

**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Audited Financial Statements and  
Independent Auditors' Reports  
September 30, 2020 and 2019

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
September 30, 2020 and 2019

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**Independent Auditors' Report**

**The Board of Commissioners  
Jackson Municipal Airport Authority:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Jackson Municipal Airport Authority, as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Jackson Municipal Airport 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits 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 auditors' 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

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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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Jackson Municipal Airport Authority, as of September 30, 2020 and 2019, and the 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of proportionate share of the net pension liability and pension contributions 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson Municipal Airport 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* 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

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presented for purposes of additional analysis as required by *Passenger Facility Charge Audit Guide for Public Agencies*, and is not a required part of the basic financial statements. The historical schedule of selected financial data, and schedule of budgeted vs. actual revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the preceding paragraph 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of Jackson Municipal Airport 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 Jackson Municipal Airport 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 Jackson Municipal Airport Authority's internal control over financial reporting and compliance.

Jackson, Mississippi  
May 24, 2021

*By: [Signature] : O'Neil, Ltd.*

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Management's Discussion and Analysis  
Years Ended September 30, 2020 and 2019

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, 2020 and 2019. 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.

**HIGHLIGHTS OF THE FISCAL YEAR 2020 BUDGET**

The budgeted amounts compared to actual operating results are as follows:

<b><u>Fiscal Year 2020</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>
Operating revenues	\$ 17,844,864	14,453,169
Operating expenses	<u>16,378,768</u>	<u>16,050,140</u>
<b>Operating income before depreciation and unfunded portion of pension expense</b>	1,466,096	(1,596,971)
Depreciation expense	9,086,379	7,851,514
Unfunded portion of pension expense	<u>          -</u>	<u>782,928</u>
<b>Operating loss</b>	(7,620,283)	(10,231,413)
Net non-operating income (expense)	<u>4,582,366</u>	<u>4,906,673</u>
<b>Loss before capital grant contributions</b>	\$ <u>(3,037,917)</u>	<u>(5,324,740)</u>

Actual operating revenue did not meet budgeted expectations. Operating revenue fell short of budget by \$3,391,695 or 19%. The decline in revenue was due to the decrease in enplanements and travel activities caused by the pandemic. Even though there was a decrease in enplanements, the most significant revenue shortage was in parking income. Non-aviation revenue (primarily parking) was below expectations by \$2,602,300 or 31%. Aviation revenue fell below budget by \$478,786 or 7% and concession revenue was short by \$238,924 or 9%. The effects of the pandemic played a significant role on this year's operating revenue.

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Management's Discussion and Analysis  
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Actual operating expenses before depreciation and unfunded pension was below budget by \$328,628 or 2%. For the year, Services exceeded budget by \$1,075,379 or 29% which was primarily due to spending for consulting. However, this increase in spending was netted against reductions in other major expense categories to keep total expenses below budget.

Actual Net Non-Operating Income (Expense) before depreciation and unfunded pension expense, in comparison to the budget, was \$(3,063,067) below budget. This reduction was primarily due to the decrease in income during the pandemic. The CARES Act grant funds were used to support operations and ensure financial stability. The total operating loss was (\$10,231,413). The non-operating revenue which includes the CARES Act funds was \$4,906,673 which enabled JMAA to end the year with a positive change in net position of \$1,473,940.

**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.

**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

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Management's Discussion and Analysis  
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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:

	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>
<b>Assets</b>			
Current Assets	\$17,748,898	\$22,751,201	\$18,494,108
Property, Plant, and Equipment, net	125,763,218	123,914,634	117,320,350
Other Noncurrent Assets	27,646,800	28,469,175	29,634,923
<b>Total assets</b>	<u>171,158,916</u>	<u>175,135,010</u>	<u>165,449,381</u>
<b>Deferred Outflow of Resources</b>			
Deferred Outflows - Debt Refunding	261,255	292,999	326,363
Deferred Outflows - Pension	1,406,608	1,080,476	1,718,007
<b>Total deferred outflows of resources</b>	<u>1,667,863</u>	<u>1,373,475</u>	<u>2,044,370</u>
<b>Liabilities</b>			
Current Liabilities	5,584,800	9,738,267	7,651,145
Noncurrent Liabilities - Long-term debt, net	26,160,000	28,065,000	29,935,000
Net Unfunded Pension Liabilities	17,190,648	15,794,073	15,621,353
<b>Total liabilities</b>	<u>48,935,448</u>	<u>53,597,340</u>	<u>53,207,498</u>
<b>Deferred Inflow of Resources</b>			
Deferred Inflows – Unearned revenue	1,004,733	1,210,972	667,268
Deferred Inflows - Pension	447,466	734,981	515,530
<b>Total deferred inflows of resources</b>	<u>1,452,199</u>	<u>1,945,953</u>	<u>1,182,798</u>
<b>Net Position</b>			
Invested in Capital Assets, net of related debt	95,728,362	88,639,349	82,291,971
Restricted	30,018,510	30,678,147	31,520,655
Unrestricted	(3,307,740)	1,647,696	(709,171)
<b>Total net position</b>	<u>\$122,439,132</u>	<u>\$120,965,192</u>	<u>\$113,103,455</u>



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### Management's Discussion and Analysis Years Ended September 30, 2020 and 2019

For FY 2020, as compared to FY 2019, total assets decreased by \$3,976,094 or 2% due to a decline in current assets, specifically cash. Cash was affected by the circumstances of the pandemic.

For FY 2020, as compared to FY 2019, total liabilities experienced a reduction of \$4,661,892 or 9% 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 2020 as compared to FY 2019, Net Position increased by \$1,473,940 or 1%. The 2020 increase was due to an increase in capital assets, net of related debt, an increase in accounts receivable and deferred outflows netted against a reduction in liabilities and deferred inflows.

#### Operating Revenues

<b>Revenue Classifications</b>	<b><u>FY2020</u></b>	<b><u>FY2019</u></b>	<b><u>FY2018</u></b>
Aviation	\$6,172,694	\$6,895,990	\$6,366,853
Non-Aviation	5,743,689	8,693,608	7,940,116
Concessions	2,359,511	2,674,464	2,472,257
Services	177,275	245,190	214,857
<b>Total Operating Revenue</b>	<b>\$14,453,169</b>	<b>\$18,509,252</b>	<b>\$16,994,083</b>

The table above presents the major operating revenue classifications for FY 2020 compared to FY 2019 and FY 2018. For FY 2020, as compared to FY 2019, total operating revenue decreased by \$4,056,083 or 22%. Total operating revenue experienced an increase of \$1,515,169 or 9% in FY 2019 as compared to FY 2018.

In FY 2020, Aviation Income decreased by \$723,296 or 10% and primarily due to a decline in enplanements during the pandemic. In FY 2019, Aviation Income experienced an increase of \$529,137 as compared to FY 2018.

In FY 2020, Non-Aviation Income decreased by \$2,949,919 or 34% due to a decrease in parking garage revenue. This decrease in revenue stems from the drastic effect on parking during the pandemic in FY 2020. In FY2019, Non-Aviation Income increased by \$753,492.

In FY 2020, Concessions Income experienced a modest decrease in revenue of \$314,953 or 12%, as a direct result of the food and beverage concessionaires not being fully operable on both concourses. In FY 2019, Concessions Income increased by \$202,207.

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Management's Discussion and Analysis  
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In FY 2020, Services Income decreased by \$67,915 or 28% due to a reduction in the ground transportation for the Transportation Network Companies (Uber and Lyft). In FY 2019, Services Income increased by \$30,333 or 14%.

**Operating Expenses**

<b>Expense Classifications</b>	<b><u>FY2020</u></b>	<b><u>FY2019</u></b>	<b><u>FY2018</u></b>
Board	\$89,615	\$155,888	\$110,333
Building	1,480,655	1,614,781	1,711,159
Employee	8,557,263	8,459,659	8,788,351
Equipment	414,318	287,315	471,726
Miscellaneous	-	2,600	4,127
Services	4,816,798	4,012,031	3,609,465
Supplies	691,491	566,427	574,210
<b>Total Operating Expenses before depreciation and unfunded portion of pension expense</b>	<b>\$16,050,140</b>	<b>\$15,098,701</b>	<b>\$15,269,371</b>

The table above presents the major expense classifications for FY 2020 compared to FY 2019 and FY 2018. The total operating expenses before depreciation and the unfunded portion of pension expense for FY 2020 increased by \$951,439 or 6%. For FY 2019, operating expenses increased \$170,670 as compared to FY 2018.

For FY 2020, Building Expenses decreased by \$134,126 or 8% primarily due to in repairs and maintenance as well as utility expense. The FY 2019 building expenses decreased also compared to 2018 by \$96,378 or 6%.

For FY 2020, Employee Expenses experienced an increase of \$97,604 or 1%, as compared to FY 2019, due to increase cost in salary related benefits and less contra salaries related to projects. Employee Expenses decreased by \$328,692 in FY 2019 which resulted from decreases in overtime, dues and registrations, training, etc. combined with an increase in contra salaries related to capital projects.

For FY 2020, Service Expenses increased by \$804,767 or 20% due to increase in consulting fees and legal fees. For FY 2019, the increase in Service Expenses of \$402,566 was the result of improved organizational efficiency and service development plans for various projects.

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Management's Discussion and Analysis  
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**NON-OPERATING INCOME (EXPENSE)**

Actual Net Non-Operating Income (Expense), in comparison to the budget, was \$324,307 or 7%. This increase was primarily due to CARES Act grant revenues. In FY 2019, Net Non-Operating Income (Expense) experienced an increase of \$397,507 or 10%.

**CAPITAL ASSETS**

The Authority's capital assets as of September 30, 2020, 2019 and 2018, amounted to \$125,763,218, \$123,914,634, and 117,320,350 (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.

**DEBT ADMINISTRATION**

As of September 30, 2020, the Authority had outstanding revenue bonds of \$28,065,000 which are listed below:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Series 2017A	\$3,425,000
Series 2017B	3,950,000
Series 2015A	12,835,000
Series 2015B	7,855,000

**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.

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Rates/Charges	FY 2020	FY 2019	FY 2018
Terminal Rent Rates	\$86.09	\$79.88	\$78.39
Landing Fee (per 1,000 lbs.)	\$3.54	\$3.54	\$2.99/3.54*

\*Landing fee increased from \$2.99 to \$3.54 per thousand pounds effective 6/1/2018.

**Operating and Capital Grants and Reimbursements**

In FY 2020 and FY 2019 respectively, the Authority recognized grant revenue of \$8,979,924 and \$8,535,763 from the Federal Aviation Administration (FAA) and \$241,756 and \$61,206 from the Mississippi Department of Transportation (MDOT). Funds from the FAA and MDOT were to offset costs of capital projects.

**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 Carolyn Dupre', Chief Financial Officer, 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](http://www.jmaa.com).

# JACKSON MUNICIPAL AIRPORT AUTHORITY

## Statements of Net Position September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 8,310,695	15,022,130
Restricted cash and cash equivalents - current	2,371,710	2,353,347
Accounts receivable	3,035,279	1,462,663
Governmental grants receivable	3,882,712	3,711,191
Other	<u>148,502</u>	<u>201,870</u>
<b>Total current assets</b>	<u>17,748,898</u>	<u>22,751,201</u>
<b>Non-current assets:</b>		
Restricted cash and cash equivalents - non-current	27,385,483	28,060,045
Restricted passenger facility charges receivable	143,045	194,206
Restricted customer facility charges receivable	118,272	214,924
Capital assets, net	<u>125,763,218</u>	<u>123,914,634</u>
<b>Total non-current assets</b>	<u>153,410,018</u>	<u>152,383,809</u>
<b>Total assets</b>	<u>171,158,916</u>	<u>175,135,010</u>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred outflows - debt refunding	261,255	292,999
Deferred outflows - pension	<u>1,406,608</u>	<u>1,080,476</u>
<b>Total deferred outflows of resources</b>	<u>1,667,863</u>	<u>1,373,475</u>

**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Statements of Net Position  
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>Liabilities</u></b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 1,905,000	1,870,000
Accounts payable	2,286,693	5,764,268
Contract retainage payable	187,300	872,606
Accrued expenses	<u>1,205,807</u>	<u>1,231,393</u>
<b>Total current liabilities</b>	<u>5,584,800</u>	<u>9,738,267</u>
<b>Non-current liabilities:</b>		
Long-term debt, net of current maturities	26,160,000	28,065,000
Net unfunded pension liability	<u>17,190,648</u>	<u>15,794,073</u>
<b>Total non-current liabilities</b>	<u>43,350,648</u>	<u>43,859,073</u>
<b>Total liabilities</b>	<u>48,935,448</u>	<u>53,597,340</u>
<b><u>Deferred Inflows of Resources</u></b>		
Deferred inflows - pension	447,466	734,981
Deferred inflows - unearned revenues	<u>1,004,733</u>	<u>1,210,972</u>
<b>Total deferred inflows of resources</b>	<u>1,452,199</u>	<u>1,945,953</u>
<b><u>Net Position</u></b>		
Invested in capital assets, net of related debt	95,728,362	88,639,349
Restricted	30,018,510	30,678,147
Unrestricted (deficit)	<u>(3,307,740)</u>	<u>1,647,696</u>
<b>Total net position</b>	<u>\$ 122,439,132</u>	<u>120,965,192</u>

*The accompanying notes are an integral part of these financial statements.*

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>		
Aviation	\$ 6,172,694	6,895,990
Non-aviation	5,743,689	8,693,608
Concessions	2,359,511	2,674,464
Services	<u>177,275</u>	<u>245,190</u>
<b>Total operating revenues</b>	<u>14,453,169</u>	<u>18,509,252</u>
<b>Operating expenses:</b>		
Board expenses	89,615	155,888
Building expenses	1,480,655	1,614,781
Employee expenses	8,557,263	8,459,659
Equipment expenses	414,318	287,315
Miscellaneous expenses	-	2,600
Services	4,816,798	4,012,031
Supplies	<u>691,491</u>	<u>566,427</u>
<b>Total operating expenses, before depreciation and unfunded portion of pension expense</b>	<u>16,050,140</u>	<u>15,098,701</u>
<b>Operating income (loss), before depreciation and unfunded portion of pension expense</b>	<u>(1,596,971)</u>	<u>3,410,551</u>
Depreciation expense	7,851,514	7,596,685
Unfunded portion of pension expense	<u>782,928</u>	<u>1,029,702</u>
<b>Total operating expenses</b>	<u>24,684,582</u>	<u>23,725,088</u>
<b>Operating loss</b>	<u>(10,231,413)</u>	<u>(5,215,836)</u>

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Non-operating revenues (expense):</b>		
Passenger facility charges, restricted	\$ 1,279,712	2,509,246
Customer facility charges, restricted	1,682,497	2,238,537
Governmental operating grants	2,416,000	-
Interest expense	(823,998)	(863,173)
Loss on disposal of assets	-	(174,598)
Interest income	121,970	548,384
Asset seizures	16,577	1,032
Other	<u>213,915</u>	<u>221,176</u>
<b>Net non-operating revenues (expense)</b>	<u>4,906,673</u>	<u>4,480,604</u>
<b>Loss before capital grant contributions</b>	(5,324,740)	(735,232)
<b>Governmental capital grant contributions</b>	<u>6,798,680</u>	<u>8,596,969</u>
<b>Change in net position</b>	1,473,940	7,861,737
<b>Net position - beginning</b>	<u>120,965,192</u>	<u>113,103,455</u>
<b>Net position - ending</b>	\$ <u><u>122,439,132</u></u>	<u><u>120,965,192</u></u>

*The accompanying notes are an integral part of these financial statements.*



**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash provided (used) by operating activities:</b>		
Cash received from customers	\$ 12,684,414	18,385,219
Cash paid for payroll expenses	(8,287,357)	(8,103,199)
Cash paid for other operating expenses	<u>(8,299,945)</u>	<u>(6,916,951)</u>
 <b>Net cash provided (used) by operating activities</b>	 <u>(3,902,888)</u>	 <u>3,365,069</u>
 <b>Cash provided by non-capital financing activities:</b>		
Asset seizures	6,477	(29,968)
Expense reimbursements	<u>213,915</u>	<u>258,376</u>
 <b>Net cash provided by non-capital financing activities</b>	 <u>220,392</u>	 <u>228,408</u>
 <b>Cash used by capital and related financing activities:</b>		
Capital grants received	9,043,159	6,351,839
Passenger facility charges collected	1,330,873	2,663,884
Customer facility charges collected	1,779,149	2,203,518
Principal paid on capital debt	(1,870,000)	(1,380,000)
Interest paid on capital debt	(813,545)	(843,363)
Capital asset expenditures	<u>(13,276,744)</u>	<u>(12,817,653)</u>
 <b>Net cash used by capital and related financing activities</b>	 <u>(3,807,108)</u>	 <u>(3,821,775)</u>
 <b>Cash provided by investing activities -</b>		
Receipt of interest	<u>121,970</u>	<u>549,384</u>
 <b>Change in cash and cash equivalents</b>	 (7,367,634)	 321,086
 <b>Cash and cash equivalents - beginning of year</b>	 <u>45,435,522</u>	 <u>45,114,436</u>
 <b>Cash and cash equivalents - end of year</b>	 \$ <u><u>38,067,888</u></u>	 <u><u>45,435,522</u></u>

# JACKSON MUNICIPAL AIRPORT AUTHORITY

## Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (10,231,413)	(5,215,836)
Depreciation expense	7,851,514	7,596,685
Net effect of changes in operating assets and liabilities:		
Accounts receivable	(1,572,616)	(876,409)
Other current assets	53,368	15,789
Deferred outflows - pension	(539,167)	637,531
Accounts payable, net of capital items	(586,235)	9,151
Accrued expenses	(4,295)	53,611
Net unfunded pension liability	1,396,575	172,720
Deferred inflows - pension	(74,480)	219,451
Deferred inflows - unearned revenues	(196,139)	752,376
<b>Net cash provided (used) by operating activities</b>	<b>\$ <u>(3,902,888)</u></b>	<b><u>3,365,069</u></b>
<b>Presentation of cash and cash equivalents - end of year on the statements of net position:</b>		
Cash and cash equivalents	\$ 8,310,695	15,022,130
Restricted cash and cash equivalents - current	2,371,710	2,353,347
Restricted cash and cash equivalents - non-current	<u>27,385,483</u>	<u>28,060,045</u>
<b>Cash and cash equivalents - end of year</b>	<b>\$ <u>38,067,888</u></b>	<b><u>45,435,522</u></b>

*The accompanying notes are an integral part of these financial statements.*

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (1) Summary of Significant Accounting Policies

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

#### (a) 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.

#### (b) 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*.

#### (c) 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.

#### (d) 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

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Financial Statements  
September 30, 2020 and 2019

(1) **Summary of Significant Accounting Policies (Continued)**

(d) **Accounts Receivable (Continued)**

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, 2020 and 2019.

(e) **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. No interest was capitalized in 2020 or 2019.

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.

(f) **Income Taxes**

The Authority is exempt from federal and state income taxes.

(g) **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.

(h) **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

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements

September 30, 2020 and 2019

### (1) Summary of Significant Accounting Policies (Continued)

#### (h) Deferred Inflows of Resources (Continued)

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.

#### (i) 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.

#### (j) 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.

#### (k) Date of Management's Review

Management has evaluated subsequent events through May 24, 2021, the date on which the financial statements were available to be issued.

#### (l) 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.

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Financial Statements  
September 30, 2020 and 2019

(1) **Summary of Significant Accounting Policies (Continued)**

(m) **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.

(n) **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, 2020 and 2019, was \$37,938,459 and \$42,919,729, respectively, and the bank balance was \$38,823,580 and \$42,963,622, 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

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (2) Cash and Cash Equivalents (Continued)

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, 2020 and 2019, was \$129,429 and \$2,515,793, 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:

<u>Description</u>	<u>2020</u>	<u>2019</u>
<b>Current:</b>		
Debt interest and principal payments	\$ 2,331,719	2,320,029
Asset seizure funds - State	<u>39,991</u>	<u>33,318</u>
<b>Total short-term</b>	\$ <u>2,371,710</u>	<u>2,353,347</u>
<b>Non-current:</b>		
Passenger facility charges (PFC)	\$ 11,911,888	12,628,758
Customer facility charges (CFC)	10,978,494	10,766,747
Unused proceeds of bond issues	-	195,764
Restricted for capital projects	424,409	421,924
Cash reserve restricted by bond indenture	<u>4,070,692</u>	<u>4,046,852</u>
<b>Total non-current</b>	\$ <u>27,385,483</u>	<u>28,060,045</u>

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Financial Statements  
September 30, 2020 and 2019

**(4) Capital Assets, Net**

A summary of capital assets, net follows:

<u>Description</u>	<u>Balance</u> <u>Sept. 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2020</u>
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	<u>39,934,758</u>	<u>9,563,304</u>	<u>-</u>	<u>(39,988,298)</u>	<u>9,509,764</u>
<b>Total</b>	<b>307,576,434</b>	<b>9,700,004</b>	<b>(24,613)</b>	<b>-</b>	<b>317,251,919</b>
<b>Accumulated depreciation</b>	<b>(183,661,800)</b>	<b>(7,851,514)</b>	<b>24,613</b>	<b>-</b>	<b>(191,488,701)</b>
<b>Net capital assets</b>	<b>\$123,914,634</b>	<b>1,848,584</b>	<b>-</b>	<b>-</b>	<b>125,763,218</b>

<u>Description</u>	<u>Balance</u> <u>Sept. 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2019</u>
Land	\$ 4,622,050	-	-	-	4,622,050
Land improvements	119,069,160	-	(32,618)	1,451,272	120,487,814
Buildings	118,811,974	-	-	-	118,811,974
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	12,902,521	475,690	(101,005)	957,238	14,234,444
Construction in progress	<u>28,595,370</u>	<u>14,064,767</u>	<u>-</u>	<u>(2,725,379)</u>	<u>39,934,758</u>
<b>Total</b>	<b>293,486,469</b>	<b>14,540,457</b>	<b>(133,623)</b>	<b>(316,869)</b>	<b>307,576,434</b>
<b>Accumulated depreciation</b>	<b>(176,166,119)</b>	<b>(7,596,685)</b>	<b>101,004</b>	<b>-</b>	<b>(183,661,800)</b>
<b>Net capital assets</b>	<b>\$117,320,350</b>	<b>6,943,772</b>	<b>32,619)</b>	<b>(316,869)</b>	<b>123,914,634</b>

Depreciation expense for the years ended September 30, 2020 and 2019, was \$7,851,514 and \$7,596,685, respectively. The Authority wrote off cancelled construction projects totaling \$316,869, in the year ended September 30, 2019.



**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Notes to Financial Statements  
September 30, 2020 and 2019

**(4) Capital Assets, Net (Continued)**

The Authority has committed approximately \$6,200,000 to future construction projects as of September 30, 2020. 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:

<u>Description</u>	<u>2019</u>	<u>2019</u>
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	\$ 3,425,000	3,870,000
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	3,950,000	4,390,000
2015 Series A Revenue Bonds maturing in October 2031; interest rates from 1.21% to 3.09%	12,835,000	13,820,000
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	<u>7,855,000</u>	<u>7,855,000</u>
<b>Total long-term debt</b>	<b>28,065,000</b>	<b>29,935,000</b>
Less current maturities	<u>(1,905,000)</u>	<u>(1,870,000)</u>
<b>Long-term debt, net of current maturities</b>	<b>\$ <u>26,160,000</u></b>	<b><u>28,065,000</u></b>

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (5) Long-term Debt (Continued)

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, 2020 is \$1,805,000.

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 \$1,870,000 and \$1,380,000 in the years ended September 30, 2020 and 2019, respectively. A schedule of future maturities of long-term debt follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,905,000	583,977
2022	1,950,000	562,099
2023	1,995,000	538,644
2024	2,050,000	512,973
2025	2,100,000	485,017
2026-2030	8,610,000	1,941,927
2031-2035	7,685,000	932,375
2036	<u>1,770,000</u>	<u>28,940</u>
<b>Total</b>	<b>\$ <u>28,065,000</u></b>	<b><u>5,288,662</u></b>

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (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, 2020 and 2019, were \$1,028,861 and \$940,564, 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

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (6) Pension Plan (Continued)

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](http://www.PERS.ms.gov).

#### **Net Pension Liability**

At September 30, 2020 and 2019, the Authority reported a liability of \$17,190,648 and \$15,794,073, respectively for its proportional share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, 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, 2020 and 2019, the Authority's proportion was 0.088800% and 0.089780%, respectively.

*Actuarial assumptions.* The total pension liability in the June 30, 2020 and 2019, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Description</u>	<u>Assumptions</u>
Inflation	2.75%
Salary increases	3.00 – 18.25%, including inflation

**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Notes to Financial Statements  
September 30, 2020 and 2019

**(6) Pension Plan (Continued)**

**Description**

**Assumptions**

Investment rate of return

7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	27.00%	4.90%
International equity	22.00	4.75
Global equity	12.00	5.00
Fixed income	20.00	0.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash	<u>1.00</u>	0.00
<b>Total</b>	<u>100.00%</u>	

**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Notes to Financial Statements  
September 30, 2020 and 2019

**(6) Pension Plan (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
June 30, 2020, net pension liability	\$ <u>22,251,182</u>	<u>17,190,648</u>	<u>13,013,675</u>
June 30, 2019, net pension liability	\$ <u>20,761,857</u>	<u>15,794,073</u>	<u>11,693,614</u>

*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, 2020 and 2019, the Authority recognized pension expense of \$1,795,610 and \$1,970,266, 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, 2020 and 2019:

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

(6) **Pension Plan (Continued)**

		<u>Balance</u>			<u>Balance</u>
	\$	<u>Sept. 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Sept. 30, 2020</u>
<b>Deferred outflows of resources:</b>					
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		<u>-</u>	<u>924,649</u>	<u>(222,287)</u>	<u>702,362</u>
<b>Total deferred outflows of resources</b>	<b>\$</b>	<b><u>1,080,476</u></b>	<b><u>1,366,897</u></b>	<b><u>(1,040,765)</u></b>	<b><u>1,406,608</u></b>
<b>Deferred inflows of resources –</b>					
Changes in proportionate share of net pension liability	\$	505,221	172,401	(230,156)	447,466
Differences between expected and actual experience		16,725	-	(16,725)	-
Net difference between projected and actual earnings on plan investments		<u>213,035</u>	<u>-</u>	<u>(213,035)</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<b>\$</b>	<b><u>734,981</u></b>	<b><u>172,401</u></b>	<b><u>459,466</u></b>	<b><u>447,466</u></b>
		<u>Balance</u>			<u>Balance</u>
	\$	<u>Sept. 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Sept. 30, 2019</u>
<b>Deferred outflows of resources:</b>					
Contributions subsequent to the measurement date	\$	234,496	267,392	(234,496)	267,392
Differences between expected and actual experience		59,606	-	(49,834)	9,772
Changes in proportionate share of net pension liability		1,415,236	-	(766,734)	648,503
Changes in assumptions		<u>8,669</u>	<u>207,710</u>	<u>(61,570)</u>	<u>154,809</u>
<b>Total deferred outflows of resources</b>	<b>\$</b>	<b><u>1,718,007</u></b>	<b><u>475,102</u></b>	<b><u>(1,112,633)</u></b>	<b><u>1,080,476</u></b>
<b>Deferred inflows of resources:</b>					
Changes in proportionate share of net pension liability	\$	50,063	688,272	(233,114)	505,221
Changes in assumptions		7,199	-	(7,199)	-
Differences between expected and actual experience		61,929	-	(45,204)	16,725

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Financial Statements  
September 30, 2020 and 2019

(6) **Pension Plan (Continued)**

	<u>Balance</u> <u>Sept. 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Sept. 30, 2019</u>
Net difference between projected and actual earnings on plan investments	396,339	(360,540)	177,236	213,035
<b>Total deferred inflows of resources</b> \$	<u>515,530</u>	<u>327,732</u>	<u>(108,281)</u>	<u>734,981</u>

Deferred outflows of resources of \$242,958 at September 30, 2020, 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, 2021.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 44,546
2022	139,606
2023	304,494
2024	<u>227,538</u>
<b>Total</b>	<b>\$ <u>716,184</u></b>

*Payable to the Pension Plan*

At September 30, 2020 and 2019, the Authority reported a payable of \$199,335 and \$200,060, 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, 2020 and 2019, were \$93,858 and \$125,623, respectively.



## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (7) Net Position

A summary of restricted net position follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Debt interest and principal payments	\$ 2,331,719	2,320,029
Passenger facility charges (PFC)	12,054,933	12,822,964
Customer facility charges (CFC)	11,096,766	10,837,296
Unused proceeds of bond issues	-	195,764
Restricted for capital projects	424,409	421,924
Cash reserve restricted by bond indenture	4,070,692	4,046,852
Public safety	<u>39,991</u>	<u>33,318</u>
<b>Total restricted net position</b>	<b>\$ <u>30,018,510</u></b>	<b><u>30,678,147</u></b>

### (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, 2020, follows:

<u>Year Ending September 30,</u>	<u>Future Minimum Rental Revenues</u>
2021	\$ 4,804,618
2022	3,947,637
2023	3,619,288
2024	817,269
2025	808,063
2026-2030	2,888,614
2031-2035	1,244,448
2036-2040	445,163
2041-2045	429,959
2046-2050	320,485
2051-2055	320,485

**JACKSON MUNICIPAL AIRPORT AUTHORITY**

Notes to Financial Statements  
September 30, 2020 and 2019

**(8) Operating Lease Revenues (Continued)**

<u>Year Ending September 30,</u>	<u>Future Minimum Rental Revenues</u>
2056-2060	\$ 320,485
2061-2065	215,363
2066-2070	<u>19,474</u>
<b>Total</b>	<b>\$ <u>20,201,351</u></b>

**(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, 2020, \$59,319,032 has been collected, and \$47,407,144 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.

## JACKSON MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements  
September 30, 2020 and 2019

### (11) Commitments and Contingencies (Continued)

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."

The Authority experienced significant delays and multiple disputes in its construction project to rehabilitate and repave the West Runway at JMWEIA. The project was completed in May 2020. However, the disputes have not been resolved. The most significant disputes are liquidated damages for construction delays and a disputed change order on the project. The Authority has withheld liquidated damages in the amount of \$1,197,500, while the contractor is seeking damages of roughly \$3,000,000, which it claims to be the contract balance. The ultimate resolution of these disputed items is unknown. No liability has been accrued in the financial statements for these disputed items.

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

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Financial Statements  
September 30, 2020 and 2019

**(11) Commitments and Contingencies (Continued)**

ended September 30, 2020. 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, has caused enplanements at JAN 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. Primarily as a result of the pandemic, the Authority's revenues decreased by approximately \$4,000,000 for the year ended September 30, 2020.

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

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 Pension Liability  
Public Employees' Retirement System of Mississippi  
Last 10 Fiscal Years - \*

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
JMAA's proportion of the net pension liability	<u>0.088800%</u>	<u>0.089780%</u>	<u>0.093918%</u>	<u>0.088324%</u>	<u>0.078357%</u>	<u>0.080705%</u>	<u>0.084670%</u>
JMAA's proportionate share of the net pension liability	\$ <u>17,190,648</u>	<u>15,794,073</u>	<u>15,621,353</u>	<u>14,682,447</u>	<u>13,996,517</u>	<u>12,475,387</u>	<u>10,272,702</u>
JMAA's covered payroll	\$ <u>5,912,992</u>	<u>5,847,146</u>	<u>5,997,556</u>	<u>5,666,043</u>	<u>5,012,711</u>	<u>5,041,981</u>	<u>5,171,416</u>
JMAA's proportionate share of the net pension liability as a percentage of its covered payroll	<u>290.73%</u>	<u>270.12%</u>	<u>260.46%</u>	<u>259.13%</u>	<u>279.22%</u>	<u>247.43%</u>	<u>198.64%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>58.97%</u>	<u>61.59%</u>	<u>62.54%</u>	<u>61.49%</u>	<u>57.47%</u>	<u>61.70%</u>	<u>67.21%</u>

\* - 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  
 Last 10 Fiscal Years - \*

	<b>Year Ended September 30,</b>					
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2014</b>
Statutorily required contribution	\$ 1,004,427	940,564	940,985	934,804	803,042	823,210
Contributions in relation to the statutorily required contribution	<u>1,004,427</u>	<u>940,564</u>	<u>940,985</u>	<u>934,804</u>	<u>803,042</u>	<u>823,210</u>
Annual contribution deficiency (excess)	\$ -	-	-	-	-	-
JMAA's covered payroll	\$ <u>5,772,571</u>	<u>5,810,843</u>	<u>5,974,215</u>	<u>5,935,263</u>	<u>5,098,679</u>	<u>5,226,730</u>
Contributions as a percentage of covered payroll	<u>17.40%</u>	<u>16.19%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>

\* - 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 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.*

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Schedules of Proportionate Share of the Net Pension Liability and  
Pension Contributions  
September 30, 2020 and 2019

(1) **Changes of Assumptions**

2020:

- None.

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%.

(2) **Changes in Benefit Provisions**

2019:

- None.

2018:

- None.

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020

<b>Federal Grantor / Pass-through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Transportation:</b>		
<b>Direct programs -</b>		
<b>Federal Aviation Administration -</b>		
<b>Airport Improvement Program:</b>		
3-28-0037-051-2016	20.106	\$ 2,215,601
3-28-0037-054-2019	20.106	2,937,478
3-28-0037-057-2020	20.106	2,416,000
3-28-0038-018-2018	20.106	174,880
3-28-0038-019-2019	20.106	<u>1,235,786</u>
<b>Total U.S. Department of Transportation</b>		<u>8,979,745</u>
<b>Total expenditures of Federal awards</b>		<u>\$ 8,979,745</u>

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



**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Schedule of Expenditures of Federal Awards  
September 30, 2020

(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, 2020. 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:

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Notes to Schedule of Expenditures of Federal Awards  
September 30, 2020

(4) **Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements (Continued)**

<u>Description</u>	<u>Amount</u>
Total expenditures of Federal awards	\$ 8,979,745
Adjustments to prior year grants	(6,821)
State of Mississippi grants	<u>241,756</u>
<b>Total governmental grant contributions</b>	<b>\$ <u>9,214,680</u></b>

Presented in the financial statements as:

<u>Description</u>	<u>Amount</u>
Governmental operating grant contributions	\$ 2,416,000
Governmental capital grant contributions	<u>6,798,680</u>
<b>Total governmental grant contributions</b>	<b>\$ <u>9,214,680</u></b>

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Schedule of Passenger Facility Charges - Cash Basis  
Year Ended September 30, 2020

	September 30, 2019	Year Ended September 30, 2020				September 30, 2020
		Quarter 1 - October - December	Quarter 2 - January - March	Quarter 3 - April - June	Quarter 4 - July - September	
<b>Revenue:</b>						
Collections	\$ 55,488,669	550,960	505,873	84,792	134,919	1,276,544
Interest	2,479,090	38,791	32,871	1,550	1,517	74,729
<b>Total revenue</b>	<u>57,967,759</u>	<u>589,751</u>	<u>538,744</u>	<u>86,342</u>	<u>136,436</u>	<u>1,351,273</u>
<b>Expenditures:</b>						
Application #1	6,238,505	-	-	-	-	-
Application #2	3,590,244	-	-	-	-	-
Application #3	6,226,936	28,516	28,515	28,516	28,516	114,063
Application #4	2,798,281	26,257	26,257	26,257	26,257	105,028
Application #5	22,516,584	111,831	2,374	-	416,005	530,210
Application #6	1,662,503	-	-	-	-	-
Application #7	2,305,948	292,077	445,541	494,949	86,275	1,318,842
<b>Total expenditures</b>	<u>45,339,001</u>	<u>458,681</u>	<u>502,687</u>	<u>549,722</u>	<u>557,053</u>	<u>2,068,143</u>
<b>Net PFC revenue</b>	<u>\$ 12,628,758</u>	<u>131,070</u>	<u>36,057</u>	<u>(463,380)</u>	<u>(420,617)</u>	<u>(716,870)</u>
<b>PFC account balance</b>	<u>\$ 12,628,758</u>	<u>12,759,828</u>	<u>12,795,885</u>	<u>12,332,505</u>	<u>11,911,888</u>	<u>11,911,888</u>

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Historical Schedule of Selected Financial Data  
As of and For the Years Ended September 30,

	( in thousands )									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b><u>Assets and Deferred Outflows of Resources</u></b>										
Current assets, unrestricted	\$ 15,377	20,398	16,609	16,271	18,727	17,157	14,274	13,653	16,270	16,611
Restricted assets	30,019	30,822	31,521	34,829	32,968	30,145	32,360	30,047	34,344	32,567
Capital assets	125,763	123,915	117,320	113,154	109,837	116,930	118,016	118,700	108,093	112,145
Other	-	-	-	14	54	64	275	304	946	1,048
Deferred outflows of resources	1,668	1,373	2,044	2,371	2,702	2,216	808	218	-	-
<b>Total assets and deferred outflows of resources</b>	<b>172,827</b>	<b>176,508</b>	<b>167,494</b>	<b>166,639</b>	<b>164,288</b>	<b>166,512</b>	<b>165,733</b>	<b>162,922</b>	<b>159,653</b>	<b>162,371</b>
<b><u>Liabilities and Deferred Inflows of Resources</u></b>										
Current liabilities	5,585	9,738	7,651	5,480	3,714	3,539	4,393	4,474	5,174	4,917
Long-term debt, net of current maturities	26,160	28,065	29,935	33,469	35,046	36,803	37,905	39,302	40,189	41,556
Net unfunded pension liability	17,191	15,794	15,621	14,683	13,997	12,475	10,273	-	-	-
Deferred inflows of resources	1,452	1,946	1,183	1,328	1,188	1,435	1,697	202	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>50,388</b>	<b>55,543</b>	<b>54,390</b>	<b>54,960</b>	<b>53,945</b>	<b>54,252</b>	<b>54,268</b>	<b>43,978</b>	<b>45,363</b>	<b>46,473</b>
<b><u>Net Position</u></b>	<b>\$ 122,439</b>	<b>120,965</b>	<b>113,104</b>	<b>111,679</b>	<b>110,343</b>	<b>112,260</b>	<b>111,465</b>	<b>118,944</b>	<b>114,290</b>	<b>115,898</b>
<b><u>Revenues and Expenses</u></b>										
Operating revenues	\$ 14,453	18,509	16,994	16,834	17,304	16,929	17,755	17,635	17,071	16,288
Operating expenses, before depreciation and unfunded portion of pension expense	16,050	15,099	15,269	15,221	13,365	12,350	14,113	13,207	13,314	12,463
<b>Operating income (loss), before depreciation and unfunded portion of pension expense</b>	<b>(1,597)</b>	<b>3,410</b>	<b>1,725</b>	<b>1,613</b>	<b>3,939</b>	<b>4,579</b>	<b>3,642</b>	<b>4,428</b>	<b>3,757</b>	<b>3,825</b>
Depreciation	7,852	7,596	8,291	8,552	8,592	9,139	8,867	8,456	8,407	8,730
Unfunded portion of pension expense	783	1,030	1,021	1,141	769	344	(53)	-	-	-
<b>Operating loss</b>	<b>(10,232)</b>	<b>(5,216)</b>	<b>(7,587)</b>	<b>(8,080)</b>	<b>(5,422)</b>	<b>(4,904)</b>	<b>(5,172)</b>	<b>(4,028)</b>	<b>(4,650)</b>	<b>(4,905)</b>
Passenger facility charges (restricted)	1,280	2,509	2,154	1,960	2,024	2,086	2,264	2,433	2,801	2,702
Customer facility charges (restricted)	1,682	2,239	2,029	2,096	2,245	2,192	2,311	2,184	1,717	1,733
Governmental operating grants	2,416	-	-	-	-	-	-	-	-	-
Interest expense	(824)	(863)	(972)	(1,201)	(1,266)	(1,790)	(1,825)	(1,893)	(2,042)	(2,107)
Other	353	596	(752)	222	258	(37)	411	566	(449)	363
<b>Loss before capital grant contributions</b>	<b>\$ (5,325)</b>	<b>(735)</b>	<b>(5,128)</b>	<b>(5,003)</b>	<b>(2,161)</b>	<b>(2,453)</b>	<b>(2,011)</b>	<b>(738)</b>	<b>(2,623)</b>	<b>(2,214)</b>
<b><u>OTHER</u></b>										
Capital asset additions	\$ 9,700	14,540	13,521	11,869	1,570	8,229	8,182	19,097	5,412	15,474
Federal and state capital grants	(6,799)	(7,006)	(6,553)	(6,341)	(245)	(3,247)	(5,714)	(6,144)	(1,014)	(10,407)
Passenger facility charge reimbursements	(2,068)	(4,860)	(4,545)	(91)	(1,573)	(3,283)	(716)	(5,715)	(1,602)	(2,501)
<b>Net construction costs</b>	<b>\$ 833</b>	<b>2,674</b>	<b>2,423</b>	<b>5,437</b>	<b>(248)</b>	<b>1,699</b>	<b>1,752</b>	<b>7,238</b>	<b>2,796</b>	<b>2,566</b>

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues:</b>			
Aviation	\$ 6,651,480	6,172,694	(478,786)
Non-aviation	8,345,989	5,743,689	(2,602,300)
Concessions	2,598,445	2,359,511	(238,934)
Services	248,950	177,275	(71,675)
<b>Total operating revenues</b>	<u>17,844,864</u>	<u>14,453,169</u>	<u>(3,391,695)</u>
<b>Operating expenses:</b>			
Board expenses	150,500	89,615	(60,885)
Building expenses	1,638,367	1,480,655	(157,712)
Employee expenses	9,698,328	8,557,263	(1,141,065)
Equipment expenses	391,045	414,318	23,273
Services	3,741,419	4,816,798	1,075,379
Supplies	759,109	691,491	(67,618)
<b>Total operating expenses, before depreciation and unfunded portion of pension expense</b>	<u>16,378,768</u>	<u>16,050,140</u>	<u>(328,628)</u>
<b>Operating income, before depreciation and unfunded portion of pension expense</b>	<u>1,466,096</u>	<u>(1,596,971)</u>	<u>(3,063,067)</u>
Depreciation expense	9,086,379	7,851,514	(1,234,865)
Unfunded portion of pension expense	-	782,928	782,928
<b>Total operating expenses</b>	<u>25,465,147</u>	<u>24,684,582</u>	<u>(780,565)</u>
<b>Operating loss</b>	<u>(7,620,283)</u>	<u>(10,231,413)</u>	<u>(2,611,130)</u>
<b>Non-operating revenues (expense):</b>			
Passenger facility charges, restricted	1,913,604	1,279,712	(633,892)
Customer facility charges, restricted	2,397,016	1,682,497	(714,519)
Governmental operating grants	-	2,416,000	2,416,000
Interest expense	(842,254)	(823,998)	18,256
Interest income	785,000	121,970	(663,030)
Asset seizures	-	16,577	16,577
Other	329,000	213,915	(115,085)
<b>Net non-operating revenues (expense)</b>	<u>4,582,366</u>	<u>4,906,673</u>	<u>324,307</u>
<b>Loss before capital grant contributions</b>	<u>(3,037,917)</u>	<u>(5,324,740)</u>	<u>(2,286,823)</u>
<b>Capital governmental grant contributions</b>	<u>17,586,408</u>	<u>6,798,680</u>	<u>(10,787,728)</u>
<b>Change in net position</b>	<u>\$ 14,548,491</u>	<u>1,473,940</u>	<u>(13,074,551)</u>

**Independent Auditors' 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  
Jackson Municipal Airport Authority:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jackson Municipal Airport Authority, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Jackson Municipal Airport Authority's basic financial statements, and have issued our report thereon dated May 24, 2021.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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. Given these limitations, during our audit we did not identify any deficiencies

in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson Municipal Airport 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

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

Jackson, Mississippi  
May 24, 2021

*Brayden, Sander : O'Neil, Jtd.*

**Independent Auditors' 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  
Jackson Municipal Airport Authority:**

**Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program**

We have audited Jackson Municipal Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Passenger Facility Charge Audit Guide For Public Agencies (the Guide) that could have a direct and material effect on each of Jackson Municipal Airport Authority's major federal programs and its passenger facility charge program for the year ended September 30, 2020. Jackson Municipal Airport Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and its passenger facility charge program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Jackson Municipal Airport Authority's major federal programs and its passenger facility charge program 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; 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Jackson Municipal Airport 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 each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of Jackson Municipal Airport Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Jackson Municipal Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended September 30, 2020.

***Basis for Qualified Opinion on the Passenger Facility Charge (PFC) Program***

As described in the accompanying schedule of findings and questioned costs, Jackson Municipal Airport Authority did not comply with requirements regarding reporting and reimbursement. Compliance with such requirements is necessary, in our opinion, for Jackson Municipal Airport Authority to comply with the requirements applicable to that program.

***Qualified Opinion on PFC Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Jackson Municipal Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the PFC program for the year ended September 30, 2020.

***Other Matters***

Jackson Municipal Airport Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jackson Municipal Airport 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 Jackson Municipal Airport 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 Jackson Municipal Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge 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 Jackson Municipal Airport 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Jackson, Mississippi  
May 24, 2021

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2020

**Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

- Internal control over major programs:
  - Material weaknesses identified? No
  - Significant deficiencies identified? No
- Type of auditors' 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)? No
- 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 auditors' 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

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2020

**Findings – Financial Statement Audit**

None.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

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

**Finding 2020-1 – PFC Reporting**

**Condition:** The PFC share of costs for Project 0511 – West Runway Rehabilitation were misclassified in the Authority’s quarterly PFC reporting. These costs were reported as PFC Application #6 expenditures, rather than PFC Application #7 expenditures. Also, these costs were not detailed between runway construction, runway lighting, taxiway construction, and taxiway lighting, as specified in Application #7.

In PFC Application #7, two invoices from Alliance Architects totaling \$105,547 were reported as Audio/Visual Paging System expenditures instead of Terminal Building Renovations Phase 3 Feasibility Study.

**Criteria:** Costs charged to the PFC program are to be charged to the appropriate PFC application and project.

**Cause:** Staff turnover at the Authority and effects of the Covid-19 pandemic.

**Effect:** The quarterly PFC reports are in error.

**Recommendation:** We recommend the quarterly PFC reports be revised to reflect the above. We also recommend PFC quarterly reports be reviewed thoroughly prior to submission. Specifically, such review should question any costs in excess of the approved amounts.

**Views of Responsible Officials and Planned Corrective Actions:** The errors that occurred in the PFC reports were created from staff inputting data. Expenditures were inputted with incorrect PFC numbers and categories. These errors are being corrected within the SOARS system. JMAA has contacted technical support at the FAA to determine the best and correct method to adjust these expenses within the SOARS system. The errors have been amended on all internal reports.

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2020

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

**Finding 2020-1 – PFC Reporting (Continued)**

Restructuring and increased oversight has been added to this finance function to include enhanced checks and balances in this reporting arena.

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

**Condition:** Payment application #2 for the audio/visual paging system was paid twice, once in the amount of \$113,467 in March 2020 and again for a revised amount of \$98,445 in April 2020.

The Authority received reimbursement from its PFC fund for PFC's 70% share of both payments.

In November 2020, the Authority realized the duplicate payment and recovered the overpayment from the contractor, net of the remaining cost of the project on payment application #4. However, as of April 8, 2021, the Authority has not reimbursed the PFC fund for its share of the net overpayment, which is \$9,030.

**Criteria:** Costs charged to the PFC program should only include actual costs incurred and paid by the Authority.

**Cause:** Staff turnover at the Authority and effects of the Covid-19 pandemic.

**Effect:** The Authority has over-reimbursed itself for costs of the PFC project.

**Recommendation:** We recommend that the Authority promptly reimburse its PFC fund for its share of the overpayment. We also recommend controls be put in place to detect and prevent duplicate payments on a timely basis.

**Views of Responsible Officials and Planned Corrective Actions:** The Authority has already reimbursed the PFC fund for this duplicate payment. The duplicate payment occurred during the transition of leaders in a department. It was discovered, recovered, and corrected. The Authority has implemented measures to detect and prevent duplicate payments in a timely manner going forward.

**JACKSON MUNICIPAL AIRPORT AUTHORITY**  
Corrective Action Plan  
Year Ended September 30, 2020

**Finding 2020-1 – PFC Reporting**

**Planned Corrective Action:** The errors that occurred in the PFC reports were created from staff inputting data. Expenditures were inputted with incorrect PFC numbers and categories. These errors are being corrected within the SOARS system. JMAA has contacted technical support at the FAA to determine the best and correct method to adjust these expenses within the SOARS system. The errors have been amended on all internal reports.

Restructuring and increased oversight has been added to this finance function to include enhanced checks and balances in this reporting arena.

**Anticipated Completion Date:** Internal reports completed. FAA reports expected completion date 5/31/2021.

**Responsible Contact Person:** Carolyn Dupre, CFO

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

**Planned Corrective Action:** The Authority has already reimbursed the PFC fund for this duplicate payment. The duplicate payment occurred during the transition of leaders in a department. It was discovered, recovered, and corrected. The Authority has implemented measures to detect and prevent duplicate payments in a timely manner going forward.

**Anticipated Completion Date:** Completed April 21, 2021

**Responsible Contact Person:** Carolyn Dupre, CFO