Jackson Municipal Airport Authority

Financial Statements and Supplementary Information

Years Ended September 30, 2021 and 2020

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FORV/S

Independent Auditor's Report

The Board of Commissioners and Management
Jackson Municipal Airport Authority
Jackson, MS

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Jackson Municipal Airport Authority (the "Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Financial Statements
The financial statements of Authority as of September 30, 2020, were audited by other auditors whose report dated May 24, 2021, expressed an unmodified opinion on those statements.

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The schedule of passenger facility charges – cash basis is presented for the purposes of additional analysis as required by the Passenger Facility Charge Audit Guide for Public Agencies, and is not a required part of the basic financial statements. The other supplementary information, as listed in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

FORVIS, LLP

Memphis, TN
September 28, 2022

Management's Discussion and Analysis

The following discussion and analysis of the financial performance and activity of the Jackson- Medgar Wiley Evers International Airport and Hawkins Field Airport is to provide an understanding of the basic financial statements of the Jackson Municipal Airport Authority ("the Authority") for the years ended September 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

1. Highlights of the Fiscal Year 2021 Budget

The budgeted amounts compared to actual operating results are as follows for the fiscal year 2021:

	Budget	Actual
Operating revenues	$ 13,727,262	$ 14,183,304
Operating expenses	(16,132,347)	(16,421,240)
Operating loss before depreciation and unfunded portion of pension expense	(2,405,085)	(2,237,936)
Depreciation expense	7,395,873	11,159,723
Unfunded portion of pension expense (income)	-	(696,397)
Operating loss	(9,800,958)	(12,701,262)
Net non-operating income (expense)	4,823,198	8,811,677
Loss before capital grant contributions	$ (4,977,760)	$ (3,889,585)

Actual operating revenue exceeded budgeted expectations by $456,042 or 3% and was primarily due to increased Parking Revenue and Rental Car Concessions of $391,060 and $121,049, respectively. The increase is these items is primarily due to the increase in enplanements.

Actual operating expenses before depreciation and unfunded pension exceeded budget by $288,893 or 2%. For the year, Services exceeded budget by $1,865,781 or 51% which was primarily due to spending for consulting. However, this increase in spending was netted against reductions in other major expense categories.

Actual Net Non-Operating Income (Expense) before depreciation and unfunded pension expense, in comparison to the budget, was $3,988,479 higher. This increase was primarily due to the CARES Act grant funds that were used to support operations and ensure financial stability. The total operating loss was $12,701,262. The non-operating revenue and expenses which includes the CARES Act funds and capital projects federal reimbursement was $14,708,353 which enabled JMAA to end the year with a positive change in net position of $2,007,091.

2. Overview of the Financial Statements

The financial reporting package consists of four parts - the independent auditors' report, management's discussion and analysis (this section), the basic financial statements and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board ("GASB"). The basic financial statements are prepared on an accrual basis, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of the following: statements of net position that include the Airport's assets, deferred outflows, liabilities, deferred inflows, and net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, which further explains and supports the information in the financial statements. For readers of the financial statements, it should be noted that, with certain limited exceptions, Authority monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport. Airport net revenues (essentially operating revenues less operating expenses other than depreciation and the unfunded portion of pension expense) are largely determined by permits with airlines and agreements with concessionaires and other tenants.

3. Financial Highlights

Net position

The statements of net position present the financial position of the Authority at the end of the fiscal year and includes all its assets, deferred outflows, liabilities, and deferred inflows. Net position represents the difference between total assets, deferred outflows, liabilities, and deferred inflows. A summarized comparison of the Authority's assets, deferred outflows, liabilities, deferred inflows and net position follows:

	FY2021	**FY2020**	**FY2019**
Assets:			
Current assets	**$ 16,455,904**	$ 17,748,898	$ 22,751,201
Property, plant, and equipment, net	**124,840,536**	125,763,218	123,914,634
Other noncurrent assets	**29,680,588**	27,646,800	29,634,923
Total assets	**170,977,028**	171,158,916	175,135,010
Deferred outflow of resources:			
Deferred outflows - debt refunding	**231,203**	261,255	292,999
Deferred outflows - pension	**1,395,679**	1,406,608	1,080,476
Total deferred outflows of resources	**1,626,882**	1,667,863	2,044,370
Liabilities:			
Current liabilities	**4,385,282**	5,584,800	9,738,267
Noncurrent liabilities - long-term debt, net	**25,860,000**	26,160,000	28,065,000
Net unfunded pension liabilities	**12,177,454**	17,190,648	15,794,073
Total liabilities	**42,422,736**	48,935,448	53,597,340
Deferred inflow of resources:			
Deferred inflows - unearned revenue	**981,617**	1,004,733	1,210,972
Deferred inflows - pension	**4,753,334**	447,466	734,981
Total deferred inflows of resources	**5,734,951**	1,452,199	1,945,953

Net position:			
Invested in capital assets, net of related debt	**97,785,408**	95,728,362	88,639,349
Restricted	**32,127,366**	30,018,510	30,678,147
Unrestricted	**(5,466,551)**	(3,307,740)	1,647,696
Total net position	**$ 124,446,223**	$ 122,439,132	$ 120,965,192

For FY 2021, as compared to FY 2020, total assets decreased by $181,188 or .11% due to a decline in current assets, specifically accounts receivable.

For FY 2021, as compared to FY 2020, total liabilities experienced a reduction of $6,512,712 or 15% which was primarily due to a decrease in long term liabilities or payments of principal on the debt and a decrease in payments owed for working capital projects. Work on capital projects was slow due to the pandemic.

For FY 2021 as compared to FY 2020, Net Position increased by $2,007,419 or 2%. The 2021 increase was due to an increase in capital assets, net of related debt, deferred outflows netted against a reduction in liabilities and deferred inflows.

4. Operating Revenues

Revenue Classifications	FY2021	FY2020	FY2019
Aviation	**$ 6,641,538**	$ 6,172,694	$ 6,895,990
Non-aviation	**5,738,275**	5,743,689	8,693,608
Concessions	**1,652,445**	2,359,511	2,674,464
Services	**151,046**	177,275	245,190
Total operating revenue	**$ 14,183,304**	$ 14,453,169	$ 18,509,252

The table above presents the major operating revenue classifications for FY 2021 compared to FY 2020 and FY 2019. For FY 2021, as compared to FY 2020, total operating revenue decreased by $269,865 or 2%. Total operating revenue experienced a decrease of $4,056,083 or 22% in FY 2020 as compared to FY 2019.

In FY 2021, Aviation Income increased by $468,844 or 8% and primarily due to an increase in enplanements. In FY 2020, Aviation Income experienced a decrease of $723,296 as compared to FY 2019.

In FY 2021, Non-Aviation Income experienced a modest decreased by $5,414 or .09% as a result of loss of office space leasing. In FY 2020, Non-Aviation Income decreased by $2,949,919.

In FY 2021, Concessions Income experienced a decrease in revenue of $707,066 or 30%, as a direct result of the food and beverage concessionaires not being fully operable on both concourses and the decrease in rental car revenue. In FY 2020, Concessions Income decreased by $314,953

In FY 2021, Services Income decreased by $26,229 or 15% due to a reduction in the ground transportation for the Transportation Network Companies (Uber and Lyft). In FY 2020, Services Income increased by $67,915 or 28%.

5. Operating Expenses

Expense Classifications	FY2021	FY2020	FY2019
Board	**$ 49,394**	$ 89,615	$ 155,888
Building	**1,678,151**	1,480,655	1,614,781
Employee	**7,470,983**	8,557,263	8,459,659
Equipment	**315,934**	414318	287,315
Miscellaneous	**4,418**	-	2,600
Services	**5,544,390**	4,816,798	4,012,031
Supplies	**661,573**	691,491	566,427
Total operating expenses before depreciation	**$ 15,724,843**	$ 16,050,140	$ 15,098,701

The table above presents the major expense classifications for FY 2021 compared to FY 2020 and FY 2019. The total operating expenses before depreciation and the unfunded portion of pension expense for FY 2021 decreased by $325,297 or 2%. For FY 2020, operating expenses increased $951,439 as compared to FY 2019.

For FY 2021, Building Expenses increased by $197,496 or 13% primarily due to in repairs and maintenance as well as utility expense. The FY 2020 building expenses decreased compared to 2019 by $134,126 or 8%.

For FY 2021, Employee Expenses experienced a decrease of $1,086,280 or 13%, as compared to FY 2020 due to decrease cost in salary related benefits, decreases in overtime, dues and registrations, training, etc. and less contra salaries related to projects. Employee Expenses increased by $97,604 in FY 2020 which resulted from increase cost in salary related benefits and an increase in contra salaries related to capital projects.

For FY 2021, Service Expenses increased by $727,592 or 15% due to increase in legal fees. For FY 2020, the increase in Service Expenses of $804,767 was the result of consulting fees and legal fees.

6. Non-Operating Income (Expense)

Actual Net Non-Operating Income (Expense), in comparison to the budget, increased $3,988,479 or 83%. This increase was primarily due to CARES Act grant revenues and capital projects federal reimbursement. In FY 2020, Net Non-Operating Income (Expense) experienced an increase of $324,307 or 7%.

7. Capital Assets

The Authority's capital assets as of September 30, 2021, 2020 and 2019, amounted to $124,840,536, $125,763,218, and $123,914,634 (net of accumulated depreciation) respectively. This investment in capital assets includes land, facilities, facility improvements, equipment, furniture and fixtures and construction in progress.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. The Authority funds capital assets with passenger facility charges, customer facility charges, federal and state grants, net revenues and various bond issues. Additional information on the Authority's capital assets can be found in the accompanying notes to the financial statements.

8. Debt Administration

As of September 30, 2021, the Authority had outstanding revenue bonds of $26,160,000 which are listed below:

Description	Amount
Series 2017A	$ 2,975,000
Series 2017B	3,500,000
Series 2015A	11,830,000
Series 2015B	7,855,000

9. Other Items

Airline rates and charges

Rates and charges are calculated on an annual basis and are subject to change during the year. Included in the rates and charges calculations are specific rebates of debt service coverage.

Rates/Charges	FY2021	FY2020	FY2019
Terminal rent rates	**$ 79.88**	$ 86.09	$ 79.88
Landing fee (per 1,000 lbs.)	**3.54**	3.54	3.54

*Landing fee increased from $2.99 to $3.54 per thousand pounds effective 6/1/2019.

Operating and capital grants and reimbursements

In FY 2021 and FY 2020, respectively, the Authority recognized operating grant revenue of $6,433,630 and $2,627,800. Operating grants consist mostly of COVID relief funding from the Federal Aviation Administration (FAA). The Authority also recognized capital grant revenue in FY 2021 and FY 2020, respectively, of $5,896,676 and $6,798,680 from the FAA and the Mississippi Department of Transportation (MDOT). Capital grant revenue is used to offset the cost of various capital projects.

10. Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Jana Greene, Senior Accountant, Jackson Municipal Airport Authority, Post Office Box 98109, Jackson, MS 39298-8109. Information of interest may also be obtained on the Authority's website at www.jmaa.com.

Jackson Municipal Airport Authority
Statements of Net Position
September 30, 2021, and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 11,564,302**	$ 8,310,695
Restricted cash and cash equivalents - current	**2,446,778**	2,371,710
Accounts receivable	**802,814**	3,035,279
Governmental grants receivable	**1,348,647**	3,882,712
Other	**293,363**	148,502
Total current assets	**16,455,904**	17,748,898
Non-current assets:		
Restricted cash and cash equivalents - non-current	**29,014,907**	27,385,483
Restricted passenger facility charges receivable	**423,856**	143,045
Restricted customer facility charges receivable	**241,825**	118,272
Capital assets, net	**124,840,536**	125,763,218
Total non-current assets	**154,521,124**	153,410,018
Total assets	**170,977,028**	171,158,916
Deferred outflows of resources:		
Deferred outflows - debt refunding	**231,203**	261,255
Deferred outflows - pension	**1,395,679**	1,406,608
Total deferred outflows of resources	**1,626,882**	1,667,863

	2021	2020
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	**1,950,000**	1,905,000
Accounts payable	**1,056,736**	2,286,693
Contract retainage payable	**281,185**	187,300
Accrued expenses	**1,097,361**	1,205,807
Total current liabilities	**4,385,282**	5,584,800
Non-current liabilities:		
Long-term debt, net of current maturities	**24,210,000**	26,160,000
Claims liability	**1,650,000**	-
Net unfunded pension liability	**12,177,454**	17,190,648
Total non-current liabilities	**38,037,454**	43,350,648
Total liabilities	**42,422,736**	48,935,448
Deferred inflows of resources		
Deferred inflows - pension	**4,753,334**	447,466
Deferred inflows - unearned revenues	**981,617**	1,004,733
Total deferred inflows of resources	**5,734,951**	1,452,199
Net position:		
Invested in capital assets, net of related debt	**97,785,408**	95,728,362
Restricted	**32,127,366**	30,018,510
Unrestricted (deficit)	**(5,466,551)**	(3,307,740)
Total net position	**$ 124,446,223**	$ 122,439,132

Jackson Municipal Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021, and 2020

	2021	2020
Operating revenues:		
Aviation	$ 6,641,538	$ 6,172,694
Non-aviation	5,738,275	5,743,689
Concessions	1,652,445	2,359,511
Services	151,046	177,275
Total operating revenues	14,183,304	14,453,169
Operating expenses:		
Board expenses	49,394	89,615
Building expenses	1,678,151	1,480,655
Employee expenses	7,470,983	9,340,191
Equipment expenses	315,934	414,318
Miscellaneous expenses	4,418	-
Services	5,544,390	4,816,798
Supplies	661,573	691,491
Total operating expenses, before depreciation expense	15,724,843	16,833,068
Operating loss, before depreciation expense	(1,541,539)	(2,379,899)
Depreciation expense	11,159,723	7,851,514
Total operating expenses	26,884,566	24,684,582
Operating loss	(12,701,262)	(10,231,413)

Jackson Municipal Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021 and 2020 **(Continued)**

	2021	2020
Non-operating revenues (expense):		
Passenger facility charges, restricted	**$ 1,677,171**	$ 1,279,712
Customer facility charges, restricted	**1,412,416**	1,682,497
Governmental operating grants	**6,433,630**	2,627,800
Interest expense	**(776,736)**	(823,998)
Interest income	**24,767**	121,970
Asset seizures	**54,516**	16,577
Other	**(14,087)**	2,115
Net non-operating revenues (expense)	**8,811,677**	4,906,673
Loss before capital grant contributions	**(3,889,585)**	(5,324,740)
Governmental capital grant contributions	**5,896,676**	6,798,680
Change in net position	**2,007,091**	1,473,940
Net position - beginning	**122,439,132**	120,965,192
Net position - ending	**$ 124,446,223**	$ 122,439,132

Jackson Municipal Airport Authority
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash provided (used) by operating activities:		
Cash received from customers	$ 16,369,671	$ 12,684,414
Cash paid for payroll expenses	(7,043,032)	(8,287,357)
Cash paid for other operating expenses	(8,012,807)	(8,299,945)
Net cash provided (used) by operating activities	1,313,832	(3,902,888)
Cash provided by non-capital financing activities:		
Asset seizures	54,516	6,477
Operating Grants and expense reimbursements	5,737,518	2,629,915
Net cash provided by non-capital financing activities	5,792,034	2,636,392
Cash used by capital and related financing activities:		
Capital grants received	9,135,748	6,627,159
Passenger facility charges collected	1,396,360	1,330,873
Customer facility charges collected	1,288,863	1,779,149
Principal paid on capital debt	(1,905,000)	(1,870,000)
Interest paid on capital debt	(769,615)	(813,545)
Capital asset expenditures	(11,318,890)	(13,276,744)
Net cash used by capital and related financing activities	(2,172,534)	(6,223,108)
Cash provided by investing activities - receipt of interest	24,767	121,970
Change in cash and cash equivalents	4,958,099	(7,367,634)
Cash and cash equivalents - beginning of year	38,067,888	45,435,522
Cash and cash equivalents - end of year	$ 43,025,987	$ 38,067,888

	2021	2020
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	**$ (12,701,262)**	$ (10,231,413)
Depreciation expense	**11,159,723**	7,851,514
Net effect of changes in operating assets and liabilities:		
Accounts receivable	**2,209,483**	(1,572,616)
Other current assets	**(144,861)**	53,368
Deferred outflows - pension	**10,929**	(539,167)
Accounts payable, net of capital items	**(54,223)**	(586,235)
Accrued expenses	**(85,515)**	(4,295)
Claims liability	**1,650,000**	-
Net unfunded pension liability	**(5,013,194)**	1,396,575
Deferred inflows - pension	**4,305,868**	(74,480)
Deferred inflows - unearned revenues	**(23,116)**	(196,139)
Net cash provided (used) by operating activities	**$ 1,313,832**	$ (3,902,888)

	2021	2020
Presentation of cash and cash equivalents - end of year on the statements of net position:		
Cash and cash equivalents	**$ 11,564,302**	$ 8,310,695
Restricted cash and cash equivalents - current	**2,446,778**	2,371,710
Restricted cash and cash equivalents - non-current	**29,014,907**	27,385,483
Cash and cash equivalents - end of year	**$ 43,025,987**	$ 38,067,888

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A summary of significant accounting policies for Jackson Municipal Airport Authority (the Authority) follows:

Organization and nature of operations

The Authority operates two airports in the Jackson, Mississippi, metropolitan area: the Jackson-Medgar Wiley Evers International Airport (JAN) and the Hawkins Field Airport (HKS). The Authority, created in 1960 as a component unit of the City of Jackson, Mississippi, is governed by five (5) commissioners appointed by the Mayor of Jackson and confirmed by the Jackson City Council to serve staggered terms of five (5) years each. The Commissioners are responsible for planning, development, and operation of JAN and HKS. Substantially all of the Authority's business activity is with customers in the transportation industry.

Basis of accounting and measurement focus

The Authority is accounted for as an enterprise fund and presents its financial statements in accordance with the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus; and GASB Statement No. 38, Certain Financial Statement Disclosures.

Cash and cash equivalents

Mississippi law allows governmental entities to invest in collateralized bank deposits, Federal securities, or securities issued by other Mississippi governmental entities. For purposes of the statements of cash flows, the Authority considers restricted cash and all short-term debt securities purchased with maturities of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The valuation allowance was $0 at both September 30, 2021 and 2020.

Capital assets

Capital assets are recorded at acquisition cost. Interest expense, net of income earned on construction bond proceeds, is capitalized during construction on those capital projects paid for from the bond proceeds and is amortized over the depreciable life of the related assets on a straight-line basis.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets. Depreciation is not provided for construction-in-progress until such time as the assets are placed into service.

Income taxes

The Authority is exempt from federal and state income taxes.

Deferred outflows of resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The Authority's deferred outflows relate to debt refunding, which are being amortized over the life of the debt, and its net pension liability, which are being amortized over the estimated average remaining service life of plan participants.

Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The Authority's deferred inflows relate to its net pension liability, which are being amortized over the estimated average remaining service life of plan participants, and lease revenues received in advance, which are either recognized in the month earned or amortized over the term of the lease, as appropriate.

Use of estimates in the preparation of financial statements

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

Presentation of sales tax

The State of Mississippi imposes a sales tax of 7% on the Authority's parking revenues. The Authority collects the sales tax from customers and remits the entire amount to the State. The Authority's accounting policy is to exclude the tax collected and remitted to the State from both revenues and expenses.

Restricted assets

Assets required to be held and/or used as specified in bond indentures, bond resolutions, and grantor specifications have been reported as restricted assets. When both restricted and unrestricted assets are available for use, the policy is to use restricted assets first.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense/expenditures, information about the fiduciary net position of the Authority's pension plans with the Public Employees' Retirement System of Mississippi ("PERS") and the additions to/deductions from the plans' fiduciary net position have been determined on the same basis as reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications

Certain 2020 balances have been reclassified to conform to the 2021 presentation.

New accounting standard

The GASB issued Statement No. 87, Leases, which substantially changes accounting and financial reporting related to lease agreements. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority has significant leasing activities as a lessor. The impact of implementation of this new standard on the financial statements has not been determined. The statement will be effective for the Authority's 2022 financial statements.

2. Cash and Cash Equivalents

Cash - bank deposits

The carrying amount of the Authority's total cash deposits with financial institutions (including restricted cash) at September 30, 2021 and 2020, was $42,997,182 and $37,938,459, respectively, and the bank balance was $43,380,363 and $38,823,580, respectively. Collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the State Treasurer monitors collateralization of the entity's funds. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation (FDIC).

Cash equivalents

The carrying amount of the Authority's total cash equivalents, which are restricted for repayment of debt or use of debt proceeds, at September 30, 2021 and 2020, was $28,805 and $129,429, respectively. The Authority's cash equivalents, which are invested in mutual funds which invest in U.S. Treasury securities, are not covered by FDIC insurance.

3. Restricted Cash and Cash Equivalents

A summary of restricted cash and cash equivalents follows:

	2021	2020
Current:		
Debt interest and principal payments	$ 2,352,292	$ 2,331,719
Asset seizure funds - State	94,486	39,991
Total short-term	$ 2,446,778	$ 2,371,710
Non-current:		
Passenger facility charges (PFC)	$ 13,054,155	$ 11,911,888
Customer facility charges (CFC)	11,462,302	10,978,494
Restricted for capital projects	424,757	424,409
Cash reserve restricted by bond indenture	4,073,693	4,070,692
Total non-current	$ 29,014,907	$ 27,385,483

4. Capital Assets, Net

A summary of capital assets, net follows:

	Balance September 30, 2020	Additions	Deletions	Adjustments	Balance September 30, 2021
Land	$ 4,622,050	$ -	$ -	$ -	$ 4,622,050
Land improvements	140,594,107	-	-	13,086,855	153,680,962
Buildings	120,722,435	-	-	1,499,834	122,222,269
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	32,318,169	138,381	-	825,174	33,281,724
Construction in progress	9,509,764	10,556,833	(458,173)	(15,411,863)	4,196,561
Total	317,251,919	10,695,214	(458,173)	-	327,488,960
Accumulated depreciation	(191,488,701)	(11,159,723)	-	-	(202,648,424)
Net capital assets	$ 125,763,218	$ (464,509)	$ (458,173)	$ -	$ 124,840,536

	Balance September 30, 2019	Additions	Deletions	Adjustments	Balance September 30, 2020
Land	$ 4,622,050	$ -	$ -	$ -	$ 4,622,050
Land improvements	120,487,814	-	-	20,106,293	140,594,107
Buildings	118,811,974	-	-	1,910,461	120,722,435
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	14,234,444	136,794	(24,613)	17,971,544	32,318,169
Construction in progress	39,934,758	9,563,304	-	(39,988,298)	9,509,764
Total	307,576,434	9,700,004	(24,613)	-	317,251,919
Accumulated depreciation	(183,661,800)	(7,851,514)	24,613	-	(191,488,701)
Net capital assets	$ 123,914,634	$ 1,848,584	$ -	$ -	$ 125,763,218

Depreciation expense for the years ended September 30, 2021 and 2020, was $11,159,723 and $7,851,514, respectively. The Authority wrote off cancelled construction projects totaling $458,173, in the year ended September 30, 2021.

The Authority has committed approximately $3,100,000 to future construction projects as of September 30, 2021. These projects are expected to be substantially completed within two (2) years from September 30, 2020 and will primarily be financed with grant and PFC funds.

The Authority is dependent on continued Federal and State grants, PFC funds and CFC funds to fund a majority of its capital projects.

5. Long-term Debt

A summary of long-term debt follows:

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	**$ 3,425,000**	**$ -**	**$ (450,000)**	**$ 2,975,000**
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	**3,950,000**	**-**	**(450,000)**	**3,500,000**
2015 Series A Revenue Bonds maturing in October 2031; interest rates from 1.21% to 3.09%	**12,835,000**	**-**	**(1,005,000)**	**11,830,000**
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	**7,855,000**	**-**	**-**	**7,855,000**
Total long-term debt	**28,065,000**	**-**	**(1,905,000)**	**26,160,000**
Current maturities	**(1,905,000)**	**-**	**(45,000)**	**(1,950,000)**
Long-term debt, net of current maturities	**$ 26,160,000**	**$ -**	**$ (1,950,000)**	**$ 24,210,000**

	Balance September 30, 2019	Additions	Deductions	Balance September 30, 2020
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	$ 3,870,000	$ -	$ (445,000)	$ 3,425,000
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	4,390,000	-	(440,000)	3,950,000
2015 Series A Revenue Bonds maturing in October 2031; interest rates from 1.21% to 3.09%	13,820,000	-	(985,000)	12,835,000
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	7,855,000	-	-	7,855,000
Total long-term debt	29,935,000	-	(1,870,000)	28,065,000
Current maturities	(1,870,000)	-	(35,000)	(1,905,000)
Long-term debt, net of current maturities	$ 28,065,000	$ -	$ (1,905,000)	$ 26,160,000

In July 2018, the Authority advance refunded $2,155,000 of the outstanding 2015 Series C Authority Revenue Bonds with interest rates ranging from 4.90% to 5.15%. The Authority purchased U.S. government securities at a cost of $2,421,860, of which $1,865,370 was funded with restricted CFC cash. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded Series C Authority Revenue Bonds. As a result, the Series C Authority Revenue Bonds are considered defeased, and the Authority has removed the liability from its accounts. The outstanding principal of the defeased bonds at September 30, 2021 is $1,615,000.

The Revenue Bonds are collateralized by and will be payable from the Authority's net revenues and PFC revenues. The 2015A Revenue Bonds are also partially collateralized by and payable from the Authority's CFC revenues.

Principal repayments of debt were $1,905,000 and $1,870,000 in the years ended September 30, 2021 and 2020, respectively. A schedule of future maturities of long-term debt follows:

Year Ending September 30,	Principal	Interest
2022	$ 1,950,000	$ 562,099
2023	1,995,000	538,644
2024	2,050,000	512,973
2025	2,100,000	485,017
2026	2,160,000	455,071
2027 - 2031	7,750,000	1,766,276
2032 - 2036	8,155,000	681,895
	$ 26,160,000	$ 5,001,975

6. Pension Plan

General information about the pension plan

Plan description

The Authority contributes to the Public Employees' Retirement System of Mississippi (PERS).

PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40% for employer contributions (15.75% for contributions prior to June 30, 2019) and 9.00% for members. The Authority's contributions to PERS for the years ended September 30, 2021 and 2020, were $964,153 and $1,028,861, respectively.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' Retirement System available at www.PERS.ms.gov.

Net pension liability

At September 30, 2021 and 2020, the Authority reported a liability of $12,177,454 and $17,190,648, respectively for its proportional share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Authority's proportion of the net pension liability was based on the Authority's contributions to the pension plan relative to the contributions of all pension plan participants. At June 30, 2021 and 2020, the Authority's proportion was 0.0823890% and 0.088800%, respectively.

Actuarial assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	Assumptions
Inflation	2.40%
Salary increases	2.65 – 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	27.00%	4.60%
International equity	22.00	4.50
Global equity	12.00	4.80
Fixed income	20.00	(0.25)
Real estate	10.00	3.75
Private equity	8.00	6.00
Cash	1.00	(1.00)
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the Authority's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.55%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2021, net pension liability	**$ 17,246,130**	**$ 12,177,454**	**$ 8,000,462**
June 30, 2020, net pension liability	$ 22,251,182	$ 17,190,648	$ 13,013,675

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the years ended September 30 2021 and 2020, the Authority recognized pension expense of $261,596 and $1,795,610, respectively. The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended September 30, 2021 and 2020:

	Balance September 30, 2020	**Additions**	**Deductions**	**Balance September 30, 2021**
Deferred outflows of resources:				
Contributions subsequent to the measurement date	**$ 242,958**	**$ 253,934**	**$ (242,958)**	**$ 253,934**
Differences between expected and actual experience	**149,467**	**149,347**	**(97,572)**	**201,242**
Changes in proportionate share of net pension liability	**214,595**	**-**	**(214,595)**	**-**
Changes in assumptions	**97,226**	**1,210,506**	**(367,229)**	**940,503**
Net difference between projected and actual earnings on plan investments	**702,362**	**-**	**(702,362)**	**-**
Total deferred outflows of resources	**$ 1,406,608**	**$ 1,613,787**	**$ (1,624,716)**	**$ 1,395,679**
Deferred inflows of resources:				
Changes in proportionate share of net pension liability	**$ 447,466**	**$ 1,241,095**	**$ (550,025)**	**$ 1,138,536**
Net difference between projected and actual earnings on plan investments	**-**	**5,464,221**	**(1,849,423)**	**3,614,798**
Total deferred inflows of resources	**$ 447,466**	**$ 6,705,316**	**$ (2,399,448)**	**$ 4,753,334**

	Balance September 30, 2020	**Additions**	**Deductions**	**Balance September 30, 2021**
Deferred outflows of resources:				
Contributions subsequent to the measurement date	$ 267,392	$ 242,958	$ (267,392)	$ 242,958
Differences between expected and actual experience	9,772	199,290	(59,595)	149,467
Changes in proportionate share of net pension liability	648,503	-	(433,908)	214,595
Changes in assumptions	154,809	-	(57,583)	97,226
Net difference between projected and actual earnings on plan investments	-	924,649	(222,287)	702,362
Total deferred outflows of resources	$ 1,080,476	$ 1,366,897	$ (1,040,765)	$ 1,406,608
Deferred inflows of resources:				
Changes in proportionate share of net pension liability	$ 505,221	$ 172,401	$ (230,156)	$ 447,466
aifferences between expected and Actual experience	16,725	-	(16,725)	-
Net difference between projected and actual earnings on plan investments	213,035	-	(213,035)	-
Total deferred inflows of resources	$ 734,981	$ 172,401	$ (459,916)	$ 447,466

Deferred outflows of resources of $253,934 at September 30, 2021, resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

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

Year Ending September 30,	
2022	$ 922,630
2023	757,743
2024	838,373
2025	1,092,843
Total	$ 3,611,589

Payable to the pension plan

At September 30, 2021 and 2020, the Authority reported a payable of $85,880 and $199,335, respectively, for the outstanding amount of contributions to the pension plan required for the years then ended.

Employees of the Authority may also elect to contribute to a Section 457 tax-deferred defined contribution retirement plan administered by PERS. The Authority's matching contributions to this plan for the years ended September 30, 2021 and 2020, were $104,262 and $93,858, respectively.

7. Net Position

A summary of restricted net position follows:

	2021	2020
Debt interest and principal payments	**$ 2,352,292**	$ 2,331,719
Passenger facility charges (PFC)	**13,478,011**	12,054,933
Customer facility charges (CFC)	**11,704,127**	11,096,766
Restricted for capital projects	**424,757**	424,409
Cash reserve restricted by bond indenture	**4,073,693**	4,070,692
Public safety	**94,486**	39,991
	$ 32,127,366	$ 30,018,510

8. Operating Lease Revenues

Substantially all buildings and improvements, except for the parking facility, of the Authority are leased to third parties through operating leases. Many of these leases provide for the payment of contingent amounts based on revenues. A summary of future minimum rental revenue to be received based on operating leases in effect at September 30, 2021, follows:

Year Ending September 30,	Future Minimum Rental Revenues
2022	3,947,637
2023	3,619,288
2024	817,269
2025	808,063
2026	807,870
2027 - 2031	2,515,774
2032 - 2036	897,842
2037 - 2041	448,204
2042 - 2046	402,590
2047 - 2051	320,485
2052 - 2056	320,485
2057 - 2061	320,485
2062 - 2066	166,845
2067 - 2071	3,895
	$ 15,396,732

9. Passenger Facility Charges

Under Part 158 of the Code of Federal Regulations, the Federal Aviation Administration (FAA) granted public agencies controlling commercial service airports the authority to impose passenger facility charges (PFC) of up to $4.50 per enplaned passenger, to be used towards the cost of capital projects, and debt service on those projects, approved by the FAA and the participating airlines. The Authority is currently authorized to impose PFC charges of $4.50 per enplaned passenger. The Authority is authorized to collect a total of $61,220,929 to be used for specific approved PFC projects. As of September 30, 2021, $60,745,646 has been collected, and $47,691,491 expended.

10. Customer Facility Charges

The Authority has reached agreements with its automobile rental concessionaires whereby the Authority collects a customer facility charge (CFC) of $5.00 for each vehicle rental day. Use of the CFC revenues is restricted to expansion of the parking garage at JAN and other construction projects (including related debt service) for the benefit of the Authority's automobile rental concessionaires and to offset increases in rental rates charged by the Authority to the concessionaires.

11. Commitments and Contingencies

The Authority is exposed to risks of loss of property and to general liability claims incidental to its operations. The Authority manages these risks by purchasing commercial insurance.

During the 2016 Mississippi legislative session, Section 61-3-6 of the Mississippi Code of 1972, was passed and signed into law. This law would create a new Jackson Metropolitan Area Airport Authority that would manage JAN and HKS. A suit has been filed in US District Court challenging the validity of this law. The City of Jackson and the Authority have both intervened in this suit to challenge the validity of this law. Regarding the lawsuit, pursuant to the December 12, 2016, Court order, the Governor and Lieutenant Governor will maintain the status quo by not naming or officially appointing anyone to the new Jackson Metropolitan Area Airport Authority until such time as the Court renders a decision on the merits (or as otherwise ordered by the Court) or until after ninety (90) days written notice is given by the Governor and Lieutenant Governor to the Authority and the Court of their intent to do otherwise. Further, in its June 6, 2016, Notice of Policy on Evaluating Disputed Changes of Sponsorship at Federally Obligated Airports, the FAA stated that “only the FAA has the authority to determine sponsor eligibility, approve and formally change airport sponsorship, and approve and issue a new Airport Operating Certificate pursuant to 14 CFR part 139." The FAA further stated in that June 6, 2016, Notice: “In matters in which a proposed change is contested by a current sponsor or operator, the FAA will not act on a part 139 application or a change of airport sponsorship and/or operating authority until the dispute is definitively resolved to the satisfaction of the FAA."

In October 2020, a former concessionaire filed a complaint related to the termination of their lease and concession agreement with the Authority. The concessionaire sought damages related to the termination and reimbursement for certain leasehold improvements. The Authority subsequently agreed to a settlement of $1,650,000, which is recorded in the claims liability in the statement of net position. This liability will be paid in two installments in fiscal year 2023.

The Authority is also party to various other legal claims and actions in the course of its business. The resolution of these claims is unknown, but it is possible the outcome of one or more of these could be material to the financial statements. No liability for these claims has been accrued in the financial statements.

In January 2021, the Mississippi Office of the State Auditor’s Investigative Division (SAO) began a preliminary investigation involving the Authority. To date, information requested by, and provided to, the SAO primarily relates to contracts entered into during the year ended September 30, 2021. This preliminary investigation is ongoing. To date, the Authority has not been notified of any findings or preliminary findings. The outcome of this preliminary investigation is unknown; however, the effects could potentially be material to the Authority, either in terms of financial reporting, compliance, or both.

12. Covid-19 Pandemic

In March 2020, the President declared a national state of emergency due to the coronavirus Covid-19 pandemic. This event, and the response to it, caused enplanements at JAN during year ended September 30, 2020 to decline to 5.6% of prior year enplanements at its peak in April 2020. By September 2020, enplanements had recovered slightly to 30.5% of prior year, and by September 2021, enplanements had recovered to 41.2% of pre-pandemic levels.

The Coronavirus Aid, Relief and Economic Security (CARES) Act signed into law in March 2020, allocated $8,630,630 in economic relief to Jackson-Medgar Wiley Evers International Airport over a four-year period beginning in May 2020. The Authority used $2,416,000 of this relief curing the year ended September 30, 2020. The authority used the remaining $6,214,630 during the year ended September 30, 2021.

The pandemic is the primary driver of the Authority's operating loss before depreciation of approximately $1.5 million and $2.4 million for the years ended September 30, 2021 and 2020, respectively.

The long-term effects of this pandemic on the Authority's operations and finances are unknown at this time.

Jackson Municipal Airport Authority
Schedule of Proportionate Share of the Net Liability
Public Employees' Retirement System of Mississippi
Years Ended June 30, 2021 - 2014

	2021	2020	2019	2018	2017	2016	2015	2014
JMAA's proportion of the net pension liability	**0.082389%**	0.088800%	0.089780%	0.093918%	0.088324%	0.078357%	0.080705%	0.084670%
JMAA's proportionate share of the net pension liability	**$ 12,177,454**	$ 17,190,648	$ 15,794,073	$ 15,621,353	$ 14,682,447	$ 13,996,517	$ 12,475,387	$ 10,272,702
JMAA's covered payroll	**$ 5,478,030**	$ 5,912,992	$ 5,847,146	$ 5,997,556	$ 5,666,043	$ 5,012,711	$ 5,041,981	$ 5,171,416
JMAA's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	**70.44%**	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* - GASB Statement No. 68 was implemented in fiscal year 2015, information is not available to present a full ten years.
The Authority has presented information for the years available.

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

The notes to schedules of proportionate share of the net pension liability and pension contributions are an integral part of this schedule.

Jackson Municipal Airport Authority
Schedule of Pension Contributions
Public Employees' Retirement System of Mississippi
Years Ended September 30, 2021 - 2014

	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Statutorily required contribution	**$ 964,153**	$ 1,004,427	$ 940,564	$ 940,985	$ 934,804	$ 803,042	$ 787,462	$ 823,210
Contributions in relation to the statutorily required contribution	**$ 964,153**	$ 1,004,427	$ 940,564	$ 940,985	$ 934,804	$ 803,042	$ 787,462	$ 823,210
Annual contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JMAA's covered payroll	**$ 5,541,107**	$ 5,772,571	$ 5,810,843	$ 5,974,215	$ 5,935,263	$ 5,098,679	$ 4,999,759	$ 5,226,730
Contributions as a percentage of covered payroll	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

* - GASB Statement No. 68 was implemented in fiscal year 2015, information is not available to present a full ten years.
The Authority has presented information for the years available.

The amounts presented for each fiscal year were determined as of the Authority's September 30 year-end date of the fiscal year presented.

The notes to schedules of proportionate share of the net pension liability and pension contributions are an integral part of this schedule.

Notes to Schedules of Proportionate Share of the Net Pension Liability and Pension Contributions

1. Changes of Assumptions

2021

The expectation of retired life mortality was changed to the PubS.H.2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 100% for ages 61 to 75, and 101% for ages above 77.
- For females, 84% of female rates up to age 72, 100% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retires with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H.2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%. o Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2. Changes in Benefit Provisions

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

3. Methods and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarily determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end.) The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Jackson Municipal Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number		Total Federal Expenditures
U.S. Department of Transportation:			
Direct programs:			
Federal Aviation Administration:			
Airport Improvement Program:			
3-28-0037-051-2016	20.106	$	1,641,434
3-28-0037-054-2019	20.106		420,898
3-28-0037-055-2020	20.106		137,169
3-28-0038-018-2018	20.106		168,680
3-28-0038-019-2019	20.106		3,254,021
3-28-0038-020-2020	20.106		67,921
3-28-0038-021-2020	20.106		50,000
COVID-19: Airport Improvement Program:			
3-28-0037-057-2020	20.106		6,214,630
Total U.S. Department of Transportation			11,954,753
U.S. Department of Homeland Security			
Direct programs:			
Transportation Security Administration (TSA):			
Law Enforcement Officer Reimbursement Program:			
HSTS02-16-H-SLR869	97.090		219,000
Total U.S. Department of Homeland Security			219,000
Total expenditures of Federal awards		$	12,173,753

The accompanying notes to schedule of expenditures of Federal awards are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jackson Municipal Airport Authority (the Authority) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

3. Indirect Cost Rate

The Authority has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. No indirect costs have been charged to the Authority's Federal programs.

4. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

A reconciliation of the total Federal awards per the Schedule of Expenditures of Federal Awards to the statement of revenues, expenses and changes in net position follows:

Total expenditures of Federal awards	$ 12,173,753
State of Mississippi grants	156,553
Total governmental grant contributions	$ 12,330,306

Presented in the financial statements as:

Governmental operating grant contributions	$ 6,433,630
Governmental capital grant contributions	5,896,676
Total governmental grant contributions	$ 12,330,306

Jackson Municipal Airport Authority
Schedule of Passenger Facility Charges - Cash Basis
Year Ended September 30, 2021

	September 30, 2020 Program Total	Quarter 1 - October - December	Quarter 2 - January - March	Quarter 3 - April - June	Quarter 4 - July - September	Year Ended September 20, 2020 Total	September 30, 2021 Program Total
Revenue:							
Collections	$ 56,765,213	$ 216,822	$ 196,618	$ 384,082	$ 618,928	$ 1,416,450	$ 58,181,663
Interest	2,553,819	1,515	2,334	3,084	3,231	10,164	2,563,983
Total revenue	59,319,032	218,337	198,952	387,166	622,159	1,426,614	60,745,646
Expenditures:							
Application #1	6,238,505	-	-	-	-	-	6,238,505
Application #2	3,590,244	-	-	-	-	-	3,590,244
Application #3	6,340,999	28,515	28,515	28,515	28,515	114,060	6,455,059
Application #4	2,903,309	26,234	26,234	26,234	26,234	104,936	3,008,245
Application #5	23,046,794	-	-	-	-	-	23,046,794
Application #6	1,662,503	-	-	-	-	-	1,662,503
Application #7	3,624,790	10,036	-	55,315	-	65,351	3,690,141
Total expenditures	47,407,144	64,785	54,749	110,064	54,749	284,347	47,691,491
Net PFC revenue	$ 11,911,888	$ 153,552	$ 144,203	$ 277,102	$ 567,410	$ 1,142,267	$ 13,054,155
PFC account balance	$ 11,911,888	$ 12,065,440	$ 12,209,643	$ 12,486,745	$ 13,054,155	$ 13,054,155	$ 13,054,155

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2021 - 2012
(In Thousands)

	2021	2020	2019	2018	2017
Assets and deferred outflows of resources:					
Current assets, unrestricted	**$ 14,009**	$ 15,377	$ 20,398	$ 16,609	$ 16,271
Restricted assets	**32,127**	30,019	30,822	31,521	34,829
Capital assets	**124,841**	125,763	123,915	117,320	113,154
Other	**-**	-	-	-	14
Deferred outflows of resources	**1,627**	1,668	1,373	2,044	2,371
Total assets and deferred outflows of resources	**172,604**	172,827	176,508	167,494	166,639
Liabilities and deferred inflows of resources:					
Current liabilities	**4,385**	5,585	9,738	7,651	5,480
Long-term debt, net of current maturities	**24,210**	26,160	28,065	29,935	33,469
Net unfunded pension liability	**12,177**	17,191	15,794	15,621	14,683
Claims liability	**1,650**	-	-	-	-
Deferred inflows of resources	**5,735**	1,452	1,946	1,183	1,328
Total liabilities and deferred inflows of resources	**48,157**	50,388	55,543	54,390	54,960
Net position	**$ 124,447**	$ 122,439	$ 120,965	$ 113,104	$ 111,679
Revenues and expenses:					
Operating revenues	**$ 14,183**	$ 14,453	$ 18,509	$ 16,994	$ 16,834
Operating expenses, before depreciation and unfunded portion of pension expense	**16,420**	16,050	15,099	15,269	15,221
Operating income (loss), before depreciation and unfunded portion of pension expense	**(2,237)**	(1,597)	3,410	1,725	1,613
Depreciation	**11,160**	7,852	7,596	8,291	8,552
Unfunded portion of pension expense	**(696)**	783	1,030	1,021	1,141
Operating loss	**(12,701)**	(10,232)	(5,216)	(7,587)	(8,080)
Passenger facility charges (restricted)	**1,677**	1,280	2,509	2,154	1,960
Customer facility charges (restricted)	**1,412**	1,682	2,239	2,029	2,096
Governmental operating grants	**6,434**	2,416	-	-	-
Interest expense	**(777)**	(824)	(863)	(972)	(1,201)
Other	**65**	353	596	(752)	222
Loss before capital grant contributions	**$ (3,890)**	$ (5,325)	$ (735)	$ (5,128)	$ (5,003)
Other:					
Capital asset additions	**$ 10,695**	$ 9,700	$ 14,540	$ 13,521	$ 11,869
Federal and state capital grants	**(5,897)**	(6,799)	(7,006)	(6,553)	(6,341)
Passenger facility charge reimbursements	**(293)**	(2,068)	(4,860)	(4,545)	(91)
Net construction costs	**$ 4,505**	$ 833	$ 2,674	$ 2,423	$ 5,437

Note: Years prior to 2013 have not been restated to reflect the adoption of GASB Statement No. 65.
Note: Years prior to 2014 have not been restated to reflect the adoption of GASB Statement No. 68.

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2021 - 2012
(In Thousands) **(Continued)**

	2016	2015	2014	2013	2012
Assets and deferred outflows of resources:					
Current assets, unrestricted	$ 18,727	$ 17,157	$ 14,274	$ 13,653	$ 16,270
Restricted assets	32,968	30,145	32,360	30,047	34,344
Capital assets	109,837	116,930	118,016	118,700	108,093
Other	54	64	275	304	946
Deferred outflows of resources	2,702	2,216	808	218	-
Total assets and deferred outflows of resources	164,288	166,512	165,733	162,922	159,653
Liabilities and deferred inflows of resources:					
Current liabilities	3,714	3,539	4,393	4,474	5,174
Long-term debt, net of current maturities	35,046	36,803	37,905	39,302	40,189
Net unfunded pension liability	13,997	12,475	10,273	-	-
Claims liability	-	-	-	-	-
Deferred inflows of resources	1,188	1,435	1,697	202	-
Total liabilities and deferred inflows of resources	53,945	54,252	54,268	43,978	45,363
Net position	$ 110,343	$ 112,260	$ 111,465	$ 118,944	$ 114,290
Revenues and expenses:					
Operating revenues	$ 17,304	$ 16,929	$ 17,755	$ 17,635	$ 17,071
Operating expenses, before depreciation and unfunded portion of pension expense	13,365	12,350	14,113	13,207	13,314
Operating income (loss), before depreciation and unfunded portion of pension expense	3,939	4,579	3,642	4,428	3,757
Depreciation	8,592	9,139	8,867	8,456	8,407
Unfunded portion of pension expense	769	344	(53)	-	-
Operating loss	(5,422)	(4,904)	(5,172)	(4,028)	(4,650)
Passenger facility charges (restricted)	2,024	2,086	2,264	2,433	2,801
Customer facility charges (restricted)	2,245	2,192	2,311	2,184	1,717
Governmental operating grants	-	-	-	-	-
Interest expense	(1,266)	(1,790)	(1,825)	(1,893)	(2,042)
Other	258	(37)	411	566	(449)
Loss before capital grant contributions	$ (2,161)	$ (2,453)	$ (2,011)	$ (738)	$ (2,623)
Other:					
Capital asset additions	$ 1,570	$ 8,229	$ 8,182	$ 19,097	$ 5,412
Federal and state capital grants	(245)	(3,247)	(5,714)	(6,144)	(1,014)
Passenger facility charge reimbursements	(1,573)	(3,283)	(716)	(5,715)	(1,602)
Net construction costs	$ (248)	$ 1,699	$ 1,752	$ 7,238	$ 2,796

Note: Years prior to 2013 have not been restated to reflect the adoption of GASB Statement No. 65.
Note: Years prior to 2014 have not been restated to reflect the adoption of GASB Statement No. 68.

Jackson Municipal Airport Authority
Schedule of Budgeted vs. Actual Revenues and Expenses
Year Ended September 30, 2021

	Budget	Actual	Variance
Operating revenues:			
Aviation	$ 6,852,726	$ 6,641,538	$ (211,188)
Non-aviation	5,137,625	5,738,275	600,650
Concessions	1,521,911	1,652,445	130,534
Services	215,000	151,046	(63,954)
Total operating revenues	13,727,262	14,183,304	456,042
Operating expenses:			
Board expenses	163,600	49,394	(114,206)
Building expenses	1,463,518	1,678,151	214,633
Employee expenses	9,372,787	8,167,380	(1,205,407)
Equipment expenses	561,215	315,934	(245,281)
Miscellaneous expense	5,000	4,418	(582)
Services	3,678,609	5,544,390	1,865,781
Supplies	887,618	661,573	(226,045)
Total operating expenses, before depreciation and unfunded portion of pension expense	16,132,347	16,421,240	288,893
Operating income, before depreciation and unfunded portion of pension expense	(2,405,085)	(2,237,936)	167,149
Depreciation expense	7,395,873	11,159,723	3,763,850
Unfunded portion of pension expense (income)	-	(696,397)	(696,397)
Total operating expenses	23,528,220	26,884,566	3,356,346
Operating loss	(9,800,958)	(12,701,262)	(2,900,304)
Non-operating revenues (expense):			
Passenger facility charges, restricted	1,082,384	1,677,171	594,787
Customer facility charges, restricted	1,622,588	1,412,416	(210,172)
Governmental operating grants	2,418,200	6,433,630	4,015,430
Interest expense	(746,974)	(776,736)	(29,762)
Interest income	418,000	24,767	(393,233)
Asset seizures	27,000	54,516	27,516
Other	2,000	(14,087)	(16,087)
Net non-operating revenues (expense)	4,823,198	8,811,677	3,988,479
Loss before capital grant contributions	(4,977,760)	(3,889,585)	1,088,175
Capital governmental grant contributions	8,525,821	5,896,676	(2,629,145)
Change in net position	$ 3,548,061	$ 2,007,091	$ (1,540,970)

FORVIS

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

The Board of Commissioners and Management
Jackson Municipal Airport Authority
Jackson, MS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Jackson Municipal Airport Authority (the "Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2022

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1, that we consider to be material weaknesses.

Compliance and Other Matters

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

Jackson Municipal Airport Authority's Response to Findings
The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Memphis, TN
September 28, 2022

Independent Auditor's Report on Compliance for Each Major Program and The Passenger Facility Charge Program and on Internal Control Over Compliance Required by the Uniform Guidance and The Passenger Facility Charge Audit Guide for Public Agencies

The Board of Commissioners and Management
Jackson Municipal Airport Authority
Jackson, MS

Report on Compliance for the Major Federal Program and the Passenger Facilities Charges Program

We have audited Jackson Municipal Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Authority's major federal program and passenger facility charges program for the year ended September 30, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program and passenger facilities charges program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and passenger facilities charges based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and the Guide. Those standards, the Uniform Guidance and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or passenger facilities charges program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the passenger facilities charges program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program and Passenger Facilities Charges Program
In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and the passenger facilities charges program for the year ended June 30, 2021.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-2. Our opinion on each major federal program and passenger facilities charges program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program passenger facilities charges program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-2 and 2021-3, that we consider to be material weaknesses.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

FORVIS, LLP

Memphis, TN
September 28, 2022

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Major Program:	
• 20.106 – Airport Improvement Program.	
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk?	Yes

Passenger Facility Charge Program

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No
Type of auditor's report issued on compliance for the passenger facility charge program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?	Yes

Findings – Financial Statement Audit

Finding 2021-001: Material Weakness - Audit and Post-Closing Adjustments

Criteria: Preparation of financial statements in accordance with Generally Accepted Accounting Principles and standard practices for internal controls.

Condition: Numerous audit adjustments were recommended due to a variety of errors and management not closing their books in a timely manner. Many of these errors are due to the staff vacancies in the accounting department.

Effect: Over 30 entries were made for the 2021 audit compared to 11 in 2022.

Included in these entries were seven accounts payable errors totaling $538,000, which represented unrecorded liabilities at September 30, 2021.

Several construction projects were not properly closed out and capitalized at year-end. This resulted in a post-closing adjustment of $15,238,000 to reclassify construction in process balances to the appropriate capital asset account and increase the related depreciation expense by $919,000. We noted three projects that should have been closed out in fiscal year 2020. These projects were corrected in the currently year resulting in a catch -up depreciation adjustment of $140,000 for the prior year error.

The accounts receivable and equity accounts contained unreconciled differences resulting in an audit adjustment of approximately $475,000.

Recommendation: We recommend that management evaluate the personnel needs of the accounting department and hire additional staff and senior management immediately. Management should also improve the reconciliation process to ensure reconciliations are reviewed by management and corrections are made timely. We recommend that management review accounts payable and expenditures near year end to ensure a proper cut off of accounts payable.

Management's response: See Corrective Action Plan

Findings and Questioned Costs – Major Federal Award Programs Audit

Finding 2021-002: Material Weakness - Timely Financial Reporting

Criteria: The audit package and the data collection form shall be submitted 30 days after receipt of the auditor's report or nine months after the end of the fiscal year, whichever comes first. The Authority is also required to submit audited financial statements to their financial institution by six months after fiscal year end.

Condition: The Authority did not meet these reporting deadlines. As noted in Finding 2021-001, there were significant delays in posting adjustments and closing the 2021 financial records. The fiscal year 2020 audit report was dated May 24, 2021, which was also after the financial institution's deadline.

Effects: Since external deadlines were not met, the Authority will be classified as a high risk auditee under federal guidelines. The Authority could also have potential compliance issues with lenders. The lender was notified of the delay.

Recommendation: We recommend that management, develop a process to ensure the financial records are closed and accurate reporting is made in a timely manner. This should include thorough review reconciliations and all accrual adjustments made monthly, instead of only at year end.

Management's response: See Corrective Action Plan

2021-003 Material Weakness - Davis-Bacon Act

Criteria: Management must demonstrate compliance with Davis Bacon provisions, which states that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141–3144, 3146, and 314.

Condition: Proper documentation is not maintained by the Authority to verify compliance with Davis Bacon. We selected a sample of 12 expenditures for testing and the Authority was ultimately able to obtain the required payroll certifications from their third-party project manager.

Effect: While this indicates that the Authority was ultimately in compliance with the Davis Bacon provisions, there is a material weakness in control due to the lack of monitoring contractor compliance and adequate records retention.

Recommendation: We recommend the Authority implement controls to improve monitoring of contractor compliance and records retention to demonstrate compliance with these requirements.

Management's response: See Corrective Action Plan

Findings and Questioned Costs – Passenger Facility Charge Program (PFC) Audit

None

Prior year Findings

Finding 2020-1 – PFC Reporting

Update – *no related current year findings.*

Finding 2020-2 – Duplicate Payment and Over-Reimbursement from PFC Fund

Update – *no related current year findings.*

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Finding 2021-1: Material Weakness - Audit and Post-Closing Adjustments

Planned Corrective Action:

The errors that occurred for the Financial Statement Audit were due to staff vacancies in the accounting department and new staff in the Procurement and Capital Projects departments to perform account reconciliations and project management.

Management has evaluated the personnel needs of the accounting department and plan to hire staff for the vacancies. Accounts Payable liabilities were not accrued and recorded for September 30, 2021. Management will review accounts payable at year end to assure proper cut off of accounts payable. Several projects were not properly closed out and capitalized at year end. A new system of checks and balance will be created between Finance, Capital Project, and Procurement Departments to reconcile, evaluate, and manage construction projects on a biweekly basis to ensure proper project close out. Accounts receivables had unreconciled differences. Management will ensure a monthly reconciliation procedure with management oversight.

Anticipated Completion Date:

Internal reconciliation and FAA reports expected completion date 9/30/2022.

Responsible Contact Person:

Ricco Owens, Senior Accountant and Jana Greene, Senior Accountant

Finding 2021-2: Material Weakness - Timely Financial Reporting

Planned Corrective Action:

The Authority did not meet reporting deadlines due to delays in posting adjustments and closing of 2021 financial records.

Management will ensure a monthly process to reconcile and close financial records in a timely manner. This will include review of reconciliations and accrual adjustments. Management will also schedule the audit to be complete by March 31.

Anticipated Completion Date:

Complete by December 31, 2022

Responsible Contact Person:

Jana Greene, Senior Accountant

2021-3 Material Weakness - Davis-Bacon Act

<u>Planned Corrective Action:</u>

Proper documentation not maintained by the Authority to verify compliance with Davis Bacon, due to the lack of monitoring of contractor compliance and adequate records retention by project management.

A new system of checks and balance will be created between Finance, Capital Project, and Procurement Departments to reconcile, evaluate, and manage construction projects on a biweekly basis to ensure proper documentation and tracking.

<u>Anticipated Completion Date:</u>

Complete by September 30, 2022

<u>Responsible Contact Person:</u>

Ricco Owens, Senior Accountant