

**SEDONA-OAK CREEK AIRPORT AUTHORITY**

FINANCIAL STATEMENTS

**DECEMBER 31, 2025 AND 2024**



# SEDONA-OAK CREEK AIRPORT AUTHORITY

## TABLE OF CONTENTS

Independent Auditors' Report .....	1 - 2
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6 - 21
Supplementary Information:	
Independent Auditors' Report on Supplementary Information .....	22
Management's Discussion and Analysis .....	23 - 25



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management  
of Sedona-Oak Creek Airport Authority

### Opinion

We have audited the accompanying financial statements of Sedona-Oak Creek Airport Authority (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sedona-Oak Creek Airport Authority as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sedona-Oak Creek Airport 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 Sedona-Oak Creek Airport Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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 generally accepted 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 generally accepted 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.

INDEPENDENT AUDITORS' REPORT (continued)

- 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 Sedona-Oak Creek Airport 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 Sedona-Oak Creek Airport 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.

A handwritten signature in cursive script that reads "Haynie".

Haynie

Flagstaff, Arizona  
May 25, 2026

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2025 AND 2024

ASSETS

	<b>2025</b>	<b>2024</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,822,935	\$ 1,778,470
Marketable securities	1,484,759	1,990,489
Accounts receivable	127,334	166,490
Inventories	120,844	101,486
Prepaid expenses	81,836	45,196
<b>TOTAL CURRENT ASSETS</b>	<b>4,637,708</b>	<b>4,082,131</b>
<b>NON-CURRENT ASSETS</b>		
Right-of-use assets, net of accumulated amortization	79,359	36,500
Property and equipment, net of accumulated depreciation	13,367,648	13,593,394
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13,447,007</b>	<b>13,629,894</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,084,715</b>	<b>\$ 17,712,025</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 179,317	\$ 161,864
Accrued compensated absences	55,589	41,203
Accrued payroll liabilities	30,841	30,336
Deferred rental income	16,849	6,074
Sales taxes payable	1,123	1,017
Current portion - lease obligations	57,757	31,821
Current portion - long-term debt	221,670	213,396
<b>TOTAL CURRENT LIABILITIES</b>	<b>563,146</b>	<b>485,711</b>
<b>LONG-TERM LIABILITIES</b>		
Rental security deposits	31,904	30,627
Deferred revenue	596,558	601,964
Other liabilities	5,301	5,301
Lease obligations, less current portion	22,328	5,875
Long-term debt, less current portion	2,906,612	3,124,950
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,562,703</b>	<b>3,768,717</b>
<b>TOTAL LIABILITIES</b>	4,125,849	4,254,428
<b>NET ASSETS</b>		
Without donor restrictions	13,958,866	13,457,597
<b>TOTAL NET ASSETS</b>	<b>13,958,866</b>	<b>13,457,597</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,084,715</b>	<b>\$ 17,712,025</b>

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<b>2025</b>	<b>2024</b>
<b>OPERATING REVENUES</b>		
Rents	\$ 1,616,184	\$ 1,510,052
Fuel and oil sales	3,039,627	3,231,967
Fees, catering and miscellaneous income	402,761	329,823
Parking fees and donations - Scenic Overlook	474,923	468,325
Total revenues	5,533,495	5,540,167
<b>COST OF SALES</b>		
Fuel and oil	1,630,004	1,761,346
Catering, retail and miscellaneous	22,270	23,443
Total cost of sales	1,652,274	1,784,789
<b>GROSS OPERATING REVENUE</b>	3,881,221	3,755,378
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	3,517,063	3,221,454
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	364,158	533,924
<b>NON-OPERATING REVENUES</b>		
Contributions in kind	133,890	311,598
Settlement reimbursement	-	468,638
Interest income	117,307	71,966
Interest expense	(128,368)	(136,333)
Special events income, net of expense	(5,393)	(12,894)
Gain (loss) on disposal of equipment	19,675	(2,268)
Total non-operating revenues	137,111	700,707
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>501,269</b>	<b>1,234,631</b>
<b>TOTAL NET ASSETS, beginning of year</b>	<b>13,457,597</b>	<b>12,222,966</b>
<b>TOTAL NET ASSETS, end of year</b>	<b>\$ 13,958,866</b>	<b>\$ 13,457,597</b>

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 501,269	\$ 1,234,631
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities:		
Depreciation and amortization	919,252	887,072
Contributions in kind	(120,959)	(298,259)
(Gain) loss on disposal of equipment	(19,675)	2,268
Noncash changes in operating lease assets and liabilities	(470)	(18,469)
Changes in assets and liabilities -		
(Increase) decrease in:		
Accounts receivable	39,156	(29,675)
Inventories	(19,358)	22,518
Prepaid expenses	(36,640)	4,190
Increase (decrease) in:		
Accounts payable - trade	17,453	(31,437)
Accrued compensated absences	14,386	5,606
Accrued payroll liabilities	505	7,433
Deferred rental income	10,775	(15,055)
Sales taxes payable	106	363
Rental security deposits	1,277	893
Deferred revenue	(5,406)	(23,607)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,301,671</b>	<b>1,748,472</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of marketable securities	(16,787,034)	(6,491,823)
Maturities of U.S. Treasury Bills	17,410,000	5,500,000
Income reinvested	(117,236)	-
Purchase of property and equipment	(569,539)	(176,423)
Proceeds from sale of property & equipment	20,000	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(43,809)</b>	<b>(1,168,246)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Long-term debt	(213,397)	(205,429)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(213,397)</b>	<b>(205,429)</b>
Increase in cash and cash equivalents	1,044,465	374,797
Cash and cash equivalents, beginning of year	1,778,470	1,403,673
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,822,935</b>	<b>\$ 1,778,470</b>

See Accompanying Notes and Independent Auditors' Report

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the nature of operations of Sedona-Oak Creek Airport Authority and its significant accounting policies applied in the preparation of the accompanying financial statements follows:

Nature of Operations

Sedona-Oak Creek Airport Authority is a non-profit Authority incorporated in the State of Arizona. The Sedona-Oak Creek Airport Authority (the "Authority") was formed in 1978 under Title 10, Chapter 1, Article 16 of the Arizona Revised Statutes (A.R.S.) to operate the Sedona Airport located in Sedona, Arizona.

The Sedona Airport began on February 6, 1957 when the United States of America, through the Secretary of Agriculture, and approved by the U.S. Attorney General, issued a patent (land easement) to Yavapai County and/or its successors in function or interest. This patent deeded those certain lands for public airport purposes in perpetuity. The land can only be used for public airport and ancillary services purposes. The Authority has a lease with Yavapai County to manage operations of the land, buildings, and improvements until June 30, 2050.

During 2005, the Internal Revenue Service recognized the Authority as a tax-exempt entity pursuant to Internal Revenue Code Section 501 (c) (3). A.R.S. Article 28-8423 provides for the tax-exempt status of the Authority from state property taxes.

The Airport's operations consist of the activities related to the airport administration and management, including the administration of all sub-leasing activity and the operation of a fuel farm and normal line service activities.

Basis of Accounting

The Authority records financial transactions using the accrual method. Revenues and other increases in net assets are recognized when they are earned, and expenses and other decreases in net assets are recognized when they are incurred.

Basis of Presentation

Financial statement presentation is in accordance with the Financial Accounting Standards Board Accounting Standards Codification *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the Authority is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

The Authority considers cash to be cash on hand, demand bank accounts, money markets, mutual funds, and certificates of deposit with an original maturity of six months or less. Cash accounts at December 31, 2025 and 2024 consisted of cash on hand and cash deposits in bank checking, savings and money market accounts.

Investments

The Authority's investments in U.S. Treasury bills are valued at amortized cost. Investments in the State of Arizona Treasurer's Local Government Investment Pool 5 (LGIP) are valued at fair value as reported by the trustee. The Pool 5 LGIP is a diversified, short-term fund similar to a prime money market fund aiming for a net asset value (NAV) of \$1.00. It invests in commercial paper, repurchase agreements, U.S. Treasury securities, money market mutual funds and corporate asset-backed securities with a maturity of 180 days or less.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped based on significant levels of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or

Level 3: Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

Accounts Receivable

Accounts receivable consists of amounts owed the Authority for both rents and fuel sales on short-term credit and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Authority provides for potentially uncollectible accounts receivable based upon a review of the Authority's historical collection experience as well as current and forecasted economic factors. The Authority has elected the practical expedient to assume that current economic conditions will not change over the short life of the receivables. Additionally, the Authority has adopted the accounting policy to exclude balances that are collected after the balance sheet date but before the financial statements are issued from the loss estimate. Accounts are considered past due when payment is not received within 30 days of origination. Receivables are written off and the allowance account is adjusted when collection efforts have been exhausted.

Inventories

Inventories, consisting mainly of aviation fuel, are valued at the lower of cost (first-in, first-out) or net realizable value.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Leases - Lessee

The Authority recognizes a right-of-use asset and liability for all operating leases with terms in excess of 12 months, including periods from any renewal or extension options that the Authority is reasonably certain to exercise. The lease liability is recorded at the present value of minimum lease payments at the rate implicit in the lease, if known, an incremental borrowing rate, or if neither is known, a risk-free rate. The lease liability is reduced as lease payments are made throughout the life of the lease. The right-of-use asset is reduced as lease expense is recognized on a straight-line basis throughout the life of the lease. The total lease expense will be equal to the total lease component payments made for the lease.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Fixed assets are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Assets funded by pass-through grants or other contributions are recorded at their fair values on the date of gift. Assets purchased with a useful life of greater than one year and a cost in excess of \$1,500 are capitalized. Costs incurred for maintenance and repairs are charged against operations. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current non-operating revenues. The estimated useful lives, by major capital asset classifications are as follows:

Building and ground improvements	6 - 50 years
Equipment	3 - 7 years
Fuel farm	20 years
Furniture and fixtures	5 - 20 years
Hangars	7 - 20 years
Taxi, runway and heliport	20 years
Vehicles	5 years

Revenues from Contracts with Customers

The Authority recognizes revenues from fuel sales and other services at the time the fuel or other performance obligation is delivered to the customer. Customers pay by credit card at the time of service, and generally payments are collected from the merchant processor within three business days.

Contributions

In accordance with the Financial Accounting Standards Board Accounting Standards Codification *Not-for-Profit Entities, Presentation of Financial Statements*, contributions received are recorded depending on the existence or absence of any donor-imposed restrictions.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising expense was \$29,308 and \$21,823 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Authority has been granted tax exempt status under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income tax has been included in the financial statements.

Sales Taxes

The Authority collects sales taxes on jet fuel and remits them to the state of Arizona. Fuel sales are presented gross, including related sales taxes of \$13,522 and \$14,400 for the years ended December 31, 2025 and 2024, respectively.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of supporting the Authority’s programs and other activities have been summarized on a functional basis in the notes to the financial statements. Certain costs have been allocated among the program and supporting management and general categories. The Authority does not generally incur fundraising expenses. Such allocations are determined by management on an equitable basis. Wages, payroll taxes and benefits are allocated based upon time and effort. Administrative expenses and supplies are allocated based upon estimated usage. Utilities are based upon an allocation of square footage and estimated usage. Telephone is allocated based upon estimated usage.

Date of Management’s Review

Management has reviewed events subsequent to December 31, 2025 up through May 25, 2026, the date the financial statements were available to be issued, to evaluate their effect on the fair presentation of the financial statements. The Authority entered into a new loan agreement to finance its fire suppression water system in April 2026 (Note 25). As of the date the financial statements were available to be issued, there have been no additional events subsequent to December 31, 2025 that are required to be disclosed in order to present fairly the financial position and changes in net assets of the Authority as of December 31, 2025.

NOTE 2 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Authority has bank accounts with balances that sometimes exceed the \$250,000 federally insured limit per depositor, per institution, which exposes the Authority to risk in the event of a bank failure. As of December 31, 2025 and 2024, the total amount held in bank accounts in excess of FDIC limits was \$2,377,056 and \$1,274,993, respectively. Management monitors this regularly to keep this potential risk to a minimum.

NOTE 4 - CASH AND CASH EQUIVALENTS

At December 31, 2025 and 2024, cash and cash equivalents included the following:

	<b>2025</b>		<b>2024</b>
Cash on hand	\$ 3,226	\$	3,340
Checking	448,877		1,654,297
Savings	2,370,832		120,833
Total cash and cash equivalents	\$ 2,822,935	\$	1,778,470

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

**NOTE 5 – MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS**

U.S. Treasury Bills

The Authority purchased two \$500,000 par U.S. Treasury bills on December 16 and December 18, 2025, which matured on February 10 and March 19, 2026, respectively. The investments are stated at amortized cost of \$994,088 at December 31, 2025 and had effective interest rates of 3.610% and 3.642%, respectively.

The Authority purchased two \$1,000,000 par U.S. Treasury bills on September 7, 2024 and November 12, 2024, which matured on January 7 and March 11, 2025, respectively. The investments are stated at amortized cost of \$1,990,489 and had effective interest rates of 4.956% and 5.537% at December 31, 2024.

The Authority invested in additional U.S. Treasury bills that were both purchased and matured during the years ended December 31, 2025 and 2024. Interest income from U.S. Treasury bills was \$116,565 and \$71,966 for the years ended December 31, 2025 and 2024, respectively.

Local Government Investment Pool

The Authority made an investment in the Arizona State Treasurer’s Pool 5 Local Government Investment Pool (LGIP) on December 19, 2025. The Pool 5 LGIP is a diversified, short-term fund similar to a prime money market fund aiming for a net asset value (NAV) of \$1.00. The investment is stated at fair value of \$491,671 as reported by the Arizona State Treasurer at December 31, 2025. Investment earnings in LGIP were \$670 from the investment date through December 31, 2025.

The Authority’s investments are categorized in the fair value hierarchy as follows at December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
	<b>Level 2:</b>	<b>Level 2:</b>
U.S. Treasury Bills	\$ 994,088	\$ 1,990,489
Local Government Investment Pool	490,671	-
	\$ 1,484,759	\$ 1,990,489

**NOTE 6 - ACCOUNTS RECEIVABLE**

At December 31, 2025 and 2024, accounts receivable consisted of the following:

	<b>2025</b>	<b>2024</b>
Accounts receivable from tenants	\$ 127,334	\$ 166,490

Management considers all accounts to be fully collectible. Therefore, no allowance for credit losses has been recorded. Management has based this estimate on their experience with the tenants and prior collection history as well as current and forecasted economic conditions. As a result, it is reasonably possible that this estimate may change.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

**NOTE 7 - PROPERTY AND EQUIPMENT**

At December 31, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Building, land and ground improvements	\$ 6,125,367	\$ 5,693,147
Equipment	214,104	200,576
Fuel farm	5,035,606	5,041,830
Furniture and fixtures	53,334	44,479
Hangars	172,330	136,362
Taxiway, runway and heliport	8,722,236	8,591,564
Vehicles	110,590	82,378
	<u>20,433,567</u>	<u>19,790,336</u>
Less accumulated depreciation	<u>(7,065,919)</u>	<u>(6,196,942)</u>
Total property & equipment, net	<u>\$ 13,367,648</u>	<u>\$ 13,593,394</u>

Depreciation expense was \$915,919 and \$883,740 for the years ended December 31, 2025 and 2024, respectively.

**NOTE 8 - COMPENSATED ABSENCES**

Employees are entitled to certain compensated absences based on their length of employment. These compensated absences are fully vested when earned and are accumulated to the employee's credit. Vacation time accrued but not used must be paid upon termination of employment. Accrued sick leave is paid to the employee at each year end for the unused portion accrued during the year. The amounts accumulated were \$55,589 and \$41,203 for vacation and sick pay at December 31, 2025 and 2024.

**NOTE 9 - DEFERRED REVENUE**

In 2012 the Authority received advanced payments totaling \$900,000 for two cell tower leases. The revenue is being recognized on a straight-line basis over the respective lease terms of approximately 39 years.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

**NOTE 10 - LONG-TERM DEBT**

The Authority entered into a Bond Purchase and Loan Agreement with its lender, National Bank of AZ, for \$4,003,000 on February 15, 2022. The proceeds were used to construct a new fuel farm. Monthly payments of \$33,885 were required through 2022 and \$28,203 thereafter until the maturity date, July 1, 2037. The initial interest rate is 3.81% through January 31, 2032. At that time, the interest rate will be adjusted to the lower of the 5-year Constant Maturity Treasury rate or 5%. The loan is collateralized by the Authority's gross business revenues and furniture and fixtures. Loan covenants include maintenance of a debt service coverage ratio of 1.35 to 1.0. Also, audited financial statements are required 150 days after year end.

The long-term debt balance is shown net of bond issuance costs of \$50,000, net of accumulated amortization of \$12,778 and \$9,444 at December 31, 2025 and 2024, respectively. Future maturities of long-term debt are as follows as of December 31, 2025:

	2026	\$ 221,670
	2027	230,265
	2028	239,193
	2029	248,467
	2030	258,101
	Thereafter	<u>1,967,808</u>
		3,165,504
Less bond issuance costs, net		<u>(37,222)</u>
		<u>\$ 3,128,282</u>
Long-term debt commitments - current portion	\$	221,670
Long-term debt commitments - long-term portion		<u>2,906,612</u>
	\$	<u>3,128,282</u>

**NOTE 11 - LEASE OBLIGATIONS**

The Authority entered into a lease agreement on April 21, 2022 with its fuel supplier for a jet fuel truck and an Avgas refueler, which has been extended through May 4, 2027. Lease payments are due monthly at \$3,000 and \$1,500 per month, respectively, after an initial twelve-month period of no payments. The lease provides for renewal options in one-year increments upon 90-120 days' notice prior to the expiration of the lease term. As exercise of the renewal options were not reasonably certain at the inception of the lease, renewal options past May 4, 2027 were not considered in the determination of the liability at December 31, 2025 or 2024.

On April 1, 2022, the Authority entered into a lease for a modular building for a twenty-four-month term requiring monthly payments of \$1,703. On April 26, 2024, the lease was extended for an additional twenty-four months through March 30, 2026 for monthly lease payments of \$1,966 for the remaining term of the lease.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 11 - LEASE OBLIGATIONS (Continued)

At December 31, 2025 and 2024, assets recorded under operating leases were \$296,404 and \$180,836, respectively, and accumulated amortization associated with operating leases was \$217,045 and \$144,336, respectively.

Components of operating lease expense:

	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ 85,968	\$ 73,512

Supplementary cash flow information related to operating leases:

Operating cash flows paid for operating leases	\$ (77,587)	\$ (76,801)
Right of use assets obtained in exchange for lease obligations:	115,567	45,164

Weighted average remaining lease term as of December 31:	1.41	1.50
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Weighted average discount rate as of December 31:	4.59%	4.59%
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Future minimum lease payments as of December 31, 2025:

		<b><u>Operating</u></b>
	2026	\$ 59,897
	2027	<u>22,500</u>
		82,397
Less imputed interest		<u>(2,312)</u>
Total lease liabilities		80,085
Current portion		<u>(57,757)</u>
Lease liabilities, less current portion		<u><u>\$ 22,328</u></u>

NOTE 12 - AGREEMENTS AND COMMITMENTS WITH YAVAPAI COUNTY

On January 18, 1971, Yavapai County entered into an agreement with the Authority's predecessor in interest, the "Sedona Airport Authority." Subsequently, on February 1, 2003, the Sedona-Oak Creek Airport Authority entered into an amended agreement with Yavapai County to lease all buildings, structures, improvements, and personal property of the Sedona Airport for one dollar per year. The term of the lease, as amended, extends through June 30, 2050. The lease provides for the operation of the property in accordance with the provisions stated in the land patent by the U.S. Government on May 13, 1946.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 12 - AGREEMENTS AND COMMITMENTS WITH YAVAPAI COUNTY (Continued)

During the term of the lease agreement, the Authority will operate and manage the property. All personal property acquired belongs to the Authority and may be sold, traded, or disposed of but cannot be encumbered without approval of the County. Upon termination of the lease agreement, all real and personal property passes to Yavapai County.

NOTE 13 - CONTRIBUTIONS IN KIND

For the years ended December 31, 2025 and 2024, the Authority was the beneficiary of state grants awarded to Yavapai County for design and construction of its AWOS guidance system and Taxiway A improvements. Additionally, the Authority received \$12,931 and \$13,339 in donated professional services in 2025 and 2024, respectively. Accordingly, contributions in kind of \$133,890 and \$311,598 were recognized in the accompanying financial statements in 2025 and 2024, respectively.

NOTE 14 - LEASES - LESSOR

The Authority derives revenue from the leasing of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2026 through June 30, 2050. These leases have various terms and payments and are subject to various renewal options. Commercial leases consist of the Sky Ranch Lodge, the Mesa Grill, various airplane and helicopter tour operators, and rental car providers. Some leases contain a provision for a base rent, but the majority of lease requirements is based on an airport recovery fee, which is variable based upon the gross revenues of the tenants. Due to the prevalence of variable lease payments which cannot be reasonably estimated at the inception of the lease, the Authority has classified the leases as operating leases under the provisions of ASU 2016-02, *Leases*.

Authority-owned hangar leases are generally for short terms of twenty four months expiring at various dates through November 2027, and lease requirements are based upon square footage and an established rate, subject to an annual pricing adjustments based on the consumer price index. Due to the short-term nature of these leases, the Authority has classified the Authority-owned hangar leases as operating leases under the provisions of ASU 2016-02, *Leases*.

The Authority also provides ground leases for tenant-owned hangars with terms to June 30, 2050. These lease requirements are at an established rate, subject to annual pricing adjustments based on the consumer price index. Due to the indefinite life of the underlying asset, the Authority has classified these ground leases as operating leases under the provisions of ASU 2016-02, *Leases*.

Investment in property and equipment held for lease at December 31, 2025 and 2024 is as follows:

	<b>2025</b>	<b>2024</b>
Structure and grounds improvement	\$ 1,680,864	\$ 1,644,896
Less accumulated depreciation	(570,640)	(532,367)
	\$ 1,110,224	\$ 1,112,529

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 14 - LEASES - LESSOR (Continued)

Rental revenue for the years ended December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Sky Ranch Lodge	\$ 625,567	\$ 607,314
Mesa Grill	378,142	365,688
Hangars	210,877	209,698
Communications sites	62,199	57,543
Terminals	15,660	15,420
Commercial building space	265,608	197,062
Other airport recovery fees & miscellaneous	58,131	57,327
	<u>\$ 1,616,184</u>	<u>\$ 1,510,052</u>

During 2025 and 2024, the Authority received \$1,223,127 and \$1,067,120, respectively from commercial leases with an additional requirement of an airport recovery fee, which is assessed for conducting commercial activity at, to, or from the airport. The amount collected varies from year to year and is contingent on the tenant's gross income. Contingent rental income is recognized when the tenant earnings are reported, which is generally at the time of payment of the contingent rent.

NOTE 15 - RISK PROTECTION

The Authority purchases commercial insurance to cover risks of damage claims and loss of personal properties, buildings and improvements. This insurance is mandated in the Authority's lease with Yavapai County. Lessees of the Authority's improvements are required to keep minimum coverage as stipulated in the related lease agreements.

NOTE 16 - MAJOR CUSTOMERS AND TENANTS

For the years ended December 31, 2025 and 2024, there were two major customers and/or tenants that comprised 62.1% and 64.4% of gross revenues from rents.

Accounts receivable concentration from major customers: two customers comprised 56.5% and three customers comprised 67.8% of total accounts receivable at December 31, 2025 and 2024, respectively.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

**NOTE 17 - NET ASSETS**

The Authority had net assets without donor restrictions at December 31, 2025 and 2024 comprised of the following:

	<b>2025</b>	<b>2024</b>
Unrestricted funds	\$ 322,105	\$ (319,333)
Board designated for future expansion	269,113	183,536
Invested in capital assets	13,367,648	13,593,394
	\$ 13,958,866	\$ 13,457,597

**NOTE 18 - BOARD-DESIGNATED FUNDS**

It is the policy of the Board of Directors of the Authority to review its plans for future property improvements and expansion from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and expansion. The Authority is obligated under grant match programs for future expansion. As of December 31, 2025 and 2024, the board had designated \$269,113 and \$183,536 of net assets without donor restrictions to this account, respectively. Designated funds include \$261,242 for property improvements and \$7,871 for the Authority’s portion of grant matching funds required for projects that were in progress at December 31, 2025. Designated funds included \$153,283 for an Emergency Standby Generator and \$30,253 for the Authority’s portion of grant matching funds required for projects that were in progress at December 31, 2024.

**NOTE 19 - RETIREMENT PLAN**

During 2000, the Board entered into an agreement with the Arizona State Retirement System (ASRS) for the Board to administer a retirement and long-term disability plan pursuant to Section 38-729 of the Arizona Revised Statutes. The plan is described as cost-sharing, multiple employer, public employee, tax qualified, defined benefit retirement plan. Benefits are established by state statute. The employee and the employer contribute to the member’s retirement a qualified percentage of compensation paid.

Generally, all employees of the Authority who are engaged to work at least twenty (20) weeks in a fiscal year for at least twenty (20) hours per week become members in the retirement plan upon employment. Membership is mandatory for those employees who meet the membership criteria.

Employee and employer matching contribution rates as a percentage of compensation are actuarially determined and adjusted at each annual actuarial valuation date. For the year ended June 30, 2026, ASRS members and the Authority are required by statute to contribute at the rate of 12.00% (11.86% retirement and 0.14% long-term disability) of the member’s annual covered payroll. For the plan’s fiscal year ending June 30, 2025, both ASRS members and the Authority were required by statute to contribute at the rate of 12.27% (12.12% retirement and 0.15% long-term disability) of the member’s annual covered payroll. The contributions paid by the Authority were equal to the required contributions of \$134,945 and \$121,437, respectively in 2025 and 2024.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 19 - RETIREMENT PLAN (Continued)

The ASRS plan’s financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB), and an actuarial valuation is conducted annually. As of June 30, 2025 and 2024, the pension portion of the Plan was 75.6% and 74.0% funded, respectively. The long-term disability plan was 102.1% and 98.5% funded, respectively, at June 30, 2025 and 2024. The Authority’s contributions did not represent more than 5% of total plan contributions in 2025 or 2024.

The risks of participating in a multi-employer plan are different from single employer plans. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. The Authority’s agreement to participate in ASRS is irrevocable. In the event the Authority is dissolved or otherwise ceases to participate, the ASRS would allocate a liability to the Authority equal to the sum of the Authority’s actuarially accrued liability multiplied by the ASRS plan’s total deficit percentage and the Authority’s actuarially accrued liability for the long-term disability plan multiplied by the long-term disability plan’s total deficit percentage. The unfunded portion of the net pension liability, net of deferred outflows and deferred inflows of resources, as of June 30, 2025 and 2024 allocated to the Authority under ASRS’s reporting under GASB 68 and 75, would be as follows:

	<b>2025</b>	<b>2024</b>
Pension Liability	\$ 1,005,234	\$ 932,562
Health Benefit Supplement	(36,451)	(24,823)
Long-Term Disability	(397)	399
	\$ 968,386	\$ 908,138

NOTE 20 - CASH FLOW INFORMATION

The Authority received non-cash contributions in kind of \$133,890 and \$311,598 for the years ended December 31, 2025 and 2024, respectively. Cash paid for interest was \$125,035 and \$133,000 for the years ended December 31, 2025 and 2024, respectively. No cash was paid for income taxes during the years ended December 31, 2025 or 2024.

See Note 11 for additional cash flow information regarding lease liabilities and right of use assets.

NOTE 21 - CONTINGENCIES

Periodically, the Authority may be contingently liable with respect to claims incidental to the ordinary course of operations. In the view of management, and based on management’s consultation with legal counsel, the ultimate outcome of such matters would not have a material adverse effect on the Authority’s financial statements for the years ended December 31, 2025 and 2024. Accordingly, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate disposition of these matters. Due to the inherent uncertainty in predicting outcomes of trials and court actions, it is at least reasonably possible that the ultimate outcome of such matters could have an adverse effect on the operations of future periods.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 22 - LIQUIDITY AND AVAILABILITY OF CASH

The following represents the Authority's financial assets at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,822,935	\$ 1,778,470
Investments in U.S. Treasury Bills	1,484,759	1,990,489
Accounts receivable	127,334	166,490
	<u>4,435,028</u>	<u>3,935,449</u>
Current portion - lease obligations	(57,757)	(31,821)
Current portion - long-term debt	(221,670)	(213,396)
Board designated restrictions for grant match	<u>(269,113)</u>	<u>(183,536)</u>
Financial assets available to meet cash needs for general expenditures next year	<u>\$ 3,886,488</u>	<u>\$ 3,506,696</u>

NOTE 23 - RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current presentation. Such reclassifications had no effect on the previously reported excess of revenues over expenditures.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

**NOTE 24 - SCHEDULE OF FUNCTIONAL EXPENSES**

Program and support service expenses for the year ended December 31, 2025 are as follows:

	<u>Program Services</u>	<u>Support Services</u>	<u>Totals</u>
Advertising	\$ 29,308	\$ -	\$ 29,308
Bank charges	396	-	396
Credit card fees	104,763	-	104,763
Depreciation	915,919	-	915,919
Dues and subscriptions	5,194	-	5,194
Fees, permits, & licenses	294	-	294
Employee benefits	154,357	102,905	257,262
Equipment rental	85,968	-	85,968
Insurance	127,323	-	127,323
Legal and professional	291,760	-	291,760
Miscellaneous	1,573	-	1,573
Office supplies	-	15,115	15,115
Outside services	58,301	-	58,301
Overlook parking	32,394	-	32,394
Payroll tax expense	78,989	52,659	131,648
Postage and freight	646	-	646
Repair and maintenance	72,044	3,792	75,836
Supplies	40,456	-	40,456
Taxes-jet fuel	13,522	-	13,522
Taxes-personal property	1,112	-	1,112
Taxes-sales	1,841	-	1,841
Travel and entertainment	18,288	12,192	30,480
Telephone	4,583	4,583	9,166
Utilities	52,314	2,753	55,067
Vehicle expense	2,936	-	2,936
Wages	736,903	491,268	1,228,171
Website	581	31	612
Total	<u>\$ 2,831,765</u>	<u>\$ 685,298</u>	<u>\$ 3,517,063</u>

There were no fundraising activities during the year ended December 31, 2025.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 24 - SCHEDULE OF FUNCTIONAL EXPENSES (Continued)

Program and support service expenses for the year ended December 31, 2024 are as follows:

	<u>Program Services</u>	<u>Support Services</u>	<u>Totals</u>
Advertising	\$ 21,823	\$ -	\$ 21,823
Bad debt	304	-	304
Bank charges	159	-	159
Credit card fees	104,141	-	104,141
Depreciation	883,740	-	883,740
Dues and subscriptions	3,942	-	3,942
Fees, permits, & licenses	870	-	870
Employee benefits	118,732	79,154	197,886
Equipment rental	73,512	-	73,512
Insurance	131,153	-	131,153
Legal and professional	289,630	-	289,630
Miscellaneous	3,553	-	3,553
Office supplies	-	9,286	9,286
Outside services	45,706	-	45,706
Overlook parking	24,194	-	24,194
Payroll tax expense	66,018	44,013	110,031
Postage and freight	1,199	-	1,199
Repair and maintenance	76,186	4,010	80,196
Supplies	37,198	-	37,198
Taxes-jet fuel	14,400	-	14,400
Taxes-personal property	1,087	-	1,087
Taxes-sales	1,820	-	1,820
Travel and entertainment	14,579	9,719	24,298
Telephone	4,096	4,095	8,191
Utilities	59,245	3,118	62,363
Vehicle expense	11,849	-	11,849
Wages	646,965	431,311	1,078,276
Website	615	32	647
<b>Total</b>	<b>\$ <u>2,636,716</u></b>	<b>\$ <u>584,738</u></b>	<b>\$ <u>3,221,454</u></b>

There were no fundraising activities during the year ended December 31, 2024.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2025 and 2024

NOTE 25 – SUBSEQUENT EVENTS

On April 16, 2026, the Board of Directors authorized the acceptance of a loan from the Water Infrastructure Finance Authority (WIFA) in the amount of \$1,665,252 to be repaid over a twenty-three year term at an interest rate of 3.784%. The loan provides for no payments or interest during the three-year draw period. The first monthly payment of \$9,909 will be due on March 1, 2029. The WIFA loan will be used for the construction phase of the fire suppression water infrastructure authorized in the Authority's Master Plan in 2020. The project will include procuring and installing 250,000 gallons of water storage, associated distribution plumbing, and fire hydrants as previously designed.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Management  
of Sedona-Oak Creek Airport Authority

We have audited the accompanying financial statements of Sedona-Oak Creek Airport Authority as of and for the year then ended December 31, 2025 and 2024, and have issued our report thereon dated April 30, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haynie

Flagstaff, Arizona  
May 25, 2026

**SEDONA-OAK CREEK AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2025 and 2024**

Our discussion and analysis of Sedona-Oak Creek Airport Authority's financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2025. Please read it in conjunction with the comparative financial statements. Financial statements for 2024 are included for further comparison and analysis; this discussion will primarily address financial information for the year ended December 31, 2025.

The financial statements, including the statements of financial position, the statements of activities and changes in net assets, and the statements of cash flows, provide information about the Authority as a whole and its activities in a way that helps the users of these financial statements understand how the Authority's financial position compares to the prior year. These statements include all assets and liabilities using generally accepted accounting principles in the United States, which is the basis of accounting used by most for-profit companies. All of the current year's revenues are recognized when earned and expenses are recorded when incurred regardless of when cash is received or paid.

These statements report the Authority's net assets and changes in them. The user of the financial statements can think of the Authority's net assets, which are the difference between assets and liabilities, as one way to measure the Authority's financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether the Authority's financial position is improving or deteriorating. The user of the financial statements will need to consider other non-financial factors, however, such as changes in the Authority's tenant base and the condition of the Authority's facilities and equipment. A significant portion of the Airport's assets are invested in the maintenance of its facilities.

The Authority's net assets increased by \$364,158 as a result of operations for the year ended 2025. Additionally, the Authority received \$120,959 in support from pass-through grants for improvements to its taxiway A and \$12,931 in donated professional fees, which are recorded as Contributions In Kind in the financial statements totaling \$133,890. In total, net assets increased by \$501,269 for the year ended December 31, 2025.

Net assets totaled \$13,958,866 and \$13,457,597 at December 31, 2025 and 2024, respectively. Of the \$13,958,866 in net assets at December 31, 2025, \$13,367,648 was invested in capital assets. The Authority, with the assistance of federal and state grants, has invested significantly in the upgrading of its taxiways and runways and other facilities in the past few years. Additionally, the Authority entered into a \$4,003,000 Bond Purchase and Loan Agreement in February 2022 exclusively for the reconstruction of its fuel farm, which was completed in 2023. The Board has designated net assets totaling \$261,242 for an Emergency Standby Generator Project and other property improvements, and \$7,871 for its cost sharing portion of state grants for the reconstruction of a portion of Taxiway A and the reconstruction design of its helicopter six-pack apron. The Authority had unrestricted undesignated net assets of \$322,105 at December 31, 2025.

**SEDONA-OAK CREEK AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2025 and 2024**

The Authority's current assets exceeded its current liabilities by \$4,074,562 as of December 31, 2025. The Authority's long-term debt as of December 31, 2025 consists of \$3,128,282 from the 2022 Bond Purchase and Loan Agreement. The Authority additionally has lease liabilities totaling \$80,085 for the rental of its refueler trucks and a modular building.

Total operating revenue for the Authority decreased by \$6,672 for the year ended December 31, 2025. The net decrease was comprised of a decrease in fuel and oil sales of \$192,340. Jet fuel sales volume decreased by approximately 22,500 gallons, and AvGas sales in gallons was comparable in 2025. Operating revenues also includes an increase in rent revenue of \$106,132, largely due to increases in airport recovery fee assessments as two commercial tenants experienced significant revenue increases. Fees, catering and miscellaneous income increased by \$72,938, largely due to increases in commercial landing fees in 2025 after conducting a comprehensive rates and fees analysis. Additionally, the Authority collected \$474,923 in parking fees and donations from the scenic overlook, which was a \$6,598 increase over the prior year.

The Authority's combined gross margin on operations, including all rent, fuel and oil sales, was approximately 70% for the year ended December 31, 2025 as compared to 68% for the prior year. General and administrative expenses increased in 2025 by \$295,609 due primarily to the following: increases including a \$32,179 increase in depreciation expense largely due to fixed assets additions placed in service in the past year, and a \$230,888 increase in wages, employee benefits and payroll taxes combined to meet the effects of wage inflation and the addition of two employees.

Interest income was \$117,307, an increase of \$45,341 over prior year due to additional investments in US Treasury bills. The Authority also began investing in the Local Government Investment Pool of the State of Arizona Treasurer in 2025. Interest expense was \$128,368 for the year ended December 31, 2025.

Capital projects in 2025 were financed by \$569,539 of Authority funding and \$120,959 from pass-through state grant funding for the partial reconstruction of taxiway A. Authority funding included the design and construction of a fire protection backup generator and the design of a fire protection water system. Other capital projects included the purchase of a new truck.

Cash flows provided by operations totaled \$1,301,671 for the year ended December 31, 2025. Cash flows used by investing activities were \$43,809, which included (\$505,730) in net investments in treasury securities and cash payments for purchases of property and equipment of \$569,539. Cash flows provided by financing activities in 2025 consisted of repayments on long-term debt of \$213,397.

**SEDONA-OAK CREEK AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2025 and 2024**

Periodically, the Authority may be contingently liable with respect to claims incidental to the ordinary course of operations. In the view of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters would not have a material adverse effect on the Authority's financial statements for the years ended December 31, 2025 and 2024. Accordingly, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate disposition of these matters.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Sedona-Oak Creek Airport Authority's finances and to show the Authority's accountability for the money it receives and the assets it manages. If you have questions about this report or need additional financial information, contact the Airport Business Manager, 235 Air Terminal Dr., Sedona, Arizona, 86336.