

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

Financial Statements

December 31, 2025

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**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
 FINANCIAL STATEMENTS
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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, 2025, 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, 2025, 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 56 and 57 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 56 and 57 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 28, 2026 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 28, 2026

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025**

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, 2025.

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 nine passenger boarding bridges and two ground level aircraft parking positions. The existing underground passenger walkway was renovated and reconfigured as part of the project to provide one-way flow for passengers moving from the Satellite Terminal to the Main Terminal.
- As of December 31, 2025, the Airport had 2,395 public parking spaces allocated among Short-term, Long-term, and overflow parking areas with an additional 287 additional spaces used by car rental agencies. There are also 125 Trans-Bridge Lines bus service customer parking spaces. During the first quarter of 2026, the Airport created 251 temporary long-term and overflow parking spaces in anticipation of the upcoming Parking Garage project. The General Aviation facilities at ABE consists of 371,127 square feet of aircraft storage space and 73,871 square feet of associated office/shop space provided in 9 bulk hangars and 50 T-hangars. The Authority has an additional 62 T-hangars and 6 bulk hangars combined between Queen City Municipal Airport and Braden Airpark.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
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- 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

United Express

- GoJet Airlines LLC
- Landline Bus Service
- Skywest Airlines

Charter Routes

Allegiant Air

Sun Country

Aeroflyer

Global X Crossing Airlines

Nolinor Aviation

Cargo Airlines

ABX Air Inc

Air Transport International

Federal Express

During FY 2025, 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 20 flights per day. Non-stop service also included daily scheduled airline bus service through Landline to Philadelphia International Airport (PHL) and Newark International Airport (EWR). Bus service to EWR was discontinued as of September 1, 2025. Top destinations from ABE continued to be the leisure markets in Florida, South Carolina, Tennessee, but the Airport also provided excellent connectivity to major hubs including Atlanta, Charlotte, Chicago, Newark, and Philadelphia.

Lehigh Valley International Airport (ABE) recorded its highest passenger traffic level in history (1,067,114) during 2025, surpassing the one million passenger mark in back-to-back years for the first time ever. Allegiant Air continued to lead the surge in ABE's passenger traffic with its second consecutive double digit percentage increase of 11% over 2024. Although Legacy aircraft traffic from American, Delta, and United, collectively decreased by 4% versus 2024, Legacy bus traffic from American and United increased by 6% versus 2024 despite the discontinued Newark service in September.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
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Similar to 2024, ABE saw a year over year double digit percentage increase in TSA checkpoint throughput at 11.3%, while also seeing a favorable year-over-year jump in scheduled airline seats by 6.1%. All U.S. airports experienced on average a 10.7% increase in TSA checkpoint throughput and a 9.8% increase in scheduled passenger seats for the same period. Compared to ten similar sized 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 was up 0.6% in TSA throughput and down 1.1% in available seats versus 2024.

ABE maintained the essential role of serving the greater Lehigh Valley region through daily operations of both passenger airline and air cargo service. Below are other significant achievements at ABE in 2025:

- Net Operating Income before depreciation was \$11,548,843, surpassing the previous highest level from 2024 by \$252,611 (2.2%).
- American Airlines (AA) expanded the passenger bus service to Philadelphia International Airport (PHL) to six trips a day in March 2025. The continued increase in daily service to PHL 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.). Expanding air service is a challenge for ABE given its proximity to Philadelphia and Newark hub airports, combined with legacy carrier business models, pilot and aircraft shortages, and the current economic climate. 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) decreased by 7.0% vs 2024 to \$19.54 driven largely by the increase in passenger traffic.

The Authority is committed to managing ABE's costs to commercial airlines while reinvesting in airport infrastructure long term. During 2025, ABE continued the construction process on the \$90MM Rehabilitation Program for Runway 6-24 as well as began work on multiple Taxiway rehab projects.

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 community 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, 2025**

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
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MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025

FINANCIAL POSITION SUMMARY

The Authority's financial position can be analyzed from its changes in net position over the years. As of December 31, 2025, the Authority's assets exceeded liabilities by \$319 million as compared to \$309 million in 2024.

	<u>2025</u>	<u>2024</u>	<u>Changes</u>
Assets and Deferred Outflows of Resources			
Current and Other Assets	\$ 44,625,854	\$ 43,983,642	\$ 642,212
Capital Assets	330,173,842	326,711,157	3,462,685
Right of Use Asset - Leases	4,174	239,898	(235,724)
Right of Use Asset - Subscriptions	807,377	798,673	8,704
Short Term Lease Receivable	2,382,110	2,214,178	167,932
Long Term Lease Receivable	23,945,348	14,177,390	9,767,958
Net Pension Asset	400,498	-	400,498
Deferred Outflows of Resources - Pension	942,999	1,359,770	(416,771)
Total Assets and Deferred Outflows of Resources	<u>\$ 403,282,202</u>	<u>\$ 389,484,708</u>	<u>\$ 13,797,494</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 13,716,044	\$ 14,893,418	\$ (1,177,374)
Non-Current Liabilities	43,503,217	47,419,529	(3,916,312)
Lease Liability	3,653	246,408	(242,755)
Subscription Liability	532,342	472,946	59,396
Net Pension Liability	53,858	1,501,564	(1,447,706)
Deferred Inflows of Resources - Leases	24,731,955	15,383,849	9,348,106
Deferred Inflows of Resources - Pension	1,519,727	224,368	1,295,359
Total Liabilities and Deferred Inflows of Resources	<u>84,060,796</u>	<u>80,142,082</u>	<u>3,918,714</u>
Net Position	<u>\$ 319,221,406</u>	<u>\$ 309,342,626</u>	<u>\$ 9,878,780</u>

The Authority's overall financial position was impacted by several factors in 2025:

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 \$279.5 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, \$4.2 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 \$35.5 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, 2025**

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Operating Revenues	\$ 45,581,483	\$ 42,038,152	\$ 3,543,331
Operating Expenses	34,032,640	30,741,920	3,290,720
Amortization Expense	503,837	292,483	211,354
Depreciation Expense	16,615,771	15,496,916	1,118,855
Total Expenses	<u>51,152,248</u>	<u>46,531,319</u>	<u>4,620,929</u>
Operating Loss	(5,570,765)	(4,493,167)	(1,077,598)
Non-Operating Revenues (Expenses), Net	<u>2,018,231</u>	<u>1,503,048</u>	<u>515,183</u>
Loss before Capital Contributions	(3,552,534)	(2,990,119)	(562,415)
Capital Contributions	13,431,314	14,679,622	(1,248,308)
Increase (Decrease) in Net Position	<u>\$ 9,878,780</u>	<u>\$ 11,689,503</u>	<u>\$ (1,810,723)</u>

The significant items affecting the 2025 Changes in Net Position are as follows:

Operating revenue increased \$3.5 million or 8.4%, in 2025:

1. In October of 2024 ABE increased the parking rate for the first time in well over a decade. 2025 reflects the first full year using the higher rates producing an increase to parking revenues by \$0.9 million or 13% from the prior year.
2. The 2025 final aircraft landing fee was \$5.28 per 1,000 pounds, an increase of \$0.06 from the final 2024 rate. The higher rate coupled with a 5% increase in landed weight (13,815 tons) resulted in a 9.6% (\$0.7 million) increase in airfield revenues.
3. Overall terminal revenue increased by 5% (\$0.6 million) versus 2024. Rental revenue from the restaurant concessionaires increased by 5.4% based on the first full year of the new diverse concessionaire lineup. Increased terminal rent revenue from airlines increased by 4.3%.
4. Revenue from deicing services increased by 73.9% (\$0.6 million) vs 2024 as a result of the harsher winter weather conditions.
5. The residual increase in revenue was a result of new and increased contractual adjustments to various agreements.

Operating expenses, excluding depreciation, increased \$4.6 million or 9.9% from 2024 to 2025:

1. Contract Services increased \$1.7 million versus 2024 largely driven by the completion of previously deferred demolition projects. ABE's utilized their remaining Federal Relief funds to offset most of this one-time operational increase.
2. Depreciation increased by 8.4% (\$1.3 million) driven largely by the initial amortization of the Terminal Connector/TSA Checkpoint and Continued Runway Rehab projects during 2025.
3. Wages and benefit costs increased by 5.7% (\$0.9 million) versus 2024, based primarily due to increased employee counts and rising benefit costs.
4. Maintenance materials and repair related expenses increased by \$0.2 million due to inflationary increases and aging infrastructure.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025**

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 2025 and 2024:

ABE Only Operating Revenues	2025	%	2024	%
Airfield	\$ 7,583,445	17.15%	\$ 6,921,924	17.04%
Terminal	10,882,437	24.61%	10,320,276	25.40%
Parking & Roadways	7,868,029	17.79%	6,943,085	17.09%
Aviation Leased Areas	4,915,330	11.12%	4,550,935	11.20%
Non-Aviation Leased Areas	1,244,085	2.81%	1,315,498	3.24%
Ground Handling	3,396,058	7.68%	2,517,090	6.20%
Aviation Services	6,933,902	15.68%	6,761,408	16.64%
Advertising	810,286	1.83%	804,327	1.98%
Lease Revenue Adjustment	587,784	1.33%	493,657	1.22%
Total Operating Revenues	<u>\$ 44,221,356</u>	<u>100.00%</u>	<u>\$ 40,628,200</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 2025 and 2024:

ABE Only Operating Expenses	2025	%	2024	%
Airfield	\$ 5,956,745	18.56%	\$ 5,304,157	18.38%
Terminal	8,810,365	27.48%	7,757,834	26.88%
Parking & Roadways	1,538,710	4.80%	1,540,574	5.34%
Aviation Leased Areas	776,224	2.42%	686,806	2.38%
Non-Aviation Leased Areas	364,131	1.13%	358,895	1.24%
Ground Handling	4,740,298	14.77%	4,188,047	14.51%
Aviation Services	5,131,883	15.99%	4,768,343	16.52%
Advertising	144,949	0.45%	201,572	0.70%
Administrative	5,082,937	15.84%	4,570,902	15.84%
Lease and Subs. Expense Adjust.	(498,991)	-1.56%	(540,028)	-1.87%
Lease and Subs. Interest Adjust.	38,816	0.12%	21,865	0.08%
Total Operating Expenses	<u>\$ 32,086,067</u>	<u>100.00%</u>	<u>\$ 28,858,967</u>	<u>100.00%</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025**

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION (Continued)

CAPITAL ASSETS

The following reflects the changes in capital assets:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Capital Assets:			
Land	\$ 51,416,954	\$ 51,416,954	\$ -
Property and Avigation Easements	44,307,392	44,307,392	-
Construction in Progress	35,707,678	69,130,184	(33,422,506)
Land Improvements	199,873,514	180,678,865	19,194,649
Buildings, Systems and Equipment	204,270,263	168,664,873	35,605,390
Capital Planning and Studies	2,795,991	2,795,991	-
Leased Assets (Note 8)	41,046	863,925	(822,879)
Subscription Assets (Note 8)	1,196,494	874,587	321,907
Total Capital Assets	<u>539,609,332</u>	<u>516,994,259</u>	<u>22,615,073</u>
Less: Accumulated Depreciation	(208,197,950)	(190,283,102)	(17,914,848)
Less : Accumulated Amortization Leases	(36,872)	(624,027)	587,155
Less : Accumulated Amortization Subscriptions	<u>(389,117)</u>	<u>(75,914)</u>	<u>(313,203)</u>
Capital Assets, Net (Note 5)	<u>\$ 330,985,393</u>	<u>\$ 327,749,728</u>	<u>\$ 3,235,665</u>

A significant portion of the increase to Buildings and Land Improvements were for the Terminal Connector/TSA Checkpoint as well as continued work on the Runway 6-24 Rehabilitation. More information is available in Note 5.

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025**

LONG TERM DEBT

Changes in long-term debt during 2025 are reflected below:

	Balance January 1, 2025	Additions	Deductions/ Payments	Balance December 31, 2025	Amount Due In One Year
Direct Placements:					
Bonds Payable - Series 2015	\$ 25,100,000	\$ -	\$ (25,100,000)	\$ -	\$ -
Bonds Payable - Series 2018	9,285,000	-	(200,000)	9,085,000	215,000
Bonds Payable - Series 2021	14,250,000	-	(600,000)	13,650,000	600,000
Bonds Payable - Series 2025	-	20,355,000	-	20,355,000	545,000
Direct Borrowings:					
Notes & Grants Payable	40,095	-	(40,095)	-	-
Direct Financing Notes	2,433,690	62,073	(745,851)	1,749,912	578,084
Other Liabilities:					
Pension Liability - Non-Union	1,501,564	-	(1,447,706)	53,858	-
Total	\$ 52,610,349	\$ 20,417,073	\$ (28,133,652)	\$ 44,893,770	\$ 1,938,084

In 2025, the Airport Authority refinanced the 2015 bonds. The 2025 bonds have 2 new series (A and B); Series A, \$13,255,000 of Tax-Exempt Revenue Bonds and Series B, \$7,100,000 of Taxable Revenue Bonds. 2025 Series A Bonds (Tax-Exempt) were assigned to replace the 2015 Series A (Tax-Exempt), extended the maturity schedule through 2032. 2025 Series B Bonds (Taxable) were assigned to replace the 2015 Series E (Taxable), extended the maturity schedule through 2035. See Note 7 for more details.

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 2025, the Hangar was between 95% and 100% occupied.

The overall funding level of the pension plan increased from 93% to 102%. Both the Airport Authority's non-union and union pension plans assume an annual return of 7.25% versus the 11.4% actual return in 2025. In 2023, the assumed rate of return was reduced by 0.25% and the LNAA updated the mortality tables reflecting the increased longevity of its pension recipients to increase the strength of the overall long-term viability of the pension plan. Also in 2025, 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.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION & ANALYSIS
December 31, 2025

CURRENTLY KNOWN FACTS

The Airport Authority has been working on increase parking capacity options including a potential parking garage due to the increased demand of travelers. Parking remains the number one revenue source, magnifying the necessity for additional parking.

The uncertainty of general economic indicators on the Airport Authority, Airlines, and its customers will always 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, 2025

Assets and Deferred Outflows of Resources
Assets and Deferred Outflows of Resources

Current Assets

Unrestricted Assets:	
Cash and Cash Equivalents (Note 2 and 3)	\$ 30,259,695
Accounts Receivable, Net of Allowance of \$3,642	2,626,479
Capital Grants Receivable (Note 4)	3,021,345
Inventory and Prepaids	2,030,751
Current Lease Receivable (Note 12)	2,382,110
Total Unrestricted Assets	40,320,380
Restricted Assets:	
Cash and Cash Equivalents - Debt Service and Bond Proceeds (Note 2)	1,274,302
Total Current Assets	41,594,682

Non-Current Assets

Unrestricted Assets:	
Long Term Lease Receivable (Note 12)	23,945,348
Restricted Assets:	
Cash and Cash Equivalents-Restricted and Designated (Note 2)	5,413,283
Receivable from Unrestricted:	
Net Pension Asset (Note 10)	400,498
Capital Assets:	
Land	51,416,955
Property and Avigation Easements	44,307,392
Construction in Progress	35,707,677
Total Non-Depreciable Capital Assets	131,432,024
Land Improvements	199,873,514
Buildings, Systems and Equipment	204,270,263
Capital Planning and Studies	2,795,991
Total Depreciable Capital Assets	406,939,768
Total Capital Assets before Right of Use Assets	538,371,792
Less: Accumulated Depreciation	(208,197,950)
Capital Assets, Net before Right of Use Assets (Note 5)	330,173,842
Right of Use Assets - Leases	41,046
Less: Accumulated Amortization	(36,872)
Net Lease Assets (Note 8)	4,174
Right of Use Assets - Subscriptions	1,196,494
Less: Accumulated Amortization	(389,117)
Net Subscription Assets (Note 8)	807,377
Total Capital Assets	330,985,393
Total Non-Current Assets	360,744,522

Deferred Outflows of Resources:

Net Pension Related (Note 10)	942,999
Total Assets and Deferred Outflows of Resources	\$ 403,282,202

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2025

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities

Payable from Unrestricted:	
Accounts Payable-Operations	\$ 2,798,807
Accounts and Retainages Payable - Capital	7,214,522
Unearned Revenues	63,628
Payroll Related Liabilities	1,254,500
Direct Financing Notes - Current Portion (Note 7)	578,084
Total Unrestricted Liabilities	11,909,541
Current Liabilities Payable from Restricted Assets:	
Bonds Payable - Current Portion (Note 7)	1,360,000
Accrued Bond Interest Payable	446,503
Total Current Restricted Liabilities	1,806,503
Total Current Liabilities	13,716,044

Non-Current Liabilities

Unearned Revenues	4,375
Direct Financing Notes, Net (Note 7)	1,171,828
Bonds Payable, Net (Note 7)	41,730,000
Net Pension Liability (Note 10)	53,858
Total Payable from Unrestricted Liabilities	42,960,061
Payable from Restricted and Designated:	
Leasehold Deposits	597,014
Total Non-Current Liabilities	43,557,075

Lease Liabilities

Lease Liability - Current	3,653
Total Lease Liability	3,653

Subscription Liabilities

Subscription Liability - Current	380,684
Subscription Liability - Long Term	151,658
Total Lease Liability	532,342

Deferred Inflows of Resources

Lease Related (Note 12)	24,731,955
Net Pension Related (Note 10)	1,519,727
Total Deferred Inflow of Resources	26,251,682

Net Position

Net Investment in Capital Assets (Note 9)	280,360,391
Restricted (Note 9)	4,214,635
Unrestricted	34,646,380
Total Net Position	319,221,406

Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 403,282,202
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LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
Year ended December 31, 2025

Operating Revenues

Airfield	\$ 7,583,444
Terminal	7,201,354
Concessions and Advertising	4,491,370
Parking and Roadways	7,868,029
Hangar, Building and Land Rents	6,159,415
Ground Handling	3,396,058
Fuel and Handling Sales	6,933,902
General Aviation	1,360,127
Lease Revenue Impact	(390,454)
Lease Interest Revenue	978,238
Total Operating Revenues	45,581,483

Operating Expenses

Wages and Related Benefits	20,656,598
Contract Services, Advertising and Other	6,392,559
Materials, Supplies, Repairs and Maintenance	2,043,073
Utilities, Taxes and Insurance	3,446,254
Cost of Sale - Fuel	1,954,331
Lease and Subscription Expense Impact	(498,991)
Lease and Subscription Interest Expense	38,816
Lease and Subscription Amortization Expense	503,837
Depreciation	16,615,771
Total Operating Expenses	51,152,248

Operating Loss

(5,570,765)

Non-Operating Revenues (Expenses)

Investment Income	1,443,792
Other Income	96,562
Federal Grants - ARPA Act	2,415,013
Interest Expense	(1,937,136)
Total Non-Operating Revenues (Expenses)	2,018,231

Income before Capital Contributions

(3,552,534)

Capital Contributions

Passenger Facility Charges	2,036,479
Car Rental Customer Facility Charges	215,059
Federal Grants	7,029,547
State Grants	4,150,229
Total Capital Contributions	13,431,314

Increase in Net Position

9,878,780

Total Net Position, Beginning of Year

309,342,626

Total Net Position, End of Year

\$ 319,221,406

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year ended December 31, 2025

Cash Flows from Operating Activities:

Operating Cash Receipts from Customers	\$ 46,029,425
Cash Paid to Suppliers for Goods and Services	(14,952,744)
Cash Paid to Employees for Services and Benefits	(20,677,240)
Net Cash Provided by Operating Activities	<u>10,399,441</u>

Cash Flows from Noncapital Financing Activities:

Federal Grants Received	2,415,013
Net Cash Provided by Noncapital Financing Activities	<u>2,415,013</u>

Cash Flows from Capital and Related Financing Activities:

Capital Grants Received	9,580,270
Passenger Facility Charges	2,036,479
Car Rental Facility Charges	215,059
Acquisition of Capital Assets	(18,667,571)
Principal Paid on Notes Payable	(40,095)
Interest Paid on Direct Financing Notes	(84,656)
Principal Paid on Direct Financing Notes	(745,851)
Net Principal Paid on Bonds and Bond Refinancing	(5,545,000)
Interest Paid on Bonds	(2,146,427)
Net Cash Provided by Capital and Related Financing Activities	<u>(15,397,792)</u>

Cash Flows from Investing Activities:

Interest Received	1,443,792
Net Cash Provided by Investing Activities	<u>1,443,792</u>

Net Increase in Cash and Cash Equivalents (1,139,546)

Cash and Cash Equivalents, Beginning of Year 38,086,825
Cash and Cash Equivalents, End of Year **\$ 36,947,279**

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
December 31, 2025

Reconciliation of Operating Loss to
Net Cash Provided by Operating Activities:

Operating Loss	<u>\$ (5,570,765)</u>
Adjustments to Reconcile Loss to Net Cash Provided by Operating Activities:	
Depreciation	16,615,771
Amortization	(273,952)
Provision for Bad Debt	(1,159)
Changes in Assets and Liabilities:	
Accounts Receivable	295,852
Inventory and Prepaid Expenses	(478,104)
Net Pension Liability (Asset)	(1,848,204)
Deferred Outflows - Pension Related	416,771
Deferred Inflows - Pension Related	1,295,359
Unearned Revenues	215,437
Accounts Payable	(700,610)
Accrued Payroll Expenses	115,432
Right of Use Asset - Subscriptions	500,972
Lease Liabilities	(242,755)
Subscription Liabilities	59,396
Total Adjustments	<u>15,970,206</u>
Net Cash Provided by Operating Activities	<u><u>10,399,441</u></u>
Non-Cash Items from capital and related financing activities	
Direct Financing Notes Obligations and Additions	62,073
Accounts and Retainage Payable in Capital Assets	7,214,522
Cash and Cash Equivalents	
<u>Current Assets</u>	
Unrestricted Assets	30,259,695
Restricted Assets	1,274,301
<u>Noncurrent Assets</u>	
Restricted and Designated	5,413,283
Total Cash and Cash Equivalents	<u><u>\$ 36,947,279</u></u>

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2025

	<u>Pension Trust Funds Total</u>
Assets	
Cash (Cash and cash equivalents)	
Checking/Savings Account	\$ 338,385
Total Cash	<u>338,385</u>
Receivables	
Accrued interest and dividends	20,575
Total Receivables	<u>20,575</u>
Investments:	
Equities	14,123,542
Fixed Income	7,985,675
Total Investments	<u>22,109,217</u>
Net Position Restricted for Pension	<u>\$ 22,468,177</u>

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year ended December 31, 2025

	Pension Trust Funds Total
Additions:	
Contributions:	
Members' Contribution	\$ 36,993
Employer Contributions	964,040
Total Contributions	1,001,033
Investment Income:	
Interest	326,227
Dividends	185,442
Net Appreciation/(depreciation) in fair value of investments	2,278,236
Total Investment Income	2,789,905
Less Investment Expenses	(44,186)
Net Investment Income	2,745,719
Total Additions	3,746,752
Deductions:	
Pension Payments	1,016,251
Refund terminated members' contributions	15,304
Administrative Expenses	30,750
Total Deductions	1,062,305
Net Increase/(Decrease)	2,684,447
Net Position Restricted for Pension	
Balance on January 1	19,783,730
Balance on December 31	\$ 22,468,177

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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, 2025.

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, 2025

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 exclude 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, 2025

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, 2025, the allowance for uncollectible accounts was \$3,642. 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, 2025

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, 2025, the liability for the compensated absences was \$961,781 as part of the payroll related current liabilities.

Compensated absence liability activity for the year ended December 31, 2025, is summarized below:

Balance January 1, 2025	Additions and Transfers	Deletions and Transfers	Balance December 31, 2025
\$886,214	\$140,634	(\$65,067)	\$961,781

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, 2025, the liability for Retainage was \$1,760,831.

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 (asset) 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, 2025

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 returned to pre-pandemic levels in 2023. However, management strategically used the remaining COVID-19 grants to solidify the airports' financial position. As of the end of 2025, all remaining COVID-19 grant funds have been utilized and no outstanding funds remain.

Adoption of New Accounting Pronouncements

For the year ended December 31, 2025, the Airport Authority adopted the following accounting pronouncements.

- **GASB Statement No. 102, Certain Risk Disclosures** requires governments to disclose in the notes to the financial statements information about certain concentrations or constraints that make them vulnerable to the risk of a substantial impact. The Airport Authority has determined that there are no concentrations or constraints that, as of December 31, 2025, meet the requirements of the Statement for disclosure.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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, 2025:

	2025
<u>Restricted</u>	
Operations and Maintenance Reserve - Noncurrent	\$ 4,290,390
Renewal and Replacement Capital - Noncurrent	\$ 500,000
Debt Service Fund - Current	\$ 1,204,870
Series 2018 Bond Capital Project Account - Current	\$ 69,432
Total Restricted Cash	\$ 6,064,692
 <u>Designated</u>	
AEP Scholarship Fund - Noncurrent	\$ 26,372
Leasehold Security Deposits - Noncurrent	\$ 596,521
Total Designated Cash	\$ 622,893
Total Restricted and Designated Cash	\$ 6,687,585

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 2025, the Airport Authority refinanced the outstanding 2015 series bonds. The set-up of the bonds required the establishment of several accounts such as a cost of issuance fund and an escrow holding funds 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.

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, 2025

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, 2025. The difference between the carrying value and the bank balance is principally caused by outstanding checks and deposits in-transit. On December 31, 2025, the Airport Authority's deposits consisted of the following:

	Carrying Value	Bank Balance
Demand Deposits	\$ 35,646,606	\$ 20,733,191
Money Market Funds	1,300,673	16,322,155
	\$ 36,947,279	\$ 37,055,346

Note 4 - Capital Grants Receivable

Capital Grants receivable represents reimbursable amounts for eligible grant expenditures. On December 31, 2025, the Authority's grant expenditures consisted of the following:

U.S. Department of Transportation	\$ 3,021,345
Total Capital Grants Receivable	\$ 3,021,345

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 5 - Capital Assets

A summary of changes in capital assets for the year ending December 31, 2025, are as follows:

	Balance January 1, 2025	Transfers and Additions	Transfers and Retirements	Balance December 31, 2025
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 51,416,954	\$ -	\$ -	\$ 51,416,954
Property and Avigation Easements	44,307,392	-	-	44,307,392
Construction in Progress	69,130,184	21,495,732	54,918,238	35,707,678
Total Capital Assets not Being Depreciated	164,854,530	21,495,732	54,918,238	131,432,024
<u>Other Capital Assets:</u>				
Land Improvements:				
Drainage and Landscaping	3,322,635	-	-	3,322,635
Landing Area Improvements	163,188,320	19,092,880	-	182,281,200
Road Improvements	5,633,202	101,769	-	5,734,971
Parking Facilities	8,534,708	-	-	8,534,708
	<u>180,678,865</u>	<u>19,194,649</u>	<u>-</u>	<u>199,873,514</u>
Buildings, Systems and Equipment:				
Terminal	78,099,118	33,249,810	-	111,348,928
Hangars	42,300,360	290,420	-	42,590,780
Property Acquisitions	1,689,566	-	-	1,689,566
Maintenance Building	4,517,394	-	-	4,517,394
Government Building	427,832	-	-	427,832
Fire Station	5,534,723	30,241	-	5,564,964
Equipment and Furnishings	36,095,880	2,153,118	118,199	38,130,799
	<u>168,664,873</u>	<u>35,723,589</u>	<u>118,199</u>	<u>204,270,263</u>
Capital Planning and Studies	2,795,991	-	-	2,795,991
Leased Assets	863,925	-	822,879	41,046
Subscription Assets	874,587	321,907	-	1,196,494
Total Other Capital Assets	353,878,241	55,240,145	941,078	408,177,308
Total Capital Assets	518,732,771	76,735,877	55,859,316	539,609,332
<u>Less Accumulated Depreciation:</u>				
Land Improvements:				
Drainage and Landscaping	3,266,740	9,270	-	3,276,010
Landing Area Improvements	78,781,593	6,915,087	-	85,696,680
Road Improvements	2,328,752	354,793	-	2,683,545
Parking Facilities	5,840,280	360,811	-	6,201,091
Buildings, Systems and Equipment:				
Terminal	50,368,105	5,262,324	-	55,630,429
Hangars	17,646,411	1,298,792	-	18,945,203
Property Acquisitions	1,381,452	36,515	-	1,417,967
Maintenance Building	2,764,747	122,653	-	2,887,400
Government Building	312,223	21,392	-	333,615
Fire Station	2,730,245	196,463	-	2,926,708
Equipment and Furnishings	22,974,746	3,201,930	104,428	26,072,248
Capital Planning and Studies	1,887,808	239,246	-	2,127,054
Leased Assets	624,027	-	587,155	36,872
Subscription Assets	75,914	313,203	-	389,117
Total Accumulated Depreciation	190,983,043	18,332,479	691,583	208,623,939
Total Other Capital Assets, Net	162,895,198	36,907,666	249,495	199,553,369
Total Capital Assets, Net	\$ 327,749,728	\$ 58,403,398	\$ 55,167,733	\$ 330,985,393

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 5 - Capital Assets (continued)

In 2025, the Airport Authority officially capitalized the \$33 million Terminal Connector/TSA Checkpoint along with other infrastructure projects like the replacement of the Queen City Airport's terminal roof and the final phases of the Hangar 7 refresh project.

IT infrastructure continued to be a large part of the Airport Authority's capital asset program resulting in approximately \$784,000 of equipment being capitalized during 2025.

The last phase, eleven, of the Runway 6/24 Rehabilitation Project and the commencement of two Taxiway Rehab Projects largely contributed to the increase to the Construction in Progress. Several stages of the Runway Project are anticipated to be completed and closed out during the 2026 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 2025, the Airport Authority collected \$2,036,479 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 2025, the fund collected \$361,633. 59% of the funds collected were used to fund the Multi-Modal Transportation project. The residual funds of \$146,574 will be used for future Rental Car facility projects.

Additionally, there was an \$822 cash balance for the PFC Fund on December 31, 2025.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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. The 2015 Bonds were refinanced in 2025.

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. The Series 2018 have annual payments due through maturity in 2048.

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 2025 on these Series A was \$735,111.

On October 31, 2025, the Airport Authority issued \$20,355,000 of Airport Revenue Refunding Bonds, Series 2025A with a maturity date of January 1, 2032, and 2025B with a maturity date of January 1, 2035. The Series 2025A bonds totaling \$13,255,000, with an average interest rate of 3.63%, were used to refund the Authority's outstanding Airport Revenue Bonds 2015A. The Series 2025B bonds totaling \$7,100,000, with an average interest rate of 4.82%, were used to refund the Authority's outstanding Airport Revenue Bonds 2015E. Both series included a small portion of funds to pay the cost of issuance.

The Bond Resolutions require the Airport Authority to fund debt service monthly to our bond custodian, currently, US Bank, N.A. The LNAA reported they were in compliance on December 31, 2025. The 2018, 2021, and 2025 bond financial covenants require the Authority to maintain a net revenue ratio of at least 1.25 of annual debt service. For 2025, the Authority reported a ratio of 2.29 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, 2025

Note 7 - Long-Term Debt (Continued)

A) Bonds Payable (Continued)

Bonds Payable consisted of the following direct placement debt as of December 31, 2025:

	2025
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.	\$ 9,085,000
5.68% Airport Revenue Bond, Series 2021A Principal Payments of \$50,000 per month through the Final Payment in 2047.	13,650,000
3.63% Airport Revenue Bond, Series 2025A, Due in Annual Installments on Each January 1, Beginning 2026 at \$545,000 Increasing to a Final Payment of \$755,000 in 2032.	13,255,000
4.82% Airport Revenue Bond, Series 2025B, Due in Annual Installments on Each January 1, Beginning 2031 at \$990,000 Increasing to a Final Payment of \$1,665,000 in 2035.	7,100,000
	43,090,000
Less: Current Portion	(1,360,000)
Bonds Payable, Net of Current Portion	\$ 41,730,000

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 7 - Long-Term Debt (Continued)

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

Year Ending December 31,	Series 2018		
	Principal	Interest	Total Debt Service
2026	\$ 215,000	\$ 476,054	\$ 691,054
2027	225,000	464,788	689,788
2028	235,000	452,998	687,998
2029	250,000	440,684	690,684
2030	260,000	427,584	687,584
2031-2035	1,525,000	1,917,840	3,442,840
2036-2040	1,975,000	1,473,750	3,448,750
2041-2045	2,535,000	901,018	3,436,018
2046-2048	1,865,000	198,858	2,063,858
Total	\$ 9,085,000	\$ 6,753,574	\$ 15,838,574

Year Ending December 31,	Series 2021A		
	Principal	Interest *	Total Debt Service
2026	\$ 600,000	\$ 759,700	\$ 1,359,700
2027	600,000	725,620	1,325,620
2028	600,000	691,540	1,291,540
2029	600,000	657,460	1,257,460
2030	600,000	623,380	1,223,380
2031-2032	10,650,000	5,393,870	16,043,870
Total	\$ 13,650,000	\$ 8,851,570	\$ 22,501,570

* Estimated based on timing of loan periods

Year Ending December 31,	Series 2025 A & B		
	Principal	Interest	Total Debt Service
2026	\$ 545,000	\$ 139,427	\$ 684,427
2027	3,230,000	803,085	4,033,085
2028	3,385,000	685,965	4,070,965
2029	2,630,000	563,225	3,193,225
2030	1,855,000	467,861	2,322,861
2031-2035	8,710,000	1,198,211	9,908,211
Total	\$ 20,355,000	\$ 3,857,774	\$ 24,212,774

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 7 - Long-Term Debt (Continued)
B) 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,		
	2026	\$ 638,072
	2027	496,156
	2028	364,123
	2029	366,509
	2030	<u>13,519</u>
Total Minimum Payments		1,878,379
Less: Amount Representing Interest		<u>(128,467)</u>
Present Value of Minimum Payments		1,749,912
Less: Current Portion		<u>(578,084)</u>
Obligations Under Capital - Noncurrent		<u><u>\$ 1,171,828</u></u>

Interest expense on direct financing notes amounted to \$84,656 in 2025.

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, 2025:

<u>Classification:</u>	
Equipment	\$ 4,192,495
Building Improvements	<u>3,661,584</u>
Total	7,854,079
Less: Accumulated Depreciation	<u>(6,104,167)</u>
Property and Equipment Under Direct Financing Notes, Net	<u><u>\$ 1,749,912</u></u>

C) Lines of Credit

The Airport Authority has open lines of credit with a maximum value of \$4,097,489. 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.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 7 - Long-Term Debt (Continued)
D) Changes in Long-Term Debt

	Balance January 1, 2025	Additions	Deductions/ Payments	Balance December 31, 2025	Amount Due In One Year
Direct Placements:					
Bonds Payable - Series 2015	\$ 25,100,000	\$ -	\$ (25,100,000)	\$ -	\$ -
Bonds Payable - Series 2018	9,285,000	-	(200,000)	9,085,000	215,000
Bonds Payable - Series 2021	14,250,000	-	(600,000)	13,650,000	600,000
Bonds Payable - Series 2025	-	20,355,000		20,355,000	545,000
Direct Borrowings:					
Notes & Grants Payable	40,095	-	(40,095)	-	-
Direct Financing Notes	2,433,690	62,073	(745,851)	1,749,912	578,084
Other Liabilities:					
Pension Liability - Non-Union	1,501,564		(1,447,706)	53,858	-
Total	\$ 52,610,349	\$ 20,417,073	\$ (28,133,652)	\$ 44,893,770	\$ 1,938,084

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 office equipment rentals, which are accounted for under the GASB 87 provisions. During the year ending December 31, 2025, The LNAA recognized the following related to its lessee agreements:

Equipment and Furnishings - Office Equipment (4 leases)	
Net Right of Use Asset	\$ 4,174
Lease Liability	\$ (3,653)

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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

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, 2025.

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	3,653	19	3,672
Total	<u>\$ 3,653</u>	<u>\$ 19</u>	<u>\$ 3,672</u>

Total rental expense under all operating leases reported in the statement of revenue, expenses, and changes in net position was \$252,440 for the year ended December 31, 2025.

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.

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	\$807,377
Subscription Liability	(\$532,342)

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, 2025.

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 380,684	\$ 24,086	\$ 404,770
2027	136,832	3,449	140,281
2028	14,826	73	14,899
Total	<u>\$ 532,342</u>	<u>\$ 27,608</u>	<u>\$ 559,950</u>

Total expense under all subscriptions reported in the statement of revenue, expenses, and changes in net position was \$423,430 for the year ended December 31, 2025.

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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

Elements of Net Position consist of the following on December 31, 2025:

Net Investment in Capital Assets:

Capital Assets:

Land	\$ 51,416,954
Property and Avigation Easements	44,307,392
Construction in Progress	35,707,678
Land Improvements	199,873,514
Building, Systems & Equipment	204,270,263
Capital Planning and Studies	2,795,991
Lease Assets	41,046
Subscription Assets	1,196,494
Total Capital Assets	539,609,332
Less: Accumulated Depreciation	(208,197,950)
Less: Accumulated Amortization Leases	(36,872)
Less: Accumulated Amortization Subscriptions	(389,117)
Total Capital Assets, Net	330,985,393

Less: Related Liabilities and Proceeds:

Accounts and Retainage Payable - Capital	(7,214,522)
Bonds Payable	(41,730,000)
Less: Capital Related Bond Proceeds - Series 2018	69,432
Obligations Under Direct Financing Notes	(1,749,912)
Total Related Liabilities and Proceeds	(50,625,002)
Net Investment in Capital Assets	280,360,391

Restricted Net Position:

Cash and Cash Equivalents, Restricted and Designated (Note 2)	5,413,283
Cash and Cash Equivalents - Debt Service Funds (Note 2)	1,274,302
Total Assets	6,687,584
Less: Related Liabilities from Restricted Assets:	
Capital Related Bond Proceeds - Series 2018	(69,432)
Bonds Payable - Current Portion	(1,360,000)
Accrued Bond Interest Payable	(446,503)
Leasehold Deposits	(597,014)
Total Related Liabilities	(2,472,949)
Restricted Net Position	\$ 4,214,635

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

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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, 2025, 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.

Plan Status	Non-Union	Union
Active Employees	38	55
Retirees and beneficiaries currently receiving benefits	41	53
Terminated employees entitled to benefits but not yet receiving them	34	23
Total	113	131

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.

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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 2025 Employer contributions to the Non-Union plan were \$512,709 and the Union plan was \$451,331. Newly hired Teamster employees contributed \$36,993 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:

	<u>Non-Union</u>	<u>Union</u>	<u>Total</u>
Total Pension Liability	\$ 12,475,435	\$ 9,646,102	\$ 22,121,537
Plan Fiduciary Net Position	12,421,577	10,046,600	22,468,177
Net Pension Liability/(Asset)	<u>\$ 53,858</u>	<u>\$ (400,498)</u>	<u>\$ (346,640)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>99.6%</u>	<u>104.2%</u>	<u>101.6%</u>

The Authority's total pension liability was determined as part of a biennial actuarial valuation on January 1, 2025. The measurement date of the total pension liability was December 31, 2024. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2025. Total pension liability as of December 31, 2025, 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

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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 2.41%) 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, 2025, 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	43%	5.81%	43%	5.81%
Mid Cap	0%	7.06%	0%	7.06%
Small Cap	10%	7.06%	10%	7.06%
International Equity	10%	6.64%	10%	6.64%
Fixed Income	36%	3.51%	35%	3.51%
Real Estate	0%	4.94%	0%	4.94%
Cash	1%	1.00%	2%	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 13.91% and the Union plan was 13.89%. 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	\$ 183,443	\$ 154,942	\$ 338,385
Investment Income Receivable	11,400	9,175	20,575
Equities	7,809,647	6,313,895	14,123,542
Fixed Income	4,417,087	3,568,588	7,985,675
Total	\$ 12,421,577	\$ 10,046,600	\$ 22,468,177

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

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 10 - Retirement Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was reduced to 7.25% for both plans in 2023. 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.

Changes in Net Pension Liability

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

	Total for Both Plans					
	<u>Plan</u>			<u>Net</u>		
	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability / (Asset)</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability / (Asset)</u>
Balances at 12/31/2024	\$ 21,285,294	\$ 19,783,730		\$ 1,501,564		
Changes for the year:						
Service cost	552,141	-		552,141		
Interest	1,545,821	-		1,545,821		
Differences Between Expected and Actual Experience	(230,164)	-		(230,164)		
Employer Contributions	-	964,040		(964,040)		
Employee Contributions	-	36,993		(36,993)		
Net investment income	-	2,745,719		(2,745,719)		
Benefit payments	(1,031,555)	(1,031,555)		-		
Administrative expenses	-	(30,750)		30,750		
Balances at 12/31/2025	<u>\$ 22,121,537</u>	<u>\$ 22,468,177</u>		<u>\$ (346,640)</u>		

	<u>Non-Union Plan</u>			<u>Union Plan</u>		
	<u>Plan</u>		<u>Net</u>	<u>Plan</u>		<u>Net</u>
	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability / (Asset)</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability / (Asset)</u>
Balances at 12/31/2024	\$ 12,021,909	\$ 10,917,590	\$ 1,104,319	\$ 9,263,385	\$ 8,866,140	\$ 397,245
Changes for the year:						
Service cost	234,051	-	234,051	318,090	-	318,090
Interest	869,474	-	869,474	676,347	-	676,347
Differences Between Expected and Actual Experience	(123,558)	-	(123,558)	(106,606)	-	(106,606)
Employer Contributions	-	512,709	(512,709)	-	451,331	(451,331)
Member Contributions	-	-	-	-	36,993	(36,993)
Net investment income	-	1,517,719	(1,517,719)	-	1,228,000	(1,228,000)
Benefit payments	(526,441)	(526,441)	-	(505,114)	(505,114)	-
Administrative expenses	-	-	-	-	(30,750)	30,750
Balances at 12/31/2025	<u>\$ 12,475,435</u>	<u>\$ 12,421,577</u>	<u>\$ 53,858</u>	<u>\$ 9,646,102</u>	<u>\$ 10,046,600</u>	<u>\$ (400,498)</u>

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Net Pension Liability / (Asset):			
Non-Union Plan	\$ 1,534,854	\$ 53,858	\$ (1,216,042)
Union Plan	615,392	(400,498)	(1,279,073)
Total Net Pension Liability (Asset)	<u>\$ 2,150,246</u>	<u>\$ (346,640)</u>	<u>\$ (2,495,115)</u>

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

For the year ended December 31, 2025, the Authority plans recognized pension expense of \$827,693 which included \$494,899 for Non-Union plan and \$332,794 for the Union plan. On December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Total of Both Plans</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences Between Expected and Actual Experience	\$ 102,495	\$ (287,494)	\$ (184,999)
Changes in Assumptions	840,504	-	840,504
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,232,233)	(1,232,233)
Total	<u>\$ 942,999</u>	<u>\$ (1,519,727)</u>	<u>\$ (576,728)</u>

	<u>Non-Union</u>		<u>Union</u>	
<u>Individual Plans</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 91,552	\$ (165,210)	\$ 10,943	\$ (122,284)
Changes in Assumptions	452,476	-	388,028	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(688,693)	-	(543,540)
Total	<u>\$ 544,028</u>	<u>\$ (853,903)</u>	<u>\$ 398,971</u>	<u>\$ (665,824)</u>

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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,	Total	Non-Union	Union
2026	\$ 329,429	\$ 212,611	\$ 116,818
2027	(529,617)	(266,569)	(263,048)
2028	(245,293)	(105,427)	(139,866)
2029	(211,038)	(150,490)	(60,548)
2030	79,791	-	79,791
Thereafter	-	-	-
	\$ (576,728)	\$ (309,875)	\$ (266,853)

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 \$83,078 for the year ended December 31, 2025.

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 \$11,225 for the year ended December 31, 2025. 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 \$250,949 for the year ended December 31, 2025.

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, 2025

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, 2025, The Authority recognized the following related to its lessor agreements:

Total Lease Receivable	<u>\$</u>	26,327,458
Total Deferred Inflows of Resources Lease Related	<u>\$</u>	24,731,955
Lease Revenue	<u>\$</u>	(390,454)
Interest income related to leases	<u>\$</u>	978,238
Revenue from variable payments not previously included in the measurement of lease receivables	<u>\$</u>	2,985,235
Building (6 leases)		
Lease Receivable	\$	5,564,061
Lease Revenue	\$	60,714
Land (5 leases)		
Lease Receivable	\$	6,628,828
Lease Revenue	\$	72,733
Advertising (22 leases)		
Lease Receivable	\$	4,438,834
Lease Revenue	\$	39,864
Terminal (13 leases)		
Lease Receivable	\$	9,695,734
Lease Revenue	\$	217,144

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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, 2025. 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, 2025, are as follows:

Year Ending December 31,	Principal	Interest	Total Payments
2026	\$ 2,382,110	\$ 1,359,238	\$ 3,741,348
2027	2,300,829	1,224,210	\$ 3,525,038
2028	2,352,105	1,088,946	\$ 3,441,052
2029	2,480,792	946,237	\$ 3,427,029
2030	2,019,911	802,164	\$ 2,822,075
2031-2035	4,445,430	3,333,889	\$ 7,779,318
2036-2040	7,553,336	1,693,304	\$ 9,246,640
2041-2045	2,783,502	176,798	\$ 2,960,300
2046-2050	9,443	817	\$ 10,260
Total	<u>\$ 26,327,458</u>	<u>\$ 10,625,603</u>	<u>\$ 36,953,060</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, 2025, are as follows:

Year Ending December 31,	Amount
2026	\$ 1,090,077
2027	1,040,477
2028	891,676
2029	891,676
2030	885,601
2031-2035	3,800,411
2036-2040	3,463,162
2041-2045	2,496,922
2046-2050	662,370
Total	<u>\$ 15,222,372</u>

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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 2025, The Authority incurred \$3,611 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 2025, the Authority spent \$2,481,216 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, 2025, are already reflected in the balance sheet under Accounts and Retainage Payable - Capital. The Authority has commitments of \$18,506,926 primarily for the construction of the Runway and Taxiway Rehab projects and the Parking Garage Design project.

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 2025 was \$739,465.

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 \$338,385 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, 2025

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, 2025:

	Fair Value Measurement as of December 31, 2025		
	Level 1	Level 2	Level 3
Investments at fair value			
Cash equivalents	\$ 338,385	\$ -	\$ -
Fixed income mutual funds	20,575	-	-
Equity mutual funds	22,109,217	-	-
Total investments by fair value level	\$ 22,468,177	\$ -	\$ -

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.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 14 – Fiduciary Fund (Continued)

Financial information for both plans is provided below:

	Non-Union	Union	Pension Trust Funds Total
Assets			
Cash (Cash and cash equivalents)			
Checking/Savings Account	\$ 183,443	\$ 154,942	\$ 338,385
Total Cash	183,443	154,942	338,385
Receivables			
Accrued interest and dividends	11,400	9,175	20,575
Total Receivables	11,400	9,175	20,575
Investments:			
Equities	7,809,647	6,313,895	14,123,542
Fixed Income	4,417,087	3,568,588	7,985,675
Total Investments	12,226,734	9,882,483	22,109,217
Total Assets	\$ 12,421,577	\$ 10,046,600	\$ 22,468,177
Net Position Restricted for Pension	\$ 12,421,577	\$ 10,046,600	\$ 22,468,177

(Continued)

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 14 – Fiduciary Fund (Continued)

	Pension Trust Funds		Pension Trust Funds Total
	Non-Union	Union	
Additions:			
Contributions:			
Members' Contribution	\$ -	\$ 36,993	\$ 36,993
Employer Contributions	512,709	451,331	964,040
Total Contributions	512,709	488,324	1,001,033
Investment Income:			
Interest	180,793	145,434	326,227
Dividends	102,482	82,960	185,442
Net Appreciation/(depreciation) in fair value of investments	1,258,243	1,019,993	2,278,236
Total Investment Income	1,541,518	1,248,387	2,789,905
Less Investment Expenses	(23,799)	(20,387)	(44,186)
Net Investment Income	1,517,719	1,228,000	2,745,719
 Total Additions	 2,030,428	 1,716,324	 3,746,752
Deductions:			
Pension Payments	526,441	489,810	1,016,251
Refund terminated members' contributions	-	15,304	15,304
Administrative Expenses	-	30,750	30,750
Total Deductions	526,441	535,864	1,062,305
Net Increase/(Decrease)	1,503,987	1,180,460	2,684,447
Net Position Restricted for Pension			
Balance on January 1	10,917,590	8,866,140	19,783,730
Balance on December 31	\$ 12,421,577	\$ 10,046,600	\$ 22,468,177

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, 2025**

Non-Union	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability										
Service Cost	\$ 195,900	\$ 300,532	\$ 314,056	\$ 296,121	\$ 309,446	\$ 247,355	\$ 258,486	\$ 270,512	\$ 282,009	\$ 234,051
Interest	490,465	543,886	576,377	606,322	641,525	660,248	695,588	785,165	828,295	869,474
Differences Between Expected and Actual Experience	-	202,686	-	(36,873)	-	(188,943)	-	170,872	-	(123,558)
Changes in Assumptions	-	537,977	-	-	-	-	-	872,495	-	-
Benefit Payments, Including Refunds of Member Contributions	(405,803)	(415,511)	(433,958)	(438,748)	(454,050)	(446,532)	(448,551)	(459,670)	(473,586)	(526,441)
Net Change in Total Pension Liability	280,562	1,169,570	456,475	426,822	496,921	272,128	505,523	1,639,374	636,718	453,526
Total Pension Liability - Beginning	6,137,816	6,418,378	7,587,948	8,044,423	8,471,245	8,968,166	9,240,294	9,745,817	11,385,191	12,021,909
Total Pension Liability - Ending	<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>	<u>\$12,021,909</u>	<u>\$12,475,435</u>
Plan Fiduciary Net Pension										
Contributions - Employer	\$ 231,968	\$ 367,310	\$ 606,441	\$ 461,800	\$ 461,422	\$ 395,643	\$ 385,454	\$ 388,848	\$ 495,609	\$ 512,709
Net Investment Income	411,905	819,152	(326,701)	1,300,945	1,034,039	1,155,496	(1,534,530)	1,319,800	1,151,652	1,517,719
Benefit Payments, Including Refunds of Member Contributions	(405,803)	(415,511)	(433,958)	(438,748)	(454,050)	(446,532)	(448,551)	(459,670)	(473,586)	(526,441)
Administrative Expense	(6,475)	(21,910)	(2,975)	(10,321)	(12,609)	(21,897)	(11,950)	(14,700)	(9,925)	-
Net Change in Plan Fiduciary Net Position	231,595	749,041	(157,193)	1,313,676	1,028,802	1,082,710	(1,609,577)	1,234,278	1,163,750	1,503,987
Plan Net Position - Beginning	5,880,508	6,112,103	6,861,144	6,703,951	8,017,627	9,046,429	10,129,139	8,519,562	9,753,840	10,917,590
Plan Net Position - Ending	<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>	<u>\$10,917,590</u>	<u>\$12,421,577</u>
Authority's Net Pension Liability / (Asset)	<u>\$ 306,275</u>	<u>\$ 726,804</u>	<u>\$ 1,340,472</u>	<u>\$ 453,618</u>	<u>\$ (78,263)</u>	<u>\$ (888,845)</u>	<u>\$ 1,226,255</u>	<u>\$ 1,631,351</u>	<u>\$ 1,104,319</u>	<u>\$ 53,858</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<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>	<u>99.6%</u>
Covered Payroll	<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>	<u>\$3,555,834</u>
Authority's Net Pension Liability as a Percentage of Covered Payroll	<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>	<u>1.5%</u>

Assumption Changes – In 2017, the mortality assumption was changed from 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 P 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, 2025**

Union	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability										
Service Cost	\$ 106,379	\$ 169,273	\$ 176,890	\$ 195,563	\$ 204,363	\$ 216,577	\$ 226,323	\$ 247,046	\$ 257,545	\$ 318,090
Interest	453,278	488,017	515,437	495,986	519,862	537,287	560,569	612,991	642,126	676,347
Changes in Benefit Terms	-	-	-	(99,389)	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	40	-	(542,382)	-	(75,279)	-	17,510	-	(106,606)
Changes in Assumptions	-	502,011	-	-	-	-	-	620,846	-	-
Benefit Payments, Including Refunds of Member Contributions	(277,538)	(289,836)	(308,770)	(348,402)	(415,585)	(442,065)	(464,300)	(466,068)	(471,289)	(505,114)
Net Change in Total Pension Liability	282,119	869,505	383,557	(298,624)	308,640	236,520	322,592	1,032,325	428,382	382,717
Total Pension Liability - Beginning	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	9,263,385
Total Pension Liability - Ending	<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>	<u>\$ 9,646,102</u>
Plan Fiduciary Net Pension										
Contributions - Employer	\$ 115,146	\$ 185,577	\$ 349,954	\$ 273,866	\$ 224,762	\$ 340,107	\$ 244,888	\$ 238,545	\$ 405,438	\$ 451,331
Contributions - Member	-	-	1,693	7,300	10,819	13,220	15,294	22,575	27,006	36,993
Net Investment Income	377,105	752,673	(296,408)	1,161,383	906,445	995,123	(1,320,765)	1,097,720	937,147	1,228,000
Benefit Payments, Including Refunds of Member Contributions	(277,538)	(289,836)	(308,770)	(348,402)	(415,585)	(442,065)	(464,300)	(466,068)	(471,289)	(505,114)
Administrative Expense	(4,200)	(23,593)	(2,975)	(9,625)	(17,279)	(28,355)	(16,000)	(15,300)	(12,625)	(30,750)
Net Change in Plan Fiduciary Net Position	210,513	624,821	(256,506)	1,084,522	709,162	878,030	(1,540,883)	877,472	885,677	1,180,460
Plan Net Position - Beginning	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	8,866,140
Plan Net Position - Ending	<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>	<u>\$ 10,046,600</u>
Authority's Net Pension Liability / (Asset)	<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>	<u>\$ (400,498)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<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>	<u>104.2%</u>
Covered Payroll	<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>	<u>\$ 3,975,084</u>
Authority's Net Pension Liability as a Percentage of Covered Payroll	<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>	<u>-10.1%</u>

Assumption Changes – In 2017, the mortality assumption was changed from 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, 2025**

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 215,473	\$ 231,968	\$ 456,171	\$ 461,800	\$ 461,422	\$ 395,643	\$ 248,680	\$ 264,891	\$ 495,609	\$ 512,709
Contributions in Relation to the Actuarially Determined Contribution	<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>	<u>512,709</u>
Contribution Deficiency (Excess)	<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>	<u>\$ -</u>
Covered Payroll	<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>	<u>\$3,555,834</u>
Contributions as a Percentage of Covered Payroll	<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>	<u>14.4%</u>

Lehigh-Northampton Airport Authority Union Employees' Retirement Plan

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 117,777	\$ 115,146	\$ 276,954	\$ 273,866	\$ 224,762	\$ 272,517	\$ 157,992	\$ 162,502	\$ 405,438	\$ 451,331
Contributions in Relation to the Actuarially Determined Contribution	<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>	<u>451,331</u>
Contribution Deficiency (Excess)	<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>	<u>\$ -</u>
Covered Payroll	<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>	<u>\$3,975,084</u>
Contributions as a Percentage of Covered Payroll	<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>	<u>11.4%</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<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>	<u>13.91%</u>

Lehigh-Northampton Airport Authority Union Employees' Retirement Plan

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<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>	<u>13.89%</u>

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES - PENSION PLANS
YEAR ENDED DECEMBER 31, 2025**

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, 2025

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	\$ 7,583,445	\$ 2,898,397	\$ 401,868	\$ 689,205	\$ 72,474	\$ -	\$ -	\$ 1,894,803	\$ 5,956,745	\$ 1,626,700	
Terminal	10,882,437	3,248,021	789,218	493,701	667,857	-	-	3,611,568	8,810,365	2,072,072	
Parking and Roadway	7,868,029	310,481	257,960	78,048	740,527	-	-	151,693	1,538,710	6,329,319	
Aviation Leased Area	4,915,330	148,243	91,312	110,840	373,143	-	-	52,684	776,224	4,139,106	
Non-Aviation Leased Area	1,244,085	21,056	72,700	28,115	202,292	-	-	39,967	364,131	879,954	
Ground Handling	3,396,058	2,803,497	7,337	70,113	-	590,398	-	1,268,954	4,740,298	(1,344,240)	
Aviation Services	6,933,902	2,491,978	371,098	195,621	149,428	925,490	-	998,268	5,131,883	1,802,019	
Advertising	810,286	53,468	91,481	-	-	-	-	-	144,949	665,337	
Administrative	-	2,979,691	1,283,619	10,295	-	-	-	809,333	5,082,937	(5,082,937)	
Allocated Expenses	-	4,976,138	2,756,641	249,824	1,100,819	-	-	(9,083,422)	-	-	
Lease and Sub - Adjust.	587,784	-	-	-	-	-	43,662	-	43,662	544,122	
Total LVIA	44,221,356	19,930,970	6,123,234	1,925,762	3,306,540	1,515,888	43,662	(256,152)	32,589,904	11,631,452	
Queen City Airport	1,188,372	681,923	116,550	73,380	118,174	403,667	-	247,069	1,640,763	(452,391)	
Braden Airpark	171,755	43,705	116,516	42,996	21,540	34,776	-	9,083	268,616	(96,861)	
Events	-	-	36,259	935	-	-	-	-	37,194	(37,194)	
Total	\$ 45,581,483	\$ 20,656,598	\$ 6,392,559	\$ 2,043,073	\$ 3,446,254	\$ 1,954,331	\$ 43,662	\$ -	\$ 34,536,477	\$ 11,045,006	

- (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, 2025**

OPERATING REVENUES:	Lehigh Valley International Airport	Queen City Airport *	Braden Airpark *	Total
Airfield				
Landing Fees	\$ 6,596,415	\$ -	\$ -	\$ 6,596,415
Apron Parking Fees	987,029	-	-	987,029
Total	<u>7,583,444</u>	<u>-</u>	<u>-</u>	<u>7,583,444</u>
Terminal				
Airlines	7,165,711	-	-	7,165,711
Utility Fees & Other	35,643	-	-	35,643
Total	<u>7,201,354</u>	<u>-</u>	<u>-</u>	<u>7,201,354</u>
Concessions and Advertising				
Concession & Other	910,745	-	-	910,745
Rental Cars	2,068,133	-	-	2,068,133
Restaurant/Newsstand	666,256	-	-	666,256
Advertising	810,286	-	-	810,286
Other	35,950	-	-	35,950
Total	<u>4,491,370</u>	<u>-</u>	<u>-</u>	<u>4,491,370</u>
Parking and Roadways	<u>7,868,029</u>	<u>-</u>	<u>-</u>	<u>7,868,029</u>
Building & Hanger Leases				
Hanger Rents	4,037,244	112,681	94,288	4,244,213
T-Hangars	252,778	241,090	18,022	511,890
Building Rents	562,013	43,259	5,908	611,180
Land Rents	682,073	183,853	-	865,926
Ramp, Gatecard and Other Income	625,307	27,814	5,975	659,096
Total	<u>6,159,415</u>	<u>608,697</u>	<u>124,193</u>	<u>6,892,305</u>
Ground Handling	<u>3,396,058</u>	<u>-</u>	<u>-</u>	<u>3,396,058</u>
Fuel & Handling				
Fuel Sales	2,745,568	573,119	45,686	3,364,373
Landing Fees	359,907	-	-	359,907
Into Plane Fees	3,234,366	-	-	3,234,366
Hangar & Ramp Rentals	274,031	-	-	274,031
Miscellaneous Income	320,030	6,556	1,876	328,462
Total	<u>6,933,902</u>	<u>579,675</u>	<u>47,562</u>	<u>7,561,139</u>
GASB 87 Adjustments	<u>587,784</u>	<u>-</u>	<u>-</u>	<u>587,784</u>
Total Operating Revenues	<u>\$ 44,221,356</u>	<u>\$ 1,188,372</u>	<u>\$ 171,755</u>	<u>\$ 45,581,483</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, 2025**

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
Department of Transportation										
Airport Improvement Program										
<i>Direct Awards:</i>										
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	12,671,796	-	567,242	567,242	-	-	-
Airport Rescue Grant Agreement (ARPA)	20.106	3-42-0001-115-2022	5,987,974	5,987,974	-	2,415,013	-	2,415,013	2,415,013	-
Rehabilitate Runway 6/24 - Phase X	20.106	3-42-0001-117-2022	14,821,100	10,759,748	4,061,352	1,055,341	407,601	1,195,295	1,195,295	547,555
New Terminal Security Checkpoint	20.106	3-42-0001-118-2023	5,000,000	5,000,000	-	150,000	-	150,000	150,000	-
Equipment for Security Checkpoint	20.106	3-42-0001-119-2023	600,000	600,000	-	15,000	15,000	-	-	-
Rehabilitate Runway 6/24 - Phase XI	20.106	3-42-0001-120-2023	4,987,205	890,666	4,096,539	444,200	70,115	552,111	552,111	178,026
Rehabilitate Taxiway A - Construction Ph 1	20.106	3-42-001-121-2024	5,570,931	2,287,006	3,283,925	2,287,006	-	4,417,349	4,417,349	2,130,343
Rehabilitate Taxiway A - Construction Ph 2	20.106	3-42-001-122-2024	4,122,980	1,735,031	2,387,949	285,674	53,702	270,837	270,837	38,865
Rehabilitate Taxiway A - Construction Ph 3	20.106	3-42-0001-124-2025	9,570,106	-	9,570,106	-	-	105,845	105,845	105,845
Construct Taxiway D	20.106	3-42-0001-125-2025	13,530,261	-	13,530,261	-	-	14,302	14,302	14,302
Queen City Electrical Vault Design	20.106	3-42-0002-034-2023	1,398,892	1,085,002	313,890	223,268	4,500	218,768	218,768	-
Queen City Runway 15/33 Lighting Rehabilitation	20.106	3-42-0002-035-2024	623,381	559,002	64,379	268,381	209,906	58,475	58,475	-
Queen City Taxiway A Feasibility Study	20.106	3-42-0002-036-2024	154,349	129,857	24,492	129,857	87,364	42,493	42,493	-
Total Airport Improvement Program			79,103,075	41,763,772	37,339,303	7,840,982	1,421,840	9,440,488	9,440,488	3,021,346
Department of Homeland Security										
<i>Pass-through: PA Emergency Management Agency</i>										
Disaster Grants - Public Assistance	97.036	077-UBR6Y-00	85,498	85,498	-	4,072	-	4,072	4,072	-
Total			\$ 79,188,573	\$ 41,849,270	\$ 37,339,303	\$ 7,845,054	\$ 1,421,840	\$ 9,444,560	\$ 9,444,560	\$ 3,021,346

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, 2025

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, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 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, 2025, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 28, 2026.

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 28, 2026

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, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

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.

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
Crowe LLP

Indianapolis, Indiana
May 28, 2026

**LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025**

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:	\$1,000,000	
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, 2025.

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, 2025.

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 28, 2026, 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 28, 2026

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF EXPENDITURES - PASSENGER FACILITY CHARGES
YEAR ENDED DECEMBER 31, 2025

	Date Approved	Amount Approved	Cumulative Total -	Quarter End				Year End	Cumulative Total -
			December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025	December 31, 2025
Revenues									
Total Passenger Facility Charge Revenue Received			\$ 47,279,058	\$ 476,807	\$ 528,928	\$ 521,120	\$ 509,488	\$ 2,036,343	\$ 49,315,401
Interest Earned on PFC Deposits			618,755	52	15	24	45	136	618,891
Total Revenue			47,897,813	476,859	528,943	521,144	509,533	2,036,479	49,934,292
Expenses									
<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	536,754	455,000	550,000	515,000	520,000	2,040,000	2,576,754
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	1,500,000	-	-	-	-	-	1,500,000
Total Application: #05-07-C-00-ABE		\$ 23,381,196	\$ 9,417,950	\$ 455,000	\$ 550,000	\$ 515,000	\$ 520,000	\$ 2,040,000	\$ 11,457,950
Total Expenditures			\$ 47,893,472	\$ 455,000	\$ 550,000	\$ 515,000	\$ 520,000	\$ 2,040,000	\$ 49,933,472
Excess (Deficit) of Revenue Over Expenditures			\$ 4,341	\$ 21,859	\$ (21,057)	\$ 6,144	\$ (10,467)	\$ (3,521)	\$ 820

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, 2025**

Summary of Auditor's Results

We have issued an unmodified opinion, dated May 28, 2026 on the financial statements of the Authority as of and for the year ended December 31, 2025.

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 28, 2026 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.