Jackson Municipal Airport Authority

Independent Auditor's Report and Financial Statements

September 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Jackson Municipal Airport Authority (the "Authority"), a component unit of the City of Jackson, Mississippi, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended September 30, 2022, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of passenger facility charges – cash basis as required by the Passenger Facility Charge Audit Guide for Public Agencies, and the historical schedule of selected financial data and the schedule of budget vs. actual revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of passenger facilities charges - cash basis, the historical schedule of selected financial data, and the schedule of budget vs. actual revenue and expenses are 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 June 30, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

FORVIS, LLP

Memphis, Tennessee
June 30, 2023

Management's Discussion and Analysis

The following discussion and analysis of the financial performance and activity of the Jackson- Medgar Wiley Evers International Airport and Hawkins Field Airport is to provide an understanding of the basic financial statements of the Jackson Municipal Airport Authority ("the Authority") for the years ended September 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

1. Highlights of the Fiscal Year 2022 Budget

The budgeted amounts compared to actual operating results are as follows for the fiscal year 2022:

	Budget	Actual
Operating revenues	$ 19,588,427	$ 19,779,777
Operating expenses	(16,737,724)	(17,340,992)
Operating income before depreciation and unfunded portion of pension expense	(2,850,703)	(2,438,785)
Depreciation expense	8,586,070	10,570,314
Unfunded portion of pension expense	-	517,849
Operating loss	(5,735,367)	(8,649,378)
Net non-operating income (expense)	3,402,899	7,357,250
Loss before capital grant contributions	$ (2,332,468)	$ (1,292,128)

Actual operating revenue exceeded budgeted expectations by a minimal amount of $191,350 or 1%. Aviation income exceeded budget by $263,383. Non-aviation revenue was less than budget by slightly more than one million(-1,159,596) while concession income exceeded budget by slightly more than one million (1,081,008). Concession revenue was more due to rental car concessions. The increase is the aviation and concession revenue is primarily due to the increase in enplanements.

Actual operating expenses before depreciation and unfunded pension exceeded budget by $603,268 or 4%. For the year, Services exceeded budget by $509,007 or 15% which was primarily due to spending for consulting. Supplies exceeded budget by $286,349 or 35% due to computer supplies needed in the current year. However, these increases in spending were netted against reductions in other major expense categories.

Actual Net Non-Operating Income (Expense) before depreciation and unfunded pension expense, in comparison to the budget, was $411,918 lower. This decrease was primarily due to the operating expenses exceeding budgeted expenses. The total operating loss was $8,649,378. The non-operating revenue and expenses which includes the CARES Act funds and capital projects federal reimbursement was $10,296,069 which enabled JMAA to end the year with a positive change in net position of $1,646,691.

2. Overview of the Financial Statements

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

Effective October 1, 2020 the Authority adopted GASB 87 Leases, FY2020 information herein has not been restated for the adoption of GASB 87.

3. Financial Highlights

Net position

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

	FY2022	**Restated FY2021**	**FY2020**
Assets:			
Current assets	**$ 20,861,101**	$ 17,223,525	$ 17,748,898
Capital assets net	**118,493,458**	124,840,536	125,763,218
Other noncurrent assets	**36,699,727**	32,014,838	27,646,800
Total assets	**176,054,286**	174,078,899	171,158,916
Deferred outflow of resources:			
Deferred outflows - debt refunding	**217,051**	231,203	261,255
Deferred outflows - pension	**3,497,702**	1,395,679	1,406,608
Total deferred outflows of resources	**3,714,753**	1,626,882	1,667,863

	FY2022	Restated FY2021	FY2020
Liabilities:			
Current liabilities	**5,917,324**	4,805,321	5,584,800
Noncurrent liabilities - long-term debt, net	**23,448,623**	26,421,578	26,160,000
Net pension liability	**18,918,217**	12,177,454	17,190,648
Total liabilities	**48,284,164**	43,404,353	48,935,448
Deferred inflow of resources:			
Deferred inflows - leases	**4,717,924**	3,060,277	1,004,733
Deferred inflows - pension	**632,443**	4,753,334	447,466
Total deferred inflows of resources	**5,350,367**	7,813,611	1,452,199
Net position:			
Invested in capital assets, net of related debt	**93,028,651**	97,785,408	95,728,362
Restricted	**34,826,739**	32,127,366	30,018,510
Unrestricted	**(1,720,882)**	(5,424,957)	(3,307,740)
Total net position	**$126,134,508**	$124,487,817	$122,439,132

For FY 2022, as compared to FY 2021, total assets increased by $1,975,387 or 1% due to an increase in current assets, specifically cash and non current assets for restricted cash. These increases were netted against a decrease in capital assets due to depreciation.

For FY 2022, as compared to FY 2021, total liabilities experienced an increase of $4,879,811 or 11% which was primarily due to an increase in pension liability and increase in accounts payable and accrued expenses.

For FY 2022 as compared to FY 2021, Net Position increased by $1,646,691 or 1%. The 2022 increase was due to an increase in restricted and unrestricted assets from operating activities.

4. Operating Revenues

Revenue Classifications	FY2022	Restated FY2021	FY2020
Aviation	**$ 8,060,207**	$ 6,641,538	$ 6,172,694
Non-aviation	**8,667,955**	5,697,315	5,743,689
Concessions	**2,834,640**	1,637,027	2,359,511
Services	**216,975**	151,046	177,275
Total operating revenue	**$ 19,779,777**	$ 14,126,926	$ 14,453,169

The table above presents the major operating revenue classifications for FY 2022 compared to FY 2021 and FY 2020. For FY 2022, as compared to FY 2021, total operating revenue increased by $5,652,851 or 40%. Total operating revenue experienced an decrease of $326,243 or 2% in FY 2021 as compared to FY 2020.

In FY 2022, Aviation Income increased by $1,418,669 or 21% and primarily due to an increase in enplanements. In FY 2021, Aviation Income experienced an increase of $468,844 as compared to FY 2020.

In FY 2022, Non-Aviation Income experienced an increase by $2,970,640 or 52% as a result of CARES ACT funding and increase in parking revenue. In FY 2021, Non-Aviation Income decreased by $46,374.

In FY 2022, Concessions Income experienced a increase in revenue of $1,197,613 or 73%, as a direct result of the food and beverage concessionaires beginning operations and the increase in rental car revenue. In FY 2021, Concessions Income decreased by $722,484.

In FY 2022, Services Income increased by $65,929 or 44% due to an increase in the ground transportation for the Transportation Network Companies (Uber and Lyft). In FY 2021, Services Income decreased by $26,229 or 15%.

5. Operating Expenses

Expense Classifications	FY2022	Restated FY2021	FY2020
Board	**$ 57,080**	$ 49,394	$ 89,615
Building	**2,019,833**	1,678,151	1,480,655
Employee	**10,206,361**	7,470,983	8,557,263
Equipment	**508,934**	315,934	414,318
Miscellaneous	**2,009**	4,418	-
Services	**3,970,430**	5,544,390	4,816,798
Supplies	**1,094,194**	661,573	691,491
Total operating expenses before depreciation	**$ 17,858,841**	$ 15,724,843	$ 16,050,140

The table above presents the major expense classifications for FY 2022 compared to FY 2021 and FY 2020. The total operating expenses before depreciation and the unfunded portion of pension expense for FY 2022 increased by $2,133,998 or 14%. For FY 2021, operating expenses decreased $325,297 as compared to FY 2020.

For FY 2022, Building Expenses increased by $341,682 or 20% primarily due to in repairs and maintenance as well as utility expense. The FY 2021 building expenses increased compared to 2020 by $197,496 or 13%.

For FY 2022, Employee Expenses experienced a increase of $2,735,378 or 37%, as compared to FY 2021 due to increase cost in salary related benefits, increase in overtime, dues and registrations, training, etc. and less contra salaries related to projects. Vacant positions were filled also. Employee Expenses decreased by $1,086,280 in FY 2021 which resulted from decrease cost in salary related benefits.

For FY 2022, Service Expenses decreased by $1,573,960 or 28% due to decrease in legal fees and other consultants. For FY 2021, the increase in Service Expenses of $727,592 was the result of legal fees.

6. Non-Operating Income (Expense)

Actual Net Non-Operating Income (Expense), in comparison to the budget, increased $3,954.351 or 51%. This increase was primarily due to CARES Act grant revenues and capital projects federal reimbursement. In FY 2021, Net Non-Operating Income (Expense) experienced an increase of $3,988,479 or 83%.

7. Capital Assets

The Authority's capital assets as of September 30, 2022, 2021 and 2020, amounted to $118,493,458, $124,840,536, and $125,763,218 (net of accumulated depreciation) respectively. This investment in capital assets includes land, facilities, facility improvements, equipment, furniture and fixtures and construction in progress.

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

8. Debt Administration

As of September 30, 2022, the Authority had outstanding revenue bonds of $24,210,000 which are listed below:

Description	Amount
Series 2017A	$ 2,510,000
Series 2017B	3,040,000
Series 2015A	10,805,000
Series 2015B	7,855,000

9. Other Items

Airline rates and charges

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

Rates/Charges	FY2022	FY2021	FY2020
Terminal rent rates	**$ 79.88**	$ 79.88	$ 86.09
Landing fee (per 1,000 lbs.)	**3.54**	3.54	3.54

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

Operating and capital grants and reimbursements

In FY 2022 and FY 2021, respectively, the Authority recognized operating grant revenue of $3,245,555 and $6,433,630. Operating grants consist mostly of COVID relief funding from the Federal Aviation Administration (FAA). The Authority also recognized capital grant revenue in FY 2022 and FY 2021, respectively, of $2,938,819 and $5,896,676 from the FAA and the Mississippi Department of Transportation (MDOT). Capital grant revenue is used to offset the cost of various capital projects.

10. Request for Information

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

Jackson Municipal Airport Authority
Statements of Net Position
September 30, 2022 and 2021

	2022	Restated 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 14,040,740**	$ 11,564,302
Restricted cash and cash equivalents - current	**2,420,621**	2,446,778
Accounts receivable	**791,245**	810,290
Governmental grants receivable	**2,765,033**	1,348,647
Lease receivable - current	**515,365**	760,145
Other	**328,097**	293,363
Total current assets	**20,861,101**	17,223,525
Non-current assets:		
Restricted cash and cash equivalents - non-current	**31,829,331**	29,014,907
Restricted passenger facility charges receivable	**387,789**	423,856
Restricted customer facility charges receivable	**188,998**	241,825
Lease receivable - non-current	**4,293,609**	2,334,250
Capital assets, net	**118,493,458**	124,840,536
Total non-current assets	**155,193,185**	156,855,374
Total assets	**176,054,286**	174,078,899
Deferred outflows - debt refunding	**217,051**	231,203
Deferred outflows - pension	**3,497,702**	1,395,679
Total deferred outflows of resources	**3,714,753**	1,626,882

	2022	Restated 2021
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	**$ 1,995,000**	$ 1,950,000
Accounts payable	**1,831,976**	1,056,736
Contract retainage payable	**337,659**	281,185
Accrued expenses	**1,752,689**	1,517,400
Total current liabilities	**5,917,324**	4,805,321
Non-current liabilities:		
Long-term debt, net of current maturities	**22,215,000**	24,210,000
Claims liability	**825,000**	1,650,000
Deferred revenue	**408,623**	561,578
Net pension liability	**18,918,217**	12,177,454
Total non-current liabilities	**42,366,840**	38,599,032
Total liabilities	**48,284,164**	43,404,353
Deferred inflows of resources		
Deferred inflows - pension	**632,443**	4,753,334
Deferred inflows - leases	**4,717,924**	3,060,277
Total deferred inflows of resources	**5,350,367**	7,813,611
Net position:		
Net investment in capital assets	**93,028,651**	97,785,408
Restricted	**34,826,739**	32,127,366
Unrestricted (deficit)	**(1,720,882)**	(5,424,957)
Total net position	**$ 126,134,508**	$ 124,487,817

Jackson Municipal Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2022 and 2021

	2022	Restated 2021
Operating revenues:		
Aviation	$ 8,060,207	$ 6,641,538
Non-aviation	8,667,955	5,697,315
Concessions	2,834,640	1,637,027
Services	216,975	151,046
Total operating revenues	19,779,777	14,126,926
Operating expenses:		
Board expenses	57,080	49,394
Building expenses	2,019,833	1,678,151
Employee expenses	10,206,361	7,470,983
Equipment expenses	508,934	315,934
Miscellaneous expenses	2,009	4,418
Services	3,970,430	5,544,390
Supplies	1,094,194	661,573
Total operating expenses, before depreciation expense	17,858,841	15,724,843
Operating loss, before depreciation expense	1,920,936	(1,597,917)
Depreciation expense	10,570,314	11,159,723
Total operating expenses	28,429,155	26,884,566
Operating loss	(8,649,378)	(12,757,640)

	2022	**Restated 2021**
Non-operating revenues (expense):		
Passenger facility charges, restricted	**2,407,296**	1,677,171
Customer facility charges, restricted	**2,112,411**	1,412,416
Governmental operating grants	**3,245,555**	6,433,630
Interest expense	**(713,833)**	(776,736)
Interest income	**129,620**	122,739
Asset seizures	**(53,822)**	54,516
Other	**230,023**	(14,087)
Net non-operating revenues (expense)	**7,357,250**	8,909,649
Loss before capital grant contributions	**(1,292,128)**	(3,847,991)
Governmental capital grant contributions	**2,938,819**	5,896,676
Change in net position	**1,646,691**	2,048,685
Net position - beginning	**124,487,817**	122,439,132
Net position - ending	**$ 126,134,508**	$ 124,487,817

Jackson Municipal Airport Authority
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	2022	Restated 2021
Cash provided (used) by operating activities:		
Cash received from customers	**$ 19,691,173**	$ 16,271,699
Cash paid for payroll expenses	**(7,594,296)**	(7,043,032)
Cash paid for other operating expenses	**(9,884,954)**	(8,012,807)
Net cash provided by operating activities	**2,211,923**	1,215,860
Cash provided by non-capital financing activities:		
Asset seizures (transfers)	**(53,822)**	54,516
Operating Grants and expense reimbursements	**2,740,108**	5,737,518
Net cash provided by non-capital financing activities	**2,686,286**	5,792,034
Cash used by capital and related financing activities:		
Capital grants received	**2,155,665**	9,135,748
Passenger facility charges collected	**2,443,363**	1,396,360
Customer facility charges collected	**2,165,238**	1,288,863
Principal paid on capital debt	**(1,950,000)**	(1,905,000)
Interest paid on capital debt	**(723,329)**	(769,615)
Interest received on leases	**93,208**	97,972
Capital asset expenditures	**(3,854,061)**	(11,318,890)
Net cash provided by (used in) capital and related financing activities	**330,084**	(2,074,562)
Cash provided by investing activities - receipt of investment interest	**36,412**	24,767
Change in cash and cash equivalents	**5,264,705**	4,958,099
Cash and cash equivalents - beginning of year	**43,025,987**	38,067,888
Cash and cash equivalents - end of year	**$ 48,290,692**	$ 43,025,987

	2022	Restated 2021
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	**$ (8,649,378)**	$ (12,757,640)
Depreciation expense	**10,570,314**	11,159,723
Provision for bad debts	**52,293**	-
Net effect of changes in operating assets and liabilities:		
Accounts receivable	**68,990**	2,202,007
Other current assets	**(34,734)**	(144,861)
Lease receivable	**(56,932)**	(57,234)
Accounts payable, net of capital items	**462,539**	(54,223)
Accrued expenses	**105,982**	(85,515)
Claims liability	**(825,000)**	1,650,000
Net pension liability	**517,849**	(696,397)
Net cash provided by operating activities	**$ 2,211,923**	$ 1,215,860
Presentation of cash and cash equivalents - end of year on the statements of net position:		
Cash and cash equivalents	**$ 14,040,740**	$ 11,564,302
Restricted cash and cash equivalents - current	**2,420,621**	2,446,778
Restricted cash and cash equivalents - non-current	**31,829,331**	29,014,907
Cash and cash equivalents - end of year	**$ 48,290,692**	$ 43,025,987
Non-cash capital and related financing activities:		
Accounts payable and retainage payable related to capital expenditures	**$ 1,122,309**	$ 753,134

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Organization and nature of operations

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

Basis of accounting and measurement focus

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

Cash and cash equivalents

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

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The valuation allowance was $48,293 and $0, at September 30, 2022 and 2021, respectively.

Capital assets

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

Income taxes

The Authority is exempt from federal and state income taxes.

Leases

The Authority is lessor under numerous lease agreements. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred outflows of resources

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

Deferred inflows of resources

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

Use of estimates in the preparation of financial statements

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

Presentation of sales tax

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

Restricted assets

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

Pensions

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

Change in Accounting Principles

In fiscal year 2022, the Authority adopted GASB No. 87, Leases, and subsequently restated fiscal year 2021 to reflect this adoption.

GASB Statement No. 87, Leases, has the objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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 following table summarized the effects of GASB No. 87 in the statements of net position as of September 30, 2021, and the statement of revenues, expenditures and changes in net position for the year ended September 30, 2021:

	As Previously Reported September 30, 2021	Recording Effects of GASB 87	As Adjusted September 30, 2021
Total assets	$ 170,977,028	$ 3,101,871	$ 174,078,899
Deferred outflows of resources	1,626,882	-	1,626,882
Total liabilities	42,422,736	981,617,	43,404,353
Deferred inflow of resources	5,734,951	2,078,660	7,813,611
Net position, ending	$ 124,446,223	$ 41,594	$ 124,487,817
Total operating revenues	$ 14,183,304	$ (56,378)	$ 14,126,926
Total operating expenses	26,884,566	-	26,884,566
Non-operating revenues, net	8,811,677	97,972	8,909,649
Capital contributions	5,896,676	-	5,896,676
Change in net position	2,007,091	41,594	2,048,685
Net position, beginning	122,439,132	-	122,439,132
Net position, ending	$ 124,446,223	$ 41,594	$ 124,487,817

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, 2022 and 2021, was $48,290,692 and $42,997,182, respectively, and the bank balance was $47,008,351 and $43,380,363, respectively. Collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the State Treasurer monitors collateralization of the entity's funds. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation (FDIC).

Cash equivalents

The carrying amount of the Authority's total cash equivalents, which are restricted for repayment of debt or use of debt proceeds, at September 30, 2022 and 2021, was $36,644 and $28,805, 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:

	2022	2021
Current:		
Debt interest and principal payments	**$ 2,379,917**	$ 2,352,292
Asset seizure funds - State	**40,704**	94,486
Total short-term	**$ 2,420,621**	$ 2,446,778
Non-current:		
Passenger facility charges (PFC)	**$ 14,589,659**	$ 13,054,155
Customer facility charges (CFC)	**12,737,793**	11,462,302
Restricted for capital projects	**425,049**	424,757
Cash reserve restricted by bond indenture	**4,076,830**	4,073,693
Total non-current	**$ 31,829,331**	$ 29,014,907

4. Lease Receivables

Substantially all buildings and improvements, except for the parking facility, of the Authority are leased to third parties. Many of these leases provide for the payment of contingent amounts based on revenues. The Authority leases certain equipment and property to third parties that conduct operations at the airport owned facilities where lease payments are based on usage. The usage-based payments are not included in the measurement of the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the years ended September 30, 2022 and 2021, was $6,259,819 and $5,781,463 respectively, which includes both lease revenue and interest. The Authority recognized lease revenue of $3,501,985 and $2,450,052 for the years ended September 30, 2022 and 2021, respectively, for variable payments not previously included in the measurement of the lease receivable. Lease revenue is reflected as operating revenue and interest revenue is reflected as nonoperating revenue in the statements of revenue, expenses and changes in net position.

The following is a schedule by year of minimum payments to be received under the Authority's leases that are included in the measurement of the lease receivable as of September 30, 2022:

	Principal	Interest	Total
2023	$ 515,365	$ 131,293	$ 646,658
2024	525,749	117,493	643,242
2025	566,482	102,798	669,280
2026	586,932	87,355	674,287
2027	1,052,616	67,510	1,120,126
2028 – 2032	549,772	206,025	755,797
2033 – 2035	166,566	151,971	318,537
2036 – 2042	113,201	129,390	242,591
2043 – 2047	133,278	109,312	242,590
2048 – 2052	156,917	85,673	242,590
2053 – 2057	184,748	57,842	242,590
2058 – 2062	217,516	25,074	242,590
2063	39,832	599	40,431
Total	$ 4,808,974	$ 1,272,335	$ 6,081,309

Regulated leases

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87 and therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire 2023 through 2044. Payments for most of the leases increase periodically based on a defined formula. Rates and fees charged by the Authority for the use of its facilities are required by terms of individual leases to be sufficient to cover operating expenses, debt service and general obligation debt but not depreciation and amortization. The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The usage-based payments are not included in the future minimum payments below because they are not fixed in substance. The majority of the leases allow the lessee the exclusive use of the premises. However, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion.

Revenue recognized for fixed payment under regulated lease contracts during the years ended September 30, 2022 and 2021, was $890,087 and $873,991. The Authority also recognized lease revenue of $2,626,302 and $1,436,721 for the years ended September 30, 2022 and 2021, respectively, for variable payments not previously included in the future minimum payments. The variable payments are primarily passenger and cargo flight fees based on usage.

The following is a schedule by year of expected future minimum payments to be received under the Authorities regulated leases as of September 30, 2022:

Years	Total Future Payments
2023	$ 578,116
2024	567,891
2025	536,546
2026	509,669
2027	479,329
2028 – 2032	1,926,039
2033 – 2037	1,701,290
2038 – 2042	413,674
2043 – 2044	153,757
Total	$ 6,866,311

The air carriers are also given exclusive use of certain spaces, including such areas as ticket counter, office space, operations space, apron storage space, etc. to conduct their operations, which are defined in the agreements. As of September 30, 2022, the Authority provides exclusive use to air carriers to lease approximately 35,000 square feet.

5. Capital Assets, Net

A summary of capital assets, net follows:

	Balance September 30, 2021	Additions	Deletions	Adjustments	Balance September 30, 2022
Land	$ 4,622,050	$ -	$ -	$ -	$ 4,622,050
Land improvements	153,680,962	-	-	-	153,680,962
Buildings	122,222,269	185,621	-	-	122,407,890
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	33,281,724	506,405	-	-	33,788,129
Construction in progress	4,196,561	3,531,210	-	-	7,727,771
Total	327,488,960	4,223,236	-	-	331,712,196
Accumulated depreciation	(202,648,424)	(10,570,314)	-	-	(213,218,738)
Net capital assets	$ 124,840,536	$ (6,347,078)	$ -	$ -	$ 118,493,458

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

Depreciation expense for the years ended September 30, 2022 and 2021, was $10,570,314 and $11,159,723, respectively. The Authority wrote off cancelled construction projects totaling $458,173, in the year ended September 30, 2021, there were not significant write offs in the year ended September 30, 2022

The Authority has committed approximately $3,336,000 to future construction projects as of September 30, 2022. These projects are expected to be substantially completed within two years from September 30, 2022 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.

6. Long-term Debt

A summary of long-term debt follows:

	Balance September 30, 2021	Additions	Deductions	Balance September 30, 2022
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	**$ 2,975,000**	**$ -**	**$ (465,000)**	**$ 2,510,000**
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	**3,500,000**	**-**	**(460,000)**	**3,040,000**
2015 Series A Revenue Bonds maturing in October 2031; interest rates from 1.21% to 3.09%	**11,830,000**	**-**	**(1,025,000)**	**10,805,000**
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	**7,855,000**	**-**	**-**	**7,855,000**
Total long-term debt	**26,160,000**	**-**	**(1,950,000)**	**24,210,000**
Current maturities	**(1,950,000)**	**-**	**(45,000)**	**(1,995,000)**
Long-term debt, net of current maturities	**$ 24,210,000**	**$ -**	**$ (1,995,000)**	**$ 22,215,000**

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

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, 2022 is $1,415,000.

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 $1,950,000 and $1,905,000 in the years ended September 30, 2022 and 2021, respectively. A schedule of future maturities of long-term debt follows:

Year Ending September 30,	Principal	Interest
2023	$ 1,995,000	$ 538,644
2024	2,050,000	512,973
2025	2,100,000	485,017
2026	2,160,000	455,071
2027	2,225,000	423,338
2028 - 2032	6,920,000	1,580,751
2033 - 2036	6,760,000	444,082
	$ 24,210,000	$ 4,439,876

7. Pension Plan

General information about the pension plan

<u>Plan description</u>

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, 2022 and 2021, were $1,115,214 and $964,153, respectively.

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

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

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

Net pension liability

At September 30, 2022 and 2021, the Authority reported a liability of $18,918,217 and $12,177,454, respectively for its proportional share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, 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, 2022 and 2021, the Authority's proportion was 0.0919090% and 0.0823890%, respectively.

Actuarial assumptions

The total pension liability in the June 30, 2022 and 2021, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	25.00%	4.60%
International equity	20.00	4.50
Global equity	12.00	4.85
Fixed income	18.00	1.40
Real estate	10.00	3.65
Private equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash	1.00	(0.10)
	100.00%	

Discount rate

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2022, net pension liability	**$ 24,690,205**	**$ 18,918,217**	**$ 14,159,506**
June 30, 2021, net pension liability	$ 17,246,130	$ 12,177,454	$ 8,000,462

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 2022 and 2021, the Authority recognized pension expense of $1,647,930 and $261,596, 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, 2022 and 2021:

	Balance September 30, 2021	Additions	Deductions	Balance September 30, 2022
Deferred outflows of resources:				
Contributions subsequent to the measurement date	**$ 253,934**	**$ 268,193**	**$ (253,834)**	**$ 268,193**
Differences between expected and actual experience	**201,242**	**204,874**	**(147,868)**	**258,248**
Changes in proportionate share of net pension liability	**-**	**1,407,098**	**(377,239)**	**1,029,859**
Changes in assumptions	**940,503**	**-**	**(353,969)**	**586,534**
Net difference between projected and actual earnings on plan investments	**-**	**5,132,770**	**(3,777,902)**	**1,354,868**
Total deferred outflows of resources	**$ 1,395,679**	**$ 7,012,935**	**$ (4,910,812)**	**$ 3,497,702**
Deferred inflows of resources:				
Changes in proportionate share of net pension liability	**$ 1,138,536**	**$ -**	**$ (506,093)**	**$ 632,443**
Net difference between projected and actual earnings on plan investments	**3,614,798**	**-**	**(3,614,798)**	**-**
Total deferred inflows of resources	**$ 4,753,334**	**$ -**	**$ (4,120,891)**	**$ 632,443**

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

Deferred outflows of resources of $268,193 at September 30, 2022, resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

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

Year Ending September 30,		
2023	$	700,975
2024		620,346
2025		249,190
2026		1,026,555
Total	$	2,597,066

Payable to the pension plan

At September 30, 2022 and 2021, the Authority reported a payable of $113,091 and $85,880, 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, 2022 and 2021, were $105,301 and $104,262, respectively.

8. Net Position

A summary of restricted net position follows:

	2022	2021
Debt interest and principal payments	**$ 2,379,917**	$ 2,352,292
Passenger facility charges (PFC)	**14,977,448**	13,478,011
Customer facility charges (CFC)	**12,926,791**	11,704,127
Restricted for capital projects	**425,049**	424,757
Cash reserve restricted by bond indenture	**4,076,830**	4,073,693
Public safety	**40,704**	94,486
	$ 34,826,739	$ 32,127,366

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 $103,332,360 to be used for specific approved PFC projects. As of September 30, 2022, $63,198,332 has been collected, and $48,608,671 expended.

10. Customer Facility Charges

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

11. Commitments and Contingencies

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

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

In October 2020, a former concessionaire filed a complaint related to the termination of their lease and concession agreement with the Authority. The concessionaire sought damages related to the termination and reimbursement for certain leasehold improvements. The Authority subsequently agreed to a settlement of $1,650,000, which is recorded in the claims liability in the statement of net position at September 30, 2021, and has a balance of $825,000 at September 30, 2022. The remaining liability was paid in November 2022.

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

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

Jackson Municipal Airport Authority
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Mississippi
Years Ended June 30, 2022 - 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
JMAA's proportion of the net pension liability	**0.091909%**	0.082389%	0.088800%	0.089780%	0.093918%	0.088324%	0.078357%	0.080705%	0.084670%
JMAA's proportionate share of the net pension liability	**$18,918,217**	$12,177,454	$ 17,190,648	$ 15,794,073	$ 15,621,353	$ 14,682,447	$ 13,996,517	$ 12,475,387	$ 10,272,702
JMAA's covered payroll	**$ 6,327,326**	$ 5,478,030	$ 5,912,992	$ 5,847,146	$ 5,997,556	$ 5,666,043	$ 5,012,711	$ 5,041,981	$ 5,171,416
JMAA's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	**59.93%**	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

Jackson Municipal Airport Authority
Schedule of Pension Contributions
Public Employees' Retirement System of Mississippi
Years Ended September 30, 2022 - 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	**$ 1,115,214**	$ 964,153	$ 1,004,427	$ 940,564	$ 940,985	$ 934,804	$ 803,042	$ 787,462	$ 823,210
Contributions in relation to the statutorily required contribution	**$ 1,115,214**	$ 964,153	$ 1,004,427	$ 940,564	$ 940,985	$ 934,804	$ 803,042	$ 787,462	$ 823,210
Annual contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JMAA's covered payroll	**$ 6,409,274**	$ 5,541,107	$ 5,772,571	$ 5,810,843	$ 5,974,215	$ 5,935,263	$ 5,098,679	$ 4,999,759	$ 5,226,730
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

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

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

1. Changes of Assumptions

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

2019

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

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

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

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

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

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

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

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

2017

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

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

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

2016

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

2015

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

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

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

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

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

2. Changes in Benefit Provisions

2016

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

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

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

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

Jackson Municipal Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Transportation:		
Direct programs:		
Federal Aviation Administration:		
Airport Improvement Program:		
3-28-0037-051-2016- JAN Pavement Taxiway	20.106	$ 1,813,126
3-28-0037-055-2020-JAN Pavement	20.106	86,395
3-28-0038-025-2021- HKS Bravo Relocation	20.106	129,876
3-28-0038-021-2020- HKS Taxiway Lighting/Hks Fencing	20.106	275,185
3-28-0038-023-2023- HKS Taxiway Lighting	20.106	441,362
3-28-0038-019-2019- HKS Overlay 16/34	20.106	165,182
3-28-0037-056-2020- West Concourse Roof	20.106	3,414
3-28-0038-020-2020-HKS Pavement	20.106	24,280
		2,938,820
COVID-19: Airport Improvement Program:		
3-28-0037-059-2021	20.106	3,000,000
Total U.S. Department of Transportation		5,938,820
U.S. Department of Homeland Security		
Direct programs:		
Transportation Security Administration (TSA):		
Law Enforcement Officer Reimbursement Program:		
HSTS02-16-H-SLR869	97.090	215,660
Total U.S. Department of Homeland Security		215,660
Total expenditures of Federal awards		$ 6,154,480

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

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jackson Municipal Airport Authority (the Authority) under programs of the federal government for the year ended September 30, 2022. 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 position, 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate and Subrecipients

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.

The Authority did not pass-through any funding to subrecipients.

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

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

Total expenditures of Federal awards	$ 6,154,480
State of Mississippi grants	29,894
Total governmental grant contributions	$ 6,184,374

Presented in the financial statements as:

Governmental operating grant contributions	$ 3,245,555
Governmental capital grant contributions	2,938,819
Total governmental grant contributions	$ 6,184,374

Jackson Municipal Airport Authority
Schedule of Passenger Facility Charges - Cash Basis
Year Ended September 30, 2022

	September30, 2021 Program Total	Quarter 1 - October - December	Quarter 2 - January - March	Quarter 3 - April - June	Quarter 4 - July - September	Year Ended September 30, 2022 Total	September 30, 2022 Program Total
Revenue:							
Collections	$ 58,181,663	$ 563,207	$ 567,561	$ 824,271	$ 488,325	$ 2,443,364	$ 60,625,027
Interest	2,563,983	3,369	2,561	1,694	1,698	9,322	2,573,305
Total revenue	60,745,646	566,576	570,122	825,965	490,023	2,452,686	63,198,332
Expenditures:							
Application #1	6,238,505	-	-	-	-	-	6,238,505
Application #2	3,590,244	-	-	-	-	-	3,590,244
Application #3	6,455,059	28,515	28,516	28,516	28,516	114,063	6,569,122
Application #4	3,008,245	26,281	26,281	26,281	26,282	105,125	3,113,370
Application #5	23,046,794	-	-	-	-	-	23,046,794
Application #6	1,662,503	-	-	-	-	-	1,662,503
Application #7	3,690,141	1,723	-	-	553,594	555,317	4,245,458
Application #8	-	-	-	142,675	-	142,675	142,675
Total expenditures	47,691,491	56,519	54,797	197,472	608,392	917,180	48,608,671
Net PFC revenue	$ 13,054,155	$ 510,057	$ 515,325	$ 628,493	$ (118,369)	$ 1,535,506	$ 14,589,661
PFC account balance	$ 13,054,155	$ 13,564,212	$ 14,079,537	$ 14,708,030	$ 14,589,661	$ 14,589,661	$ 14,589,661

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2022 - 2013
(In Thousands)

	2022	2021	2020	2019	2018
Assets and deferred outflows of resources:					
Current assets, unrestricted	**$ 18,440**	$ 14,777	$ 15,377	$ 20,398	$ 16,609
Restricted assets	**34,827**	32,127	30,019	30,822	31,521
Capital assets	**118,493**	124,841	125,763	123,915	117,320
Lease receivable, net of current maturities	**4,294**	2,334	-	-	-
Deferred outflows of resources	**3,715**	1,627	1,668	1,373	2,044
Total assets and deferred outflows of resources	**179,769**	175,706	172,827	176,508	167,494
Liabilities and deferred inflows of resources:					
Current liabilities	**5,917**	4,805	5,585	9,738	7,651
Long-term debt, net of current maturities	**22,215**	24,210	26,160	28,065	29,935
Claims liability	**825**	1,650	-	-	-
Deferred Revenue	**409**	562	-	-	-
Net pension liability	**18,918**	12,177	17,191	15,794	15,621
Deferred inflows of resources	**5,350**	7,814	1,452	1,946	1,183
Total liabilities and deferred inflows of resources	**53,634**	51,218	50,388	55,543	54,390
Net position	**$ 126,135**	$ 124,488	$ 122,439	$ 120,965	$ 113,104
Revenues and expenses:					
Operating revenues	**$ 19,780**	$ 14,127	$ 14,453	$ 18,509	$ 16,994
Operating expenses, before depreciation and unfunded portion of pension expense	**17,341**	16,420	16,050	15,099	15,269
Operating income (loss), before depreciation and unfunded portion of pension expense	**2,439**	(2,293)	(1,597)	3,410	1,725
Depreciation	**10,570**	11,160	7,852	7,596	8,291
Unfunded portion of pension expense	**518**	(696)	783	1,030	1,021
Operating loss	**(8,649)**	(12,757)	(10,232)	(5,216)	(7,587)
Passenger facility charges (restricted)	**2,407**	1,677	1,280	2,509	2,154
Customer facility charges (restricted)	**2,112**	1,412	1,682	2,239	2,029
Governmental operating grants	**3,246**	6,434	2,416	-	-
Interest expense	**(714)**	(777)	(824)	(863)	(972)
Other	**306**	163	353	596	(752)
Loss before capital grant contributions	**$ (1,292)**	$ (3,848)	$ (5,325)	$ (735)	$ (5,128)
Other:					
Capital asset additions	**$ 4,223**	$ 10,695	$ 9,700	$ 14,540	$ 13,521
Federal and state capital grants	**(2,939)**	(5,897)	(6,799)	(7,006)	(6,553)
Passenger facility charge reimbursements	**(917)**	(293)	(2,068)	(4,860)	(4,545)
Net construction costs	**$ 367**	$ 4,505	$ 833	$ 2,674	$ 2,423

Note: Years prior to 2021 have not been restated to reflect the adoption of GASB Statement No. 87.
Note: Years prior to 2013 have not been restated to reflect the adoption of GASB Statement No. 65.
Note: Years prior to 2014 have not been restated to reflect the adoption of GASB Statement No. 68.

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2022 - 2013
(In Thousands) **(Continued)**

	2017	2016	2015	2014	2013
Assets and deferred outflows of resources:					
Current assets, unrestricted	$ 16,271	$ 18,727	$ 17,157	$ 14,274	$ 13,653
Restricted assets	34,829	32,968	30,145	32,360	30,047
Capital assets	113,154	109,837	116,930	118,016	118,700
Other	14	54	64	275	304
Deferred outflows of resources	2,371	2,702	2,216	808	218
Total assets and deferred outflows of resources	166,639	164,288	166,512	165,733	162,922
Liabilities and deferred inflows of resources:					
Current liabilities	5,480	3,714	3,539	4,393	4,474
Long-term debt, net of current maturities	33,469	35,046	36,803	37,905	39,302
Claims liability	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Net unfunded pension liability	14,683	13,997	12,475	10,273	-
Deferred inflows of resources	1,328	1,188	1,435	1,697	202
Total liabilities and deferred inflows of resources	54,960	53,945	54,252	54,268	43,978
Net position	$ 111,679	$ 110,343	$ 112,260	$ 111,465	$ 118,944
Revenues and expenses:					
Operating revenues	$ 16,834	$ 17,304	$ 16,929	$ 17,755	$ 17,635
Operating expenses, before depreciation and unfunded portion of pension expense	15,221	13,365	12,350	14,113	13,207
Operating income (loss), before depreciation and unfunded portion of pension expense	1,613	3,939	4,579	3,642	4,428
Depreciation	8,552	8,592	9,139	8,867	8,456
Unfunded portion of pension expense	1,141	769	344	(53)	-
Operating loss	(8,080)	(5,422)	(4,904)	(5,172)	(4,028)
Passenger facility charges (restricted)	1,960	2,024	2,086	2,264	2,433
Customer facility charges (restricted)	2,096	2,245	2,192	2,311	2,184
Governmental operating grants	-	-	-	-	-
Interest expense	(1,201)	(1,266)	(1,790)	(1,825)	(1,893)
Other	222	258	(37)	411	566
Loss before capital grant contributions	$ (5,003)	$ (2,161)	$ (2,453)	$ (2,011)	$ (738)
Other:					
Capital asset additions	$ 11,869	$ 1,570	$ 8,229	$ 8,182	$ 19,097
Federal and state capital grants	(6,341)	(245)	(3,247)	(5,714)	(6,144)
Passenger facility charge reimbursements	(91)	(1,573)	(3,283)	(716)	(5,715)
Net construction costs	$ 5,437	$ (248)	$ 1,699	$ 1,752	$ 7,238

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, 2022

	Budget	Actual	Variance
Operating revenues:			
Aviation	$ 7,796,824	$ 8,060,207	$ 263,383
Non-aviation	9,827,911	8,667,955	(1,159,956)
Concessions	1,753,632	2,834,640	1,081,008
Services	210,060	216,975	6,915
Total operating revenues	19,588,427	19,779,777	191,350
Operating expenses:			
Board expenses	95,600	57,080	(38,520)
Building expenses	1,771,650	2,019,833	248,183
Employee expenses	10,098,406	9,688,512	(409,894)
Equipment expenses	496,800	508,934	12,134
Miscellaneous expense	6,000	2,009	(3,991)
Services	3,461,423	3,970,430	509,007
Supplies	807,845	1,094,194	286,349
Total operating expenses, before depreciation and unfunded portion of pension expense	16,737,724	17,340,992	603,268
Operating income, before depreciation and unfunded portion of pension expense	2,850,703	2,438,785	(411,918)
Depreciation expense	8,586,070	10,570,314	1,984,244
Unfunded portion of pension expense		517,849	517,849
Total operating expenses	25,323,794	28,429,155	3,105,361
Operating loss	(5,735,367)	(8,649,378)	(2,914,011)
Non-operating revenues (expense):			
Passenger facility charges, restricted	1,967,115	2,407,296	440,181
Customer facility charges, restricted	1,543,292	2,112,411	569,119
Governmental operating grants	412,466	3,245,555	2,833,089
Interest expense	(746,974)	(713,833)	33,141
Interest income	225,000	129,620	(95,380)
Asset seizures	-	(53,822)	(53,822)
Other	2,000	230,023	228,023
Net non-operating revenues (expense)	3,402,899	7,357,250	3,954,351
Loss before capital grant contributions	(2,332,468)	(1,292,128)	1,040,340
Capital governmental grant contributions	998,000	2,938,819	1,940,819
Change in net position	$ (1,334,468)	$ 1,646,691	$ 2,981,159

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

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

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 Jackson Municipal Airport Authority (the "Authority"), a component unit of the City of Jackson, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 30, 2023, which contains an emphasis of matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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

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

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

FORVIS, LLP

Memphis, Tennessee
June 30, 2023

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Report on Compliance for the Major Program, The Passenger Facility Charge Program and Report on Internal Control Over Compliance - Independent Auditor's Report

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

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

Qualified Opinion and Unmodified Opinion

We have audited Jackson Municipal Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Authority's major federal program and passenger facility charges program for the year ended September 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Major Federal Program

In our opinion, except for the noncompliance described in the "Basis for Qualified and Unmodified Opinions" section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Unmodified Opinion on the Passenger Facilities Charge Program

In our opinion, 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 passenger facilities charges program for the year ended September 30, 2022.

Basis for Qualified and Unmodified Opinions on the Major Federal Program and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the 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. Our responsibilities under those standards, the Uniform Guidance and the Guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Matters Giving Rise to Qualified Opinion on the Airport Improvement Program Grant

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the Airport Improvement Program Grant as described in finding number 2022-002 for Special Tests and Provisions-Wage Rate Requirements.

Compliance with such requirements is necessary, in our opinion, for Authority to comply with the requirements applicable to this program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program and passenger facilities charges program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and the Guide we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the "Auditors' Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

FORVIS, LLP

Memphis, Tennessee
June 30, 2023

Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Passenger Facility Charge Program

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

Findings – Financial Statement Audit

Finding 2022-001: Significant Deficiency – Repeat Finding: Audit and Post-Closing Adjustments

Criteria: Management is responsible for the preparation of financial statements in accordance with Generally Accepted Accounting Principles and standard practices for internal controls.

Condition: During the 2021 audit, numerous audit adjustments were recommended due to a variety of errors and management not closing their books in a timely manner. While we noted significant improvements in the 2022 audit, three issues remain.

Cause: Many of these errors were due to the staff vacancies in the accounting department.

Effect: Management performed a review of expenditures for proper cut-off at September 30, 2022; however, the accounts payable listing was not adequately reviewed for completeness or duplicates. As a result, three invoices were accidentally recorded twice in the post-closing entries.

One construction project was not properly closed out and capitalized at year-end. This resulted in an understatement of depreciation expense of approximately $50,000 for fiscal year 2022.

The accounts receivable subsidiary ledger contained an unreconciled difference of approximately $160,000 resulting in an audit adjustment to increase the balance at year end. We also noted that a review of past due balances was not performed timely during the year, resulting in a write off of accounts receivable of approximately $52,000.

Recommendation: Management should continue to strengthen the reconciliation process and review of significant balance sheet accounts. Accounting staff should receive training on the reconciliation process and obtain better reporting from the MUNIS system in order to facilitate their review.

Management's response: See Corrective Action Plan

Findings – Federal Awards Findings and Questioned costs

2022-002: Material Weakness – Repeat Finding: Davis-Bacon Act

Federal Assistance Listing Number 20.106 – Airport Improvement Program

Criteria: All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141–3144, 3146, and 3147). Non-Federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the Non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326). In addition, according to 2 CFR Part 200.303, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: Proper documentation is not maintained by the Authority to verify compliance with Davis-Bacon. There were nine grant draws during fiscal year 2023, which were subject to Davis-Bacon requirements. We selected all nine payments for testing. The Authority was unable to provide the required payroll certifications for three of the nine selections, resulting in an error rate of 33%.

Effect: The Authority is not in compliance with Davis-Bacon requirements.

Questioned Costs: N/A

Cause: Lack of centralized storage/ filing. There was also employee turnover and transfers from the contract compliance department. As a result, controls and procedures were not consistently applied.

Repeat Finding: 2021-003

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

Management's response: See Corrective Action Plan

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

None

Summary Scheduled of Prior year Findings

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

Update: repeat finding – See 2022-001. The recurrence is primarily due to staff vacancies and turnover.

Finding 2021-002: Material Weakness - Timely Financial Reporting

Update: Resolved

Finding 2021-3 Material Weakness - Davis-Bacon Act

Update: repeat finding – See 2022-002. The recurrence is primarily due to staff vacancies and turnover.

Finding 2022-001: Significant Deficiency - Audit and Post-Closing Adjustments

Planned Corrective Action

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

Management has evaluated the personnel needs of the accounting department and hired staff and a consultant. Management will continue to review its accounts payable year end procedure to assure proper cut off for accounts payable and assure reconciliation. Several projects were not properly closed out and capitalized at year end. A new system of checks and balance has been created between Finance, Capital Project, and Procurement Departments to reconcile, evaluate, and manage construction projects on a monthly basis to ensure proper project close out. Accounts receivables had unreconciled differences. Management will re-evaluate its reconciliation procedure to ensure monthly reconciliation with management oversight.

Anticipated Completion Date

Internal reconciliation and FAA reports expected completion date 9/30/2023.

Responsible Contact Person

Carolyn Dupré, Consultant and Jana Greene, Senior Accountant

2022-002 Material Weakness - Davis-Bacon Act

Planned Corrective Action

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

A new system of checks and balance was created between Finance, Capital Project, and Procurement Departments to reconcile, evaluate, and manage construction projects on a monthly basis to ensure proper documentation and tracking. Management will add an additional requirement to include this as part of the accounts payable process.

Anticipated Completion Date

Complete by September 30, 2022

Responsible Contact Person

Rico Owens, Senior Accountant