# 2025
## ANNUAL REPORT


SIOUX FALLS REGIONAL AIRPORT

# Letter from the Chair

In 2025, Sioux Falls Regional Airport reinforced its role as a major transportation hub for the region. Passenger traffic rose 5.9%, setting a record for the fourth consecutive year. Enplanements reached 754,686, while total passenger traffic exceeded 1,505,874 travelers. The region's economic growth and competitive airfares helped drive strong demand for commercial air service.

The Sioux Falls Airport Authority continued working to strengthen existing commercial service and pursue new nonstop destinations. Throughout 2025, the Authority discussed potential service to Washington, D.C.; Salt Lake City; Los Angeles; Sarasota; and New York with all incumbent carriers. Although no new routes launched in 2025, United, Delta, and American upgraded regional jet service to mainline Boeing 737 and Airbus A320 aircraft. Available seats increased 4.7%, helping drive overall traffic growth.

In 2025, several airfield projects were completed, including improvements to the Runway Safety Areas along Runway 3/21 and a major cargo apron expansion to support additional wide-body aircraft activity for UPS and future cargo carriers. The $11.1 million project began in fall 2024 and was completed in late 2025. The first phase of a terminal apron expansion was also completed in summer 2025 to improve aircraft access to the new terminal concourse and gate addition. Phase 2 of the $10.6 million project began in fall 2025, with most of the apron expected to be complete by year-end 2026.

Over the past two years, the leadership team has devoted significant time to the design, development, and funding of a generational project to build a new passenger concourse with five additional gates to meet growing airline and traveler demand. Construction on the $120 million project began in August. The main portion is expected to open in summer 2027, with final completion anticipated in early 2028. Considerable effort has gone into funding the project, including a $30 million congressionally designated spending grant and other federal support. The airport also finalized an additional $20 million in airport revenue bonds to ensure the full project scope can be completed.

As I conclude my year as chairman, I want to thank my fellow Commissioners, John Taylor, Dan Statema, Eric Ellefson and Kent Cutler for their council and support. I would also like to thank Dan Letellier, Richard King and Kristin Elgersma and our great service and field staff for all their help this past year.

I sincerely appreciate the opportunity to serve as Chairman this past year and look forward to the growth and improvements at the Sioux Falls Regional Airport. Thank You.

Blake Curd

Dr. Blake Curd, *Chairman*

# Sioux Falls Regional Airport Authority Commissioners

Blake Curd
Airport Authority Chairman
Orthopedic Surgeon

John Taylor
Airport Authority Vice-Chair
Attorney

Kent Cutler
Attorney/Business Owner

Eric Ellefson
Managing Partner/Click Rain

Dan Statema
CMO-Loft Advisors

Dan Letellier
Executive Director

Richard King
Deputy Director

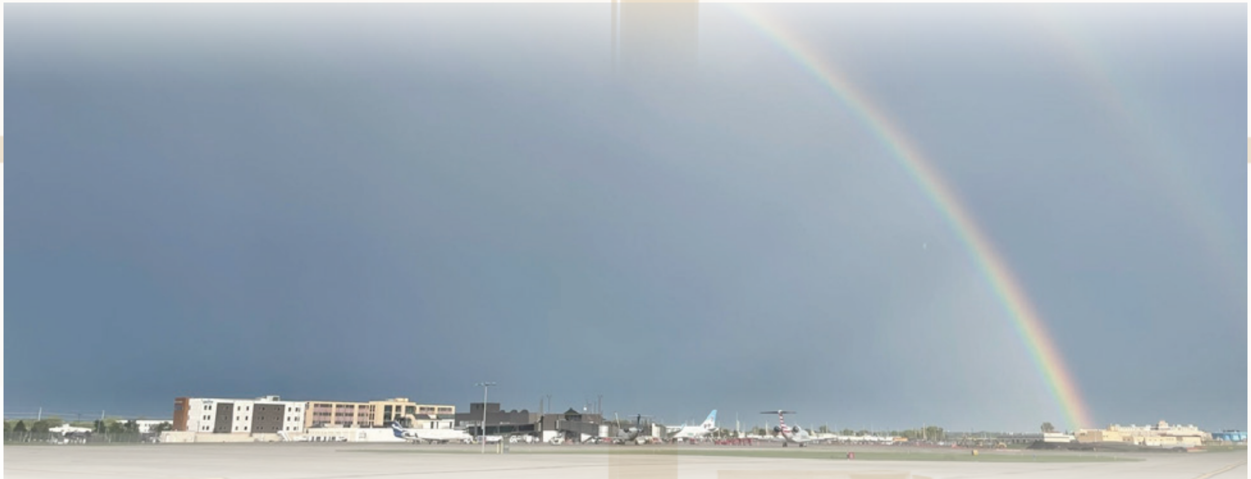
# Construction Projects

Cargo Apron Expansion

New Concourse Expansion

Terminal Apron Expansion

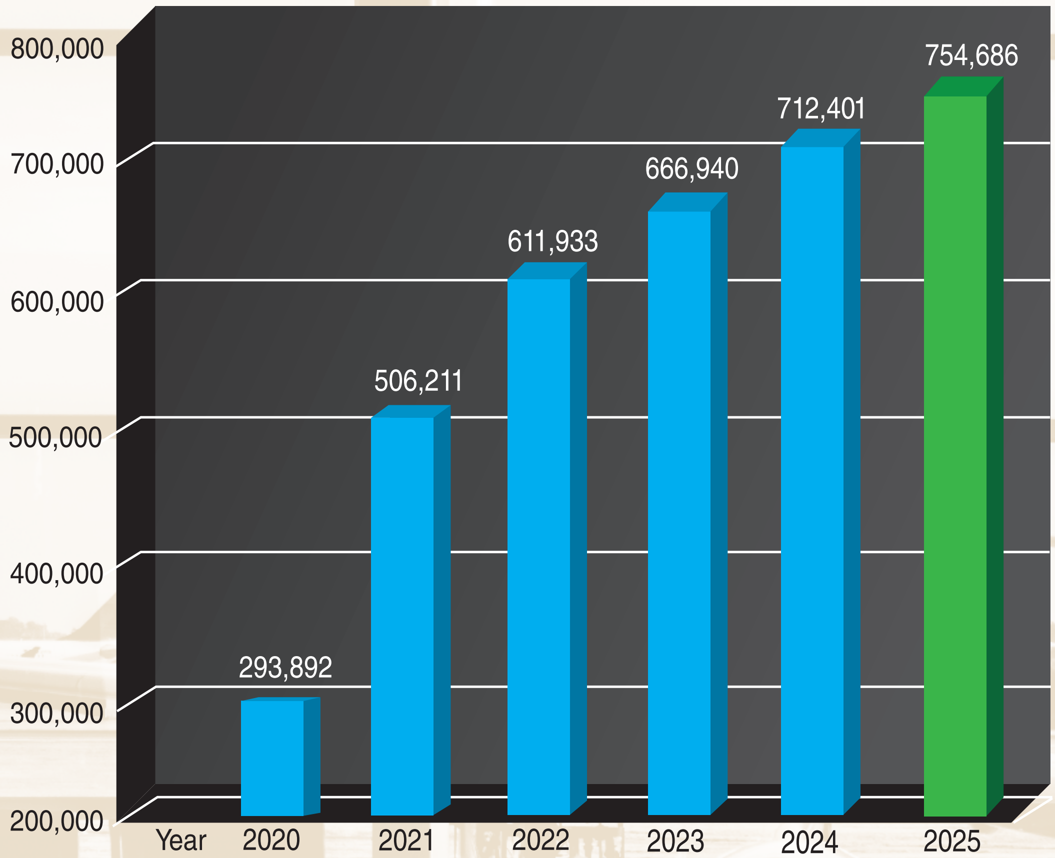
# Flight Activity



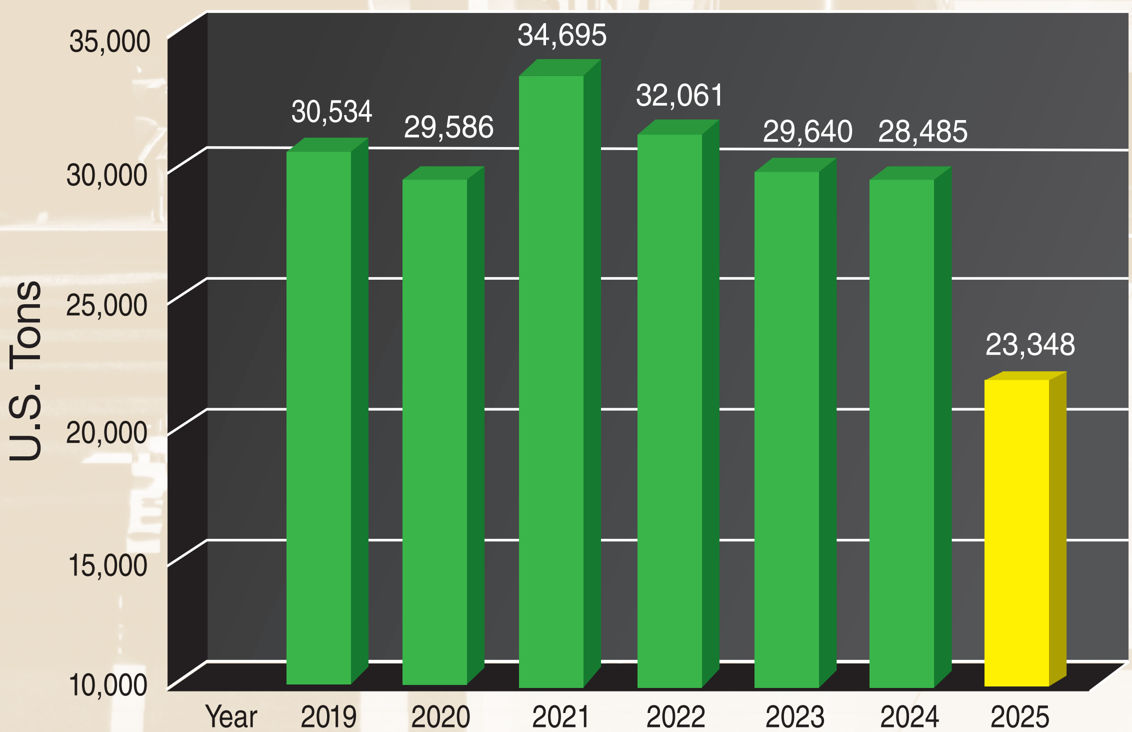



## Operations Summary

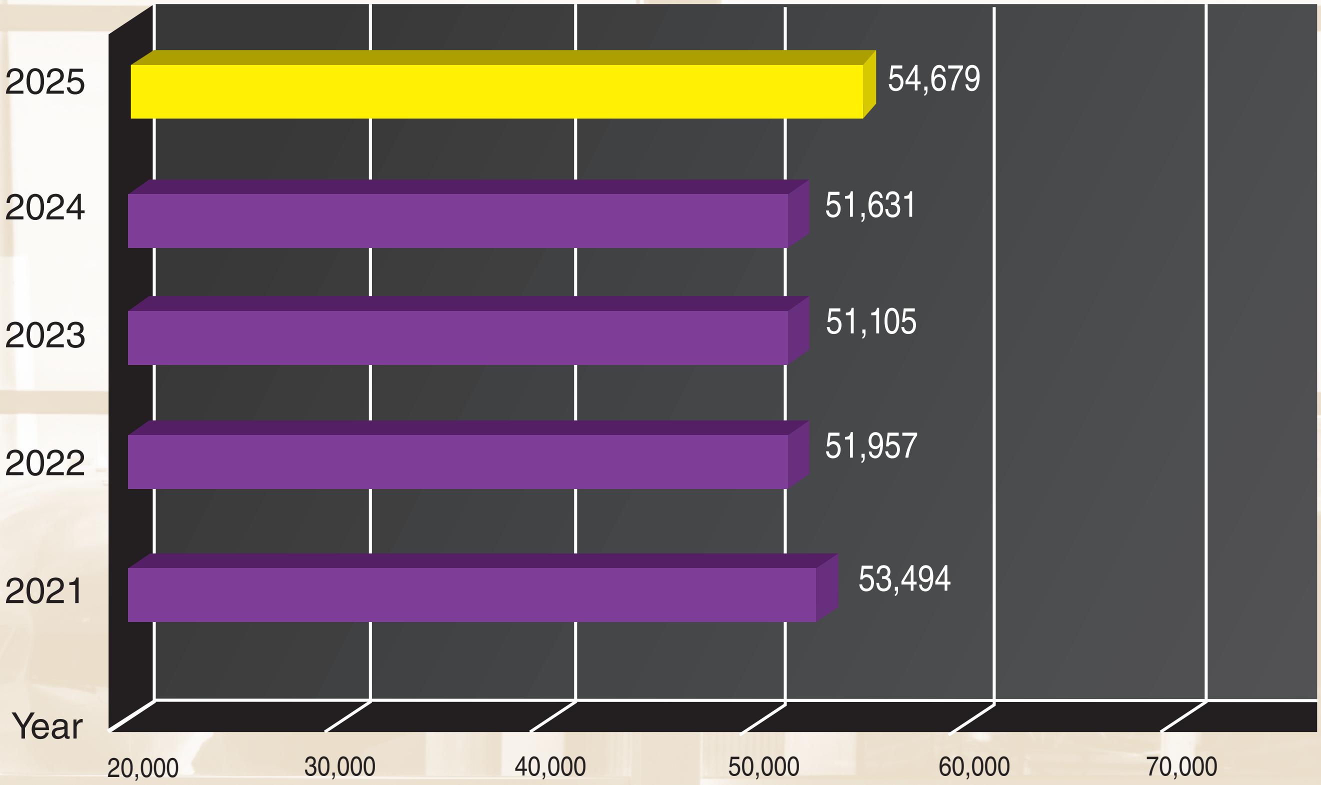
# Passenger Enplanements



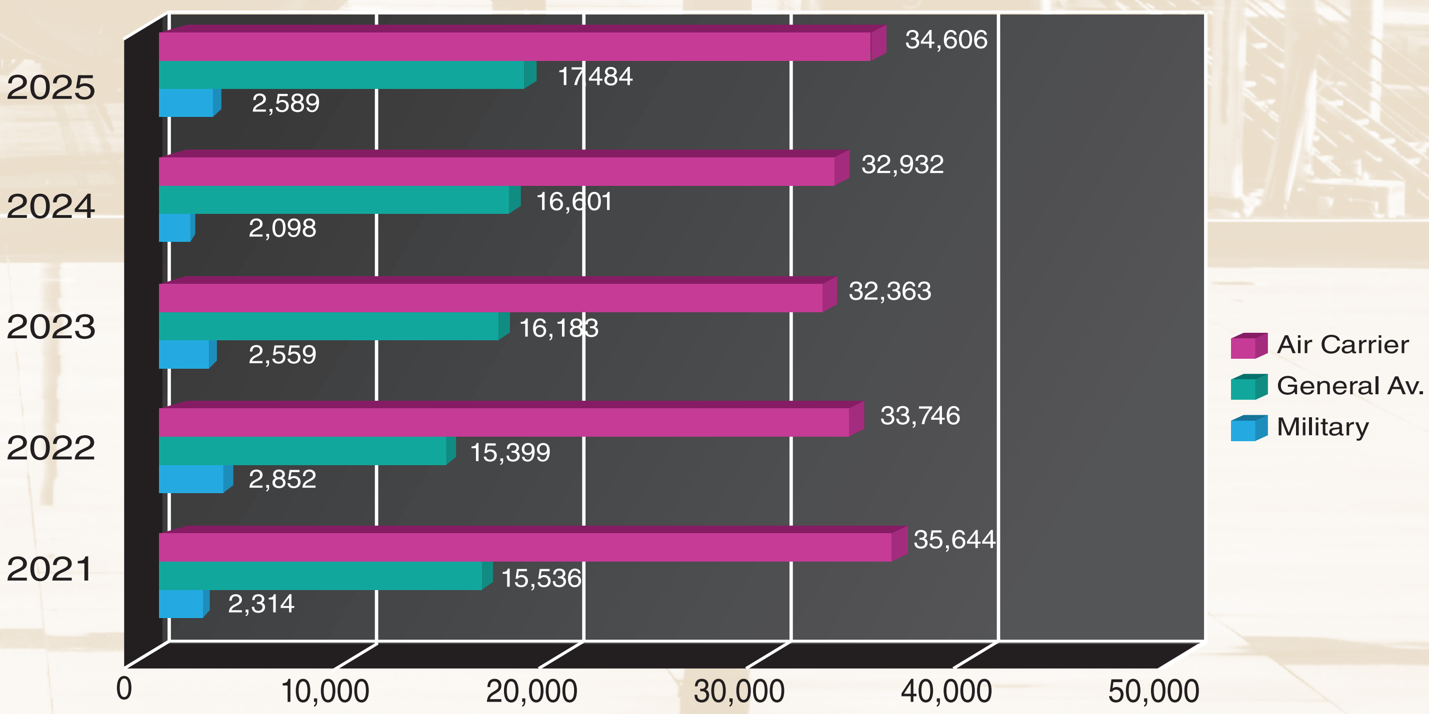

# Freight Activity



# Traffic Operations




# Air Traffic Movements



# Management's Discussion and Analysis

This discussion and analysis present the highlights of financial activities and financial position for Sioux Falls Regional Airport Authority ("the Authority"). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, and specific issues related to funds and the economic factors affecting the Authority.

Management's Discussion and Analysis (MD&A) focuses on current year activities and the resulting changes. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

The Sioux Falls Regional Airport continued to see record levels of passenger traffic in 2025. Total passengers increased 5.6% for a total number of 1,505,874 travelers which was a new record. 2025 marked the fourth year in a row of record traffic. Concession revenue increased as well, with parking revenue increasing 25.4% compared to the previous year, which was another record.

The Sioux Falls Regional Airport saw increased commercial flight activity and upgrades in aircraft type throughout the year contributing to the record level of passengers. Cargo, military, and general aviation flight operations were at similar levels to previous years.

Numerous airfield projects were accomplished in 2025 which included work to correct the Runway Safety Areas along runway 3/21 as well as a significant cargo apron expansion which will allow for increased wide-body aircraft activity for UPS and future cargo carriers. The $11.1 million project began in the Fall of 2024 and was completed in late 2025. The first phase of a terminal apron expansion project was also accomplished in the summer of 2025 to facilitate aircraft access to the new terminal concourse and gate addition. Phase 2 of the $10.6 million project was kicked off in the Fall of 2025 with a majority of the apron expected to be complete by year-end in 2026.

The leadership team has spent significant time over the past two years with the development/design and funding of a generational project to construct a new passenger concourse to add 5 new gates to meet the increasing demands of airlines and the traveling public. Construction on the $120 million project commenced in August. The core project is expected to open in the summer of 2027 with final completion in early 2028. Considerable time and effort have gone into the funding of this project which secured a $30 million congressionally designated spending grant as well as other federal funding. The airport also finalized an additional $20 million in airport revenue bonds to ensure the full project scope would be completed.

In 2025 the largest operating revenue source was parking lot revenue at $10,387,233, up 25.4% from 2024. The Authority's second largest operating revenue source was airline fees, which are negotiated based on actual costs. The Authority's third largest operating revenue source was car rental commissions, up 5.4% versus the prior year. In 2025, on site-car rental agency revenue reported to the Authority totaled $23,974,275 resulting in commissions paid to the Authority of $2,575,447.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Statements of Net Position provides information about the liquidity and solvency of the Authority by indicating the nature and the amounts of investments in resources (assets), its deferred outflows of resources, obligations to Authority creditors (liabilities), its deferred inflows of resources and its resulting net position. Net position represents the amount of total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement separates assets and liabilities into current and non-current components.

The Statements of Revenues, Expenses, and Changes in Net Position provides information for all of the revenues and expenses in order to measure the success of the Authority's operations over the past year. This statement is organized by separating operating revenues and expenses from nonoperating revenues and expenses. Transactions which are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as components of nonoperating revenues.

The Statements of Cash Flows provides information about the net change in the Authority's cash and cash equivalents and is presented using the direct method of reporting. It provides information about the Authority's cash receipts, cash payments and net changes in cash resulting from operating, investing, and financing activities. Cash receipts and payments are presented in this statement to arrive at the net increase or decrease in cash and cash equivalents for each year.

These statements provide long-term and short-term information about the Authority's financial status. These statements are accompanied by a complete set of Notes to the Financial Statements that communicate information essential for fair presentation of the basic financial statements. As such, the Notes form an integral part of the basic financial statements.

The following tables show the significant changes that have taken place over the past three fiscal years ended December 31, 2025, 2024 and 2023.

**Changes in Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total Assets** | | | |
| Capital | $ 237,235,599 | $ 223,861,099 | $ 201,242,134 |
| Other | 53,691,548 | 24,817,549 | 28,076,236 |
| Total Assets | 290,927,147 | 248,678,648 | 229,318,370 |
| **Deferred Outflow of Resources** | 646,074 | 559,167 | 639,277 |
| **Liabilities** | | | |
| Long-term | 27,122,533 | 7,294,563 | 3,049,268 |
| Other | 2,132,414 | 1,874,959 | 5,285,573 |
| Total Liabilities | 29,254,947 | 9,169,522 | 8,334,841 |
| **Deferred Inflow of Resources** | 7,568,886 | 8,266,009 | 6,699,082 |
| **Net Position** | | | |
| Net investment in capital assets | $ 230,552,638 | $ 215,256,082 | $ 198,242,134 |
| Restricted for capital projects | 1,163,643 | 933,549 | 842,925 |
| Restricted for pension benefits | 284,471 | 142,078 | 222,408 |
| Unrestricted | 22,748,636 | 15,470,575 | 15,616,257 |
| Total Net Position | $ 254,749,388 | $ 231,802,284 | $ 214,923,724 |

**Changes in Statement of Revenues, Expenses, and Net Position**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Operating Revenues** | | | |
| Rentals and commissions, net | $16,324,238 | $13,944,376 | $ 11,955,288 |
| Landing fees | | 2,162,569 | 1,773,861 |
| State security reimbursements | 2,294,060 | 46,970 | 137,425 |
| Fines, forfeitures and other revenue | 912,429 | 740,152 | 962,160 |
| Total Operating Revenues | 19,530,727 | 16,894,067 | 14,828,734 |
| **Operating Expenses** | | | |
| Depreciation | 8,481,872 | 7,405,580 | 6,952,830 |
| Personnel | 3,306,762 | 3,739,437 | 3,306,584 |
| Professional services | 1,696,775 | 1,449,509 | 1,361,748 |
| Utilities and bulk energy | 1,005,821 | 922,189 | 854,438 |
| Repairs and maintenance | 704,238 | 621,990 | 615,856 |
| Supplies and materials | 1,447,232 | 1,250,483 | 1,577,889 |
| Insurance | 382,129 | 271,717 | 266,565 |
| Other expenses | 1,148,612 | 1,204,760 | 1,245,509 |
| Total Operating Expenses | 18,173,441 | 16,865,665 | 16,181,419 |
| **Operating Income (Loss)** | 1,357,286 | 28,402 | (1,352,685) |
| **Nonoperating Revenues (Expenses)** | | | |
| Passenger facility charges | 3,104,138 | 2,948,312 | 2,722,074 |
| Customer facility charges | 968,266 | 977,118 | 893,964 |
| Federal and state grants | 16,613,834 | 11,025,347 | 9,092,838 |
| Taxes, air flight, net | 408,799 | 408,498 | 514,973 |
| Interest and investment income | 1,175,543 | 1,259,608 | 2,302,815 |
| Loss on disposal or retirement of property and equipment | 240 | (5,628) | (331,376) |
| Debt issuance cost | (778,824 | (303,475) | (10,000) |
| Miscellaneous | 97,822 | 540,378 | 587 |
| Total Non-Operating Revenues | 21,589,818 | 16,850,158 | 15,185,875 |
| **Change in Net Position** | $22,947,104 | $16,878,560 | $13,833,190 |

The Authority's total net position increased $16,878,560 or 7.9% over the course of this year's operations.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of December 31, 2025, the Authority had investments in capital assets of $237,235,599 as reflected in the following table. Total depreciation expense for the year ended December 31, 2025, was $8,481,872.

**LONG-TERM LIABILITIES**

At year end, the Authority had long term liabilities of $27,122,533, consisting of notes payable of $26,844,753 and compensated absences of $277,780. More detailed information about the Authority's long-term liabilities is presented in Note 6 to the financial statements.

**FACTORS BEARING ON THE AUTHORITY'S FUTURE**

The Sioux Falls Regional Airport is supported by a strong local economy which drives leisure and business travel. The Airport continues on firm footing with a modest growth forecast in 2026 of 2-3%. The region continues to see an influx of population that will support stable growth for years to come.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Administration Manager, 2801 N Jaycee Lane, Sioux Falls SD 57104 or visit the Authority's website at www.sfairport.com.

## Sioux Falls Regional Airport Authority
## Capital Assets and Debt Administration
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Capital Assets** | | | |
| Land | $ 1,152,384 | $ 1,152,384 | $ 1,152,384 |
| Construction in Progress | 17,466,717 | 8,486,490 | 57,579,384 |
| Buildings | 137,029,824 | 136,999,699 | 63,434,747 |
| Improvements, Other Than Buildings | 160,392,638 | 148,136,528 | 144,740,259 |
| Machinery and Equipment | 15,977,320 | 15,387,410 | 13,306,972 |
| Accumulated Depreciation | (94,783,284) | (86,301,412) | (78,971,612) |
| **Total Capital Assets** | $ 237,235,599 | $ 223,861,099 | $ 201,242,134 |

## Sioux Falls Regional Airport Authority - Statements of Net Position
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 17,235,987 | $ 11,625,766 |
| Restricted cash | 1,163,643 | 933,549 |
| Cash with fiscal agent | 21,233,239 | -0 |
| Accounts receivable | 843,502 | 799,933 |
| Grants receivable | 4,274,357 | 1,977,012 |
| Interest receivable | 100,161 | 99,050 |
| Passenger facility charges receivable | 460,030 | 460,030 |
| Customer facility charges receivable | 66,570 | 69,276 |
| Current portion of leases receivable | 1,763,411 | 1,652,025 |
| Inventories | 202,932 | 220,399 |
| Prepaid expenses | 152,851 | 136,807 |
| Total current assets | 47,496,694 | $ 17,973,847 |
| **Other Assets** | | |
| Long-term leases receivable | 6,187,956 | 6,840,400 |
| Pension asset | 6,898 | 3,302 |
| Total other assets | 6,194,854 | 6,843,702 |
| **Capital Assets** | | |
| Land | 1,152,384 | 1,152,384 |
| Construction in progress | 17,466,717 | 8,486,490 |
| Buildings | 137,029,824 | 136,999,699 |
| Improvements other than buildings | 160,392,638 | 148,136,528 |
| Machinery and equipment | 15,977,320 | 15,387,410 |
| | 332,018,883 | 310,162,511 |
| Less accumulated depreciation | (94,783,284) | (86,301,412) |
| Total capital assets | 237,235,599 | 223,861,099 |
| Total assets | 290,927,147 | 248,678,648 |
| Deferred Outflow of Resources | | |
| Related to pension | 646,074 | 559,167 |

| | 2025 | 2024 |
|---|---|---|
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 2,062,933 | $ 1,805,478 |
| Accrued salaries | 69,481 | 69,481 |
| Current maturities of notes and bonds payable | 2,786,882 | 1,782,113 |
| Compensated absences | 38,562 | 51,025 |
| Total current liabilities | 4,957,858 | 3,707,097 |
| **Long-Term Liabilities** | | |
| Notes and bonds payable, net of current maturities | 24,057,871 | 5,218,887 |
| Compensated absences - long-term | 239,218 | 243,538 |
| Total long-term liabilities | 24,297,089 | 5,462,425 |
| Total liabilities | 29,254,947 | 9,169,522 |
| **Deferred Inflow of Resources** | | |
| Related to pension | 368,501 | 420,391 |
| Related to leases | 7,200,385 | 7,845,618 |
| Total deferred inflow of resources | 7,568,886 | 8,266,009 |
| **Net Position** | | |
| Net investment in capital assets | 230,552,638 | 215,256,082 |
| Restricted for PFC capital projects | 1,163,643 | 933,549 |
| Restricted for pension benefits | 284,471 | 142,078 |
| Unrestricted | 22,748,636 | 15,470.575 |
| Total net position | 254,749,388 | $ 231,802,284 |

## Sioux Falls Regional Airport Authority
## Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 | Dollar Change | Percentage Change |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Rentals and commissions, net | $16,324,238 | $13,944,376 | $2,379,862 | 17.1% |
| Landing fees | 2,294,060 | 2,162,569 | 131,491 | 6.1% |
| State security reimbursements | -0 | 46,970 | (46,970) | -100% |
| Fines, forfeitures and other revenue | 912,429 | 740,152 | 172,277 | 23.3% |
| Total operating revenues | 19,530,727 | 16,894,067 | 2,636,660 | 15.6% |
| **Operating Expenses** | | | | |
| Depreciation | 8,481,872 | 7,405,580 | 1,076,292 | 14.5% |
| Personnel | 3,306,762 | 3,739,437 | (432,675) | -11.6% |
| Professional services | 1,696,775 | 1,449,509 | 247,266 | 17.1% |
| Utilities and bulk energy | 1,005,821 | 922,189 | 83,632 | 9.1% |
| Repairs and maintenance | 704,238 | 621,990 | 82,248 | 13.2% |
| Supplies and materials | 1,447,232 | 1,250,483 | 196,749 | 15.7% |
| Insurance | 382,129 | 271,717 | 110,412 | 40.6% |
| Other expenses | 1,148,612 | 1,204,760 | (56,148) | -4.7% |
| Total operating expenses | 18,173,441 | 16,865,665 | 1,307,776 | 7.8% |
| Operating Income (Loss) | 1,357,286 | 28,402 | 1,328,884 | 4678.8% |
| **Nonoperating Revenues (Expenses)** | | | | |
| Passenger facility charges | 3,104,138 | 2,948,312 | 155,826 | 5.3% |
| Customer facility charges | 968,266 | 977,118 | (8,852) | -0.5% |
| Federal and state grants | 16,613,834 | 11,025,347 | 5,588,487 | 50.7% |
| Taxes - air flight | 408,799 | 408,498 | 301 | 0.1% |
| Interest and investment income | 1,175,543 | 1,259,608 | (84,065) | -6.7% |
| Miscellaneous | 97,822 | 540,378 | (442,556) | -81.9% |
| Gains (loss) on disposal or retirement of property and equipment | 240 | (5,628) | 5,868 | -104.3% |
| Interest and Loan fees | (778,824) | (303,475) | | |
| Total non-operating revenues (expenses) | 21,589,818 | 16,850,158 | 4,739,660 | 28.1% |
| **Change in Net Position** | 22,947,104 | 16,878,560 | $6,068,544 | 36.0% |
| **Total Net Position, Beginning of Year** | 231,802,284 | 214,923,724 | | |
| **Total Net Position, End of Year** | $ 254,749,388 | $ 231,802,284 | | |

## Sioux Falls Regional Airport Authority - Statements of Cash Flows
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Operating Activities** | | |
| Cash received by providing services | $9,977,593 | $ 9,173,029 |
| Cash received from parking lot customers | 9,405,390 | 7,495,244 |
| Cash received for reimbursements | -0 | 46,970 |
| Payments to personnel | (3,465,938) | (3,495,321) |
| Payments to suppliers | (5,984,997) | (6,462,686) |
| Net Cash from Operating Activities | 9,932,048 | 6,757,236 |
| **Non-Capital Financing Activities** | | |
| Taxes - air flight | 408,799 | 408,498 |
| Other contributions | 687,891 | 5,360,211 |
| Net Cash from Non-Capital Financing Activities | 1,096,690 | 5,768,709 |
| **Capital and Related Financing Activities** | | |
| Proceeds from contributions | 13,726,420 | 5,464,750 |
| Proceeds from passenger facility charges | 3,104,138 | 2,895,475 |
| Proceeds from customer facility charges | 970,972 | 981,792 |
| Proceeds from the issuance of debt | 21,625,866 | 4,000,000 |
| Principal payments on long-term debt | (1,781,113) | -0 |
| Interest payments and debt issuance costs | (778,824) | (303,475) |
| Proceeds from sale of property and equipment | 240 | -0 |
| Purchases of property and equipment | (21,997,315) | (32,714,329) |
| Net Cash (used for) from Capital and Related Financing Activities | 14,870,384 | (19,675,787 |
| **Investing Activities** | | |
| Redemptions of certificates of deposit | -0 | 745,741 |
| Interest received | 1,174,432 | 1,235,120 |
| Net Cash from Investing Activities | 1,174,432 | 1,980,861 |
| Net Change in Cash and Cash Equivalents | 27,073,554 | (5,168,981) |
| Cash and Cash Equivalents at Beginning of Year | 12,559,315 | 17,728,296 |
| **Cash and Cash Equivalents at End of Year** | $39,632,869 | $ 12,559,315 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash and cash equivalents consist of the following | | |
| Cash and cash equivalents | $17,235,987 | $11,625,766 |
| Restricted Cash | 1,163,643 | 933,549 |
| Cash with fiscal agent | 21,233,239 | -0 |
| | $39,632,869 | $12,559,315 |

**Sioux Falls Regional Airport Authority - Statements of Cash Flows, (cont.)**
Years Ended December 31, 2024 and 2023

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:** | | |
| Operating Income (Loss) | $ 1,357,286 | $ 28,402 |
| **Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:** | | |
| Depreciation | 8,481,872 | 7,405,580 |
| Changes in Assets and Liabilities | | |
| Accounts receivable | (43,569) | (61,085) |
| Inventories | 17,456 | (55,725) |
| Prepaid expenses | (16,044) | (41,364) |
| Lease receivable | 541,058 | (1,689,470) |
| Lease related deferred outflow of resources | (645,233) | 1,571,731 |
| Accounts payable | 398,398 | (644,949) |
| Related to pension | (142,393) | 80,330 |
| Accrued salaries | -0 | 6,372 |
| Compensated absences | (16,783) | 157,414 |
| Net Cash from Operating Activities | $ 9,932,048 | $ 6,757,236 |
| Supplemental Disclosure of Noncash Financing Activities | | |
| Capital asset additions included in accounts payable | $ 1,464,074 | $ 1,605,017 |

## Note 1 - *Principal Business Activity and Significant Accounting Policies*

### Principal Business Activity

The Sioux Falls Regional Airport Authority (the Authority) was created June 10, 1986, pursuant to South Dakota State law, to operate the affairs of the airport located in Sioux Falls, South Dakota. The Authority is managed by a Board of Commissioners whose members are appointed by the City Council of the City of Sioux Falls. The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity. .

### Basis of Accounting

The financial statements of the Sioux Falls Regional Airport Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to a governmental entity proprietary fund. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's financial statements contain a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows.

The Authority's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Also, transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as components of nonoperating revenues. The Authority reports all other revenues received as operating revenues.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, the Authority considers all highly liquid investments with a term to maturity of three months or less when purchased to be cash equivalents.

Restricted cash of the Authority relates to funds set aside from customer facility charges for capital developments and improvements for the Quick Turn Around Facility and other rental car operations.

### Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. At December 31, 2025 and 2024, accounts receivable were generally due from the airline and car rental industries. Unpaid accounts receivable over 30 days do not bear interest. Accounts receivable are stated at the amount billed to the customer. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Authority performs periodic credit evaluations of the financial condition of its airline and car rental operators and generally does not require collateral. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. If accounts become uncollectible, they are charged to operations when that determination is made. At December 31, 2025 and 2024, all accounts were considered collectible and therefore an allowance for doubtful accounts is not provided.

### Inventories

Inventories are valued at the lower of cost, (first-in, first-out method) or net realizable value and consist of supplies, fuel, and deicer fluid.

### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid expenses are reported using the consumption method and recorded as an expense at the time of consumption.

### Lease Receivables

Lease receivables are recorded by the Authority as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Authority charges the lessee.

### Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The Authority maintains a threshold level of $3,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 20 - 50 years |
| Improvements, other than buildings | 5 - 50 years |
| Machinery and equipment | 5 - 30 years |

The Authority reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2025 and 2024.

### Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The Authority contributions and net pension asset are recognized on an accrual basis of accounting. Investments are reported at fair value.

### Compensated Absences

Vacation leave is earned by the employees based on years of service. Generally, full-time employees earn five days for the first year of service, 10 days for one to three years of service, 15 days for four to nine years, 20 days for 10 to 18 years, and 25 days for 19 or more years. The vacation year is a calendar year and starts on January 1 of each year based on the vacation earned from the previous year. Employees will be paid for any earned but unused vacation time at termination of employment if proper two-week notice has been given.

Sick leave/bereavement leave for full-time employees is accrued at a rate of 2.46 hours per pay period, for a total of eight days annually. Upon termination, employees who have been employed by the Authority for at least 20 years and accumulated 1,000 hours of sick leave prior to their retirement or death will receive payment for one-fourth of their accrued sick leave hours paid at their regular base hourly rate of pay at the date of retirement or death.

### Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Issuance costs are expensed as they are incurred. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

### Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Authority after the measurement date but before the end of the Authority's reporting period.

### Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet credited to pension expense. Deferred inflows related to leases where the Authority is the lessor are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

### Operating Revenue and Expenses

The Authority recognizes operating revenue and expenses when persuasive evidence of an arrangement exists, services have been provided, the fee is fixed or determinable and collectability is reasonably assured. Operating revenue is comprised of rentals and commissions of airport facilities as well as landing fees from airline operations, state security reimbursements, and fines and forfeitures. All other revenue is considered non-operating.

### Air Flight Property Taxes

Air flight property taxes are assessed by the State of South Dakota and certified to the respective County Auditor no later than the fourth Monday in August of each year. The air flight taxes are due and payable on January 1 of the following year, at which time the tax lien on the property attaches as an enforceable lien. The County bills and collects the taxes and remits them to the Authority.

### Federal and State Grants

The Authority receives federal financial assistance from the U. S. Department of Transportation Security Administration and state financial assistance from the South Dakota Department of Transportation. The funds are provided to finance capital improvements and are not intended to finance current operations. Accordingly, these federal and state grant funds are recorded as capital contributions.

The Authority also received federal assistance from the federal government under the CARES Act and Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) and American Rescue Plan Act (Arp Act). These funds may be used to finance current operations. Accordingly, these federal funds are recorded as non-operating revenues.

### Passenger Facility Charges

The Authority has received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) up to $4.50 for each enplaned passenger that utilizes the Sioux Falls Regional Airport. The charge is collected by all carriers and remitted to the Authority, less a $0.11 per passenger handling fee. The proceeds from the PFC's are restricted for use by the Authority for certain FAA approved projects per Code of Federal Regulations (C.F.R.) 158.13. PFC proceeds are recorded as non-operating revenues.

### Customer Facility Charges

The Authority began assessing a customer facility charge (CFC) to rental car concessionaires. Current charges are $3.00 per day with a limit of 14 days. The proceeds from the CFC's are restricted for rental car facilities construction projects. CFC proceeds are recorded as non-operating revenues.

### Income Taxes

On June 15, 1988, the Authority received a ruling from the Internal Revenue Service determining that the Authority is a political subdivision and is not required to file a federal tax return.

### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net position.

### Adoption of New Standard

As of January 1, 2025, the Authority adopted GASB Statement No. 102, *Certain Risk Disclosures,* which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the Authority's financial statements as a result of the implementation of this standard.

## Note 2 - *Bank Deposits*

The Authority's deposits are made and held in qualified public depositories. In South Dakota, qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 110% of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. The Authority has entered into a general depository agreement in which deposits in excess of the amounts insured by the FDIC shall be fully and continually secured by the bank by the deposit or setting aside of collateral of the types and in the manner as is prescribed by State law for the security of public funds.

The Authority follows an investment policy to maintain an investment portfolio consisting of government backed securities, securities issued by government-sponsored enterprises or federally related institutions that are guaranteed directly or indirectly by the U.S. government (U.S. Agencies), and certificates of deposit.

SDCL 4-5-6 permits public funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end; no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4 5 9 requires that investments shall be in the physical custody of the Authority or may be deposited in a safekeeping account with any bank or trust company designated by the Authority as its fiscal agent.

Credit Risk - The credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investments in certificates of deposit were fully insured by the Federal Deposit Insurance Company (FDIC). Insured deposits are backed by the full faith and credit of the U.S. Government.

Custodial Credit Risk - The custodial credit risk is the risk that, in the event of a depository failure, the Authority will not be able to recover deposits. Authority deposits in excess of depository insurance must be 110 percent collateralized. As of December 31, 2025, $16,456,194 of the Authority's bank balance of $16,706,194 was exposed to custodial credit risk. As of December 31, 2024, $11,831,523 of the Authority's bank balance of $12,081,523 was exposed to custodial credit risk. At December 31, 2025 and 2024, the amounts in excess of FDIC limits were adequately covered by collateral with securities held by the pledging financial institution.

Exposure to custodial credit risk is summarized below:

| | 2025 | 2024 |
|---|---|---|
| Uninsured and Collateral Held by Pledging Bank | $ 16,456,194 | $ 11,831,523 |
| Uninsured and Collateral held by the Pledging Bank's Trust Department Not in the Authority's Name | 1,718,311 | 1,651,303 |
| Uninsured and Held by Trustee | 21,233,239 | -0 |
| | $ 39,407,744 | $ 13,482,826 |

Concentration of Credit Risk - The risk of loss attributed to the magnitude of an investment in a single issuer. The Authority does not have a policy regarding concentration of credit risk.

Interest Rate Risk - The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, then the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Authority's investment policy, the Authority minimizes the market value risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

As of December 31, 2025 and 2024, CFC contributions of $1,163,643 and $933,549, respectively, are considered restricted cash for rental car construction projects at the Authority under the CFC program requirements.

## Note 3 - *Leases Receivable*

The Authority has accrued a receivable for land and building leases. The remaining receivable for these leases was $7,951,367 and $8,492,425 for the years ended December 31, 2025 and 2024, respectively. Deferred inflows related to these leases were $7,200,385 and $7,845,618 as of December 31, 2025 and 2024, respectively. Interest revenue recognized on these leases was $483,327 and $528,224 for the years ended December 31, 2025 and 2024, respectively. Principal receipts of $1,784,237 and $1,728,010 were recognized during the years ended December 31, 2025 and 2024, respectively. The interest rate on the leases was 6.0%. Final receipt is expected in fiscal year 2055.

For certain lease agreements for airport gates and aprons, specific terms are regulated by the Federal Aviation Administration (FAA). The Authority entered into various lease agreements for the right to use these airport gates and aprons to third parties in accordance with these provisions set by the FAA. Specified regulated terms include limits on lease rates, consistency of lease rates for all lessees, and leasing opportunities made available to any potential lessees if the facilities are vacant. The lease revenue related to these regulated agreements amounted to $433,772 and $395,529 for the years ended December 31, 2025 and 2024, respectively.

| Years Ending December 31, | Principal | Interest |
|---|---|---|
| 2026 | $ 1,763,411 | $ 412,988 |
| 2027 | 690,728 | 342,540 |
| 2028 | 731,207 | 302,320 |
| 2029 | 467,368 | 267,990 |
| 2030 | 227,267 | 206,344 |
| 2031-2035 | 953,476 | 1,124,042 |
| 2036-2040 | 1,299,774 | 757,265 |
| 2041-2045 | 1,128,100 | 383,950 |
| 2046-2050 | 544,462 | 142,922 |
| 2051-2055 | 145,574 | 20,671 |
| | $ 7,951,367 | $ 3,961,032 |

**SIOUX FALLS REGIONAL AIRPORT**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