



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

April 24, 2025

Board of Directors
Indianapolis Airport Authority
Marion County, Indiana

We have reviewed the audit report prepared by Forvis Mazars, LLP, Independent Public Accountants, for the period January 1, 2024 to December 31, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indianapolis Airport Authority as of December 31, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Forvis Mazars, LLP, prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



Indianapolis Airport Authority

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023

Indianapolis Airport Authority
December 31, 2024 and 2023

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Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Indianapolis Airport Authority (Authority), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31 2024 and 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are 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 GAAS. In our opinion, the accompanying supplementary 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 April 18, 2025, on our consideration of 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 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 Authority's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Indianapolis, Indiana
April 18, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024 and 2023

(Unaudited)

The following discussion and analysis of the financial performance and activity of the Indianapolis Airport Authority (Authority) is to provide an introduction and overview that users need to interpret the financial statements of the Authority as of and for the years ended December 31, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Authority Powers and Purposes

In 1962, the City Council of the City of Indianapolis (City), the Mayor of the City and the County Council of Marion County (County) created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to: (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the County; (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority; (iii) adopt a schedule of reasonable charges and collect them from all users of facilities and services within the County; (iv) lease all or any part of an airport, landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft; (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control; and (vi) incur indebtedness in accordance with the Authority Act.

The operations of the Authority depend heavily on revenues received from airlines serving Indianapolis International Airport. Airlines are given the option to sign an Agreement and Lease of Premises (Airline Agreement), which sets forth rates and charges for use of Authority assets and which utilizes a hybrid residual rate-making methodology. The hybrid residual nature of the Airline Agreement essentially requires the airlines to assume certain financial risks to guarantee the Authority has sufficient revenue to cover all operating and capital borrowing costs. In return, the Authority has less autonomy over capital asset development decisions in that the airlines must approve certain proposed capital improvement projects at the Authority. As of December 31, 2024, eight passenger carriers and two cargo carriers represent the Signatory Airlines.

The prior five-year Signatory Airline Agreement expired on December 31, 2023. A new three-year agreement became effective January 1, 2024. The new agreement contains a one-year extension provision that requires mutual approval by the Airlines and the Authority, and holdover provisions. Airlines that sign the Airline Agreement are subject to favorable Signatory rates, as opposed to the Authority's Non-Signatory rates.

Airport Operations Activity and Financial Highlights

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Enplaned passengers ¹	5,249,959	4,886,576	7.4%
Landed weight (1,000 lb. units)			
Passenger airlines	5,937,384	5,587,981	6.3%
Cargo airlines	<u>4,494,983</u>	<u>5,162,024</u>	<u>-12.9%</u>
Total landed weights	<u>10,432,367</u>	<u>10,750,005</u>	<u>-3.0%</u>
Aircraft operations	191,846	193,220	-0.7%

(1) Includes domestic air carriers, international air carriers and air taxi/commuter flights

Airport Operations Activity

In 2024, the number of enplaned passengers was 7.4% higher than in 2023. 2024 was a record breaking year with airline relationships and community partnerships being significant factors, as well as airlines adding new service and additional nonstop flights through IND in 2024 and Visit Indy and Indiana Sports Corp attracting top events in the city. The first and second quarter numbers were driven, in part, by the NBA All-Star game in February, a busy Spring Break travel season and the Total Solar Eclipse in April. Other significant events in 2024 impacting increased passenger numbers was the U.S. Olympic Swim Trials, the last U.S. tour stop of Taylor Swift's The Eras Tour and the Big Ten football championship game.

The Indianapolis Airport served 48 non-stop destinations in 2024 vs pre-pandemic activity of 50 non-stop destinations. In 2024, the airport launched or announced several new flights including Delta's return to Salt Lake City (SLC), Frontier service to New Orleans (MSY), Philadelphia (PHL), and Dallas (DFW), and Spirit Airlines to Myrtle Beach (MYR). Slated to begin in 2025 are new flights on Southwest to Nashville (BNA) and Chicago Midway (MDW). Delta will begin flying to Austin (AUS) and Allegiant to Portland (PDX) in May 2025. Most notably, Aer Lingus, Ireland's flagship airline, announced nonstop service to Dublin (DUB) beginning May 2025, reestablishing Indiana's connection to Europe.

Passenger airlines accounted for approximately 57% of total landed weight at IND in 2024 and 52% in 2023; cargo airlines accounted for the other 43% during 2024 and 48% in 2023. Passenger airline landed weights increased by 6.3% in 2024 from the prior year; cargo airline landed weight decreased by 12.9% from the prior year. IND saw record amounts of passenger travel in 2024 contributing to an increase in landed weights; additionally, airlines continue to make the strategic shift to larger mainline jets over regional jets. FedEx continued to represent most of the cargo landed weights in 2024. The decrease in FedEx cargo landed weights is primarily the result of weak global economic conditions. Aircraft operations represent landings and takeoffs for air carrier (passenger and cargo), air taxi and commuter, general aviation and military operations. This activity decreased 0.7% over the prior year primarily attributable to a decrease in cargo airline activity.

Financial Highlights

- The Authority experienced an increase in total assets and deferred outflows of resources of \$29.4 million during 2024. This increase can be attributed to a number of changes in the statement of net position including an increase in grants receivable of \$17.3 million, a decrease in restricted cash and cash equivalents of \$98.3 million, a decrease in lease receivables of \$16.5 million related to GASB Statement No. 87, *Leases*, and an increase in net capital assets of \$127.3 million.
- Total current liabilities increased by \$20.3 million in 2024. This is primarily driven by an increase of \$12.8 million in accounts payable, an increase of \$4.9 million in the current portion of debt, and a \$3.5 million increase in accrued interest on debt.
- Total noncurrent liabilities decreased \$59.7 million in 2024. This change is attributable to the normal amortization of bonds payable and other debt.
- Total deferred inflows of resources decreased \$20.2 million primarily driven by a decrease in lease activity.
- The 2024 increase in net position was \$89.1 million compared to an increase of \$114.9 million for 2023. The \$89.1 million increase is a result of the loss from operations of \$14.7 million, net nonoperating revenues of \$33.2 million and capital contributions and grants of \$70.5 million.

Overview of Financial Statements

The Authority only engages in business-type activities. These are activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services. The Authority reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business.

The Authority's financial report includes comparative Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. Also included are notes to the financial statements that provide more detailed data. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The net position of the Authority is comprised of these categories:

- *Net investment in capital assets* - reflects the Authority's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.
- *Restricted* - represent resources that are subject to external restrictions on how they may be used.
- *Unrestricted* - represent resources that may be used to meet the Authority's ongoing obligations to the public and creditors.

Statements of Net Position

The Statements of Net Position present the financial position of the Authority at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The net position of the Authority represents the difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources and is an indicator of the current net value of the Authority.

A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2024, 2023, and 2022 follows:

	2024	2023 (1)	2022 (2)
	(Table Amounts in Thousands)		
Current assets - unrestricted	\$ 166,860	\$ 152,658	\$ 140,570
Current assets - restricted	153,227	251,424	250,653
Noncurrent assets			
Capital assets, net	2,326,985	2,199,657	2,045,716
Other noncurrent assets	<u>514,370</u>	<u>526,984</u>	<u>494,265</u>
Total assets	<u>3,161,442</u>	<u>3,130,723</u>	<u>2,931,204</u>
Deferred outflows of resources	<u>3,923</u>	<u>5,205</u>	<u>14,626</u>
Total assets and deferred outflows of resources	<u>\$ 3,165,365</u>	<u>\$ 3,135,928</u>	<u>\$ 2,945,830</u>
Current liabilities - payable from unrestricted	\$ 17,893	\$ 17,433	\$ 20,264
Current liabilities - payable from restricted	133,593	113,799	85,704
Noncurrent liabilities - payable from restricted	<u>989,970</u>	<u>1,049,634</u>	<u>1,016,773</u>
Total liabilities	<u>1,141,456</u>	<u>1,180,866</u>	<u>1,122,741</u>
Deferred inflows of resources	<u>297,715</u>	<u>317,945</u>	<u>300,409</u>
Net position			
Net investment in capital assets	1,360,319	1,296,281	1,213,669
Restricted	204,497	199,192	184,192
Unrestricted	<u>161,378</u>	<u>141,644</u>	<u>124,819</u>
Total net position	<u>1,726,194</u>	<u>1,637,117</u>	<u>1,522,680</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,165,365</u>	<u>\$ 3,135,928</u>	<u>\$ 2,945,830</u>

(1) The balances for the year ended December 31, 2023 were restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*. See Note 2 for additional information regarding adoption of this standard.

(2) The balances for the year ended December 31, 2022 have not been restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*.

2024 to 2023 Comparative Statements of Net Position

Unrestricted current assets increased \$14.2 million, which is attributable to a decrease in cash and cash equivalents of \$7.0 million, offset by increases in unbilled revenues of \$3.0 million, grants receivable of \$17.3 million, and leases receivable of \$1.4 million.

Restricted current assets decreased \$98.2 million primarily relating to a decrease in cash and cash equivalents. Specifically, construction funds received from the issuance of 2022B and 2023B bonds were used to fund various capital improvement projects, including the reconstruction of Runway 5R-23L and the parking garage expansion.

Total noncurrent assets increased by \$114.7 million. This change reflects an increase in restricted cash and cash equivalents of \$17.2 million, an increase in unrestricted investments of \$4.6 million and a decrease in restricted investments of \$15.9 million. Additionally, there was a decrease in nondepreciable capital assets of \$31.3 million attributable to \$6.3 million of land purchases, less land sales of \$2.8 million and a decrease in construction-in-progress of \$37.0 million. Depreciable capital assets increased \$158.6 million primarily related to the runway 5R-23L reconstruction project and \$16.6 million in lessee financed improvements for the FedEx's renovations of the Eagle Hub facility, offset by the normal decrease in capital assets due to depreciation. This change also includes a \$17.9 million decrease in lease receivables related to GASB Statement No. 87, *Leases*.

Total deferred outflows of resources decreased by \$1.3 million, the result of the normal amortization of deferred losses on the refunding of debt.

Total current liabilities increased by \$20.3 million primarily driven by an increase of \$12.8 million in accounts payable, an increase of \$4.9 million in the current portion of debt, and an increase in accrued interest on debt of \$3.5 million.

Total noncurrent liabilities decreased \$59.7 million in 2024. This change is attributable to the normal amortization of bonds payable and other debt.

Total deferred inflows of resources decreased \$20.2 million primarily due to a decrease in deferred inflow on leases of \$19.6 million related to GASB Statement No. 87, *Leases*.

2023 to 2022 Comparative Statements of Net Position

Unrestricted current assets increased \$12.1 million, which is attributable to a \$16.6 million increase in cash and cash equivalents, offset by a \$2.1 million decrease in grants receivable, \$1.7 million decrease in prepaid insurance and \$1.2 million decrease in accounts receivable.

Restricted current assets increased \$0.8 million primarily relating to an increase in the receivable for reimbursable IMC expenses offset by a decrease in the passenger facility charge receivable.

Total noncurrent assets increased by \$186.7 million. This change reflects an increase in nondepreciable capital assets of \$65.2 million attributable to the addition of \$52.7 million in lessee financed improvements for FedEx's sort facility and capacity expansion of its Indianapolis hub, and an increase in depreciable capital assets of \$89.2 million from fixed asset additions for the runway 5R-23L reconstruction project offset by the normal decrease in capital assets due to depreciation. This change also includes a \$22.4 million increase in lease receivables related to GASB Statement No. 87, *Leases*.

Total deferred outflows of resources decreased by \$9.4 million, the result of the normal amortization of deferred losses on the refunding of debt.

Total current liabilities increased by \$25.3 million primarily driven by an increase of \$16.9 million in accounts payable, an increase of \$9.3 million in the current portion of debt, offset by a decrease in accrued and withheld items of \$3.1 million.

Total noncurrent liabilities increased \$32.9 million. This change is primarily attributable to the \$90.3 million par value bonds issued during 2023 (\$299.4 million total par value bonds issued which funded capital projects and refunded \$209.1 million total par value bonds), offset by a \$9.9 million reduction of derivative instruments caused by the termination of the three swaps associated with the refunded 2010C Bonds and the normal amortization of \$39.9 million bonds payable and other debt.

Total deferred inflows of resources increased \$17.5 million due to an increase in deferred inflow on leases of \$20.2 million related to GASB Statement No. 87, *Leases*, offset by a \$2.6 million reduction in deferred inflows caused by the increase in market interest rates that lowered the value of the forward delivery agreements.

2024 to 2023 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2024 and 2023 was an increase of \$89.1 million and an increase of \$114.9 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2024 and 2023.

	2024	2023 (1)	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Operating revenues				
Airfield	\$ 47,351	\$ 33,052	\$ 14,299	43.3%
Terminal Complex	73,204	65,899	7,305	11.1%
Parking	74,538	66,633	7,905	11.9%
Rented buildings and other	15,701	15,516	185	1.2%
Indianapolis Maintenance Center (IMC)	5,120	7,862	(2,742)	-34.9%
Reliever airports	3,095	3,251	(156)	-4.8%
Total operating revenues	<u>219,009</u>	<u>192,213</u>	<u>26,796</u>	<u>13.9%</u>
Total nonoperating revenues				
Federal operating grants	217	591	(374)	-63.3%
Passenger facility charges	20,506	18,478	2,028	11.0%
Customer facility charges (rental cars)	10,014	9,095	919	10.1%
Investment income	22,528	21,642	886	4.1%
Interest revenue - leases	8,888	7,535	1,353	18.0%
Total nonoperating revenues	<u>62,153</u>	<u>57,341</u>	<u>4,812</u>	<u>8.4%</u>
Total revenues	<u>281,162</u>	<u>249,554</u>	<u>31,608</u>	<u>12.7%</u>
Total operating expenses	233,724	221,318	12,406	5.6%
Net nonoperating expenses	<u>28,909</u>	<u>35,189</u>	<u>(6,280)</u>	<u>-17.8%</u>
Total expenses	<u>262,633</u>	<u>256,507</u>	<u>6,126</u>	<u>2.4%</u>
Income (loss) Before Capital Contributions and Grants	18,529	(6,953)	25,482	-366.5%
Capital Contributions and Grants	<u>70,547</u>	<u>121,898</u>	<u>(51,351)</u>	<u>-42.1%</u>
Increase in Net Position	89,076	114,945	(25,869)	-22.5%
Net Position, Beginning of Year, as Previously Reported	1,637,118	1,522,681	114,437	7.5%
Change in accounting principle	<u>-</u>	<u>(508)</u>	<u>508</u>	<u>-100.0%</u>
Net Position, Beginning of Year, as Restated	<u>1,637,118</u>	<u>1,522,173</u>	<u>114,945</u>	<u>7.6%</u>
Net Position, End of Year	<u>\$ 1,726,194</u>	<u>\$ 1,637,118</u>	<u>\$ 89,076</u>	<u>5.4%</u>

(1) The balances for the year ended December 31, 2023 were restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*. See Note 2 for additional information regarding adoption of this standard.

Operating revenue in 2024 increased \$26.8 million, or 13.9% from prior year attributable to the following components:

- *Airfield revenue* in 2024 of \$47.4 million increased from prior year by \$14.3 million, or 43.3%. Total landed weights decreased by 3.0% from prior year as passenger carriers increased 6.3% and cargo carriers decreased 12.9%. The lower landed weights offset the increase in revenue driven by an increase in apron space rent and budgeted increases in landing fee rates (2024 signatory landing fee rate of \$4.00 compared to \$2.54 in 2023; 2024 non-Signatory landing fee rate of \$4.48 compared to \$3.81 in 2023).
- *Terminal complex revenues* of \$73.2 million increased \$7.3 million, or 11.1% from prior year. Budgeted airline terminal rental rates increased 1.0% in 2024 to \$109.21 per square foot compared to the prior year rate of \$108.09 per square foot. Concession revenues exceeded prior year by \$1.1 million (9.9%) and

automobile rental commissions exceeded prior year by \$0.5 million (3.6%); both attributable to the increase in passengers of 7.4%. GASB Statement No. 87, *Leases* resulted in \$1.4 million and \$1.3 million in 2024 and 2023, respectively, of lease payments being recognized as nonoperating interest revenue – leases, further reducing Terminal complex revenues.

- *Parking revenues* increased from prior year by \$7.9 million, or 11.9%, resulting in \$74.5 million in 2024 parking revenue; an increase related to the 7.4% increase in passengers. Other contributing factors to the revenue increase was a parking rate increase effective June 1, 2024 (Garage \$23.00/day from \$20.00/day; Valet \$32.00/day from \$27.00/day) and the expansion of the new parking garage area with 500 additional spaces in service July 1, 2024.
- *Rented buildings and other revenue* of \$15.7 million increased \$0.2 million from prior year or 1.2%. This is attributable to various changes in ground lease and building rental agreements. GASB Statement No. 87, *Leases* resulted in \$3.8 million and \$3.1 million in 2024 and 2023, respectively, of lease payments being recognized as nonoperating interest revenue – leases, further reducing rented buildings and other revenues.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$5.1 million decreased \$2.7 million or 34.9% from prior year. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The decrease from prior year relates to the expiration of the Express Scripts lease at December 31, 2023.
- *Reliever airports revenue* of \$3.1 million decreased \$0.2 million or 4.8%. Revenue is primarily flat with prior year. Current year activity includes lower fuel flowage fees of \$0.1 million, offset by greater farm income of \$0.1 million. GASB Statement No. 87, *Leases* resulted in \$0.5 million and \$0.3 million in 2024 and 2023, respectively, in lease payments being recognized as nonoperating interest revenue – leases, further reducing Reliever airport revenue.

Nonoperating revenues in 2024 of \$62.2 million increased from prior year by \$4.8 million, or 8.4% attributable to the following components:

- *Federal operating grants* of \$0.2 million decreased \$0.4 million attributable to the cease in federal funding of the Transportation Security Administration Other Transaction Agreement for law enforcement checkpoint screening on May 1, 2024.
- *Passenger facility charges (PFC) income* of \$20.5 million increased \$2.0 million, or 11.0%. This increase is due to the increase in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Customer facility charges (rental cars) income* of \$10.0 million increased \$0.9 million, or 10.1% due to the increase in passenger numbers and rental transactions.
- *Investment income* of \$22.5 million increased \$0.9 million or 4.1%. Earnings on securities in the Authority's investment portfolio were \$0.2 million more than the prior year. The remainder of the change is attributable to the termination of the Authority's interest rate swaps in 2023. The Authority recorded a \$0.7 million reduction in fair value of hedging derivatives when the interest rate swaps were terminated in 2023, and no change in fair value of hedging derivatives in 2024 since none were held by the Authority.
- *Interest revenue – leases* of \$8.9 million increased \$1.4 million or 18.0% attributable to various changes in agreements during the year related to GASB Statement No. 87, *Leases*.

Operating expenses (before depreciation) for the years ended December 31, 2024 and 2023 totaled \$116.2 million and \$107.7 million, respectively, an increase of \$8.5 million, or 7.9%. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by natural category (before depreciation):*
 - Total *personal services expense* increased 12.3% or \$5.7 million to \$52.1 million attributable to cost of living adjustments and annual merit increases, increased overtime and higher health insurance expense claims. Additionally, full-time and part-time staffing increased to an average of 482 full-time equivalents (FTEs) vs 464 FTEs in the prior year. The full-time and part-time FTE

vacancy in 2024 decreased slightly to 10.9% vs 11.0% in the prior year as the hiring process has taken longer than planned, specifically for the public safety and administration departments.

- Total *contractual services expense* increased 4.4% or \$1.7 million to \$39.7 million attributable to increased costs that vary in proportion to passenger volumes such as parking related credit card processing fees, valet operating costs, and dockmaster fees. Variance also includes an increase in the environmental remediation accrual adjustment and one-time investments to maintain and preserve the Authority's assets including terminal painting, jetway carpet replacement, pavement repairs, information technology improvements, preservation of art exhibits, and other building repairs.
- Total *utilities expense* of \$11.8 million was primarily flat with prior year. Current year expense reflects higher sewer charges relating to glycol processing and stormwater processing user fees offset by lower electricity and natural gas costs.
- Total *supplies expense* of \$5.9 million increased by \$0.2 million, or 4.4% attributable to higher snow & ice chemical expenses offset by lower fuel costs.
- Total *materials expense* increased by \$0.4 million, or 10.9% to \$4.0 million due to higher computer equipment replacement parts and jet bridge repair parts than in prior year.
- Total *general expense* of \$2.8 million increased \$0.5 million or 20.3% from prior year which primarily relates to an increase in property insurance premiums.
- *Operating expenses by functional category (before depreciation):*
 - *Airfield expenses* (before depreciation) of \$15.2 million increased by \$1.4 million, or 9.8% from the prior year. The variance is attributable to cost of living adjustments and annual merit increases; increased overtime costs; higher health insurance expense claims; increased sewer charges relating to glycol and stormwater processing user fees and higher snow and ice chemical costs, offset by lower environmental related professional fees.
 - *Terminal complex expenses* (before depreciation) of \$29.4 million increased \$1.9 million, or 6.8% from the prior year. The increase includes cost of living adjustments and annual merit increases; increased overtime costs; higher health insurance expense claims; higher dockmaster fees due to increased 2024 activity; and various one-time investments to maintain and preserve the Authority's assets including terminal painting, preservation of art exhibits, and other building repairs.
 - *Parking expenses* (before depreciation) of \$15.5 million increased \$2.2 million, or 16.5% from the prior year. The increase includes cost of living adjustments and annual merit increases; increased overtime costs; higher health insurance expense claims and greater elevator/escalator repair costs. Additionally, costs that vary in proportion to passenger volumes such as parking related credit card processing fees and valet operating costs increased.
 - *Rented buildings and other expenses* (before depreciation) of \$2.3 million decreased \$0.2 million, or 8.0% from prior year. Variance includes an increase in the environmental remediation accrual adjustment offset by lower electricity and natural gas costs and lower contractual services related to various one-time investments to maintain and preserve the Authority's assets done in the prior year including pavement repairs, International Arrivals Building remodel and building demolition costs.
 - *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$6.7 million decreased \$0.8 million, or 11.2% from prior year. This decrease includes lower elevator repairs, grounds maintenance, pavement repairs and utilities.
 - *Reliever airports expenses* (before depreciation) of \$2.6 million decreased \$0.1 million, or 4.2% from prior year. The decrease is primarily attributable to lower fuel costs.
 - *Public safety expenses* (before depreciation) of \$18.7 million increased \$2.1 million, or 12.7% from prior year. The increase includes annual merit payroll increases; increased overtime costs and higher health insurance expense claims offset by the insourcing of non-sworn public safety officers from an outsourced contractual structure. Increase also includes greater repair costs related to the fire alarm system and greater communication equipment replacement costs.

- *Administration costs* (before depreciation) of \$25.9 million increased by \$2.2 million, or 9.2% from prior year. This increase is attributable to cost of living adjustments and annual merit increases and higher health insurance expense claims offset by a decrease in professional fees relating to planning and development and information technology staff augmentation. Current year expenses include an increase in art program maintenance, print/advertising/marketing initiatives, software/hardware maintenance and recruitment marketing and investments in training and employee development.
- *Net Nonoperating expenses* for the years ended December 31, 2024 and 2023 totaled \$28.9 million and \$35.2 million, respectively, a decrease of \$6.3 million, or 17.8% attributable to the following components:
 - *Interest expense* of \$41.4 million increased \$1.5 million over the prior year, or 3.9%; the net effect of various increases and decreases of interest expense over the year including an increase in the arbitrage rebate liability of \$3.0 million, and the amortization of principal outstanding and the corresponding reduction in interest expense.
 - *Gain on disposals of capital assets and other* of \$12.5 million increased by \$7.8 million over the prior year. The current year gain is primarily attributable to various land sales throughout 2024.
- *Capital contributions and grants* of \$70.5 million decreased \$51.4 million compared to prior year. Current year includes \$22.6 million of Lessee Financed Improvements primarily for FedEx's facilities, with the remainder of grant receipts primarily for federally funded capital projects. The prior year amounts included \$18.3 million drawn on IND's ARP Act funded recovery grants and \$59.0 million of Lessee Financed Improvements primarily for FedEx's facilities, with the remainder of grant receipts primarily for federally funded capital projects.

2023 to 2022 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2023 and 2022 was an increase of \$114.9 million and an increase of \$139.4 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2023 and 2022.

	2023 (1)	2022 (2)	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Total operating revenues				
Airfield	\$ 33,052	\$ 31,543	\$ 1,509	4.8%
Terminal Complex	65,899	56,941	8,958	15.7%
Parking	66,633	59,562	7,071	11.9%
Rented buildings and other	15,516	14,301	1,215	8.5%
Indianapolis Maintenance Center (IMC)	7,862	5,565	2,297	41.3%
Reliever airports	3,251	3,422	(171)	-5.0%
Total operating revenues	<u>192,213</u>	<u>171,334</u>	<u>20,879</u>	<u>12.2%</u>
Total nonoperating revenues	-			
Federal operating grants	591	4,917	(4,326)	-88.0%
Passenger facility charges	18,478	17,740	738	4.2%
Customer facility charges (rental cars)	9,095	8,108	987	12.2%
Investment income	21,642	30,586	(8,944)	-29.2%
Interest revenue - leases	7,535	7,183	352	4.9%
Total nonoperating revenues	<u>57,341</u>	<u>68,534</u>	<u>(11,193)</u>	<u>-16.3%</u>
Total revenues	<u>249,554</u>	<u>239,868</u>	<u>9,686</u>	<u>4.0%</u>
Total operating expenses	221,318	209,980	11,338	5.4%
Net nonoperating expenses	<u>35,189</u>	<u>39,997</u>	<u>(4,808)</u>	<u>-12.0%</u>
Total expenses	<u>256,507</u>	<u>249,977</u>	<u>6,530</u>	<u>2.6%</u>
Loss Before Capital Contributions and Grants	(6,953)	(10,109)	3,156	-31.2%
Capital Contributions and Grants	<u>121,898</u>	<u>149,476</u>	<u>(27,578)</u>	<u>-18.4%</u>
Increase in Net Position	114,945	139,367	(24,422)	-17.5%
Net Position, Beginning of Year, as Previously Reported	1,522,681	1,383,314	139,367	10.1%
Change in accounting principle	<u>(508)</u>	<u>-</u>	<u>(508)</u>	<u>-100.0%</u>
Net Position, Beginning of Year, as Restated	<u>1,522,173</u>	<u>1,383,314</u>	<u>138,859</u>	<u>10.0%</u>
Net Position, End of Year, as Restated	<u>\$ 1,637,118</u>	<u>\$ 1,522,681</u>	<u>\$ 114,437</u>	<u>7.5%</u>

(1) The balances for the year ended December 31, 2023 were restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*. See Note 2 for additional information regarding adoption of this standard.

(2) The balances for the year ended December 31, 2022 have not been restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*.

Operating revenue in 2023 increased \$20.9 million, or 12.2% from prior year attributable to the following components:

- *Airfield revenue* in 2023 of \$33.1 million increased from prior year by \$1.5 million, or 4.8%. Total landed weights decreased by 10.6% from prior year as passenger carriers increased 16.7% and cargo carriers decreased 28.7%. The lower landed weights offset the increase in revenue driven by an increase in apron space rent, ground handling commissions and budgeted increases in landing fee rates (2023 signatory landing fee rate of \$2.54 compared to \$2.23 in 2022; 2023 non-Signatory landing fee rate of \$3.81 compared to \$3.35 in 2022).
- *Terminal complex revenues* of \$65.9 million increased \$9.0 million, or 15.7% from prior year. Budgeted airline terminal rental rates increased 2.5% in 2023 to \$108.09 per square foot compared to the prior year rate of \$105.50 per square foot. Concession revenues exceeded prior year by \$2.2 million (25.0%) and automobile rental commissions exceeded prior year by \$1.5 million (13.0%); both attributable to the increase in passengers of 12.5%. GASB Statement No. 87, *Leases* resulted in \$1.3 million and \$1.2 million in 2023 and 2022, respectively, of lease payments being recognized as nonoperating interest revenue – leases, further reducing Terminal complex revenues.
- *Parking revenues* increased from prior year by \$7.1 million, or 11.9%, resulting in \$66.6 million in 2023 parking revenue; an increase directly related to the 12.5% increase in passengers.
- *Rented buildings and other revenue* of \$15.5 million increased \$1.2 million from prior year or 8.5%. This is attributable to the prior year write-off of GASB Statement No. 13 due to the implementation of GASB Statement No. 87 of \$0.6 million as well as various changes in ground lease and building rental agreements. GASB Statement No. 87, *Leases* resulted in \$3.1 million and \$2.9 million in 2023 and 2022, respectively, of lease payments being recognized as nonoperating interest revenue – leases, further reducing rented buildings and other revenues.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$7.9 million increased \$2.3 million or 41.3% from prior year. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The increase from prior year relates to additional temporary space rental.
- *Reliever airports revenue* of \$3.3 million decreased \$0.2 million or 5.0%. Revenue variance attributable to lower fuel flowage fees. GASB Statement No. 87, *Leases* resulted in \$0.3 million lease payments being recognized as nonoperating interest revenue – leases in both 2023 and 2022 reducing Reliever airport revenue.

Nonoperating revenues in 2023 of \$57.3 million decreased from prior year by \$11.2 million, or 16.3% attributable to the following components:

- *Federal operating grants* of \$0.6 million decreased \$4.3 million attributable to \$4.2 million operating portion drawn on IND's ARP Act funded recovery grant in 2022.
- *Passenger facility charges (PFC) income* of \$18.5 million increased \$0.7 million, or 4.2%. This increase is due to the increase in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Customer facility charges (rental cars) income* of \$9.1 million increased \$1.0 million, or 12.2% due to the increase in passenger numbers and rental transactions.
- *Investment income* of \$21.6 million decreased \$8.9 million or 29.2%. The fair value change of hedging derivatives was \$25.0 million less than the change in 2022 but offset by \$16.1 million higher earnings on securities in the Authority's investment portfolio.
- *Interest revenue – leases* of \$7.5 million increased \$0.4 million or 4.9% attributable to various changes in agreements during the year related to GASB Statement No. 87, *Leases*.

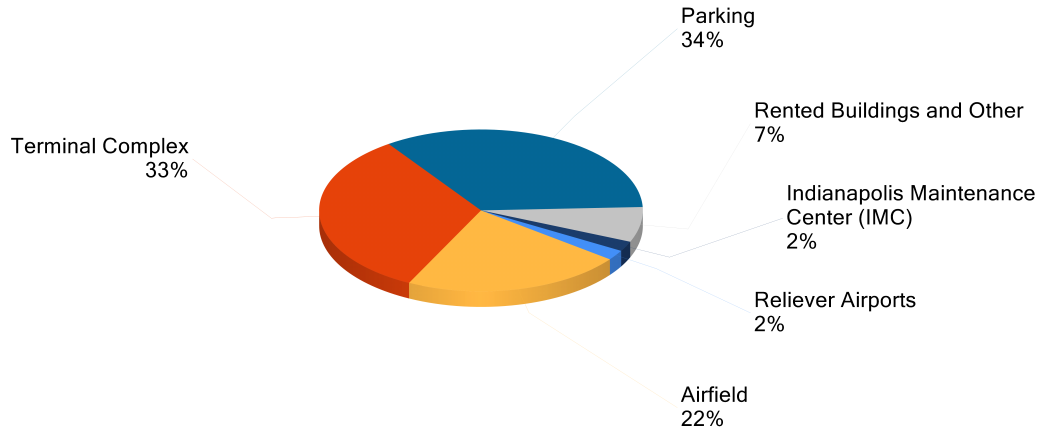
Operating expenses (before depreciation) for the years ended December 31, 2023 and 2022 totaled \$107.6 million and \$98.8 million, respectively, an increase of \$8.9 million, or 9.0%. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by natural classification (before depreciation):*
 - Total *personal services expense* increased 11.1% or \$4.6 million to \$46.3 million attributable to cost of living adjustments and annual merit increases. Additionally, full-time and part-time staffing increased to an average of 464 full-time equivalents (FTEs) vs 446 FTEs in the prior year. The FTE increase includes the addition of Public Safety Officers that were previously a contracted service. The full-time and part-time FTE vacancy in 2023 increased to 11.0% vs 7.4% in the prior year as the hiring process has taken longer than planned, specifically for the public safety and administration departments.
 - Total *contractual services expense* increased 12.7% or \$4.3 million to \$38.0 million attributable to increased professional fees for environmental services; planning and development staff augmentation due to staffing vacancies; information technology staff augmentation and initiatives; retail customer experience initiatives; recruitment marketing; greater elevator/escalator costs due to full year of new contract with enhanced coverage and one-time investments to maintain and preserve the Authority's assets including pavement repairs, preservation of art exhibits, and other building repairs. Costs that vary in proportion to passenger volumes such as parking related credit card processing fees, valet operating costs, and dockmaster fees also increased.
 - Total *utilities expense* of \$11.7 million increased by \$0.4 million, or 3.7% reflective of an increase in sewer charges relating to glycol processing and stormwater processing user fees.
 - Total *supplies expense* of \$5.7 million decreased by \$0.3 million, or 5.8% attributable to lower fuel costs and lower snow & ice chemical expenses due to mild weather.
 - Total *materials expense* decreased by \$0.3 million, or 7.4% to \$3.6 million due to lower motorized equipment repair parts for buses and airfield equipment and jet bridge repair parts than in prior year.
 - Total *general expense* of \$2.3 million increased \$0.2 million or 9.5% from prior year which relates to an increase in property insurance premiums.
- *Operating expenses by functional category (before depreciation):*
 - *Airfield expenses* (before depreciation) of \$13.8 million increased by \$1.0 million, or 7.8% from the prior year. The variance is attributable to higher environmental professional fees and sewer charges relating to glycol processing fees and stormwater processing user fees, offset by lower snow and ice chemical due to mild weather.
 - *Terminal complex expenses* (before depreciation) of \$27.6 million increased \$3.3 million, or 13.8% from the prior year. The increase includes cost of living adjustments and annual merit increases; greater elevator/escalator costs due to a full year of new contract with enhanced coverage; retail customer experience initiatives; higher dockmaster fees due to increased 2023 activity; greater baggage system repair parts; increased utility costs; increased paper supply usage; increase in property insurance premiums and various one-time investments to maintain and preserve the Authority's assets including dual primary viewing stations for TSA, preservation of art exhibits, civic plaza furniture replacement, terminal painting and various other building repairs.
 - *Parking expenses* (before depreciation) of \$13.3 million increased \$1.5 million, or 12.3% from the prior year. The increase includes cost of living adjustments and annual merit increases and greater elevator/escalator costs due to a full year of new contract with enhanced coverage. Additionally, costs that vary in proportion to passenger volumes such as parking related credit card processing fees and valet operating costs increased.
 - *Rented buildings and other expenses* (before depreciation) of \$2.5 million decreased \$1.1 million, or 29.5% from prior year. This decrease is primarily due to a prior year adjustment of \$1.0 million for environmental remediation related to polyfluoroalkyl substance mitigation costs. This is offset by an increase in contractual services related to various one-time investments to maintain and

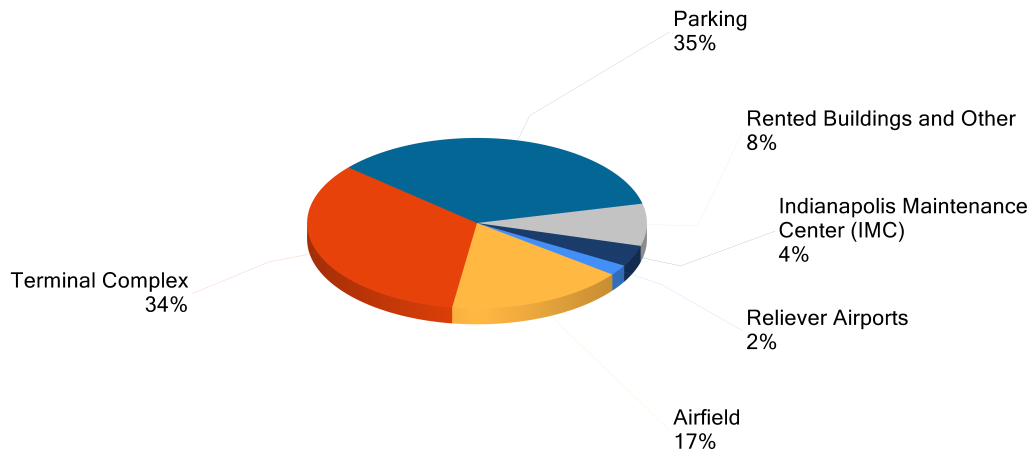
- preserve the Authority's assets including pavement repairs, International Arrivals Building remodel and building demolition costs.
- *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$7.5 million was flat with prior year. Current year expenses include greater elevator repairs, grounds maintenance and utilities offset by lower pavement repairs.
 - *Reliever airports expenses* (before depreciation) of \$2.7 million decreased \$0.5 million, or 16.4% from prior year. The decrease is primarily attributable to lower fuel costs, pavement repairs and grounds maintenance.
 - *Public safety expenses* (before depreciation) of \$16.6 million increased \$2.4 million, or 17.1% from prior year. The increase includes annual merit payroll increases as well as the insourcing of non-sworn public safety officers from an outsourced contractual structure.
 - *Administration costs* (before depreciation) of \$23.6 million increased by \$2.2 million, or 10.3% from prior year. This increase is attributable to cost of living adjustments and annual merit increases; an increase in professional fees relating to planning and development for staff augmentation; information technology staff augmentation and initiatives and recruitment marketing and investments in training and employee development.
- *Net Nonoperating expenses* for the years ended December 31, 2023 and 2022 totaled \$35.2 million and \$40.0 million, respectively, a decrease of \$4.8 million, or 12.0% attributable to the following components:
 - *Interest expense* of \$39.8 million increased \$7.2 million over the prior year due primarily to the full year effect of the 2022B Revenue Bonds.
 - *Gain on disposals of capital assets and other* of \$4.6 million increased by \$12.0 million over the prior year. The current year gain is primarily attributable to various land sales throughout 2023.
 - *Capital contributions and grants* of \$121.9 million decreased \$27.6 million compared to prior year. Current year includes \$18.3 million drawn on IND's ARP Act funded recover grant and \$59.0 million of Lessee Financed Improvements primarily for FedEx's facilities, with the remainder of grant receipts primarily for federally funded capital projects. The prior year amounts included \$20.6 million drawn on IND's Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and ARP Act funded recovery grants and \$45.6 million of Lessee Financed Improvements for FedEx's Indianapolis hub sort facility and capacity expansion project.

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2024 and 2023:

Operating Revenues - 2024

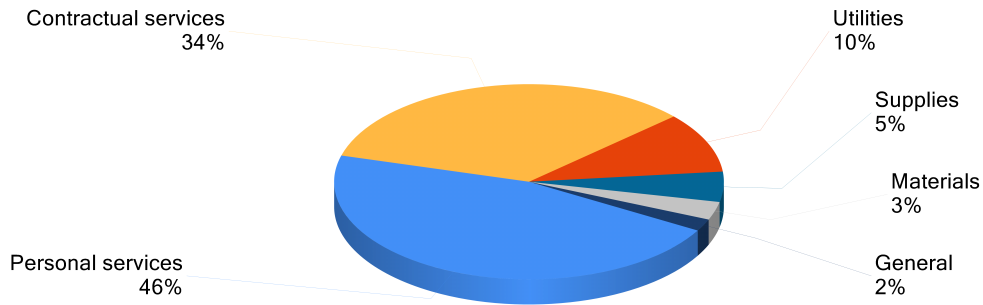


Operating Revenues - 2023

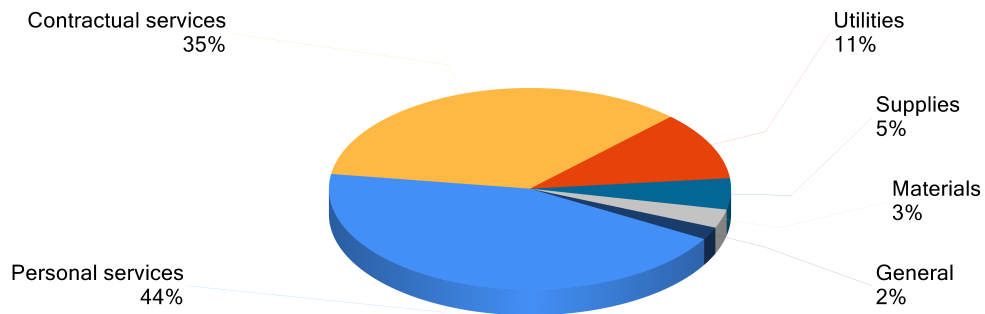


The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2024 and 2023 (excluding depreciation):

Operating Expenses (Excluding Depreciation) - 2024



Operating Expenses (Excluding Depreciation) - 2023 (1)



⁽¹⁾ The balances for the year ended December 31, 2023 were restated to reflect the adoption of GASB Statement No. 101, *Compensated Absences*. See Note 2 for additional information regarding adoption of this standard.

Capital Asset and Debt Administration

Capital Assets

During 2024, the Authority expended approximately \$213.0 million on capital assets. The capital expenditures related to multiple construction and equipment acquisition projects related to: Reconstruction of runway 5R-23L and taxiway D, the parking garage expansion, airfield maintenance and snow removal equipment facilities, terminal hotel feasibility, and rehabilitation of the economy parking lot. During 2024, completed projects totaling \$249.9 million were closed from construction-in-progress to their respective capital asset accounts. The more significant of these completed projects are as follows:

Reconstruct Runway 5R-23L and Taxiway D with LEDs	\$110.4 million
Parking Garage Expansion	\$31.5 million
Airfield Maintenance and Snow Removal Equipment Facilities	\$9.9 million
Terminal Hotel Feasibility	\$5.9 million
Rehabilitation of Economy Parking Lot Pavement	\$5.0 million

Note 5 to the financial statements provides additional information on the Authority’s capital asset activity.

Long-Term Debt

Capital acquisitions can be funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, customer facility charges, public debt issues and airport operating revenues.

The Authority’s Master Bond Ordinance enables it to adopt an ordinance or resolution irrevocably designating certain revenues as Dedicated Revenues (which may include, without limitation, PFC & CFC revenues, state and/or federal grants, or other identified revenues) to be used to pay debt service on Authority revenue bonds. Note 8 of the financial statements explains the details of Dedicated Revenue related ordinances adopted in 2023 and 2024.

As of December 31, 2024, the Authority had \$1.0 billion in outstanding senior lien bonds. The Authority, through its Master Bond Ordinance, has a covenant to maintain a debt service coverage ratio of not less than 1.25 for senior lien debt. Debt service coverage is calculated based on a formula included in the Master Ordinance and the Airline Agreements. Historically, the Authority has maintained a coverage ratio higher than its requirement. During 2024 and 2023, respectively, the Authority’s debt service coverage was 1.91 and 1.89 for senior lien debt. The 2024 and 2023 senior lien debt service coverage was calculated using \$5.1 million and \$13.2 million, respectively, of grant revenue funded by the ARP Act, pledged by the Authority’s Board of Directors as Gross Revenues, that was drawn and received to pay operating expenses and debt service during 2023.

Notes 8, 9 and 10 to the financial statements provide additional information regarding the Authority’s debt activities.

Economic Factors

As noted earlier, IND experienced a 7.4% increase in the number of passenger enplanements over last year, resulting in total 2024 enplanements of 5,249,959. This level of enplanements represents the most enplanements in a single year in IND's history.

Seat capacity in 2024 was up 6.1% over 2023 and 11.2% up compared to 2019. Flights in 2023 were 5.4% higher compared to flights offered in 2023 and down 7.9% compared to 2019. Airline Seat Miles were approximately 6.4% more in 2024 compared to 2023 and 9.2% higher compared to 2019.

The industry, overall, is experiencing a shortage of regional pilots which has forced airlines to decrease the number of regional jet operations. Although flights are down, the Authority continues to experience a stronger seat recovery than flight recovery as airlines elect to operate the routes on bigger aircraft.

The Authority was served by 10 airlines in 2024 and maintained year-round service to all U.S. airline hubs providing nonstop or 1 stop connectivity across the U.S., Canada, and the world. In addition, the Airport has point-to-point service to major business and leisure destinations, mainly in the Eastern and Central U.S., and improved coverage on the West Coast.

In addition to increased passenger activity, the IAA continues to benefit from sustained cargo operations, anchored by FedEx. IND remains FedEx's second largest hub worldwide. In 2024, IND airlines carried 907,868 tons of cargo, down 7.7% from 2023. IND domestic cargo was down 9.5% from 2023 while international cargo rose 3.4% in 2024 from 2023 levels. This change primarily as a result of weak global economic conditions. These declines were partially offset by an increase in international export package volume in 2024.

Looking Forward

The Authority's Air Service Task Force Executive Committee continues to review changes to the ten-year Air Service Strategy. The Committee includes representatives from the Indiana Economic Development Corporation ("IEDC"), Visit Indy and the Indy Chamber, amongst other tourism and business groups. The strategy considers myriad factors including passenger demand, costs, airline strategy, industry trends, local and global economies amongst others. The strategy identifies targets including both domestic and international markets as well as prospective domestic and international airlines. It is adjusted as needed in response to the dynamic return of business travel post COVID-19. The strategy also outlines implementation methods with emphasis on data collection and airline engagement.

The Airport team is focused on tools necessary to increase air service connectivity. A relevant air service incentive plan competitively positions the Airport for new, nonstop air service now and into the future. In May 2022 the Airport Board approved a new plan that uses all the incentive mechanisms permitted by the FAA guidelines in a more relevant approach that is tailored to the current dynamic air service environment and better supports the Authority's short- and long-term air service priorities than the existing incentive plan. This new plan was critical in the recruitment of many flights announced in 2024 including Nashville, Dublin, and Portland.

Despite planning efforts, future increases in passenger and cargo traffic at the Authority will be influenced by several key economic factors, which include, but are not limited to, the following:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Capacity of national air traffic control and airport systems
- Global health conditions
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the airport
- Airline competition and airfares
- Airline service and routes

As mentioned above, economic conditions have a significant effect on air travel and the transportation industry. The Authority cannot predict how future air travel, enplanements, or other variables relating to airport revenues may be impacted by various market factors.

Future passenger traffic may be impacted by the following:

- Pilot availability
- Average daily departures
- Scheduled seat capacity
- Average nonstop fares
- Travel preferences
- Average fares by market
- Airline communication
- Aircraft orders/retirements
- Business travel policies

Although it is not anticipated, the merger, restructuring or liquidation of one or more of the large network airlines could also affect airline service at many connecting hub airports. Additionally, present business opportunities for the remaining airlines, and evolving travel patterns throughout the U.S. aviation system will continue to play a role in how the industry performs.

Request for Information: This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Investor Relations, 7800 Col. H. Weir Cook Memorial Drive, Suite 100, Indianapolis, IN 46241-4941 or via email to INDir@indianapolisairport.com.

Indianapolis Airport Authority
Statements of Net Position
December 31, 2024 and 2023

	2024	2023 (As Restated)
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 78,847,654	\$ 85,897,549
Accounts receivable, net of allowance of \$153,000 and \$88,000, respectively	3,283,537	3,510,494
Unbilled revenues	9,354,692	6,394,777
Grants receivable	42,024,360	24,712,632
Supplies and materials inventories	3,764,519	3,509,079
Interest receivable	805,539	706,599
Lease receivables	27,836,343	26,467,451
Other	943,695	1,459,125
Total unrestricted assets	166,860,339	152,657,706
Restricted Assets		
Cash and cash equivalents - restricted	146,978,552	245,316,570
Cash and cash equivalents - customer deposits	689,228	688,760
Receivable - passenger facility charges	2,587,904	2,066,352
Receivable - governments and other	657,531	901,887
Receivable - reimbursable IMC expenses	2,313,597	2,450,808
Total restricted assets	153,226,812	251,424,377
Total current assets	320,087,151	404,082,083
Noncurrent Assets		
Cash and cash equivalents, restricted	141,702,664	124,503,274
Investment securities, unrestricted	32,057,413	27,480,526
Investment securities, restricted	62,758,677	78,634,785
Rent receivable	-	37,444
Derivative instruments - forward delivery purchase agreements	646,046	1,264,491
Lease receivables	277,204,521	295,062,812
Nondepreciable capital assets	315,840,988	347,093,217
Depreciable capital assets, net	2,011,144,499	1,852,563,831
Total noncurrent assets	2,841,354,808	2,726,640,380
Total assets	3,161,441,959	3,130,722,463
Deferred Outflows of Resources		
Deferred loss on refunding of debt	3,922,877	5,205,165
Total deferred outflows of resources	3,922,877	5,205,165
Total assets and deferred outflows of resources	\$ 3,165,364,836	\$ 3,135,927,628

Indianapolis Airport Authority
Statements of Net Position (Continued)
December 31, 2024 and 2023

	2024	2023 (As Restated)
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Payable From Unrestricted Assets		
Accounts payable	\$ 8,142,762	\$ 6,724,418
Accrued and withheld items (including compensated absences)	9,532,122	10,189,935
Current portion of subscription liability	217,703	518,218
Total payable from unrestricted assets	17,892,587	17,432,571
Payable From Restricted Assets		
Accounts payable	56,512,682	45,129,709
Customer deposits payable	689,228	688,760
Current portion of debt	54,018,785	49,126,542
Accrued interest on debt	22,372,762	18,854,162
Total payable from restricted assets	133,593,457	113,799,173
Total current liabilities	151,486,044	131,231,744
Noncurrent Liabilities		
Arbitrage rebate liability	4,167,776	1,165,130
Long term portion of subscription liability	453,382	74,187
Bonds payable and other debt, payable from restricted assets	985,348,718	1,048,395,127
Total noncurrent liabilities	989,969,876	1,049,634,444
Total liabilities	1,141,455,920	1,180,866,188
Deferred Inflows of Resources		
Accumulated increase in fair value of hedging derivatives	646,046	1,264,491
Deferred inflow on leases	297,069,082	316,680,302
Total deferred inflows of resources	297,715,128	317,944,793
Net Position		
Net investment in capital assets	1,360,318,960	1,296,280,797
Restricted for		
Capital projects	98,758,187	95,263,123
Debt service	103,760,608	101,921,898
Other	1,977,726	2,006,996
Total restricted net position	204,496,521	199,192,017
Unrestricted	161,378,307	141,643,833
Total net position	1,726,193,788	1,637,116,647
Total liabilities, deferred inflows of resources and net position	\$ 3,165,364,836	\$ 3,135,927,628

Indianapolis Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023 (As Restated)
Operating Revenues		
Airfield	\$ 47,350,478	\$ 33,051,565
Terminal complex	73,204,367	65,898,943
Parking	74,537,968	66,633,184
Rented buildings and other	15,701,441	15,516,027
Indianapolis Maintenance Center (IMC)	5,120,083	7,861,805
Reliever airports	3,094,800	3,251,217
Total operating revenues	<u>219,009,137</u>	<u>192,212,741</u>
Operating Expenses		
Personal services	52,098,207	46,388,102
Contractual services	39,663,875	37,978,383
Utilities	11,752,521	11,714,253
Supplies	5,910,128	5,662,723
Materials	4,010,374	3,617,159
General	2,793,829	2,321,553
Total operating expenses	<u>116,228,934</u>	<u>107,682,173</u>
Income From Operations Before Depreciation and Amortization	102,780,203	84,530,568
Depreciation and amortization expense	<u>117,494,605</u>	<u>113,636,318</u>
Loss From Operations	<u>(14,714,402)</u>	<u>(29,105,750)</u>
Nonoperating Revenues (Expenses)		
Federal operating grants	217,404	591,300
Passenger facility charges	20,505,560	18,477,596
Customer facility charges (rental cars)	10,014,110	9,094,934
Investment income, net of investment derivative fair value adjustments of \$0 and \$(694,375), respectively	22,527,612	21,641,715
Interest revenue - leases	8,888,116	7,535,068
Interest expense	(41,366,701)	(39,817,381)
Gain on disposal of capital assets	12,458,139	4,628,379
Total nonoperating revenues	<u>33,244,240</u>	<u>22,151,611</u>
Increase (Decrease) in Net Position Before Capital Contributions and Grants	<u>18,529,838</u>	<u>(6,954,139)</u>
Capital Contributions and Grants		
Federal, state and local grants	47,945,869	62,927,735
Contributions from lessees and other	22,601,434	58,970,711
Total capital contributions and grants	<u>70,547,303</u>	<u>121,898,446</u>
Increase in Net Position	<u>89,077,141</u>	<u>114,944,307</u>
Net Position, Beginning of Year, as Previously Reported	1,637,116,647	1,522,679,840
Change in Accounting Principle	<u>-</u>	<u>(507,500)</u>
Net Position, Beginning of Year, as Restated	<u>1,637,116,647</u>	<u>1,522,172,340</u>
Net Position, End of Year	<u>\$ 1,726,193,788</u>	<u>\$ 1,637,116,647</u>

See Notes to Financial Statements

Indianapolis Airport Authority
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023 (As Restated)
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 214,758,218	\$ 185,936,654
Cash payments to vendors for goods and services	(56,557,747)	(54,559,988)
Cash payments for employees services	(51,428,964)	(45,748,760)
Net cash provided by operating activities	106,771,507	85,627,906
Cash Flows From Noncapital Financing Activities		
Operating grants received	217,404	591,300
Customer facility charges received	10,014,110	9,094,934
Interest from lease transactions	8,789,176	7,442,753
Insurance recoveries	265,817	235,629
Net cash provided by noncapital financing activities	19,286,507	17,364,616
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of revenue bonds	-	316,539,858
Principal paid on bonds	(49,126,543)	(248,996,017)
Termination payment on interest rate swap	-	(10,615,000)
Bond issuance and remarketing costs paid	(711,177)	(1,596,899)
Interest paid	(41,868,108)	(41,607,030)
Acquisition and construction of capital assets	(222,419,485)	(200,547,354)
Proceeds from sale of capital assets	15,190,884	7,335,377
Passenger facility charges received	19,984,008	19,036,592
Capital grants received	30,634,141	65,029,385
Net cash used in capital and related financing activities	(248,316,280)	(95,421,088)
Cash Flows From Investing Activities		
Purchase of investment securities	(286,570,426)	(404,863,910)
Proceeds from sales and maturities of investment securities	304,230,071	405,186,522
Interest received on investments and cash equivalents	16,410,566	14,070,094
Net cash provided by investing activities	34,070,211	14,392,706
Net Increase (Decrease) in Cash and Cash Equivalents	(88,188,055)	21,964,140
Cash and Cash Equivalents, Beginning of Year	456,406,153	434,442,013
Cash and Cash Equivalents, End of Year	\$ 368,218,098	\$ 456,406,153

Indianapolis Airport Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023 (As Restated)
Reconciliation of Loss From Operations to Net Cash		
Provided by Operating Activities		
Loss from operations	\$ (14,714,402)	\$ (29,105,750)
Item not requiring cash		
Depreciation and amortization	117,494,605	113,636,318
Change in assets and liabilities		
Accounts receivable and unbilled revenues	(1,129,098)	(3,606,572)
Lease receivable	16,489,399	(22,845,188)
Supplies and materials inventories	(255,440)	(210,738)
Other assets	515,430	1,506,675
Accounts payable	7,982,475	5,938,494
Accrued and withheld items	(242)	138,994
Deferred inflows on leases	(19,611,220)	20,175,673
	\$ 106,771,507	\$ 85,627,906
Noncash Capital and Related Financing Activities		
Capital assets included in accounts payable at end of year	\$ 40,762,655	\$ 35,882,550
Capital assets contributed by lessees and other governments	22,601,434	58,970,711

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies

The Indianapolis Airport Authority (Authority) is a municipal corporation established January 1, 1962, under authority granted by Indiana statute (1961 Acts, Chapter 283, I.C. 1979 19-6-2, superseded by I.C. 8-22-3). The Authority was established for the general purpose of acquiring, maintaining, operating and financing airports and landing fields in and bordering on Marion County, Indiana. In connection therewith, the Authority is authorized, among other things, to issue general obligation and revenue bonds and to levy taxes in accordance with the provisions of the statute. The Authority administers an airport system comprised of the Indianapolis International Airport, three general aviation reliever airports, one general aviation airport and one general aviation reliever heliport. The Authority has no stockholders or equity holders and all revenue and other receipts must be disbursed in accordance with such statute.

The Authority's Board consists of eleven members, six of which are appointed by the Mayor of the Consolidated City of Indianapolis-Marion County (a unified form of government commonly referred to as Unigov), one by the majority leader of the City-Council, and one each by the Hendricks, Hamilton, Hancock and Morgan County Boards of Commissioners. Each member is appointed a four-year term.

Use of Estimates

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

Financial Reporting Entity

The definition of the reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, is based primarily on the concept of financial accountability. Although the Mayor appoints a voting majority of the Authority's governing body, neither of the other two tests of financial accountability are met. Unigov is unable to impose its will on the Authority. Also, the Authority does not impose a financial burden or provide a financial benefit to Unigov. Careful review of these criteria, therefore, has resulted in the conclusion that the Authority is a separate reporting entity and is not a component unit of Unigov or any other government.

Basis of Accounting and Financial Reporting

The financial statements consist of a single-purpose business-type activity, which is reported on the accrual basis of accounting using the economic resources measurement focus.

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2024, cash equivalents consisted primarily of money market mutual funds.

Investment Securities

Investment securities are stated at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

Investment income consists of interest and dividend income.

Unbilled Revenues

The Authority accrues revenue for rentals earned but not yet billed as of year-end.

Inventories

Inventories consist of parts, supplies and materials. Inventories are stated at cost, which is determined using the first-in, first-out (FIFO) method.

Lease Receivables

As prescribed under GASB Statement No. 87, *Leases*, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Lessee-Financed Improvements

Certain leases include provisions whereby lessee-financed improvements become the property of the Authority. Prior to the adoption of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority recorded lessee-financed improvements only upon leasehold reversion or lease termination, at which time the improvements were capitalized at fair value and recorded as a capital contribution. Upon implementation of GASB Statement No. 33, the Authority began recognizing lessee-financed improvements at cost or estimated cost upon completion of construction, or upon the asset being placed in service, whichever occurs first. However, lessee-financed improvements placed in service prior to the adoption of GASB Statement No. 33 continue to be recognized only upon leasehold reversion or lease termination.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500. Capital assets purchased by the Authority are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	<u>Years</u>
Buildings, including parking garage	20 to 50
Sewers	25 to 50
Runways, taxiways and aprons	15 to 25
Roads, ramps, parking areas, runway and apron lighting, etc.	15 to 20
Heavy equipment, furniture and fixtures and fencing	5 to 20
Vehicles, office equipment and other	3 to 10

Maintenance and repairs are expensed as incurred. Environmental mitigation costs incurred to establish wetlands and habitats are capitalized, while costs related to maintaining wetlands and habitats are generally charged to expense as incurred. Gains and losses on disposition of capital assets are included in nonoperating revenues and expenses.

Donated capital assets are measured at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Original Issue Premiums and Discount

Original issue premiums and discounts on bonds are amortized using the interest method over the lives of the bonds to which they relate.

Employee Health Benefits

The Authority offers health benefit plans which provide employees with a choice of coverage under a Health Savings Account plan, a high deductible Health Savings Account Plan, or a plan provided by a Preferred Provider Organization.

Deferred Outflows and Inflows of Resources

The Authority reports the consumption of net assets that applies to future periods as deferred outflows of resources in a separate section of its statement of net position.

The Authority reports the acquisition of net assets that applies to future periods as deferred inflows of resources in a separate section of its statement of net position.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 101, *Compensated Absences*, accumulated vacation and sick time is accrued when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, such as facility charges and investment income.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Indiana. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

From time to time, the Authority disposes of land or other assets which were originally purchased with federal assistance. In accordance with the Airport Improvement Program (AIP), the Authority must reinvest the federal government's proportionate share of the proceeds realized from the sale or exchange of such assets in approved AIP projects or return such amounts to the federal government.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Revenue and Expense and Net Position Recognition

Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions, grants and charges.

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

Airline Agreement

The Authority has entered into an Agreement and Lease of Premises (Airline Agreement) with certain passenger, charter and cargo airlines serving the airport (collectively, the Signatory Airlines). The current Airline Agreement became effective January 1, 2024 and extends through December 31, 2026. Other airlines operate under an airport use permit that generally has a term of no more than two years. The Airline Agreement's hybrid residual rate-making features are designed to ensure that the Authority's debt service and related coverage obligations, including the Rate Covenant, will be met. The Airline Agreement authorizes the Authority to implement new fees and charges as necessary. In the event of an airline bankruptcy, the Authority may adjust the rates and charges for all Signatory Airlines in the current rate period to recover the rates and charges due from the bankrupt carrier. However, there can be no assurance that such other airlines will be financially able to absorb the additional costs. Rental rates under these agreements are determined annually.

Passenger Facility Charges

The Authority received approval from the Federal Aviation Administration (FAA) to impose and use a passenger facility charge (PFC) of \$3.00 per eligible enplaned passenger and has imposed the PFC since September 1993. PFC's are restricted for use in the acquisition of real estate and the construction of certain airport improvements and other costs, as approved by the FAA.

During 2001, the Authority received approval from the FAA to increase the collection level from \$3.00 to \$4.50 per enplaned passenger beginning April 2002. In addition, approvals received in March 2001, August 2003, and February 2022 allow the Authority to impose and use \$635,875,106 in PFC's for various capital and debt-related purposes. Included in the use approval is \$275,172,500 for principal payments on debt, \$223,335,000 for interest payments on debt and \$56,330,000 for the construction of the terminal and associated program construction.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to \$20,505,560 and \$18,477,596 for 2024 and 2023, respectively.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Customer Facility Charges (Rental Cars)

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC, which started in 2006, was \$3.00 per rental car transaction per day, up to 14 days. The Authority increased this charge to \$4.00 per transaction in February 2010 and subsequently increased this charge to \$5.00 per transaction in March 2019. Under the adopting ordinance, CFC's may be pledged or dedicated for the payment of airport bonds or other obligations, as defined by applicable bond documents, or other costs as agreed to by the Authority. CFC revenue totaled \$10,014,110 and \$9,094,934 for 2024 and 2023, respectively.

Income Taxes

As an instrumentality of the state, the income of the Authority is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Note 2: Adoption of New Standards

Adoption of GASB Statement No. 100, Accounting for Changes and Error Corrections

During 2024, the Authority adopted GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 updates accounting and financial reporting requirements for accounting changes and error corrections to address current diversity in practice.

Adoption of GASB Statement No. 101, Compensated Absences

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

The Authority adopted this standard during 2024 and applied it retrospectively to the earliest period presented. The cumulative effect adjustment to beginning net position at the date of initial application was \$507,500.

Statement of Net Position	2023 (as Restated)	As Previously Reported	Effect of Change
Accrued and withheld items (including compensated absences)	\$ 10,189,935	\$ 9,643,535	\$ 546,400
Unrestricted net position	141,643,833	142,190,233	(546,400)
Statement of Revenues, Expenses, and Changes in Net Position			
Operating expenses - personal services	46,388,102	46,349,202	38,900
Statement of Cash Flows			
Loss from operations	\$ (29,105,750)	\$ (29,066,850)	(38,900)
Change in accrued and withheld items	138,994	100,094	38,900

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 3: Cash, Cash Equivalents and Investment Securities

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes. At December 31, 2024 and 2023, the carrying value of deposits was \$124,722,387 and \$200,945,784, respectively.

The Authority's cash deposits are insured up to \$250,000 at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes generally authorize the Authority to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit, and open-end money market mutual funds.

At December 31, 2024 and 2023, the Authority had the following investment securities and maturities:

	Rating	Total	December 31, 2024	
			Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Bills	AA+/Aa1	\$ 126,384,062	\$ 59,319,762	\$ 67,064,300
U.S. Government-sponsored enterprise securities	AA+/Aa1	2,671,240	2,671,240	-
Indiana municipal securities	AA	6,374,854	3,989,098	2,385,756
Money market mutual funds	AAAm/Aaa-mf	114,924,189	114,924,189	-
External investment pools	Not Rated	87,957,456	87,957,456	-
		<u>\$ 338,311,801</u>	<u>\$ 268,861,745</u>	<u>\$ 69,450,056</u>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

	Rating	Total	December 31, 2023	
			Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Bills	AA+/Aa1	\$ 106,578,171	\$ 51,327,676	\$ 55,250,495
U.S. Government-sponsored enterprise securities	AA+/Aa1	6,671,960	4,051,146	2,620,814
	P-1	<u>17,748,700</u>	<u>17,748,700</u>	<u>-</u>
Total U.S. Government-sponsored enterprise securities		<u>24,420,660</u>	<u>21,799,846</u>	<u>2,620,814</u>
Indiana municipal securities	AA/Aa2	9,050,077	2,912,306	6,137,771
Money market mutual funds	AAAm/Aaa-mf	159,398,852	159,398,852	-
	P-1	<u>21,593,043</u>	<u>21,593,043</u>	<u>-</u>
Total money market mutual funds		<u>180,991,895</u>	<u>180,991,895</u>	<u>-</u>
External investment pools	Not Rated	<u>40,534,877</u>	<u>40,534,877</u>	<u>-</u>
		<u>\$ 361,575,680</u>	<u>\$ 297,566,600</u>	<u>\$ 64,009,080</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority is limited to investing in municipal securities of Indiana issuers that have not defaulted within the previous 20 years and other securities with a stated maturity of not more than five years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Authority's investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The money market mutual funds and external investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy for credit risk requires compliance with the provisions of Indiana statutes, and Indiana Code Section 5-13-9-2.5 requires that the Authority only invest in money market mutual funds that are rated AAAM by Standard and Poor's or Aaa by Moody's Investors Service. Other securities, including municipal securities, may be rated lower than AAAM/Aaa or may be unrated. The Authority's investment policy restricts investments in unrated or below investment grade Indiana municipal securities to five percent of its total investment portfolio.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2024 and 2023, the Authority's investments were not exposed to custodial credit risk. The Authority's investments in Indiana municipal securities and U.S. agency obligations are held by the pledging financial institution's trust department or agent in the Authority's name. Likewise, investments in repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) are not subject to custodial credit risk as the underlying collateral was held in the Authority's name. The existence of the Authority's investment in money market mutual funds and external investment pools is not evidenced by securities that exist in physical or book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Authority places the following limits on the amount that may be invested in any one issuer: (1) no more than 50% of total investments with any one governmental agency; and (2) no more than 15% with any one Indiana municipal issuer. Additionally, the Authority places the following limits on concentration of investments: (1) no more than 50% of total investments in money market mutual funds or forward purchase agreements; (2) no more than 25% of Authority funds in certificates of deposit or investment pools; and (3) no more than 5% of total investments with municipal securities that are unrated or that are rated below investment grade.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority's investment policy prohibits investments in foreign investments.

Summary of Carrying Values

Cash, cash equivalents and investment securities included in the statement of net position are classified as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents		
Current - unrestricted	\$ 78,847,654	\$ 85,897,549
Current - restricted	147,667,780	246,005,330
Noncurrent - restricted	141,702,664	124,503,274
Total cash and cash equivalents	<u>368,218,098</u>	<u>456,406,153</u>
Investment securities		
Noncurrent - unrestricted	32,057,413	27,480,526
Noncurrent - restricted	62,758,677	78,634,785
Total investment securities	<u>94,816,090</u>	<u>106,115,311</u>
	<u>\$ 463,034,188</u>	<u>\$ 562,521,464</u>

The carrying value of deposits and investments are as follows:

	<u>2024</u>	<u>2023</u>
Carrying value		
Deposits	\$ 124,722,387	\$ 200,945,784
Investments	338,311,801	361,575,680
	<u>\$ 463,034,188</u>	<u>\$ 562,521,464</u>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Cash, cash equivalents and investment securities are as follows:

	2024	2023
Unrestricted		
Airport System Fund	\$ 92,992,251	\$ 98,460,655
Customer Facility Charge Fund	17,902,116	14,906,720
Other unrestricted funds	10,700	10,700
Total unrestricted cash, cash equivalents and investments	110,905,067	113,378,075
Restricted		
Revenue Bond Interest and Principal Fund	76,915,403	68,597,778
Revenue Bond Reserve Fund	53,348,447	57,198,489
Operation and Maintenance Reserve Fund	20,666,732	19,222,492
Renewal and Replacement Fund	3,915,181	3,707,379
Capital Improvement Fund	77,222,660	73,645,987
Passenger Facility Charge Fund	23,115,399	20,715,914
Debt Service Coverage Fund	21,420,147	21,314,406
Construction Fund - 2023B Revenue Bonds	63,525,813	92,068,603
Construction Fund - 2022B Revenue Bonds	8,751,735	84,951,463
Construction Fund - 2019C Revenue Bonds	-	346,964
Capitalized Interest Fund	2,558,376	6,685,154
Customer deposits	689,228	688,760
Total restricted cash, cash equivalents and investments	352,129,121	449,143,389
Total cash, cash equivalents and investments	\$ 463,034,188	\$ 562,521,464

The above funds and accounts have been established in accordance with the Authority's General Ordinance No. 5-2014, the Consolidated and Restated Master Bond Ordinance (consolidating and restating all previously adopted Bond Ordinances, as amended), and further amended by various supplemental ordinances (collectively, the Ordinance). The Ordinance provides, among other things, that certain accounting procedures be followed, and certain funds be established to provide bond holders a degree of security against certain contingencies. Brief descriptions of these funds follow.

Deposits into the Airport System Fund are disbursed in accordance with the Authority's annual budget to provide for current operations and maintenance expenses. Such deposits are also used to replenish balances in other funds to their required levels under the Ordinance. Amounts in the Airport System Fund are pledged to secure the Authority Revenue Bonds, but all current operations and maintenance expenses of the Airport System are paid prior to debt service on the Authority Revenue Bonds.

Indianapolis Airport Authority

Notes to Financial Statements

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Assets included in the Revenue Bond Interest and Principal Funds and Revenue Bond Reserve Funds are used for the payment of bond principal, interest and redemption premiums, as well as any amounts due under Qualified Derivative Agreements (as defined under the Ordinance) entered into with regard to any of the Authority's Revenue Bonds. The Operation and Maintenance Reserve Fund must be maintained at a balance at least equal to one-sixth of the Authority's current operating budget as a reserve for payment of operation and maintenance expenses. Assets of the Renewal and Replacement Fund are used to pay extraordinary costs of replacing depreciable property and equipment and/or making extraordinary repairs, replacements, or renovations to the airport system. The Capital Improvement Fund can be used for any lawful airport system purpose, including payment for capital improvements and land acquisition. The revenue bond construction funds are designated for and can be drawn upon as eligible costs for specific projects are incurred. Finally, amounts in the Debt Service Coverage Fund are used for the purposes of establishing future coverage on outstanding Revenue Bonds.

Funds not used for these purposes are transferred into a Prepaid Airline Revenue Fund. Balances included in the Airport System Fund and Prepaid Airline Revenue Fund are classified in current unrestricted assets in the accompanying statement of net position.

The Authority has established a Customer Facility Charge Fund, which provides for a segregated account for receipt of CFC revenue. Such revenue is expended for reimbursement of capital and operating expenditures related to rental car operations on airport property, as well as to service debt associated with the financing of such capital projects. Balances in the CFC Fund are classified in current unrestricted assets in the accompanying statement of net position.

The Authority's Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenues are to be expended only for allowable capital projects, or to repay debt (principal and interest) issued for allowable capital projects, under a Record of Decision granted by the FAA.

Investment Income

Investment income for the year ended December 31, 2024 and 2023 consisted of:

	2024	2023
Interest and dividends	\$ 22,527,612	\$ 22,336,090
Changes in valuation of investment derivatives	-	(694,375)
Investment income	\$ 22,527,612	\$ 21,641,715

Indianapolis Airport Authority

Notes to Financial Statements

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Note 4: Grants Receivable

Grants receivable from government agencies represent reimbursements due from/to the federal government and/or the State of Indiana for allowable costs incurred on federal and state award programs. Grants receivable at December 31, 2024 and 2023 consist of:

	<u>2024</u>	<u>2023</u>
State of Indiana	\$ 23,398	\$ 55,295
Federal Aviation Administration	37,043,609	24,188,982
U.S. Department of Commerce	634,844	261,629
U.S. Department of Homeland Security	-	155,340
Other	<u>4,322,509</u>	<u>51,386</u>
	<u>\$ 42,024,360</u>	<u>\$ 24,712,632</u>

The maximum amount of federal and state participation available for 2024 totaled \$236,286,793. At December 31, 2024, a cumulative total of \$140,091,738 has been received on these grant commitments.

Indianapolis Airport Authority
Notes to Financial Statements
December 31, 2024 and 2023

Note 6: Leases Receivable

The Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Authority grounds, the terms of which expire 2025 through 2084. Payments for most of the leases increase at period intervals by the Consumer Price Index (Index), with is based upon the Index at lease commencement. In addition, the Authority has some leases with rental car companies and concessionaires that have a portion of their rent based on the higher of a percentage of receipts for the year or a minimum annual guarantee. The Authority bases the payments for these leases on the required minimum annual guarantee. The Authority leases certain equipment and property to third parties that conduct operations at airport owned facilities where lease payments are based on usage. The usage-based payments are not included in the measurement of the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the years ended December 31, 2024 and 2023, was \$37.7 million and \$44.7 million, respectively, which includes both lease revenue and interest. The Authority recognized lease revenue of \$11.9 million and \$9.8 million, for the years ended December 31, 2024 and 2023, respectively, for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under the Authority leases that are included in the measurement of the lease receivable as of December 31, 2024:

	2024		
	Principal	Interest	Total
2025	\$ 27,836,343	\$ 8,962,402	\$ 36,798,745
2026	27,464,770	8,454,928	35,919,698
2027	25,384,849	7,866,854	33,251,703
2028	22,516,330	7,298,115	29,814,445
2029	19,662,495	6,768,105	26,430,600
2030 - 2034	45,659,119	29,083,885	74,743,004
2035 - 2039	30,644,538	22,964,803	53,609,341
2040 - 2044	26,084,521	16,864,630	42,949,151
2045 - 2049	10,366,168	13,461,182	23,827,350
2050 - 2054	12,370,813	11,398,354	23,769,167
2055 - 2059	12,665,633	9,140,337	21,805,970
2060 - 2064	13,536,830	6,729,328	20,266,158
2065 - 2069	15,380,037	4,205,512	19,585,549
2070 - 2074	14,497,556	1,282,366	15,779,922
2075 - 2079	229,505	149,515	379,020
2080 - 2084	741,357	52,769	794,126
	\$ 305,040,864	\$ 154,683,085	\$ 459,723,949

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 7: Regulated Leases

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No.87, and therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire at December 31, 2026. The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The usage-based payments are not included in the future minimum payments below because they are not fixed in substance. Most of these leases allow the lessee the preferential use of the premises, however, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion. The portion of total rentable space that is preferential as of December 31, 2024 for the terminal is 17.9% and 51.8% for the apron and remote overnight parking areas. The portion of total rentable space that is preferential as of December 31, 2023 for the terminal is 20.3% and 51.8% for the apron and remote overnight parking areas.

The Authority recognized lease revenue of \$40.7 and \$26.6 million, respectively, for the years ended December 31, 2024 and 2023, for variable payments relating to signatory landing fees not previously included in the future minimum payments.

The following is a schedule by year of expected future minimum payments to be received under the Authority's regulated leases as of December 31, 2024:

	Total Future Payments
2025	\$ 41,687,440
2026	41,626,827

Indianapolis Airport Authority
Notes to Financial Statements
December 31, 2024 and 2023

Note 8: Bonds Payable and Other Debt

Bonds and other debt outstanding at December 31, 2024 and 2023 consist of:

	<u>2024</u>	<u>2023</u>
Refunding Revenue Bonds, Series 2023A (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2037, in payments from \$390,000 to \$15,005,000. Interest at 3.83%, due semiannually on January 1 and July 1.	\$ 93,495,000	\$ 93,700,000
Revenue Bonds, Series 2023B-1 (Non-AMT)		
Serial bonds, maturing January 1, 2026 to January 1, 2043, in payments from \$1,165,000 to \$2,665,000. Interest at 5.00%, due semiannually on January 1 and July 1.	32,730,000	32,730,000
Term bonds, maturing January 1, 2048 and January 1, 2053, in payments of \$15,465,000 and \$19,735,000, respectively. Interest at 5% due semiannually on January 1 and July 1.	35,200,000	35,200,000
Unamortized premium	<u>5,997,044</u>	<u>6,338,030</u>
	73,927,044	74,268,030
Revenue Bonds, Series 2023B-2 (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2043, in payments from \$900,000 to \$16,660,000. Interest at 5.00% to 5.25%, due semiannually on January 1 and July 1.	133,130,000	133,130,000
Term bonds, maturing January 1, 2048 and January 1, 2053, in payments of \$2,030,000 and \$2,625,000, respectively. Interest at 5.25% due semiannually on January 1 and July 1.	4,655,000	4,655,000
Unamortized premium	<u>9,161,485</u>	<u>10,733,684</u>
	146,946,485	148,518,684
Revenue Bonds, Series 2022A (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2033, in payments from \$625,000 to \$17,475,000. Interest at 2.79%, due semiannually on January 1 and July 1.	69,205,000	69,755,000
Revenue Bonds, Series 2022B-1 (Non-AMT)		
Serial bonds, maturing January 1, 2028 to January 1, 2043, payments from \$1,375,000 to \$4,290,000. Interest at 5.00% and 5.25%, due semiannually on January and July 1.	43,460,000	43,460,000
Term bonds, maturing January 1, 2048 and January 1, 2053, in payments of \$16,850,000 and \$21,640,000, respectively. Interest at 5.25% and 5.00%, respectively, due semiannually on January 1 and July 1.	38,490,000	38,490,000
Unamortized premium	<u>6,370,839</u>	<u>6,730,470</u>
	88,320,839	88,680,470
Revenue Bonds, Series 2022B-2 (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2043, payments from \$85,000 to \$7,030,000. Interest at 5.00% and 5.25%, due semiannually on January and July 1.	64,495,000	64,495,000
Term bonds, maturing January 1, 2048 and January 1, 2053, in payments of \$1,210,000 and \$1,540,000, respectively. Interest at 5.00%, due semiannually on January 1 and July 1.	2,750,000	2,750,000
Unamortized premium	<u>3,976,224</u>	<u>4,309,580</u>
	71,221,224	71,554,580
Revenue Bonds, Series 2022B-3 (Taxable)		
Serial bonds, maturing January 1, 2025 to January 1, 2032, payments from \$2,710,000 to \$3,745,000. Interest from, 4.90% to 5.18%, due semiannually on January and July 1.	25,445,000	25,445,000
Revenue Bonds, Series 2019A (Non-AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2054, in payments from \$605,000 to \$1,340,000. Interest at 2.8%, due semiannually on January 1 and July 1.	27,745,000	28,330,000

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Notes to Financial Statements

December 31, 2024 and 2023

(Continued)	2024	2023
Revenue Bonds, Series 2019B (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2035, payments from \$320,000 to \$24,450,000. Interest at 5.0%, due semiannually on January and July 1.	\$ 110,045,000	\$ 128,375,000
Unamortized premium	7,819,703	11,441,646
	117,864,703	139,816,646
Revenue Bonds, Series 2019C-1 (Non-AMT)		
Term bonds, maturing January 1, 2044 and January 1, 2050, in payments from \$18,365,000 to \$33,230,000, respectively. Interest at 5.00% and 4.00%, respectively, due semiannually on January 1 and July 1.	51,595,000	51,595,000
Unamortized premium	6,052,827	6,347,857
	57,647,827	57,942,857
Revenue Bonds, Series 2019C-2 (Non-AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2037, in payments from \$755,000 to \$1,355,000. Interest at 5.00%, due semiannually on January 1 and July 1.	13,380,000	14,100,000
Unamortized premium	1,936,736	2,226,629
	15,316,736	16,326,629
Revenue Bonds, Series 2019D (Non-AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2040, in payments from \$1,000 to \$3,411,300. Interest at 2.62%, due semiannually on January 1 and July 1.	33,087,443	35,653,985
Revenue Bonds, Series 2016A-1 (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2035, in payments from \$2,145,000 to \$18,475,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1.	45,045,000	47,820,000
Unamortized premium	5,030,998	5,824,752
	50,075,998	53,644,752
Revenue Bonds, Series 2016A-2 (Taxable)		
Term bonds, maturing January 1, 2027 and January 1, 2036, in payments from \$280,000 to \$3,135,000, respectively. Interest is fixed at 3.195% and 3.894%, respectively, due semiannually on January 1 and July 1.	3,415,000	3,500,000
Revenue Bonds, Series 2015A (AMT)		
Serial bonds, maturing January 1, 2025 to January 1, 2033, in payments from \$16,215,000 to \$19,875,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1.	159,680,000	171,920,000
Unamortized premium	5,974,204	7,395,036
	165,654,204	179,315,036
Revenue Bonds, Series 2014A (AMT)		
Serial bonds, matured January 1, 2024. Interest was at 5.00%, due semiannually on January 1 and July 1.	-	11,070,000
Total revenue bonds	1,039,367,503	1,097,521,669
Current portion	(54,018,785)	(49,126,542)
Long-term portion	\$ 985,348,718	\$ 1,048,395,127

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Revenue Bonds

Portions of the Authority's Series 2015A, 2016A-1, 2016A-2, 2019B, 2019C-1, 2019C-2, 2022B-1, 2022B-2, 2022B-3, 2023B-1, and 2023B-2 Revenue Bonds are subject to optional redemption by the Authority at various dates in the future. Portions of the Authority's Series 2019A and 2019D Revenue Bonds, with consent from the Indiana Finance Authority, are subject to optional redemption by the Authority at various dates in the future. The 2022A and 2023A Revenue Bonds are subject to optional redemption by the Authority upon notification to the bondholders.

The Series 2016A-2 Refunding Revenue Bonds, maturing January 1, 2027 (the 2027 Term Bonds), and January 1, 2036 (the 2036 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2025 to 2027 and 2035 to 2036, respectively.

The Authority's 2019C-1 Revenue Bonds, maturing January 1, 2044 (the 2044 Term Bonds), and January 1, 2050 (the 2050 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2040 to 2044 and 2045 to 2050, respectively.

The Authority's 2022A Revenue Bonds maturing January 1, 2033 (the 2033 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2025 to 2033.

The Authority's 2022B-1 Revenue Bonds, maturing January 1, 2048 (the 2048 Term Bonds), and January 1, 2053 (the 2053 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2044 to 2048 and 2049 to 2053, respectively.

The Authority's 2022B-2 Revenue Bonds, maturing January 1, 2048 (the 2048 Term Bonds), and January 1, 2053 (the 2053 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2044 to 2048 and 2049 to 2053, respectively.

The Authority's 2023A Revenue Bonds, maturing January 1, 2037 (the 2037 Term Bonds) are subject to redemption from mandatory sinking fund payments during 2025 to 2037.

The Authority's 2023B-1 Revenue Bonds, maturing January 1, 2048 (the 2048 Term Bonds), and January 1, 2053 (the 2053 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2044 to 2048 and 2049 to 2053, respectively.

The Authority's 2023B-2 Revenue Bonds, maturing January 1, 2048 (the 2048 Term Bonds), and January 1, 2053 (the 2053 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2044 to 2048 and 2049 to 2053, respectively.

2023A Revenue Bonds

In June 2023, the Authority issued the 2023A Refunding Revenue Bonds in the amount of \$93,700,000. The proceeds from the 2023A Revenue Bonds were used to refund the Series 2010C-3, 2010C-4, and 2010C-5 Revenue Bonds and terminate the associated interest rate swaps. The costs of issuance were paid with Authority funds. The net present value loss resulting from this refunding was \$4,242,090, and the aggregate increase in the required debt service between the portion of the refunded 2010C Bonds and the 2023A Bonds was \$6,805,962. There are certain events which could result in a higher interest rate and/or an acceleration of amounts due on the 2023A Revenue Bonds. These events are described in the Continuing Covenant Agreement filed on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") site at the ILPIBB's issuer homepage or using the following links: <https://emma.msrb.org/P21750245.pdf>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

2023B Revenue Bonds

In December 2023, the Authority issued the 2023B-1 (\$67,930,000; tax-exempt, Non-AMT) and 2023B-2 (\$137,785,000, tax-exempt, AMT) in an original amount totaling \$205,715,000 with an original issue premium of \$17,124,858. The 2023B Revenue Bonds were issued for the principal purpose of providing funds, together with other funds of the Authority, to refund \$126,035,000 of the outstanding balance of the 2014A Revenue Bonds, a portion of certain capital projects at the Authority, and capitalized interest on all or a portion of the 2023B Authority Bonds. The net present value savings resulting from the refunding of the 2014A Revenue Bonds were \$8,303,488, and the aggregate difference in the required debt service between the 2014A Bonds and their portion of the 2023B Bonds is \$10,240,007. The capital projects funded with the new money portion of the 2023B Revenue Bonds include, but are not limited to, reconstructing runway 5R-23L and Taxiway D with LED lighting, rehabilitation of public parking lots pavement, constructing terminal back-up water connections, and constructing terminal energy resilience. Proceeds from the 2023B Revenue Bonds were also used to fund all or a portion of interest on the 2023B Revenue Bonds through the in-service date on each particular portion of the 2023B project and pay costs of issuance related to the 2023B Revenue Bonds. The proceeds were deposited in project funds and capitalized interest funds to be drawn upon as eligible costs were incurred. As of December 31, 2024, \$41,079,590 and \$22,451,347 remained in the 2023B-1 and 2023B-2 project funds, respectively; and \$1,832,619 and \$580,197 remained in the 2023B-1 and 2023B-2 capitalized interest funds, respectively.

2010C Revenue Bonds

In December 2010, the Authority issued the Indianapolis Airport Authority Airport Revenue Bonds, Series 2010C (2010C Revenue Bonds) in an original amount totaling \$350,000,000. The 2010C Revenue Bonds were issued in five subseries (2010C-1 through 2010C-5) with final maturities ranging from January 1, 2033 through January 1, 2037. The Series 2010C Revenue Bonds were sold to the Indianapolis Local Public Improvement Bond Bank (the "ILPIBB") and directly purchased by banks (by subseries), subject to Continuing Covenant Agreements, as the ILPIBB Revenue Bonds, Series 2010L, and were secured by a Trust Indenture and Ordinances which established a security interest in net revenues of the airport system. In August 2022, the proceeds from the 2022A Revenue Bonds were used to refund the 2010C-1 and 2010C-2 Revenue Bonds and the associated swaps were terminated. In June 2023, the proceeds from the 2023A Revenue Bonds were used to refund the 2010C-3, 2010C-4, and 2010C-5 Revenue Bonds and the associated swaps were terminated.

Directly Placed Debt

As of December 31, 2024 and 2023, the Authority held directly placed debt as detailed below:

	2022A	2023A
Par Outstanding at 12/31/2024	\$ 69,205,000	\$ 93,495,000
Par Outstanding at 12/31/2023	69,755,000	93,700,000
Lien	Senior	Senior
Final Maturity	1/1/2033	1/1/2037
End of Bank Term	n/a	n/a
Bank	Bank of America, N.A.	Bank of America, N.A.
Index / Interest Rate	2.79%	3.83%
Maximum rate increase upon default	10%	10%

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

The Master Bond Ordinance

The Authority's Revenue Bonds are secured under the Master Bond Ordinance by a pledge of net revenues of the Airport System and on parity with each other, except with respect to their Revenue Bond Reserve Funds.

Pursuant to its Master Bond Ordinance, the Authority has adopted resolutions beginning in 2003 and 2006 irrevocably dedicating revenues from passenger facility charges and customer facility charges (the Dedicated Revenues), respectively, to be used exclusively to pay debt service on the Authority's Revenue Bonds. The irrevocable dedication of passenger facility charges revenue in 2024 and 2023, was \$19.0 million. The customer facility charge revenue dedication was \$6.5 million and \$4.0 for 2024 and 2023, respectively.

In accordance with the Rate Covenant contained in the Master Bond Ordinance, rates and fees charged by the Authority for the use of its facilities must be sufficient to provide annual net revenues when combined with moneys in the coverage fund to equal the larger of: (a) all amounts required to be deposited to the credit of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (b) an amount not less than 125% of the Debt Service Requirement for all Revenue Bonds. For the purpose of complying with the Rate Covenant, the Authority includes within net revenues in any fiscal year amounts transferred from the Prepaid Airline Fund and amounts on deposit in the Debt Service Coverage Fund pursuant to the Master Bond Ordinance and excludes from interest due on Authority Revenue Bonds any interest paid from bond proceeds. The Authority can also exclude debt service to be paid from dedicated revenues from its Rate Covenant calculation.

Debt Service Requirements

Debt service requirements to maturity for all debt of the Authority, excluding any unamortized discount or premium and its capital lease agreements, are as follows at December 31, 2024:

Years Ending December 31	Revenue Bonds		Total
	Principal	Interest	
2025	\$ 54,018,785	\$ 43,525,701	\$ 97,544,486
2026	58,887,790	40,884,119	99,771,909
2027	62,643,604	37,947,671	100,591,275
2028	65,866,272	34,837,341	100,703,613
2029	66,051,000	31,607,389	97,658,389
2030 - 2034	341,169,975	111,721,330	452,891,305
2035 - 2039	139,023,717	58,303,601	197,327,318
2040 - 2044	79,596,300	36,145,841	115,742,141
2045 - 2049	70,045,000	19,598,406	89,643,406
2050 - 2054	49,745,000	4,431,300	54,176,300
	\$ 987,047,443	\$ 419,002,699	\$ 1,406,050,142

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

The following is a summary of long-term obligation transactions for the Authority for the years ended December 31, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 1,036,173,985	\$ -	\$ (49,126,542)	\$ 987,047,443	\$ 54,018,785
Bond premium	61,347,684	-	(9,027,624)	52,320,060	-
Total revenue bonds payable	1,097,521,669	-	(58,154,166)	1,039,367,503	54,018,785
Subscription liabilities	592,405	736,660	(657,980)	671,085	217,703
Total long-term obligations	<u>\$ 1,098,114,074</u>	<u>\$ 736,660</u>	<u>\$ (58,812,146)</u>	<u>\$ 1,040,038,588</u>	<u>\$ 54,236,488</u>
	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 985,755,000	\$ 299,415,000	\$ (248,996,015)	\$ 1,036,173,985	\$ 49,126,542
Bond premium	60,082,056	17,124,858	(15,859,230)	61,347,684	-
Total revenue bonds payable	1,045,837,056	316,539,858	(264,855,245)	1,097,521,669	49,126,542
Subscription liabilities	1,088,841	-	(496,436)	592,405	518,218
Total long-term obligations	<u>\$ 1,046,925,897</u>	<u>\$ 316,539,858</u>	<u>\$ (265,351,681)</u>	<u>\$ 1,098,114,074</u>	<u>\$ 49,644,760</u>

Interest Expense

Interest expense is comprised of the following components at December 31, 2024 and 2023:

	2024	2023
Interest expense on long-term debt	\$ 45,398,213	\$ 43,793,784
Amortization of bond premiums/discounts	(9,027,622)	(9,029,166)
Amortization of deferred losses on refundings	1,282,287	2,590,703
Bond issuance costs	711,177	1,596,899
Changes in bond arbitrage rebates	3,002,646	865,161
Total interest expense	<u>\$ 41,366,701</u>	<u>\$ 39,817,381</u>

Note 9: Special Facility Revenue Bonds

To provide for the construction of the Indianapolis Maintenance Center (IMC) (formerly leased to United Air Lines, Inc.), the Authority issued special facility revenue bonds (conduit debt obligations). These bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of lease rentals to be received by the Authority. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, the City or the State and are, therefore, not reported in the accompanying financial statements. At December 31, 2024 and 2023, the Special Facility Revenue Bonds, Series 1995 (Indianapolis Maintenance Center), outstanding were \$165,988,327.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 10: Derivative Financial Instruments

Forward Delivery Purchase Agreements - Hedging Derivative Instruments

The Authority has entered into three forward delivery purchase agreements (the Forward Delivery Agreements). The Forward Delivery Agreements require the counterparties to deposit securities in the Authority's debt service reserve trust accounts and provides the Authority a guaranteed rate of return. The securities that are deposited into the debt service reserve trust accounts are required to mature prior to scheduled debt service payment dates on the bonds that are secured by the respective debt service reserve funds.

Eligible securities include (a) discount notes issued by a federal agency; and (b) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America, and issued by any of the following:

- the United States Treasury
- a federal agency
- a federal instrumentality
- a federal government-sponsored enterprise

Objective of the Forward Delivery Agreements -

The Forward Delivery Agreements allow the Authority to earn a guaranteed fixed rate of return over the life of the agreement. These Agreements are utilized by the Authority to earn a rate of return in excess of a rate that would otherwise be feasible by investing in securities with a shorter term.

Terms - The general terms of each agreement are set forth in the table below:

Debt Service Fund	Date of Agreement	Termination Date	Scheduled Reserve Amount	Guaranteed Rate	Fair Value at December 31, 2024	Fair Value at December 31, 2023
Series 2023B-2	December 1, 2004	December 30, 2033	\$ 13,147,000	4.962%	\$ 106,277	\$ 256,640
Series 2015A	December 28, 2005	December 31, 2032	15,000,000	4.820%	(127,575)	119,127
Series 2016A	August 1, 2006	January 1, 2036	17,321,400	5.311%	667,344	888,724
					<u>\$ 646,046</u>	<u>\$ 1,264,491</u>

Fair Value - The fair values of the Forward Delivery Agreements are based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset on the statement of net position as of December 31, 2024 and 2023. As the Forward Delivery Agreements are effective hedging instruments, the changes in fair value of the Forward Delivery Agreements of (\$618,445) and (\$2,639,582) and for the years ended December 31, 2024 and 2023, respectively, are shown as an adjustment to the carrying amount of the related deferred inflows of resources on the statement of net position.

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Credit Risk - Credit risk is the risk that a counterparty will not fulfill its obligations. Under the terms of the Forward Delivery Agreements, the Authority is either holding cash or an approved security within the debt service reserve funds. None of the principal amount of an investment under the Forward Delivery Agreements is at risk to the credit of the counterparty. Should the counterparty default, the Authority's maximum exposure is the positive termination value, if any, related to these agreements.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or cash flows. The fair value of the Forward Delivery Agreements is expected to fluctuate over the life of the agreements in response to changes in interest rates. The Authority does not have a formally adopted policy related to interest rate risk on the Forward Delivery Agreements.

Termination Risk - The Authority or the counterparties may terminate the Forward Delivery Agreements if the other party fails to perform under the terms of the contract. In addition, the Authority has an unrestricted option to terminate the Forward Delivery Agreements. If the Forward Delivery Agreements have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equivalent to the fair value of the instrument at the time of termination.

Note 11: Net Investment in Capital Assets

The Authority's net investment in capital assets is comprised of the following components at December 31, 2024 and 2023:

	2024	2023
Capital and subscription assets, net of accumulated depreciation	\$ 2,326,985,487	\$ 2,199,657,048
Long-term debt	(1,040,038,588)	(1,098,114,074)
Other reconciling items		
Restricted accounts payable related to capital assets	(56,176,811)	(44,685,897)
Deferred loss on refunding of debt	3,922,877	5,205,165
Unspent bond proceeds - construction and State revolving fund	72,277,548	177,020,066
Revenue bond reserve fund financed by bond proceeds	53,348,447	57,198,489
Net investment in capital assets	<u>\$ 1,360,318,960</u>	<u>\$ 1,296,280,797</u>

The Authority revised its calculation of the net investment in capital assets during 2024. With this change, the 2023 net investment in capital assets was revised by increasing the prior year total by approximately \$603,000 with a corresponding increase to restricted net position.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 12: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Investments				
U.S. Treasury Security Bills	\$ 126,384,062	\$ 126,384,062	\$ -	-
U.S. Government-sponsored enterprise securities				
Federal Home Loan Mortgage Corporation	2,671,240	-	2,671,240	-
Indiana municipal securities	6,374,854	-	6,374,854	-
External investment pools	87,957,456	-	87,957,456	-
Derivative Financial Instruments				
Forward delivery purchase agreements	646,046	-	-	646,046
December 31, 2023				
Investments				
U.S. Treasury Security Bills	\$ 106,578,171	\$ 106,578,171	\$ -	-
U.S. Government-sponsored enterprise securities				
Federal Home Loan Mortgage Corporation	24,420,660	-	24,420,660	-
Indiana municipal securities	9,050,077	-	9,050,077	-
External investment pools	40,534,877	-	40,534,877	-
Derivative Financial Instruments				
Forward delivery purchase agreements	1,264,491	-	-	1,264,491

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of net position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2024.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Derivative Financial Instruments

The fair value of the forward delivery agreements are derived from proprietary models and are calculated on a mid-market basis, but do not include bid/offer spread and are therefore classified in Level 3.

Note 13: Indianapolis Maintenance Center

As discussed previously in these footnotes, the Authority, the State of Indiana, the City of Indianapolis and United Air Lines, Inc. (United) financed the construction and equipping of the IMC. As a part of the financing of these facilities, the Authority issued \$220,705,000 in special facility revenue bonds of which \$165,988,327 remains outstanding at December 31, 2024. The Authority had, and continues to have, no obligation to make interest and principal payments on these special facility bonds. Revenues from the IMC are reserved for expense reimbursement to the Authority for operational expenses incurred and interest accrued on unreimbursed operational expenses (On-going Expenses). Once all On-going Expenses have been reimbursed to the Authority, revenue in excess of On-going Expenses are shared between the special facility bondholders and the Authority on a percentage basis bound by the terms of the Settlement Agreement. Previously, the interest and principal payments for the Series 1995 Special Facility Revenue Bonds (United Facility Bonds) were funded by rentals paid by United under its lease agreement with the Authority. On December 9, 2002, United filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. On May 9, 2003, the Bankruptcy Court made effective United's rejection of its lease of the IMC and United abandoned the IMC facilities, whereby all of the IMC assets reverted to the Authority's control.

In February 2004, the Authority and the Trustee of the bondholders entered into a Settlement Agreement which, among other things, provided for up to \$7.5 million in reimbursements for certain costs incurred after May 2003. The Settlement Agreement also provided for reimbursement for up to \$6.5 million of the Tenant Improvement Expenditure Reserve (TIER) fund for use of capital improvements, if certain conditions were met. On February 13, 2014, all the funds accumulated in the bondholder Trustee held TIER fund were disbursed to the bondholders with the exception of \$1 million.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Since 2004, the Authority has entered into various leases for certain portions of the IMC. These leases include hangar space, office areas and the backshops (which were being used primarily for the maintenance, repair and overhaul of commercial aircraft) and certain warehouse and office space for non-aviation related use. In February 2025, the Authority entered into a new lease with the IMC's main tenant, AAR Aircraft Services (AAR), with a new lease expiration of February 28, 2027, a lease extension of two years. This new AAR lease provided for AAR to lease a total of seven hangars (Hangars 2A, 2B, 3B, 5A, 5B, 6A and 6B). The rental structure commencing March 1, 2025 through end of Term, February 28, 2027, requires AAR to make the Authority whole, taking into account operating expenses, amortized capital expenses and other revenue sources associated with the IMC. AAR and Shuttle America make up the leasing of nine of the twelve hangar spaces. As a part of the Settlement Agreement, rentals collected for the IMC are not considered revenue to the Authority but instead are required to be deposited with a Settlement Agreement escrow trustee held on behalf of the United Facility bondholders. The monies held in trust are to be used to pay On-going Expenses of the IMC and must be applied in a manner prescribed by the terms of the Settlement Agreement.

For the years ended December 31, 2024 and 2023, the Authority incurred approximately \$6.0 million and \$7.5 million of costs for the IMC, respectively. The Authority has received reimbursements for these costs under the Settlement Agreement aggregating approximately \$5.5 million and \$6.6 million for 2024 and 2023, respectively. In addition, as of December 31, 2024 and 2023, the Authority has accrued approximately \$2.3 million and \$2.5 million, respectively, in reimbursements from the Trustee for allowable costs incurred.

Note 14: Risk Management

Risk management is the responsibility of the Authority. Operationally, the Authority is exposed to various risks of loss related to the theft of, damage to and destruction of assets, natural disasters as well as certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from \$0 to \$100,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other mid-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

The Authority recognized \$265,817 and \$235,629 in insurance recoveries as nonoperating revenue in 2024 and 2023, respectively. There are no material claim settlements to exceed insurance coverage that exist presently, to the best of the Authority's knowledge, which have the potential of doing so for the 2024 calendar year.

The Authority has a self-insured arrangement for health care benefits provided to Authority employees and has established a self-insured liability for employee medical claims. The Authority utilizes a third-party company to provide individual stop loss coverage of \$100,000 on each covered individual's health claims and \$6,793,541 on overall health care program aggregate claims. The estimated self-insurance liability is based on claim trend. There is no significant incremental claim adjustment expense, salvage or subrogation attributable to this liability.

Note 15: Benefit Plan

The Authority provides a 401(a) defined-contribution employee retirement plan for employer contributions and a 457(b) deferred compensation plan for employee contributions. The Authority is the administrator of these plans, which are available to substantially all of its employees. Employer contributions to the 401(a) plan can range from zero up to nine percent of eligible compensation. Contributions to the plan were \$1,722,599 for 2024 and \$1,413,532 for 2023.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Note 16: Commitments and Contingencies

Land Acquisition and Disposal

In 1991, the Authority updated its FAA Part 150 Noise and Land Use Compatibility Study and final recommendations were adopted by the Authority Board in April 1992. The recommendations included expanding the existing Guaranteed Purchase Program (Phase I), which is now an inactive program, to add approximately 750 additional homes. As of December 31, 2024, the Authority has spent approximately \$102.6 million (including relocation costs) under this inactive program (Phase II), substantially all of which was eligible for 80% reimbursement from the FAA. The owners of an estimated 30 homes did not participate in Phase II when it was an active program.

A five-year review and update of the Authority's noise compatibility program (Phase III) began in 1996. Final recommendations were adopted by the Authority Board in February 1998, followed by FAA approval in October 1998. The recommendations included continuation of the Guaranteed Purchase Program with respect to approximately 132 additional homes, of which 127 were acquired by the Authority when the program was active.

The Sound Insulation Program, which is now an inactive program, paid for a home within the impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Authority. At December 31, 2024, 316 homes were sound insulated under this program. Under the Purchase Assurance Program, which is now an inactive program, the Authority purchased the property, sound insulated the home and then resold the property on the open market. At December 31, 2024, 118 homeowners participated in the Purchase Assurance Program. Participation in either the Sound Insulation or Purchase Assurance programs required the homeowner to grant an aviation easement in favor of the Authority.

The Sales Assistance program is the third and only active program at December 31, 2024 and applied to approximately 487 homes, of which 419 requests have been completed. Sales Assistance consists of a benefit payment to homeowners adjacent to the 65DNL noise contour. The benefit payment is equal to 10% of the contract sales price between the homeowner and third-party buyer, in exchange for the inclusion of a Noise Disclosure Statement in the deed of conveyance. The estimated cost of the Phase III programs is approximately \$98.5 million. These programs, excluding Sales Assistance, were eligible for reimbursement from passenger facility charges and FAA noise grants (at 80% reimbursement).

The noise mitigation land use programs described above are voluntary on the part of the homeowner as there is no legal requirement that homeowners participate in any of these programs.

The Authority has also acquired land south of Interstate 70 (I-70). With the exception of one small parcel of land, all parcels have been acquired for the future development of a third parallel runway in this area. As of December 31, 2024, the Authority has expended approximately \$13.7 million for this project.

In November 2014, the Authority Board approved and adopted Resolution No. 12-2014, establishing certain land use policies and guidelines for the implementation of a new land use initiative. The Authority owns approximately 6,400 acres of land in and around the Indianapolis International Airport, with large holdings not only in Wayne and Decatur Townships of Marion County, but also in neighboring Hendricks County.

As part of the land use initiative, land holding not required for aviation purposes have been marketed and sold. The Authority determines how land sale proceeds must be treated, including what amounts, if any, must be returned to the Federal Aviation Administration directly or reinvested in other AIP eligible projects pursuant to federal grant requirements. Amounts due to the Federal Aviation Administration were \$4.7 million and \$3.8 million as of December 31, 2024 and 2023, respectively.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2024 and 2023

Environmental Mitigation and Remediation

The Authority is currently involved in three separate pollution remediation obligations that meet the requirements for accounting treatment under GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. These obligations are related primarily to the removal and/or treatment of petroleum impacted soil and polyfluoroalkyl substance mitigation. The pronouncement dictates that for each obligating event, an estimate of the expected pollution remediation outlays is required to be accrued as a liability and expensed in the current period. Re-measurement of the liability is required when new information indicates increases or decreases in estimated outlays.

The amount of the estimated liability as of December 31, 2024 and 2023 was \$2,327,000 and \$1,645,000, which represents the approximate present value of the amounts the Authority expects to pay for future remediation activities. This estimate was generated using input and guidance from internal management and professional consultants and represents a wide array of remediation activities ranging from one-time events to longer monitoring activities.

The Authority will continue to closely monitor each of these obligations, working toward the point of ultimate resolution, and will make any necessary adjustments to the potential liability as new information becomes available.

Capital Improvements

As of December 31, 2024, the Authority had outstanding commitments for certain airport improvements aggregating \$126,403,331.

Litigation and Claims

The nature of the business of the Authority generates certain litigation against the Authority arising in the ordinary course of business.

As of December 31, 2024, there were twenty-seven claims in litigation for alleged personal injury and/or other claims pending against the Authority. All of these claims were for personal injury and are fully insured. In addition, there were eight worker's compensation claims-pending as of December 31, 2024. The Authority was also aware of several incidents for which legal action against the Authority might be threatened or possible in the future.

Supplementary Information

Indianapolis Airport Authority
Schedule of Net Position Information
December 31, 2024

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 78,847,654	\$ -	\$ 78,847,654
Accounts receivable, net of allowance of \$153,000	3,283,537	-	3,283,537
Unbilled revenues	9,354,692	-	9,354,692
Grants receivable	42,024,360	-	42,024,360
Supplies and materials inventories	3,764,519	-	3,764,519
Interest receivable	805,539	-	805,539
Lease receivables	27,836,343	-	27,836,343
Other	943,695	-	943,695
Total unrestricted current assets	<u>166,860,339</u>	<u>-</u>	<u>166,860,339</u>
Restricted Assets			
Cash and cash equivalents - restricted	146,978,552	-	146,978,552
Cash and cash equivalents - customer deposits	689,228	-	689,228
Receivable - passenger facility charges	2,587,904	-	2,587,904
Receivable - governments and other	657,531	-	657,531
Receivable - reimbursable IMC expenses	-	2,313,597	2,313,597
Total restricted current assets	<u>150,913,215</u>	<u>2,313,597</u>	<u>153,226,812</u>
Total current assets	<u>317,773,554</u>	<u>2,313,597</u>	<u>320,087,151</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	141,702,664	-	141,702,664
Investment securities, unrestricted	32,057,413	-	32,057,413
Investment securities, restricted	62,758,677	-	62,758,677
Derivative instruments - forward delivery purchase agreements	646,046	-	646,046
Lease receivables	277,204,521	-	277,204,521
Capital assets, net	2,165,696,740	161,288,747	2,326,985,487
Total noncurrent assets	<u>2,680,066,061</u>	<u>161,288,747</u>	<u>2,841,354,808</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	3,922,877	-	3,922,877
Total deferred outflows of resources	<u>3,922,877</u>	<u>-</u>	<u>3,922,877</u>
Total assets and deferred outflows of resources	<u>\$ 3,001,762,492</u>	<u>\$ 163,602,344</u>	<u>\$ 3,165,364,836</u>

Indianapolis Airport Authority
Schedule of Net Position Information (Continued)
December 31, 2024

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Payable From Unrestricted Assets			
Accounts payable	\$ 8,142,762	\$ -	\$ 8,142,762
Accrued and withheld items (including compensated absences)	9,532,122	-	9,532,122
Current portion of subscription liability	217,703	-	217,703
Total current liabilities payable from unrestricted assets	<u>17,892,587</u>	<u>-</u>	<u>17,892,587</u>
Payable From Restricted Assets			
Accounts payable	56,176,811	335,871	56,512,682
Customer deposits payable	689,228	-	689,228
Current portion of debt	54,018,785	-	54,018,785
Accrued interest on debt	22,372,762	-	22,372,762
Total current liabilities payable from restricted assets	<u>133,257,586</u>	<u>335,871</u>	<u>133,593,457</u>
Total current liabilities	<u>151,150,173</u>	<u>335,871</u>	<u>151,486,044</u>
Noncurrent Liabilities			
Arbitrage rebate liability	4,167,776	-	4,167,776
Long term portion of subscription liability	453,382	-	453,382
Bonds payable and other debt, payable from restricted assets	985,348,718	-	985,348,718
Total noncurrent liabilities	<u>989,969,876</u>	<u>-</u>	<u>989,969,876</u>
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	646,046	-	646,046
Deferred inflow on leases	297,069,082	-	297,069,082
Total deferred inflows of resources	<u>297,715,128</u>	<u>-</u>	<u>297,715,128</u>
Net Position			
Net investment in capital assets	1,199,030,213	161,288,747	1,360,318,960
Restricted for			
Capital projects	98,758,187	-	98,758,187
Debt service	103,760,608	-	103,760,608
Other	-	1,977,726	1,977,726
Total restricted net position	<u>202,518,795</u>	<u>1,977,726</u>	<u>204,496,521</u>
Unrestricted	<u>161,378,307</u>	<u>-</u>	<u>161,378,307</u>
Total net position	<u>1,562,927,315</u>	<u>163,266,473</u>	<u>1,726,193,788</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,001,762,492</u>	<u>\$ 163,602,344</u>	<u>\$ 3,165,364,836</u>

Indianapolis Airport Authority
Schedule of Net Position Information
December 31, 2023, as Restated

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 85,897,549	\$ -	\$ 85,897,549
Accounts receivable, net of allowance of \$88,000	3,510,494	-	3,510,494
Unbilled revenues	6,394,777	-	6,394,777
Grants receivable	24,712,632	-	24,712,632
Supplies and materials inventories	3,509,079	-	3,509,079
Interest receivable	706,599	-	706,599
Lease receivables	26,467,451	-	26,467,451
Other	1,459,125	-	1,459,125
Total unrestricted current assets	<u>152,657,706</u>	<u>-</u>	<u>152,657,706</u>
Restricted Assets			
Cash and cash equivalents - restricted	245,316,570	-	245,316,570
Cash and cash equivalents - customer deposits	688,760	-	688,760
Receivable - passenger facility charges	2,066,352	-	2,066,352
Receivable - governments and other	901,887	-	901,887
Receivable - reimbursable IMC expenses	-	2,450,808	2,450,808
Total restricted current assets	<u>248,973,569</u>	<u>2,450,808</u>	<u>251,424,377</u>
Total current assets	<u>401,631,275</u>	<u>2,450,808</u>	<u>404,082,083</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	124,503,274	-	124,503,274
Investment securities, unrestricted	27,480,526	-	27,480,526
Investment securities, restricted	78,634,785	-	78,634,785
Rent receivable	37,444	-	37,444
Derivative instruments - forward delivery purchase agreements	1,264,491	-	1,264,491
Lease receivables	295,062,812	-	295,062,812
Capital assets, net	2,033,878,278	165,778,770	2,199,657,048
Total noncurrent assets	<u>2,560,861,610</u>	<u>165,778,770</u>	<u>2,726,640,380</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	5,205,165	-	5,205,165
Total deferred outflows of resources	<u>5,205,165</u>	<u>-</u>	<u>5,205,165</u>
Total assets and deferred outflows of resources	<u>\$ 2,967,698,050</u>	<u>\$ 168,229,578</u>	<u>\$ 3,135,927,628</u>

Indianapolis Airport Authority
Schedule of Net Position Information (Continued)
December 31, 2023, as Restated

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Payable From Unrestricted Assets			
Accounts payable	\$ 6,724,418	\$ -	\$ 6,724,418
Accrued and withheld items (including compensated absences)	10,189,935	-	10,189,935
Current portion of subscription liability	518,218	-	518,218
Total current liabilities payable from unrestricted assets	<u>17,432,571</u>	<u>-</u>	<u>17,432,571</u>
Payable From Restricted Assets			
Accounts payable	44,685,897	443,812	45,129,709
Customer deposits payable	688,760	-	688,760
Current portion of debt	49,126,542	-	49,126,542
Accrued interest on debt	18,854,162	-	18,854,162
Total current liabilities payable from restricted assets	<u>113,355,361</u>	<u>443,812</u>	<u>113,799,173</u>
Total current liabilities	<u>130,787,932</u>	<u>443,812</u>	<u>131,231,744</u>
Noncurrent Liabilities			
Arbitrage rebate liability	1,165,130	-	1,165,130
Long term portion of subscription liability	74,187	-	74,187
Bonds payable and other debt, payable from restricted assets	1,048,395,127	-	1,048,395,127
Total noncurrent liabilities	<u>1,049,634,444</u>	<u>-</u>	<u>1,049,634,444</u>
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	1,264,491	-	1,264,491
Deferred inflow on leases	316,680,302	-	316,680,302
Total deferred inflows of resources	<u>317,944,793</u>	<u>-</u>	<u>317,944,793</u>
Net Position			
Net investment in capital assets	1,130,502,027	165,778,770	1,296,280,797
Restricted for			
Capital projects	95,263,123	-	95,263,123
Debt service	101,921,898	-	101,921,898
Other	-	2,006,996	2,006,996
Total restricted net position	<u>197,185,021</u>	<u>2,006,996</u>	<u>199,192,017</u>
Unrestricted	<u>141,643,833</u>	<u>-</u>	<u>141,643,833</u>
Total net position	<u>1,469,330,881</u>	<u>167,785,766</u>	<u>1,637,116,647</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,967,698,050</u>	<u>\$ 168,229,578</u>	<u>\$ 3,135,927,628</u>

Indianapolis Airport Authority
Schedule of Revenues, Expenses and Changes in Net Position Information
Year Ended December 31, 2024

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Operating Revenues			
Airfield	\$ 47,350,478	\$ -	\$ 47,350,478
Terminal complex	73,204,367	-	73,204,367
Parking	74,537,968	-	74,537,968
Rented buildings and other	15,701,441	-	15,701,441
Indianapolis Maintenance Center (IMC)	-	5,120,083	5,120,083
Reliever airports	3,094,800	-	3,094,800
Total operating revenues	<u>213,889,054</u>	<u>5,120,083</u>	<u>219,009,137</u>
Operating Expenses			
Personal services	51,327,602	770,605	52,098,207
Contractual services	35,913,796	3,750,079	39,663,875
Utilities	9,775,619	1,976,902	11,752,521
Supplies	5,770,658	139,470	5,910,128
Materials	4,120,422	(110,048)	4,010,374
General	2,640,032	153,797	2,793,829
Total operating expenses before depreciation	<u>109,548,129</u>	<u>6,680,805</u>	<u>116,228,934</u>
Income From Operations Before Depreciation and Amortization Expense	104,340,925	(1,560,722)	102,780,203
Depreciation and amortization expense	<u>103,631,578</u>	<u>13,863,027</u>	<u>117,494,605</u>
Loss From Operations	<u>709,347</u>	<u>(15,423,749)</u>	<u>(14,714,402)</u>
Nonoperating Revenues (Expenses)			
Federal operating grants	217,404	-	217,404
Passenger facility charges	20,505,560	-	20,505,560
Customer facility charges (rental cars)	10,014,110	-	10,014,110
Investment income	22,527,612	-	22,527,612
Interest revenue - leases	8,888,116	-	8,888,116
Interest expense	(41,366,701)	-	(41,366,701)
Gain on disposal of capital assets	12,458,139	-	12,458,139
Total nonoperating revenues (expenses)	<u>33,244,240</u>	<u>-</u>	<u>33,244,240</u>
Increase (Decrease) in Net Position Before Capital Contributions and Grants	<u>33,953,587</u>	<u>(15,423,749)</u>	<u>18,529,838</u>
Capital Contributions and Grants			
Federal, state and local grants	47,945,869	-	47,945,869
Contributions from lessees and other	22,601,434	-	22,601,434
Total capital contributions and grants	<u>70,547,303</u>	<u>-</u>	<u>70,547,303</u>
Increase (Decrease) in Net Position	104,500,890	(15,423,749)	89,077,141
Transfers	(10,904,456)	10,904,456	-
Net Position, Beginning of Year	<u>1,469,330,881</u>	<u>167,785,766</u>	<u>1,637,116,647</u>
Net Position, End of Year	<u>\$ 1,562,927,315</u>	<u>\$ 163,266,473</u>	<u>\$ 1,726,193,788</u>

Indianapolis Airport Authority
Schedule of Revenues, Expenses and Changes in Net Position Information
Year Ended December 31, 2023, as Restated

	<u>Authority</u>	<u>IMC</u>	<u>Total</u>
Operating Revenues			
Airfield	\$ 33,051,565	\$ -	\$ 33,051,565
Terminal complex	65,898,943	-	65,898,943
Parking	66,633,184	-	66,633,184
Rented buildings and other	15,516,027	-	15,516,027
Indianapolis Maintenance Center (IMC)	-	7,861,805	7,861,805
Reliever airports	3,251,217	-	3,251,217
Total operating revenues	<u>184,350,936</u>	<u>7,861,805</u>	<u>192,212,741</u>
Operating Expenses			
Personal services	45,567,538	820,564	46,388,102
Contractual services	34,125,734	3,852,649	37,978,383
Utilities	9,215,763	2,498,490	11,714,253
Supplies	5,407,661	255,062	5,662,723
Materials	3,666,392	(49,233)	3,617,159
General	2,179,175	142,378	2,321,553
Total operating expenses before depreciation	<u>100,162,263</u>	<u>7,519,910</u>	<u>107,682,173</u>
Income From Operations Before Depreciation and Amortization Expense	84,188,673	341,895	84,530,568
Depreciation and amortization expense	<u>100,369,679</u>	<u>13,266,639</u>	<u>113,636,318</u>
Loss From Operations	<u>(16,181,006)</u>	<u>(12,924,744)</u>	<u>(29,105,750)</u>
Nonoperating Revenues (Expenses)			
Federal operating grants	591,300	-	591,300
Passenger facility charges	18,477,596	-	18,477,596
Customer facility charges (rental cars)	9,094,934	-	9,094,934
Investment income, net of investment derivative fair value adjustments of \$(694,375)	21,641,715	-	21,641,715
Interest revenue - leases	7,535,068	-	7,535,068
Interest expense	(39,817,381)	-	(39,817,381)
Gain on disposal of capital assets	4,628,379	-	4,628,379
Total nonoperating revenues (expenses)	<u>22,151,611</u>	<u>-</u>	<u>22,151,611</u>
Increase (Decrease) in Net Position Before Capital Contributions and Grants	<u>5,970,605</u>	<u>(12,924,744)</u>	<u>(6,954,139)</u>
Capital Contributions and Grants			
Federal, state and local grants	62,927,735	-	62,927,735
Contributions from lessees and other	58,970,711	-	58,970,711
Total capital contributions and grants	<u>121,898,446</u>	<u>-</u>	<u>121,898,446</u>
Increase (Decrease) in Net Position	127,869,051	(12,924,744)	114,944,307
Transfers	<u>(6,791,125)</u>	<u>6,791,125</u>	<u>-</u>
Net Position, Beginning of Year, as Previously Reported	1,348,760,455	173,919,385	1,522,679,840
Change in Accounting Principle	<u>(507,500)</u>	<u>-</u>	<u>(507,500)</u>
Net Position, Beginning of Year, as Restated	1,348,252,955	173,919,385	1,522,172,340
Net Position, End of Year	<u>\$ 1,469,330,881</u>	<u>\$ 167,785,766</u>	<u>\$ 1,637,116,647</u>

Indianapolis Airport Authority
Schedules of Operating Revenues
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Airfield			
Landing fees - scheduled airlines	\$ 23,166,749	\$ 13,804,326	\$ 9,362,423
Landing fees - freight and other	18,397,606	13,637,151	4,760,455
Apron fees	2,637,379	2,441,299	196,080
Commissions - aviation fuel sales	432,526	411,769	20,757
Other	2,716,218	2,757,020	(40,802)
	<u>47,350,478</u>	<u>33,051,565</u>	<u>14,298,913</u>
Terminal Complex			
Space rental			
Airlines	41,476,098	35,819,482	5,656,616
Concessionaires	12,009,302	10,931,589	1,077,713
Other space rental	1,862,019	1,822,744	39,275
Automobile rental commissions	13,492,588	13,023,616	468,972
Other commissions, fees, etc.	5,726,965	5,598,981	127,984
Financing interest - leases	(1,362,605)	(1,297,469)	(65,136)
	<u>73,204,367</u>	<u>65,898,943</u>	<u>7,305,424</u>
Parking operations	<u>74,537,968</u>	<u>66,633,184</u>	<u>7,904,784</u>
Rented Buildings and Other			
Space rental - freight buildings	1,455,228	1,403,543	51,685
Space rental - hangars	862,807	836,580	26,227
Space rental - other buildings	8,275,821	7,270,664	1,005,157
Ground leases	7,690,641	7,814,022	(123,381)
Farm income	153,506	154,556	(1,050)
Other	1,089,286	1,181,066	(91,780)
Financing interest - leases	(3,825,848)	(3,144,404)	(681,444)
	<u>15,701,441</u>	<u>15,516,027</u>	<u>185,414</u>
Indianapolis Maintenance Center	<u>5,120,083</u>	<u>7,861,805</u>	<u>(2,741,722)</u>
Reliever Airports	3,573,702	3,582,584	(8,882)
Financing interest - leases	(478,902)	(331,367)	(147,535)
	<u>3,094,800</u>	<u>3,251,217</u>	<u>(156,417)</u>
	<u>\$ 219,009,137</u>	<u>\$ 192,212,741</u>	<u>\$ 26,796,396</u>

Indianapolis Airport Authority
Schedule of Operating Expenses
Year Ended December 31, 2024
(With Comparative Totals for 2023 as Restated)

	2024			
	Airfield	Terminal Complex	Parking	Rented Building and Other
Personal Services				
Salaries and wages	\$ 3,392,833	\$ 7,696,662	\$ 5,056,612	\$ 269,258
Employee insurance	732,127	1,737,235	876,552	15,056
Retirement and social security	359,141	806,572	467,750	33,697
	<u>4,484,101</u>	<u>10,240,469</u>	<u>6,400,914</u>	<u>318,011</u>
Contractual Services				
Transportation and communication	212,409	106,099	64,675	24,841
Professional fees	1,107,888	374,381	34,942	497,837
Printing and advertising	33	17,225	11,315	13,992
Repairs and maintenance	824,005	3,956,421	1,537,391	41,806
Facilities maintenance and security	71,339	5,031,473	206,199	780
Other contractual services	484,028	2,350,319	4,491,382	1,166,910
Subscription assets	-	-	-	-
	<u>2,699,702</u>	<u>11,835,918</u>	<u>6,345,904</u>	<u>1,746,166</u>
Utilities	<u>4,681,685</u>	<u>3,725,123</u>	<u>651,875</u>	<u>186,863</u>
Supplies				
Fuel	350,011	-	205,062	-
Garage and motor	272,561	25,084	281,619	3,806
Institutional and medical	68,889	1,078,598	219,971	2,798
Office supplies	21,572	32,531	14,656	890
Snow and ice chemicals	572,261	51,950	220,518	3,405
Other	152,578	414,703	332,538	89
	<u>1,437,872</u>	<u>1,602,866</u>	<u>1,274,364</u>	<u>10,988</u>
Materials				
Building	16,609	149,455	9,381	3,566
Pavements and grounds	306,112	2,621	1,425	-
Repair parts	1,079,292	1,048,433	477,416	5,299
Small equipment and tools	19,310	73,837	1,760	-
Other	113,299	11,875	3,867	-
	<u>1,534,622</u>	<u>1,286,221</u>	<u>493,849</u>	<u>8,865</u>
General				
Insurance	344,084	723,373	326,135	42,193
Equipment rental	19,463	3,118	-	-
Other	2,408	2,965	695	2,587
	<u>365,955</u>	<u>729,456</u>	<u>326,830</u>	<u>44,780</u>
Subtotal	15,203,937	29,420,053	15,493,736	2,315,673
Depreciation	36,822,068	18,390,914	6,657,460	34,407,493
Total	<u>\$ 52,026,005</u>	<u>\$ 47,810,967</u>	<u>\$ 22,151,196</u>	<u>\$ 36,723,166</u>
Year Ended December 31, 2023	\$ 49,836,714	\$ 47,728,385	\$ 19,471,722	\$ 35,664,726
Increase (Decrease)	\$ 2,189,291	\$ 82,582	\$ 2,679,474	\$ 1,058,440

2024

Indianapolis Maintenance Center	Reliever Airports	Public Safety	Administration	Total	Year Ended December 31, 2023	Increase (Decrease)
\$ 692,595	\$ 427,483	\$ 11,116,527	\$ 11,259,844	\$ 39,911,814	\$ 35,620,463	\$ 4,291,351
44,411	69,439	2,178,445	1,951,615	7,604,880	6,751,662	853,218
33,599	55,382	1,556,647	1,268,725	4,581,513	4,015,977	565,536
<u>770,605</u>	<u>552,304</u>	<u>14,851,619</u>	<u>14,480,184</u>	<u>52,098,207</u>	<u>46,388,102</u>	<u>5,710,105</u>
22,252	22,433	244,481	1,954,236	2,651,426	2,197,056	454,370
140,510	320,374	140,539	4,792,639	7,409,110	8,586,820	(1,177,710)
38	-	8,634	760,441	811,678	803,383	8,295
445,206	183,470	375,105	2,566,468	9,929,872	9,550,726	379,146
3,041,505	9,114	1,999	98,287	8,460,696	7,749,256	711,440
100,568	268,464	1,352,299	858,170	11,072,140	9,591,485	1,480,655
-	-	-	(671,047)	(671,047)	(500,343)	(170,704)
<u>3,750,079</u>	<u>803,855</u>	<u>2,123,057</u>	<u>10,359,194</u>	<u>39,663,875</u>	<u>37,978,383</u>	<u>1,685,492</u>
<u>1,976,902</u>	<u>321,312</u>	<u>208,761</u>	<u>-</u>	<u>11,752,521</u>	<u>11,714,253</u>	<u>38,268</u>
53,964	493,487	-	-	1,102,524	1,229,280	(126,756)
-	24,971	46,186	24,943	679,170	720,407	(41,237)
17,340	11,342	56,346	4,856	1,460,140	1,514,105	(53,965)
2,455	162	120,073	66,972	259,311	173,068	86,243
5,009	30,752	108	-	884,003	391,016	492,987
60,702	12,830	348,331	203,209	1,524,980	1,634,847	(109,867)
<u>139,470</u>	<u>573,544</u>	<u>571,044</u>	<u>299,980</u>	<u>5,910,128</u>	<u>5,662,723</u>	<u>247,405</u>
(139,840)	8,375	16,502	6,873	70,921	99,446	(28,525)
-	89,482	281	539	400,460	365,301	35,159
6,539	103,161	445,282	91,032	3,256,454	2,791,406	465,048
-	377	28,475	71	123,830	199,204	(75,374)
23,253	986	1,581	3,848	158,709	161,802	(3,093)
<u>(110,048)</u>	<u>202,381</u>	<u>492,121</u>	<u>102,363</u>	<u>4,010,374</u>	<u>3,617,159</u>	<u>393,215</u>
151,875	125,328	308,808	74,825	2,096,621	1,874,550	222,071
1,647	-	-	46,888	71,116	80,695	(9,579)
275	-	112,084	505,078	626,092	366,308	259,784
<u>153,797</u>	<u>125,328</u>	<u>420,892</u>	<u>626,791</u>	<u>2,793,829</u>	<u>2,321,553</u>	<u>472,276</u>
6,680,805	2,578,724	18,667,494	25,868,512	116,228,934	107,682,173	8,546,761
13,863,027	3,698,125	886,321	2,769,197	117,494,605	113,636,318	3,858,287
<u>\$ 20,543,832</u>	<u>\$ 6,276,849</u>	<u>\$ 19,553,815</u>	<u>\$ 28,637,709</u>	<u>\$ 233,723,539</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,786,549	\$ 5,656,465	\$ 17,351,777	\$ 24,822,153	\$ -	<u>\$ 221,318,491</u>	\$ -
\$ (242,717)	\$ 620,384	\$ 2,202,038	\$ 3,815,556	\$ -	\$ -	<u>\$ 12,405,048</u>

Indianapolis Airport Authority
Schedule of Bond Debt Service Requirements to Maturity
December 31, 2024

	2023A Revenue Bonds		2023B-1 Revenue Bonds		2023B-2 Revenue Bonds		2022A Revenue Bonds		2022B-1 Revenue Bonds		2022B-2 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 390,000	\$ 3,573,390	\$ -	\$ 3,396,500	\$ 7,445,000	\$ 6,729,938	\$ 625,000	\$ 1,922,101	\$ -	\$ 4,179,413	\$ 85,000	\$ 3,458,438
2026	405,000	3,558,166	1,165,000	3,367,375	8,555,000	6,329,938	645,000	1,904,384	-	4,179,413	405,000	3,446,188
2027	440,000	3,541,984	1,220,000	3,307,750	8,990,000	5,891,313	680,000	1,885,901	-	4,179,413	1,070,000	3,409,313
2028	425,000	3,525,419	1,280,000	3,245,250	9,435,000	5,430,688	675,000	1,866,998	1,375,000	4,145,038	1,120,000	3,354,563
2029	440,000	3,508,855	1,345,000	3,179,625	13,050,000	4,868,563	690,000	1,847,957	1,445,000	4,074,538	1,180,000	3,297,063
2030	10,335,000	3,302,513	1,415,000	3,110,625	13,710,000	4,199,563	15,505,000	1,622,036	1,520,000	4,000,413	1,235,000	3,236,688
2031	10,760,000	2,898,544	1,485,000	3,038,125	14,385,000	3,497,188	16,125,000	1,180,798	1,595,000	3,922,538	1,295,000	3,173,438
2032	11,205,000	2,477,914	1,560,000	2,962,000	15,105,000	2,759,938	16,785,000	721,703	1,675,000	3,840,788	2,585,000	3,076,438
2033	11,675,000	2,039,762	1,635,000	2,882,125	15,865,000	1,985,688	17,475,000	243,776	1,755,000	3,755,038	5,560,000	2,872,813
2034	13,840,000	1,551,150	1,720,000	2,798,250	16,660,000	1,172,563	-	-	2,235,000	3,655,288	5,450,000	2,597,563
2035	14,405,000	1,010,258	1,805,000	2,710,125	900,000	733,563	-	-	2,885,000	3,527,288	5,185,000	2,331,688
2036	15,005,000	447,057	1,895,000	2,617,625	940,000	687,563	-	-	3,030,000	3,379,413	5,445,000	2,059,131
2037	4,170,000	79,856	1,990,000	2,520,500	985,000	639,438	-	-	3,185,000	3,224,038	5,730,000	1,765,788
2038	-	-	2,090,000	2,418,500	1,035,000	588,938	-	-	3,340,000	3,060,913	6,035,000	1,456,956
2039	-	-	2,195,000	2,311,375	1,095,000	534,319	-	-	3,505,000	2,889,788	6,350,000	1,131,850
2040	-	-	2,305,000	2,198,875	1,155,000	475,256	-	-	3,680,000	2,705,563	6,680,000	789,813
2041	-	-	2,420,000	2,080,750	1,210,000	413,175	-	-	3,870,000	2,507,375	7,030,000	429,925
2042	-	-	2,540,000	1,956,750	1,270,000	348,075	-	-	4,075,000	2,298,819	1,120,000	215,988
2043	-	-	2,665,000	1,826,625	1,340,000	279,563	-	-	4,290,000	2,079,238	935,000	162,044
2044	-	-	2,800,000	1,690,000	365,000	234,806	-	-	3,030,000	1,887,088	220,000	132,000
2045	-	-	2,940,000	1,546,500	385,000	215,119	-	-	3,195,000	1,723,681	230,000	120,750
2046	-	-	3,085,000	1,395,875	405,000	194,381	-	-	3,360,000	1,551,613	240,000	109,000
2047	-	-	3,240,000	1,237,750	425,000	172,594	-	-	3,540,000	1,370,488	255,000	96,625
2048	-	-	3,400,000	1,071,750	450,000	149,625	-	-	3,725,000	1,179,781	265,000	83,625
2049	-	-	3,570,000	897,500	475,000	125,344	-	-	3,915,000	984,125	280,000	70,000
2050	-	-	3,750,000	714,500	495,000	99,881	-	-	4,110,000	783,500	295,000	55,625
2051	-	-	3,940,000	522,250	525,000	73,106	-	-	4,320,000	572,750	305,000	40,625
2052	-	-	4,135,000	320,375	550,000	44,888	-	-	4,535,000	351,375	320,000	25,000
2053	-	-	4,340,000	108,500	580,000	15,225	-	-	4,760,000	119,000	340,000	8,500
2054	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 93,495,000</u>	<u>\$ 31,514,868</u>	<u>\$ 67,930,000</u>	<u>\$ 61,433,750</u>	<u>\$ 137,785,000</u>	<u>\$ 48,890,239</u>	<u>\$ 69,205,000</u>	<u>\$ 13,195,654</u>	<u>\$ 81,950,000</u>	<u>\$ 76,127,716</u>	<u>\$ 67,245,000</u>	<u>\$ 43,007,438</u>

Indianapolis Airport Authority
Schedule of Bond Debt Service Requirements to Maturity (Continued)
December 31, 2024

	2022B-3 Revenue Bonds		2019A Revenue Bonds		2019B Revenue Bonds		2019C-1 Revenue Bonds		2019C-2 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	2,795,000	1,211,808	605,000	768,390	19,435,000	5,016,375	-	2,247,450	755,000	650,125
2026	2,935,000	1,071,056	620,000	751,240	20,585,000	4,015,875	-	2,247,450	795,000	611,375
2027	3,075,000	922,368	635,000	733,670	21,825,000	2,955,625	-	2,247,450	830,000	570,750
2028	3,230,000	765,205	655,000	715,610	23,090,000	1,832,750	-	2,247,450	870,000	528,250
2029	3,390,000	599,027	675,000	696,990	24,450,000	644,250	-	2,247,450	915,000	483,625
2030	3,565,000	423,048	690,000	677,880	-	33,000	-	2,247,450	965,000	436,625
2031	3,745,000	236,437	710,000	658,280	-	33,000	-	2,247,450	1,015,000	387,125
2032	2,710,000	70,189	730,000	638,120	-	33,000	-	2,247,450	1,065,000	335,125
2033	-	-	750,000	617,400	-	33,000	-	2,247,450	1,120,000	280,500
2034	-	-	775,000	596,050	320,000	25,000	-	2,247,450	1,170,000	223,250
2035	-	-	795,000	574,070	340,000	8,500	-	2,247,450	1,230,000	163,250
2036	-	-	815,000	551,530	-	-	-	2,247,450	1,295,000	100,125
2037	-	-	840,000	528,360	-	-	-	2,247,450	1,355,000	33,875
2038	-	-	865,000	504,490	-	-	-	2,247,450	-	-
2039	-	-	885,000	479,990	-	-	-	2,247,450	-	-
2040	-	-	910,000	454,860	-	-	590,000	2,232,700	-	-
2041	-	-	935,000	429,030	-	-	4,125,000	2,114,825	-	-
2042	-	-	965,000	402,430	-	-	4,330,000	1,903,450	-	-
2043	-	-	990,000	375,060	-	-	4,545,000	1,681,575	-	-
2044	-	-	1,020,000	346,920	-	-	4,775,000	1,448,575	-	-
2045	-	-	1,045,000	318,010	-	-	5,010,000	1,229,000	-	-
2046	-	-	1,075,000	288,330	-	-	5,210,000	1,024,600	-	-
2047	-	-	1,105,000	257,810	-	-	5,420,000	812,000	-	-
2048	-	-	1,135,000	226,450	-	-	5,635,000	590,900	-	-
2049	-	-	1,170,000	194,180	-	-	5,860,000	361,000	-	-
2050	-	-	1,200,000	161,000	-	-	6,095,000	121,900	-	-
2051	-	-	1,235,000	126,910	-	-	-	-	-	-
2052	-	-	1,270,000	91,840	-	-	-	-	-	-
2053	-	-	1,305,000	55,790	-	-	-	-	-	-
2054	-	-	1,340,000	18,760	-	-	-	-	-	-
	<u>\$ 25,445,000</u>	<u>\$ 5,299,138</u>	<u>\$ 27,745,000</u>	<u>\$ 13,239,450</u>	<u>\$ 110,045,000</u>	<u>\$ 14,630,375</u>	<u>\$ 51,595,000</u>	<u>\$ 47,232,275</u>	<u>\$ 13,380,000</u>	<u>\$ 4,804,000</u>

Indianapolis Airport Authority
Schedule of Bond Debt Service Requirements to Maturity (Continued)
December 31, 2024

	2019D Revenue Bonds		2016A-1 Revenue Bonds		2016A-2 Revenue Bonds		2015A Revenue Bonds		Total Debt
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service
2025	2,633,785	832,388	2,910,000	1,913,300	90,000	129,585	16,250,000	7,496,500	\$ 97,544,486
2026	2,702,790	762,479	3,055,000	1,764,175	95,000	126,630	16,925,000	6,748,375	99,771,909
2027	2,773,604	690,739	3,210,000	1,607,550	95,000	123,595	17,800,000	5,880,250	100,591,275
2028	2,846,272	617,118	2,145,000	1,473,675	-	122,077	18,720,000	4,967,250	100,703,613
2029	1,000	579,819	2,255,000	1,363,675	-	122,077	16,215,000	4,093,875	97,658,389
2030	1,000	579,793	2,365,000	1,248,175	-	122,077	17,055,000	3,262,125	96,863,011
2031	1,000	579,767	2,485,000	1,126,925	-	122,077	17,955,000	2,386,875	97,044,567
2032	1,000	579,740	2,610,000	1,012,600	-	122,077	18,885,000	1,465,875	97,258,957
2033	1,000	579,714	2,715,000	906,100	-	122,077	19,875,000	496,875	97,488,318
2034	2,920,975	541,436	2,820,000	795,400	-	122,077	-	-	64,236,452
2035	2,997,505	463,904	18,475,000	369,500	1,520,000	92,483	-	-	64,769,584
2036	3,076,039	384,341	-	-	1,615,000	31,441	-	-	45,621,715
2037	3,156,632	302,693	-	-	-	-	-	-	32,753,630
2038	3,239,335	218,906	-	-	-	-	-	-	27,100,488
2039	3,324,206	132,923	-	-	-	-	-	-	27,081,901
2040	3,411,300	44,688	-	-	-	-	-	-	27,633,055
2041	-	-	-	-	-	-	-	-	27,565,080
2042	-	-	-	-	-	-	-	-	21,425,512
2043	-	-	-	-	-	-	-	-	21,169,105
2044	-	-	-	-	-	-	-	-	17,949,389
2045	-	-	-	-	-	-	-	-	17,958,060
2046	-	-	-	-	-	-	-	-	17,938,799
2047	-	-	-	-	-	-	-	-	17,932,267
2048	-	-	-	-	-	-	-	-	17,912,131
2049	-	-	-	-	-	-	-	-	17,902,149
2050	-	-	-	-	-	-	-	-	17,881,406
2051	-	-	-	-	-	-	-	-	11,660,641
2052	-	-	-	-	-	-	-	-	11,643,478
2053	-	-	-	-	-	-	-	-	11,632,015
2054	-	-	-	-	-	-	-	-	1,358,760
	<u>\$ 33,087,443</u>	<u>\$ 7,890,448</u>	<u>\$ 45,045,000</u>	<u>\$ 13,581,075</u>	<u>\$ 3,415,000</u>	<u>\$ 1,358,273</u>	<u>\$ 159,680,000</u>	<u>\$ 36,798,000</u>	<u>\$ 1,406,050,142</u>

Indianapolis Airport Authority

Single Audit Report

December 31, 2024

Indianapolis Airport Authority
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**Indianapolis Airport Authority
Schedule of Governmental Awards
Year Ended December 31, 2024**

Federal Grantor/ Pass-Through Grantor/ Program Title/ Grant Name	Federal Assistance Listing Number	Federal Grant Number	State Grant Number	Total Grant Amount	Grant Reimbursements Receivable (Payable) at Beginning of Year	Receipts/ Credits	Disbursements/ Expenditures	Grant Reimbursements Receivable (Payable) at End of Year
U.S. Department of Commerce Economic Development Adjustment Assistance	11.307	COVID-19: 06-79-06328		\$ 3,830,498	\$ 261,629	\$ -	\$ 373,215	\$ 634,844
U.S. Department of Transportation - Federal Aviation Administrative (FAA) Airport Improvement Program (AIP)								
Indianapolis International Airport	20.106	3-18-0038-167		8,517,837	1,439,467	2,053,505	614,038	-
	20.106	3-18-0038-168		13,333,333	539,839	794,356	254,517	-
	20.106	3-18-0038-169		1,874,000	907,665	1,092,303	265,888	81,250
	20.106	3-18-0038-170		4,250,000	172,073	253,201	81,128	-
	20.106	3-18-0038-173		56,345,957	6,440,749	2,379,643	-	4,061,106
	20.106	3-18-0038-174		956,640	-	956,640	956,640	-
	20.106	3-18-0038-176		9,500,000	1,085,918	401,210	-	684,708
	20.106	3-18-0038-178		11,733,247	5,174,372	3,883,714	-	1,290,658
	20.106	3-18-0038-179		23,592,684	10,306,392	7,809,196	-	2,497,196
	20.106	3-18-0038-180		8,862,581	858,463	7,887,697	8,004,118	974,884
	20.106	3-18-0038-181		26,636,694	-	-	26,636,694	26,636,694
	20.106	3-18-0038-182		22,583,437	-	-	925,387	925,387
	20.106	3-18-0038-183		2,100,000	-	-	355,027	355,027
	20.106	3-18-0038-184		9,331,196	-	-	396,594	396,594
	20.106	3-18-0038-185		1,875,000	-	-	6,319	6,319
	20.106	3-18-0038-186		5,000,000	-	-	3,555,360	3,555,360
	21.106	(A)		-	(3,829,615)	1,627,868	759,992	(4,697,491)
Indianapolis Regional Airport	20.106	3-18-0037-20		360,000	49,216	49,216	-	-
	20.106	3-18-0037-22		165,064	61,872	61,872	-	-
	20.106	3-18-0037-25		301,442	-	28,959	65,119	36,160
	20.106	3-18-0037-26		612,300	-	28,959	28,959	-
Eagle Creek Airpark	20.106	3-18-0039-29		149,562	36,473	25,595	10,881	21,759
	20.106	3-18-0039-31		165,394	18,157	18,157	-	-
	20.106	3-18-0039-32		587,000	587,000	587,000	-	-
Indianapolis Metropolitan Airport	20.106	3-18-0040-31		340,942	340,942	303,438	-	37,504
	20.106	3-18-0040-32		235,494	-	133,499	235,494	101,995
Hendricks County	20.106	3-18-0093-20		316,606	-	18,780	51,780	33,000
	20.106	3-18-0093-23		150,000	-	29,616	75,115	45,499

**Indianapolis Airport Authority
Schedule of Governmental Awards (Continued)
Year Ended December 31, 2024**

Federal Grantor/ Pass-Through Grantor/ Program Title/ Grant Name	Federal CFDA Number	Federal Grant Number	State Grant Number	Total Grant Amount	Grant Reimbursements Receivable (Payable) at Beginning of Year	Receipts/ Credits	Disbursements/ Expenditures	Grant Reimbursements Receivable (Payable) at End of Year
State of Indiana - Department of Transportation, Aeronautics Section								
Indianapolis Regional Airport			2037020	\$ 20,000	\$ 2,734	\$ 684	\$ -	\$ 2,050
			68059	16,747	-	1,609	3,618	2,009
			77674	34,017	-	1,609	1,609	-
Eagle Creek Airpark			68057	9,189	1,009	1,009	-	-
			78151	32,611	32,611	32,611	-	-
Indianapolis Metropolitan Airport			76011	18,941	18,941	16,858	-	2,083
			87172	13,083	-	-	13,083	13,083
Hendricks County			67843	8,333	-	-	4,173	4,173
					<u>\$ 24,505,907</u>	<u>\$ 30,478,804</u>	<u>\$ 43,674,748</u>	<u>\$ 37,701,851</u>

Notes to Schedule:

(A) The Authority has sold land which was originally acquired with federal and state funds. Accordingly, the Authority has recorded amounts due back to the granting agencies in the financial statements and those amounts are reflected in the Schedule under the various grant numbers. Proceeds from and sales for the year ended December 31, 2024 totaled \$1,751,620, of which \$1,397,875 is due back to granting agencies.

**Indianapolis Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Grantor/ Pass-Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce Economic Development Cluster Economic Development Adjustment Assistance Indianapolis International Airport	11.307	COVID-19: 06-79-06328	\$ -	\$ 373,215
U.S. Department of Transportation - Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Indianapolis International Airport	20.106	3-18-0038-167	-	614,038
	20.106	3-18-0038-168	-	254,517
	20.106	3-18-0038-169	-	265,888
	20.106	3-18-0038-170	-	81,128
	20.106	3-18-0038-174	-	956,640
	20.106	3-18-0038-180	-	8,004,118
	20.106	3-18-0038-181	-	26,636,694
	20.106	3-18-0038-182	-	925,387
	20.106	3-18-0038-183	-	355,027
	20.106	3-18-0038-184	-	396,594
	20.106	3-18-0038-185	-	6,319
	20.106	3-18-0038-186	-	3,555,360
	20.106	*	-	759,992
Indianapolis Regional Airport	20.106	3-18-0037-25	-	65,119
	21.106	3-18-0037-26	-	28,959
Eagle Creek Airpark	20.106	3-18-0039-29	-	10,881
Indianapolis Metropolitan Airport	20.106	3-18-0040-32	-	235,494
Hendricks County	20.106	3-18-0093-20	-	51,780
	20.106	3-18-0093-23	-	75,115
Total U.S. Department of Transportation - Federal Aviation Administration			-	43,279,050
Grand Total			\$ -	\$ 43,652,265

* Amounts represent Authority land sale proceeds due back to the FAA and related expenditures associated with the Sustainability Management Plan & Resiliency Management Plan Project and Remote Overnight Apron Parking Project approved by the FAA as of July 29, 2021 and September 16, 2021, respectively.

Indianapolis Airport Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

Note 3. Indirect Cost Rate

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

The Authority administered no federal loans during the year ended December 31, 2024.

Note 5. Sale of Land Acquired with Federal Funds

The Authority has sold land which was originally acquired with federal funds. Accordingly, the Authority has recorded amounts due back to the Federal Aviation Administration in the financial statements and those amounts are reflected in the Schedule under the various federal grant numbers. Land sales for the year ended December 31, 2024 totaled \$1,751,620, of which \$1,408,016 is due to the Department of Transportation.

**Indianapolis Airport Authority
Schedule of Passenger Facility Charge Revenues and Expenditures
Year Ended December 31, 2024**

Revenues	Date Approved	Amount Approved For Use	Cumulative Total - December 31, 2023	Quarter Ended				Year Ended December 31, 2024	Cumulative Total - December 31, 2024
				March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024		
Passenger facility charge revenues received			\$ 438,637,789	\$ 4,741,307	\$ 5,401,464	\$ 5,078,397	\$ 4,762,840	\$ 19,984,008	\$ 458,621,797
Interest earned			7,664,131	292,608	447,346	327,788	352,566	1,420,308	9,084,439
Total passenger facility charge revenue received			<u>\$ 446,301,920</u>	<u>\$ 5,033,915</u>	<u>\$ 5,848,810</u>	<u>\$ 5,406,185</u>	<u>\$ 5,115,406</u>	<u>\$ 21,404,316</u>	<u>\$ 467,706,236</u>
Expenditures									
Application 93-01	June 28, 1993	\$ 68,562,881	\$ 68,562,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,562,881
Application 96-02	December 20, 1996	12,263,018	12,263,018	-	-	-	-	-	12,263,018
Application 01-03	March 28, 2001	111,120,207	30,372,917	-	9,500,000	-	9,500,000	19,000,000	49,372,917
Application 03-04	August 25, 2003	443,929,000	314,392,021	-	-	-	-	-	314,392,021
Total passenger facility charge revenue expended		<u>\$ 635,875,106</u>	<u>\$ 425,590,837</u>	<u>\$ -</u>	<u>\$ 9,500,000</u>	<u>\$ -</u>	<u>\$ 9,500,000</u>	<u>\$ 19,000,000</u>	<u>\$ 444,590,837</u>

Notes to Schedule:

1. Revenues and expenditures on approved projects in the schedule above agree to the Passenger Facility Charge Quarterly Status Reports (PFC Reports) submitted by the Authority to the FAA.
2. Effective August 25, 2003, a total of \$524,513,829 has been approved to be imposed and collected on behalf of the Authority and used by the Authority. On June 18, 2007, the Authority received an additional Use Approval of \$393,777 on Application 96-02. On February 11, 2022, the Authority received an additional Use Approval of \$110,967,500 on Applications 01-03 and 03-04.
3. Applications 93-01 and 96-02 have been closed out.

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

Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Indianapolis Airport Authority (Authority), which comprise the Authority's statement of net position as of December 31, 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2025.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Forvis Mazars, LLP

**Indianapolis, Indiana
April 18, 2025**

Report on Compliance for the Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Governmental Awards and Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Governmental Awards and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Authority’s basic financial statements. We have issued our report thereon dated April 18, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of governmental awards and schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the Uniform Guidance and are 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Indianapolis, Indiana
April 18, 2025**

Report on Compliance for the Passenger Facility Charge Program, Report on Internal Control Over Compliance and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures

Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Indianapolis Airport Authority (Authority)'s compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide) that could have a direct and material effect on the Authority's passenger facility charge program for the year ended December 31, 2024.

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

Basis for Opinion on the 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 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 each 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 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Passenger Facility Charge Revenues and Expenditures

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements. We have issued our report thereon dated April 18, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charge revenues and expenditures is presented for purposes of additional analysis as required by 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Indianapolis, Indiana
April 18, 2025**

**Indianapolis Airport Authority
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified** **Qualified** **Adverse** **Disclaimer**

2. Internal control over financial reporting:

Significant deficiency(ies) identified? **Yes** **None Reported**

Material weakness(es) identified? **Yes** **No**

3. Noncompliance material to the financial statements noted? **Yes** **No**

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? **Yes** **None Reported**

Material weakness(es) identified? **Yes** **No**

5. Type of auditor’s report issued on compliance for major federal award program(s):

- Unmodified** **Qualified** **Adverse** **Disclaimer**

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes** **No**

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,309,568.

9. Auditee qualified as a low-risk auditee? **Yes** **No**

**Indianapolis Airport Authority
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2024**

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Indianapolis Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024**

Reference Number	Summary of Finding	Status
2023-001	Airport Improvement Program (AIP) The Authority applied the incorrect federal participation rate when calculating the federal funds to be reinvested in the program resulting from a sale of property previously acquired using AIP funds. The Authority applied an 80% participation rate to three parcels that were sold during 2023, when the actual federal participation rate was 90%. The impact of applying the incorrect participation rate resulted in the Authority understating the amount to be reinvested in the program or returned to the FAA by \$216,491.	Fully Corrected

**Indianapolis Airport Authority
 Passenger Facility Charge Audit Summary
 Year Ended December 31, 2024**

Summary of Auditor's Results

- | | | | |
|-----|---|--|---|
| 1. | Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 2. | Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 3. | Quarterly revenue and disbursements reconciled with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. | PFC revenue and interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. | The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. | Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. | Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. | PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. | Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. | Quarterly reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. | Project design and implementation is carried out in accordance with Assurance 9. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 13. | Program administration is carried out in accordance with Assurance 10. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 14. | For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <input type="checkbox"/> Yes | <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |