvania Unemployment Insurance Program. If any employees become eligible for unemployment insurance benefits, the Authority will be required to fund such benefits at that time. In 2024, The Authority incurred \$6,405 for unemployment benefits.

The Authority has a Self-Insurance Medical Plan for their full-time employees. The Authority has purchased a 115% aggregate stop loss protection and \$65,000 individual stop loss protection to wrap around the plan. In 2024, the Authority spent \$2,073,196 on this plan.

Other Commitments: The Authority is under numerous facility construction and improvement contracts for which they are committed to 100% of the estimated costs of these projects. Most project costs are funded through Federal and State grants and bond proceeds. Contract commitments as of December 31, 2024, are already reflected in the balance sheet under Accounts and Retainage Payable- Capital. The Authority has commitments of \$12,601,545 primarily for the construction of the Runway Rehab and Terminal Connector projects.

The Authority has an agreement with the Catasauqua Area School District and Hanover Township, Lehigh County to make payments in lieu of taxes levied at 7% and 3%, respectively as defined in the agreement. The total amount paid by the Authority to these entities in 2024 was \$653,016.

**Note 14 – Fiduciary Fund**

The Authority's pension trust funds are presented as a fiduciary fund. The pension plan is not audited separately. Information regarding the pension plan is included in Note 10. Additional information follows:

Basis of Accounting and Presentation: The financial statements are prepared using the accrual basis of accounting. Contributions from the employees and the Authority are recognized as revenue in the period in which employees provide service and expenses are recorded when incurred regardless of when payment is made. Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

Cash and cash equivalents: The Authority holds collateralized demand deposit account sweep accounts with a pension trustee totaling \$1,125,308 for the two plans.

Fair Value of Investments: Investments are presented at fair value or estimated fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates. Corporate and government fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. Other investments not having an established market are recorded at estimated fair value.

The Plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements).

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

---

**Note 14 – Fiduciary Fund (Continued)**

The three levels of input within the fair value hierarchy are defined as follows:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3:* Significant unobservable inputs that reflect the reporting entity's own assumptions about the fair value of an asset or liability.

The Authority has the following fair value measurements as of December 31, 2024:

	Fair Value Measurement as of December 31, 2024		
	Level 1	Level 2	Level 3
Investments at fair value			
Cash equivalents	\$ 1,125,308	\$ -	\$ -
Fixed income mutual funds	22,475	-	-
Equity mutual funds	18,658,497	-	-
Total investments by fair value level	\$ 19,806,280	\$ -	\$ -

Interest Rate Risk: The Plan's policy does not limit the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fixed income mutual funds have an average effective duration of 6.6 years.

Credit Risk: The Plan's policy limits investments in equities, fixed income, and cash equivalents. Fixed income mutual funds include underlying holdings in U.S. government securities such as U.S. Treasuries and mortgage-backed securities. Other holdings within the fixed income mutual funds have a credit quality of BBB or higher rating.

---

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 14 – Fiduciary Fund (Continued)**

Financial information for both plans is provided below:

	<b>Pension Trust Funds</b>		
	<u>Non-Union</u>	<u>Union</u>	<u>Total</u>
<b>Assets</b>			
Cash (Cash and cash equivalents)			
Checking/Savings Account	\$ 631,291	\$ 494,017	\$ 1,125,308
Total Cash	<u>631,291</u>	<u>494,017</u>	<u>1,125,308</u>
Receivables			
Accrued interest and dividends	<u>12,505</u>	<u>9,970</u>	<u>22,475</u>
Total Receivables	<u>12,505</u>	<u>9,970</u>	<u>22,475</u>
Investments:			
Equities	6,374,353	5,211,454	11,585,807
Fixed Income	<u>3,909,366</u>	<u>3,163,324</u>	<u>7,072,690</u>
Total Investments	<u>10,283,719</u>	<u>8,374,778</u>	<u>18,658,497</u>
Total Assets	<u>\$ 10,927,515</u>	<u>\$ 8,878,765</u>	<u>\$ 19,806,280</u>
<b>Liabilities</b>			
Accrued Administrative Expense	9,925	12,625	22,550
<b>Net Position Restricted for Pension</b>	<u>\$ 10,917,590</u>	<u>\$ 8,866,140</u>	<u>\$ 19,783,730</u>

(Continued)

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**Note 14 – Fiduciary Fund (Continued)**

	<b>Pension Trust Funds</b>		
	<b>Non-Union</b>	<b>Union</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Members' Contribution	\$ -	\$ 27,006	\$ 27,006
Employer Contributions	495,609	405,438	901,047
Total Contributions	495,609	432,444	928,053
Investment Income:			
Interest	161,429	130,004	291,433
Dividends	94,256	77,209	171,465
Net Appreciation/(depreciation) in fair value of investments	918,682	749,429	1,668,111
Total Investment Income	1,174,367	956,642	2,131,009
Less Investment Expenses	(22,715)	(19,495)	(42,210)
Net Investment Income	1,151,652	937,147	2,088,799
Total Additions	1,647,261	1,369,591	3,016,852
<b>Deductions:</b>			
Pension Payments	473,586	466,762	940,348
Refund terminated members' contributions	-	4,527	4,527
Administrative Expenses	9,925	12,625	22,550
Total Deductions	483,511	483,914	967,425
Net Increase/(Decrease)	1,163,750	885,677	2,049,427
<b>Net Position Restricted for Pension</b>			
Balance on January 1	9,753,840	7,980,463	17,734,303
Balance on December 31	\$ 10,917,590	\$ 8,866,140	\$ 19,783,730

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024**

---

**REQUIRED SUPPLEMENTARY INFORMATION**

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
NON-UNION EMPLOYEES RETIREMENT PLAN  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN YEARS ENDED DECEMBER 31, 2024**

<b>Non-Union</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total Pension Liability</b>										
Service Cost	\$ 186,571	\$ 195,900	\$ 300,532	\$ 314,056	\$ 296,121	\$ 309,446	\$ 247,355	\$ 258,486	\$ 270,512	\$ 282,009
Interest	469,249	490,465	543,886	576,377	606,322	641,525	660,248	695,588	785,165	828,295
Differences Between Expected and Actual Experience	14,821	-	202,686	-	(36,873)	-	(188,943)	-	170,872	-
Changes in Assumptions	-	-	537,977	-	-	-	-	-	872,495	-
Benefit Payments, Including Refunds of Member Contributions	<u>(394,089)</u>	<u>(405,803)</u>	<u>(415,511)</u>	<u>(433,958)</u>	<u>(438,748)</u>	<u>(454,050)</u>	<u>(446,532)</u>	<u>(448,551)</u>	<u>(459,670)</u>	<u>(473,586)</u>
Net Change in Total Pension Liability	276,552	280,562	1,169,570	456,475	426,822	496,921	272,128	505,523	1,639,374	636,718
Total Pension Liability - Beginning	<u>5,861,264</u>	<u>6,137,816</u>	<u>6,418,378</u>	<u>7,587,948</u>	<u>8,044,423</u>	<u>8,471,245</u>	<u>8,968,166</u>	<u>9,240,294</u>	<u>9,745,817</u>	<u>11,385,191</u>
Total Pension Liability - Ending	<u><u>\$6,137,816</u></u>	<u><u>\$6,418,378</u></u>	<u><u>\$7,587,948</u></u>	<u><u>\$8,044,423</u></u>	<u><u>\$8,471,245</u></u>	<u><u>\$8,968,166</u></u>	<u><u>\$9,240,294</u></u>	<u><u>\$9,745,817</u></u>	<u><u>\$11,385,191</u></u>	<u><u>\$12,021,909</u></u>
<b>Plan Fiduciary Net Pension</b>										
Contributions - Employer	\$ 233,962	\$ 231,968	\$ 367,310	\$ 606,441	\$ 461,800	\$ 461,422	\$ 395,643	\$ 385,454	\$ 388,848	\$ 495,609
Net Investment Income	(26,178)	411,905	819,152	(326,701)	1,300,945	1,034,039	1,155,496	(1,534,530)	1,319,800	1,151,652
Benefit Payments, Including Refunds of Member Contributions	(394,089)	(405,803)	(415,511)	(433,958)	(438,748)	(454,050)	(446,532)	(448,551)	(459,670)	(473,586)
Administrative Expense	<u>(8,120)</u>	<u>(6,475)</u>	<u>(21,910)</u>	<u>(2,975)</u>	<u>(10,321)</u>	<u>(12,609)</u>	<u>(21,897)</u>	<u>(11,950)</u>	<u>(14,700)</u>	<u>(9,925)</u>
Net Change in Plan Fiduciary Net Position	(194,425)	231,595	749,041	(157,193)	1,313,676	1,028,802	1,082,710	(1,609,577)	1,234,278	1,163,750
Plan Net Position - Beginning	<u>6,074,933</u>	<u>5,880,508</u>	<u>6,112,103</u>	<u>6,861,144</u>	<u>6,703,951</u>	<u>8,017,627</u>	<u>9,046,429</u>	<u>10,129,139</u>	<u>8,519,562</u>	<u>9,753,840</u>
Plan Net Position - Ending	<u><u>\$5,880,508</u></u>	<u><u>\$6,112,103</u></u>	<u><u>\$6,861,144</u></u>	<u><u>\$6,703,951</u></u>	<u><u>\$8,017,627</u></u>	<u><u>\$9,046,429</u></u>	<u><u>\$10,129,139</u></u>	<u><u>\$8,519,562</u></u>	<u><u>\$9,753,840</u></u>	<u><u>\$10,917,590</u></u>
Authority's Net Pension Liability / (Asset)	<u><u>\$ 257,308</u></u>	<u><u>\$ 306,275</u></u>	<u><u>\$ 726,804</u></u>	<u><u>\$ 1,340,472</u></u>	<u><u>\$ 453,618</u></u>	<u><u>\$ (78,263)</u></u>	<u><u>\$ (888,845)</u></u>	<u><u>\$ 1,226,255</u></u>	<u><u>\$ 1,631,351</u></u>	<u><u>\$ 1,104,319</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>95.8%</u>	<u>95.2%</u>	<u>90.4%</u>	<u>83.3%</u>	<u>94.6%</u>	<u>100.9%</u>	<u>109.6%</u>	<u>87.4%</u>	<u>85.7%</u>	<u>90.8%</u>
Covered Payroll	<u><u>\$3,124,844</u></u>	<u><u>\$3,574,200</u></u>	<u><u>\$3,828,752</u></u>	<u><u>\$4,357,200</u></u>	<u><u>\$4,428,000</u></u>	<u><u>\$4,319,000</u></u>	<u><u>\$ 3,446,604</u></u>	<u><u>\$ 3,596,117</u></u>	<u><u>\$ 3,814,010</u></u>	<u><u>\$ 3,325,995</u></u>
Authority's Net Pension Liability as a Percentage of Covered Payroll	<u>8.2%</u>	<u>8.6%</u>	<u>19.0%</u>	<u>30.8%</u>	<u>10.2%</u>	<u>-1.8%</u>	<u>-25.8%</u>	<u>34.1%</u>	<u>42.8%</u>	<u>33.2%</u>

Assumption Changes – In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA, the interest rate assumption was lowered from 8% to 7.5% per annum and the salary scale assumption was lowered from 5.0% to 4.25% per annum.

Benefit Changes – In 2018, the plan was amended to freeze participation in the plan to Non-Union employees hired on or before December 31, 2017.

Assumption Changes – In 2023, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 year past the valuation date using the most recent MP Scale, the interest rate assumption was lowered from 7.5% to 7.25% per annum and the salary scale assumption was lowered from 4.5% to 4.25% per annum.

This schedule presents information for the last ten years.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
UNION EMPLOYEES' RETIREMENT PLAN  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN YEARS ENDED DECEMBER 31, 2024**

<b>Union</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total Pension Liability</b>										
Service Cost	\$ 101,313	\$ 106,379	\$ 169,273	\$ 176,890	\$ 195,563	\$ 204,363	\$ 216,577	\$ 226,323	\$ 247,046	\$ 257,545
Interest	432,211	453,278	488,017	515,437	495,986	519,862	537,287	560,569	612,991	642,126
Changes in Benefit Terms					(99,389)	-	-	-	-	-
Differences Between Expected and Actual Experience	(124,987)	-	40	-	(542,382)	-	(75,279)	-	17,510	-
Changes in Assumptions	-	-	502,011	-	-	-	-	-	620,846	-
Benefit Payments, Including Refunds of Member Contributions	(272,963)	(277,538)	(289,836)	(308,770)	(348,402)	(415,585)	(442,065)	(464,300)	(466,068)	(471,289)
Net Change in Total Pension Liability	135,574	282,119	869,505	383,557	(298,624)	308,640	236,520	322,592	1,032,325	428,382
Total Pension Liability - Beginning	5,562,795	5,698,369	5,980,488	6,849,993	7,233,550	6,934,926	7,243,566	7,480,086	7,802,678	8,835,003
Total Pension Liability - Ending	<u>\$ 5,698,369</u>	<u>\$ 5,980,488</u>	<u>\$ 6,849,993</u>	<u>\$ 7,233,550</u>	<u>\$ 6,934,926</u>	<u>\$ 7,243,566</u>	<u>\$ 7,480,086</u>	<u>\$ 7,802,678</u>	<u>\$ 8,835,003</u>	<u>\$ 9,263,385</u>
<b>Plan Fiduciary Net Pension</b>										
Contributions - Employer	\$ 156,573	\$ 115,146	\$ 185,577	\$ 349,954	\$ 273,866	\$ 224,762	\$ 340,107	\$ 244,888	\$ 238,545	\$ 405,438
Contributions - Member	-	-	-	1,693	7,300	10,819	13,220	15,294	22,575	27,006
Net Investment Income	(21,965)	377,105	752,673	(296,408)	1,161,383	906,445	995,123	(1,320,765)	1,097,720	937,147
Benefit Payments, Including Refunds of Member Contributions	(272,963)	(277,538)	(289,836)	(308,770)	(348,402)	(415,585)	(442,065)	(464,300)	(466,068)	(471,289)
Administrative Expense	(8,280)	(4,200)	(23,593)	(2,975)	(9,625)	(17,279)	(28,355)	(16,000)	(15,300)	(12,625)
Net Change in Plan Fiduciary Net Position	(146,635)	210,513	624,821	(256,506)	1,084,522	709,162	878,030	(1,540,883)	877,472	885,677
Plan Net Position - Beginning	5,539,967	5,393,332	5,603,845	6,228,666	5,972,160	7,056,682	7,765,844	8,643,874	7,102,991	7,980,463
Plan Net Position - Ending	<u>\$ 5,393,332</u>	<u>\$ 5,603,845</u>	<u>\$ 6,228,666</u>	<u>\$ 5,972,160</u>	<u>\$ 7,056,682</u>	<u>\$ 7,765,844</u>	<u>\$ 8,643,874</u>	<u>\$ 7,102,991</u>	<u>\$ 7,980,463</u>	<u>\$ 8,866,140</u>
Authority's Net Pension Liability / (Asset)	<u>\$ 305,037</u>	<u>\$ 376,643</u>	<u>\$ 621,327</u>	<u>\$ 1,261,390</u>	<u>\$ (121,756)</u>	<u>\$ (522,278)</u>	<u>\$ (1,163,788)</u>	<u>\$ 699,687</u>	<u>\$ 854,540</u>	<u>\$ 397,245</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>94.6%</u>	<u>93.7%</u>	<u>90.9%</u>	<u>82.6%</u>	<u>101.8%</u>	<u>107.2%</u>	<u>115.6%</u>	<u>91.0%</u>	<u>90.3%</u>	<u>95.7%</u>
Covered Payroll	<u>\$ 1,886,125</u>	<u>\$ 2,222,600</u>	<u>\$ 2,175,520</u>	<u>\$ 2,949,800</u>	<u>\$ 2,900,000</u>	<u>\$ 2,901,225</u>	<u>\$ 2,720,504</u>	<u>\$ 2,916,424</u>	<u>\$ 3,015,094</u>	<u>\$ 3,345,003</u>
Authority's Net Pension Liability as a Percentage of Covered Payroll	<u>16.2%</u>	<u>16.9%</u>	<u>28.6%</u>	<u>42.8%</u>	<u>-4.2%</u>	<u>-18.0%</u>	<u>-42.8%</u>	<u>24.0%</u>	<u>28.3%</u>	<u>11.9%</u>

Assumption Changes – In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA, the interest rate assumption was lowered from 8% to 7.5% per annum and the salary scale assumption was lowered from 5.0% to 4.25% per annum.

Benefit Changes – In 2018, the plan was amended to freeze participation in the plan to Non-Union employees hired on or before December 31, 2017.

Assumption Changes – In 2023, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 year past the valuation date using the most recent MP Scale, the interest rate assumption was lowered from 7.5% to 7.25% per annum and the salary scale assumption was lowered from 4.5% to 4.25% per annum.

This schedule presents information for the last ten years.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
SCHEDULE OF AUTHORITY CONTRIBUTIONS - PENSION PLANS  
FOR THE LAST TEN YEARS ENDING DECEMBER 31, 2024**

**Lehigh-Northampton Airport Authority Non-Union Employees' Retirement Plan**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 233,962	\$ 215,473	\$ 231,968	\$ 456,171	\$ 461,800	\$ 461,422	\$ 395,643	\$ 248,680	\$ 264,891	\$ 495,609
Contributions in Relation to the Actuarially Determined Contribution	<u>233,962</u>	<u>231,968</u>	<u>367,310</u>	<u>606,441</u>	<u>461,800</u>	<u>461,422</u>	<u>395,643</u>	<u>385,454</u>	<u>388,848</u>	<u>495,609</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (16,495)</u>	<u>\$ (135,342)</u>	<u>\$ (150,270)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (136,774)</u>	<u>\$ (123,957)</u>	<u>\$ -</u>
Covered Payroll	<u>\$3,124,844</u>	<u>\$3,574,200</u>	<u>\$3,828,752</u>	<u>\$4,357,200</u>	<u>\$4,428,000</u>	<u>\$4,319,000</u>	<u>\$3,446,604</u>	<u>\$3,596,117</u>	<u>\$3,814,010</u>	<u>\$3,325,995</u>
Contributions as a Percentage of Covered Payroll	<u>7.5%</u>	<u>6.5%</u>	<u>9.6%</u>	<u>13.9%</u>	<u>10.4%</u>	<u>10.7%</u>	<u>11.5%</u>	<u>10.7%</u>	<u>10.2%</u>	<u>14.9%</u>

**Lehigh-Northampton Airport Authority Union Employees' Retirement Plan**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 156,573	\$ 117,777	\$ 115,146	\$ 276,954	\$ 273,866	\$ 224,762	\$ 272,517	\$ 157,992	\$ 162,502	\$ 405,438
Contributions in Relation to the Actuarially Determined Contribution	<u>156,573</u>	<u>115,145</u>	<u>185,577</u>	<u>349,954</u>	<u>273,866</u>	<u>224,762</u>	<u>340,107</u>	<u>244,888</u>	<u>238,545</u>	<u>405,438</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ (70,431)</u>	<u>\$ (73,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,590)</u>	<u>\$ (86,896)</u>	<u>\$ (76,043)</u>	<u>\$ -</u>
Covered Payroll	<u>\$1,886,125</u>	<u>\$2,222,600</u>	<u>\$2,175,520</u>	<u>\$2,949,800</u>	<u>\$2,900,000</u>	<u>\$2,901,225</u>	<u>\$2,720,504</u>	<u>\$2,916,424</u>	<u>\$3,015,094</u>	<u>\$3,345,003</u>
Contributions as a Percentage of Covered Payroll	<u>8.3%</u>	<u>5.2%</u>	<u>8.5%</u>	<u>11.9%</u>	<u>9.4%</u>	<u>7.7%</u>	<u>12.5%</u>	<u>8.4%</u>	<u>7.9%</u>	<u>12.1%</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
SCHEDULE OF INVESTMENT RETURNS – PENSION PLANS  
FOR THE LAST TEN FISCAL YEARS**

---

**Lehigh-Northampton Airport Authority Non-Union Employees' Retirement Plan**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>-0.06%</u>	<u>7.11%</u>	<u>13.48%</u>	<u>-4.70%</u>	<u>19.39%</u>	<u>12.90%</u>	<u>12.82%</u>	<u>-15.21%</u>	<u>15.57%</u>	<u>11.77%</u>

**Lehigh-Northampton Airport Authority Union Employees' Retirement Plan**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>-0.02%</u>	<u>7.10%</u>	<u>13.59%</u>	<u>-4.74%</u>	<u>19.57%</u>	<u>13.03%</u>	<u>12.91%</u>	<u>-15.48%</u>	<u>15.70%</u>	<u>11.82%</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES - PENSION PLANS  
YEAR ENDED DECEMBER 31, 2024**

---

**Actuarial Methods**

1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
2. Assets - Plan assets are valued using market values except insurance holdings, if any, which are valued at reported contract values.

**Actuarial Assumptions**

1. Economic Assumptions
  - a) Investment Return: 7.25% per annum, net of investment expenses
  - b) Salary Increase: 4.25% compound annually
2. Demographic Assumptions
  - a) Mortality - The RP - 2000 Mortality Table projected to 2017 using Scale AA
  - b) Termination - Annual rates based on the following scale as a percentage:

<u>AGE</u>	<u>MALE</u>	<u>FEMALE</u>
25	12.50%	17.50%
40	6.00%	9.00%
55	0.00%	0.00%

- c) Disability - Non-Assumed
- d) Retirement Age - normal retirement age or age on valuation date if greater
- e) Form of Annuity - Straight Life

**SUPPLEMENTARY INFORMATION**

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**SCHEDULE OF DEPARTMENTAL OPERATING REVENUE AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

Cost Centers	Revenue		Operating Expenses							Total Expenses	Income (Loss) from Operations before Capital Contributions
	Operating Revenue	Wages & Benefits	Contract Service Advertising Other	Materials Supplies Repairs & Maint	Utilities Taxes Insurance	Cost of Sales - Fuel	Lease & Sub Adjustments	Allocated Expenses			
Airfield	\$ 6,921,922	\$ 2,805,152	\$ 291,649	\$ 581,168	\$ 71,899	\$ -	\$ -	\$ 1,554,287	\$ 5,304,155	\$ 1,617,767	
Terminal	10,320,275	3,135,702	471,921	443,112	603,251	-	-	3,103,842	7,757,828	2,562,447	
Parking and Roadway	6,943,084	307,903	295,965	79,053	654,200	-	-	203,453	1,540,574	5,402,510	
Aviation Leased Area	4,550,938	115,747	65,414	126,347	336,722	-	-	42,583	686,813	3,864,125	
Non-Aviation Leased Area	1,315,498	33,445	73,346	27,475	186,778	-	-	37,852	358,896	956,602	
Ground Handling	2,517,090	2,651,119	20,764	59,924	-	359,328	-	1,096,912	4,188,047	(1,670,957)	
Aviation Services	6,761,408	2,302,199	395,219	174,492	145,745	881,674	-	869,013	4,768,342	1,993,066	
Advertising	804,327	65,144	136,373	55.00	-	-	-	-	201,572	602,755	
Administrative	-	2,923,060	876,995	20,910	-	-	-	749,938	4,570,903	(4,570,903)	
Allocated Expenses	-	4,723,727	1,863,678	276,792	1,021,582	-	-	(7,885,779)	-	-	
Lease and Sub - Adjust.	493,658	-	-	-	-	-	(225,680)	-	(225,680)	719,338	
Total LVIA	40,628,200	19,063,198	4,491,324	1,789,328	3,020,177	1,241,002	(225,680)	(227,899)	29,151,450	11,476,750	
Queen City Airport	1,252,315	637,581	65,256	71,805	111,444	533,099	-	218,436	1,637,621	(385,306)	
Braden Airpark	157,637	34,909	110,661	17,150	13,730	29,314	-	9,463	215,227	(57,590)	
Events	-	-	29,243	862	-	-	-	-	30,105	(30,105)	
Total	\$ 42,038,152	\$ 19,735,688	\$ 4,696,484	\$ 1,879,145	\$ 3,145,351	\$ 1,803,415	\$ (225,680)	\$ -	\$ 31,034,403	\$ 11,003,749	

- (1) Allocated Expenses are for shared non-administrative expenses. These expenses are allocated to the respective cost center by their appropriate cost driver.
- (2) Allocated expenses include Police, Fire, IT, shared development, and planning expenses.
- (3) Administrative Expenses include costs associated with the Executive Director, Board, Finance, Marketing and Human Resources.
- (4) This schedule excludes depreciation expenses and therefore does not reconcile directly to the statement of revenues, expenses, and changes in net position.

See independent auditors' report on supplementary information.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**SCHEDULE OF DEPARTMENTAL OPERATING REVENUES**  
**YEAR ENDED DECEMBER 31, 2024**

<b>OPERATING REVENUES:</b>	<b>Lehigh Valley International Airport</b>	<b>Queen City Airport *</b>	<b>Braden Airpark *</b>	<b>Total</b>
<b>Airfield</b>				
Landing Fees	\$ 5,940,948	\$ -	\$ -	\$ 5,940,948
Apron Parking Fees	980,975	-	-	980,975
Total	<u>6,921,923</u>	<u>-</u>	<u>-</u>	<u>6,921,923</u>
<b>Terminal</b>				
Airlines	6,827,991	-	-	6,827,991
Utility Fees & Other	34,751	-	-	34,751
Total	<u>6,862,742</u>	<u>-</u>	<u>-</u>	<u>6,862,742</u>
<b>Concessions and Advertising</b>				
Concession & Other	860,831	-	-	860,831
Rental Cars	2,004,079	-	-	2,004,079
Restaurant/Newsstand	553,913	-	-	553,913
Advertising	804,327	-	-	804,327
Other	38,712	-	-	38,712
Total	<u>4,261,862</u>	<u>-</u>	<u>-</u>	<u>4,261,862</u>
<b>Parking and Roadways</b>	<u>6,943,085</u>	<u>-</u>	<u>-</u>	<u>6,943,085</u>
<b>Building &amp; Hanger Leases</b>				
Hanger Rents	3,903,907	107,867	95,182	4,106,956
T-Hangars	247,401	235,166	17,238	499,805
Building Rents	655,819	40,235	-	696,054
Land Rents	659,678	175,657	-	835,335
Ramp, Gatecard and Other Income	399,627	24,038	6,017	429,682
Total	<u>5,866,432</u>	<u>582,963</u>	<u>118,437</u>	<u>6,567,832</u>
<b>Ground Handling</b>	<u>2,517,090</u>	<u>-</u>	<u>-</u>	<u>2,517,090</u>
<b>Fuel &amp; Handling</b>				
Fuel Sales	2,554,451	663,354	37,824	3,255,629
Landing Fees	324,796	-	-	324,796
Into Plane Fees	3,224,294	-	-	3,224,294
Hangar & Ramp Rentals	301,388	-	-	301,388
Miscellaneous Income	356,480	5,998	1,376	363,854
Total	<u>6,761,409</u>	<u>669,352</u>	<u>39,200</u>	<u>7,469,961</u>
GASB 87 Adjustments	<u>493,657</u>	<u>-</u>	<u>-</u>	<u>493,657</u>
<b>Total Operating Revenues</b>	<u>\$ 40,628,200</u>	<u>\$ 1,252,315</u>	<u>\$ 157,637</u>	<u>\$ 42,038,152</u>

\* Queen City Airport and Braden Airpark's Building and Hangar leases, Fuel and Handling are reported as General Aviation Services on the Statement of Revenues, Expenses and Changes in Net Position.

See independent auditors' report on supplementary information.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2024**

Grant Title	Federal Assistance Listing Number	Grant Number	Program or Award Amount	Accumulated Awards	Remaining Awards	Cash Awards Received During Year	Grant Receivable / (Deferred) Beginning of Year	Revenue Recognized During Year	Eligible Federal Expenditures During Year	Grant Receivable / (Deferred) End of Year
<b>Department of Transportation</b>										
<b>Airport Improvement Program</b>										
<i>Direct Awards:</i>										
Rehabilitate Runway 6/24 - Phase VII Construction	20.106	3-42-0001-110-2020	\$ 9,641,712	\$ 9,623,574	\$ 18,138	271,113	\$ 270,794	\$ 319	\$ 319	\$ -
Rehabilitate Runway 6/24 (RA) - Phase VIII	20.106	3-42-0001-111-2020	64,100	57,690	6,410	-	6,410	-	-	6,410
Rehabilitate Runway 6/24 - Phase IX	20.106	3-42-0001-112-2021	12,671,796	12,104,554	567,242	1,227,591	510,939	1,283,893	1,283,893	567,241
COVID-19 Airport Rescue Grant Agreement (ARPA)	20.106	3-42-0001-115-2022	5,987,974	3,572,961	2,415,013	2,350,609	350,609	2,000,000	2,000,000	-
Rehabilitate Runway 6/24 - Phase X	20.106	3-42-0001-117-2022	14,821,100	9,704,407	5,116,693	4,870,272	1,158,188	4,119,685	4,119,685	407,601
New Terminal Security Checkpoint	20.106	3-42-0001-118-2023	5,000,000	4,850,000	150,000	-	-	-	-	-
Equipment for Security Checkpoint	20.106	3-42-0001-119-2023	600,000	585,000	15,000	585,000	87,345	512,655	512,655	15,000
Rehabilitate Runway 6/24 - Phase XI	20.106	3-42-0001-120-2023	4,987,205	446,466	4,540,739	446,466	-	516,582	516,582	70,115
Taxiway A Base Bid_CM	20.106	3-42-001-121-2024	5,570,931	-	5,570,931	-	-	-	-	-
Taxiway A Rehabilitation - Design Ph 1	20.106	3-42-001-122-2024	4,122,980	1,449,357	2,673,623	1,449,357	-	1,503,059	1,503,059	53,702
Queen City Runway 15/33 Rehabilitation - Phase I Construction	20.106	3-42-0002-032-2022	2,064,121	1,674,137	389,984	710,083	697,669	12,414	12,414	-
Queen City Electrical Vault Design	20.106	3-42-0002-034-2023	1,398,892	861,734	537,158	861,734	9,220	857,014	857,014	4,500
Queen City Runway 15/33 Lighting Rehabilitation	20.106	3-42-0002-035-2024	623,381	290,621	332,760	290,621	-	500,527	500,527	209,906
Queen City Taxiway A Feasibility Study	20.106	3-42-0002-036-2024	154,349	-	154,349	-	-	87,364	87,364	87,364
<b>Total Airport Improvement Program</b>			<b>\$ 67,789,968</b>	<b>\$ 45,301,928</b>	<b>\$ 22,488,040</b>	<b>\$ 13,062,846</b>	<b>\$ 3,091,174</b>	<b>\$ 11,393,512</b>	<b>\$ 11,393,512</b>	<b>\$ 1,421,839</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2024**

---

**1. Basis of Presentation**

General: The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Authority on the accrual basis of accounting. The Authority's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the statements of net position, statements of revenues, expenses and changes in net position, or statements of cash flows of the Authority.

Basis of Accounting and Cost Principles: Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Authority's financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has not elected to use the 10-percent de-minimus indirect cost rate as allowed under the Uniform Guidance.

Subrecipients: Of the Federal expenditures presented in the schedule, the Authority did not provide any Federal awards to subrecipients.

Non-Cash and Federal Insurance: The Authority did not receive non-cash assistance or have Federal insurance in effect during the year.

INDEPENDENT AUDITOR'S 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*

Board of Governors  
Lehigh-Northampton Airport Authority  
Allentown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the Lehigh-Northampton Airport Authority (the "Authority"), as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 30, 2025.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Indianapolis, Indiana  
May 30, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL  
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Governors  
Lehigh-Northampton Airport Authority  
Allentown, Pennsylvania

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited the Lehigh-Northampton Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

***Basis for Opinion on 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the 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.

---

(Continued)

## 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 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.

  
Crowe LLP

Indianapolis, Indiana  
May 30, 2025

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified?	_____	___X___ none reported
Noncompliance material to financial statements noted?	_____ yes	___X___ no
<i>Federal Awards</i>		
Internal control over major federal programs:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified?	_____	___X___ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___X___ no
Identification of major federal programs: Assistance Listing Number(s) 20.106	Name of Federal Program or Cluster: Airport Improvement Program	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___X___ yes	_____ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY  
CHARGE (PFC) PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE AND THE SCHEDULE OF PASSENGER  
FACILITY CHARGES COLLECTED AND EXPENDED

Board of Governors  
Lehigh-Northampton Airport Authority  
Allentown, Pennsylvania

### **Report on Compliance of Passenger Facility Charges**

#### ***Opinion on Passenger Facility Charge Program***

We have audited the Lehigh-Northampton Airport Authority's (the "Authority") compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("Guide"), that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2024.

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 passenger facility charge program for the year ended December 31, 2024.

#### ***Basis for Opinion on Passenger Facility Charge 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 the Guide. Our responsibilities under those standards and the Guide 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 passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the Guide 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 passenger facility charge program.

## ***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 there is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program as a whole.

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

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

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

### **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 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 *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

## Report on Supplemental Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 30, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying supplemental schedule of passenger facility charges collected and expended is presented for the purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of passenger facility charges collected and expended is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 30, 2025

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF EXPENDITURES - PASSENGER FACILITY CHARGES**  
**YEAR ENDED DECEMBER 31, 2024**

	Date Approved	Amount Approved	Cumulative Total -	Quarter End				Year End	Cumulative Total -
			December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	December 31, 2024	December 31, 2024
<b>Revenues</b>									
Total Passenger Facility Charge Revenue Received			\$ 45,347,559	\$ 438,728	\$ 497,865	\$ 531,062	\$ 463,844	\$ 1,931,499	\$ 47,279,058
Interest Earned on PFC Deposits			618,184	223	188	57	103	571	618,755
<b>Total Revenue</b>			<b>45,965,743</b>	<b>438,951</b>	<b>498,053</b>	<b>531,119</b>	<b>463,947</b>	<b>1,932,070</b>	<b>47,897,813</b>
<b>Expenses</b>									
<i>Previous Completed Applications</i>		\$ 17,035,286	17,035,286	-	-	-	-	-	17,035,286
<i>Application: #05-07-C-00-ABE</i>									
<i>"Main Terminal Renovation and Additions"</i>	6/1/2005	21,440,236	21,440,236	-	-	-	-	-	21,440,236
<i>Application: #19-08-C-00-ABE</i>	6/4/2019								
1 Terminal Vertical Transportation Improvements		14,500,000	-	-	-	66,754	470,000	536,754	536,754
2 Rehabilitate Runway 6-24		1,048,110	1,048,110	-	-	-	-	-	1,048,110
3 Acquire Snow Removal Equipment		61,001	61,001	-	-	-	-	-	61,001
4 Update Airport Master Plan & Obstruction Study		65,700	65,700	-	-	-	-	-	65,700
5 Acquire ARFF Vehicle & Equipment		44,275	44,275	-	-	-	-	-	44,275
6 Acquire Land for Development		1,025,862	1,025,862	-	-	-	-	-	1,025,862
7 Runway 13/31 RSA, Install EMAS		1,139,376	1,139,376	-	-	-	-	-	1,139,376
8 Noise Compatibility Study (Part 150 Update)		12,591	12,591	-	-	-	-	-	12,591
9 Noise Mitigation Measures for Residences		2,183,566	2,183,566	-	-	-	-	-	2,183,566
10 Noise Mitigation Measures for Public Buildings		58,196	58,196	-	-	-	-	-	58,196
11 Conduct Environmental Study		13,458	13,458	-	-	-	-	-	13,458
12 Remove Obstructions (Runway 24 RPZ)		54,051	54,051	-	-	-	-	-	54,051
13 Rehabilitate Apron [Air Carrier Apron]		97,222	97,222	-	-	-	-	-	97,222
14 Acquire Land For Approaches		359,098	359,098	-	-	-	-	-	359,098
15 Rehabilitate Taxiway B		303,898	303,898	-	-	-	-	-	303,898
16 Acquire Land for Development		132,779	132,779	-	-	-	-	-	132,779
17 Rehabilitate Runway Lighting		132,052	132,052	-	-	-	-	-	132,052
18 Construct Aircraft Rescue & Fire Fighting Building		217,600	217,600	-	-	-	-	-	217,600
19 Rehabilitate Taxiway A		247,100	247,100	-	-	-	-	-	247,100
20 Construct Air Cargo Apron		185,261	185,261	-	-	-	-	-	185,261
21 Passenger Boarding Bridge Rehabilitation		1,500,000	106,754	400,000	525,000	468,246	-	1,393,246	1,500,000
Total Application: #05-07-C-00-ABE		\$ 23,381,196	\$ 7,487,950	\$ 400,000	\$ 525,000	\$ 535,000	\$ 470,000	\$ 1,930,000	\$ 9,417,950
<b>Total Expenditures</b>			<b>45,963,472</b>	<b>400,000</b>	<b>525,000</b>	<b>535,000</b>	<b>470,000</b>	<b>1,930,000</b>	<b>47,893,472</b>
<b>Excess (Deficit) of Revenue Over Expenditures</b>			<b>2,271</b>	<b>38,951</b>	<b>(26,947)</b>	<b>(3,881)</b>	<b>(6,053)</b>	<b>2,070</b>	<b>4,341</b>

Reference Note 6 for additional PFC information.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY  
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS  
AND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2024**

---

**Summary of Auditor's Results**

We have issued an unmodified opinion, dated May 30, 2025 on the financial statements of the Authority as of and for the year ended December 31, 2024.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the passenger facility charge program.

Our audit disclosed no instances of non-compliance, which are material to the Authority's financial statements.

We have issued an unmodified opinion, dated May 30, 2025 on the Authority's compliance for the passenger facility charge program.

**Findings Relating to the Financial Statements**

Our audit disclosed no findings, which are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.

**Findings and Questioned Costs for the Passenger Facility Charge Program**

Our audit disclosed no findings or questioned costs for passenger facility charge program as defined by the Passenger Facility Charge Audit Guide for Public Agencies.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior year's audit disclosed no findings required to be reported in accordance with the provisions of the Passenger Facility Charge Audit Guide for Public Agencies.