

**JACKSON-MADISON COUNTY
AIRPORT AUTHORITY**

JACKSON, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
TABLE OF CONTENTS
For The Fiscal Year Ended June 30, 2022

Introductory Section

Directory of Officials..... 1

Financial Section

Independent Auditor's Report2
Management's Discussion and Analysis5
Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position 10
 Statement of Activities 11
 Fund Financial Statements:
 Governmental Funds Balance Sheet..... 12
 Reconciliation of Statement of Net Position to Governmental
 Funds Balance Sheet..... 13
 Statement of Governmental Fund Revenues, Expenditures and
 Changes in Fund Balance 14
 Reconciliation of Statement of Governmental Fund Revenues,
 Expenditures and Changes in Fund Balance to Statement of Activities 15
 Statement of Net Position – Proprietary Fund..... 16
 Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund..... 17
 Statement of Cash Flows – Proprietary Fund 18
 Notes to Financial Statements 19
Required Supplemental Information:
 Schedule of the Authority's Proportionate Share of the Net Pension Liability (Asset).....38
 Schedule of Authority Contributions - TCRS.....39
 Schedule of the Authority's Proportionate Share of the Net OPEB Liability.....40
 Schedule of Notes to OPEB Required Supplementary Information 41

Supplementary and Other Information Section

Statement of Revenues, Expenditures and Changes in Fund Balance -
 General Fund – Budget and Actual.....42
Statement of Revenues, Expenditures and Changes in Fund Balance -
 Capital Projects Fund45
Schedule of Salaries and Bonds of Principal Officials46
Schedule of Passenger Facility Charges, Investment Income
 and Related Expenditures.....47
Schedule of Long-Term Debt.....48
Schedule of Long-Term Debt by Individual Issue49
Schedule of Expenditures of Federal Awards and State Financial Assistance50

Internal Control and Compliance Section

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 51
Independent Auditor's Report on Compliance with Requirements Applicable to
the Passenger Facility Charge Program; Report on Internal Control over
Compliance in accordance with the *Passenger Facility Charge Audit Guide*
for Public Agencies; and Report on Schedule of Passenger Facility Charges,
Investment Income and Related Expenditures 53
Schedule of Findings 56
Schedule of Prior Year Findings 57

INTRODUCTORY SECTION

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
DIRECTORY
June 30, 2022

BOARD MEMBERS

Ryan Porter, Chairman
Raymond (R.E.) Butts IV, Vice Chairman
Bob Frankland, Secretary
James (JR) Ross, Commissioner
Russell (Rusty) Reviere, Commissioner

MANAGEMENT TEAM

Steve Smith, Executive Director
Cindy Melton, Deputy Director

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Directors
Jackson-Madison County Airport Authority
McKellar-Sipes Regional Airport
Jackson, Tennessee

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Jackson-Madison County Airport Authority, Jackson, Tennessee (the Authority) as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Authority as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Correction of Error

As discussed in note 13 to the financial statements, there were two errors corrected that caused the prior period to be adjusted. The first correction related to a capital project in the prior period and the second correction related to an accounts payable amount included in the prior year's accounts payable account that was still included in the current year. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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

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, pension related schedules, and OPEB related schedules (Required Supplementary Information) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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 opinions on the financial statements that collectively comprise the Authority's financial statements. The supplementary and other information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of passenger facility charges, investment income and related expenditures is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial information listed as supplementary and other information as listed in the table of contents, and the accompanying schedule of passenger facility charges, investment income and related expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Jackson, Tennessee
December 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Jackson-Madison County Airport Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. All amounts, unless otherwise indicated, are expressed in actual dollars. A comparative analysis of key elements of total governmental funds and total enterprise funds has been provided. A prior year comparative analysis of government-wide data has been provided.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. The Authority is well within its stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets at year-end were \$15.88 million and deferred outflows of resources were \$150 thousand and exceeded liabilities of \$406 thousand and deferred inflows of resources of \$318 thousand by \$15.31 million (i.e. net position).
- Net position decreased \$449 thousand during the current year before taking into account prior period adjustments of (\$58) thousand.
- In the proprietary fund, Total operating revenues were \$3.17 million, while operating expenses were \$2.74 million which contributed to an increase in net position of \$256 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements are made up of four sections: 1) the introductory section, 2) the financial section, 3) the supplementary and other information section and 4) the internal control and compliance section. The introductory section includes the Authority's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes and required supplementary information. The supplementary and other information section includes the statement of revenues, expenditures, and changes in fund balance – general fund - budget and actual, the statement of revenues, expenditures, and changes in fund balance – capital projects fund, the schedule of salaries and bonds of principal officials, schedule of passenger facility charges, investment income and related expenditures, and schedule of expenditures of federal awards and state financial assistance. The internal control and compliance section includes the report on internal control and compliance.

REQUIRED FINANCIAL STATEMENTS

The Authority's required financial statements include both government-wide financial statements and fund financial statements. The fund financial statements consist of governmental fund financial statements and business-type, proprietary fund financial statements. The Authority's governmental activities include general operations and capital projects. The Authority's business-type activities include the FBO (Fixed Based Operator).

Government-wide Financial Statements

The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of

MANAGEMENT'S DISCUSSION AND ANALYSIS

investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Authority. As of June 30, 2022, the Authority had deferred outflows and inflows related its pension and OPEB plans of \$149,890 and \$318,027 respectively.

The *Statement of Activities* presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Authority's operations and can be used to determine whether the Authority has successfully recovered all of its costs. This statement also measures the Authority's profitability and credit worthiness. The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Authority's near-term financing decisions. Both the Balance Sheet — Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 12 through 15 of this report.

Information is presented separately in the Balance Sheet — Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds for the General Fund and Capital Projects Fund, which are considered to be major funds.

Proprietary funds - Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The Authority uses an enterprise fund to account for the Fixed Base Operations (FBO).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the FBO, which is considered a major fund of the Authority. The basic proprietary fund financial statements can be found on pages 16 through 18 of this report.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present

MANAGEMENT'S DISCUSSION AND ANALYSIS

information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.31 million at the close of the most recent fiscal year. A portion of the Authority's net position, 88.08% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment).

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	June 30,		June 30,		June 30,	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 989,785	\$ 768,400	\$ 1,409,875	\$ 956,558	\$ 2,399,660	\$ 1,724,958
Capital assets	13,418,991	14,317,357	64,093	68,930	13,483,084	\$ 14,386,287
Total assets	<u>14,408,776</u>	<u>15,085,757</u>	<u>1,473,968</u>	<u>1,025,488</u>	<u>15,882,744</u>	<u>16,111,245</u>
Deferred outflows of resources	149,890	51,781	-	-	149,890	51,781
Long-term liabilities	-	-	96,736	-	96,736	-
Other liabilities	142,854	261,126	166,430	70,379	309,284	331,505
Total liabilities	<u>142,854</u>	<u>261,126</u>	<u>263,166</u>	<u>70,379</u>	<u>406,020</u>	<u>331,505</u>
Deferred inflows of resources	318,027	15,860	-	-	318,027	15,860
Invested in capital assets	13,418,991	14,317,357	64,093	68,930	13,483,084	14,386,287
Restricted	644,101	280,001	-	-	644,101	280,001
Unrestricted	34,693	263,194	1,146,709	886,179	1,181,402	1,149,373
Total net position	<u>\$ 14,097,785</u>	<u>\$ 14,860,552</u>	<u>\$ 1,210,802</u>	<u>\$ 955,109</u>	<u>\$ 15,308,587</u>	<u>\$ 15,815,661</u>

An additional portion of the Authority's net position, 4.21% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaling \$1,181,402 may be used to meet the Authority's ongoing obligations.

Statement of Activities – Expenses in the governmental activities column exceeded revenues by \$895 thousand. Expenses in the business-type activities column were exceeded by revenues by \$428 thousand. Revenues increased by \$79 thousand while expenses decreased by \$8 thousand during the year due to a decrease in transfers to the general fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF ACTIVITIES

	Governmental		Business-type		Total	
	Activities		Activities			
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2022	2021	2022	2021	2022	2021
Program revenues	\$ 1,033,211	\$ 926,467	\$ 3,172,331	\$ 1,912,331	\$ 4,205,542	\$ 2,838,798
Non-operating revenues	13,775	14,591	-	-	13,775	14,591
Transfers in	176,714	129,214	-	-	176,714	129,214
Total revenues and transfers	<u>1,223,700</u>	<u>1,070,272</u>	<u>3,172,331</u>	<u>1,912,331</u>	<u>4,396,031</u>	<u>2,982,603</u>
Program expenses	1,928,354	1,509,577	2,739,924	1,660,614	4,668,278	3,170,191
Transfers out	-	-	176,714	129,214	176,714	129,214
Total expenses and transfers	<u>1,928,354</u>	<u>1,509,577</u>	<u>2,916,638</u>	<u>1,789,828</u>	<u>4,844,992</u>	<u>3,299,405</u>
Change in net position	(704,654)	(439,305)	255,693	122,503	(448,961)	(316,802)
Beginning net position	14,860,552	15,299,857	955,109	832,606	15,815,661	16,132,463
Prior period adjustments	(58,113)	-	-	-	(58,113)	-
Ending net position	<u>\$ 14,097,785</u>	<u>\$ 14,860,552</u>	<u>\$ 1,210,802</u>	<u>\$ 955,109</u>	<u>\$ 15,308,587</u>	<u>\$ 15,815,661</u>

COMMENTS ON FUND FINANCIAL STATEMENTS

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General fund – The focus of the Authority's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues in the general fund increased from last year by approximately \$80 thousand. The most significant changes in revenues in the general fund were:

- A \$42 thousand increase in federal grants
- A \$18 thousand increase in fuel flowage

Expenditures in the general fund increased from last year by approximately \$173 thousand. The most significant changes in expenditures and other financing uses in the general fund were:

- A \$96 thousand decrease in maintenance and utilities
- A \$71 thousand increase in administration

A budget is adopted for the General Fund but is used as a management tool and is not considered a legal spending restriction.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of the fiscal year, the Authority had invested \$13.48 million in a variety of capital assets. See Note 6 to the financial statements for details.

Debt – At year ended June 30, 2022 the authority had no outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There are no substantial changes anticipated for next year's budget for the general, capital projects funds and FBO funds. Rehabilitation and expansion of airport facilities will continue as previously set forth by the authority's master plan.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jackson-Madison County Airport Authority, 308 Grady Montgomery Drive, Jackson, TN 38301.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 523,307	\$ 914,065	\$ 1,437,372
Receivables			
Accounts	44,798	254,816	299,614
Intergovernmental	-	60,434	60,434
Grants	83,401	-	83,401
Internal balances	-	4,640	4,640
Inventories	448	82,864	83,312
Deposits on contracts	8,303	-	8,303
Net pension asset	329,528	-	329,528
Right to use leased assets, net of amortization	-	93,056	93,056
Capital assets not being depreciated			
Construction in progress	276,907	-	276,907
Land	48,553	-	48,553
Capital assets being depreciated (net of accumulated depreciation)			
Land improvements	343,487	-	343,487
Buildings	2,512,162	-	2,512,162
Infrastructure	10,164,830	-	10,164,830
Furniture and fixtures	-	22,544	22,544
Machinery and equipment	66,428	30,560	96,988
Vehicles	6,624	10,989	17,613
Total assets	<u>14,408,776</u>	<u>1,473,968</u>	<u>15,882,744</u>
Deferred Outflows of Resources			
Pension related	144,897	-	144,897
OPEB related	4,993	-	4,993
Total Deferred Outflows of Resources	<u>149,890</u>	<u>-</u>	<u>149,890</u>
Liabilities			
Accounts payable	18,768	145,328	164,096
Compensated absences payable	60,420	11,530	71,950
Refundable deposits	-	9,572	9,572
Net OPEB Liability	52,694	-	52,694
Unearned revenues	10,972	-	10,972
Noncurrent liabilities			
Lease payable, due within one year	-	22,745	22,745
Lease payable, due after one year	-	73,991	73,991
Total liabilities	<u>142,854</u>	<u>263,166</u>	<u>406,020</u>
Deferred Inflows of Resources			
Pension related	298,441	-	298,441
OPEB related	19,586	-	19,586
Total Deferred Inflows of Resources	<u>318,027</u>	<u>-</u>	<u>318,027</u>
Net position			
Investment in capital assets	13,418,991	64,093	13,483,084
Restricted for pension benefits	329,528	-	329,528
Restricted for capital projects	314,573	-	314,573
Unrestricted	34,693	1,146,709	1,181,402
Total net position	<u>\$ 14,097,785</u>	<u>\$ 1,210,802</u>	<u>\$ 15,308,587</u>

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Airport operation	\$ 1,928,354	\$ 489,661	\$ 219,840	323,710	\$ (895,143)	\$ -	\$ (895,143)
Business-type activities							
FBO	<u>2,739,924</u>	<u>3,172,331</u>	-	-	-	432,407	432,407
Total	<u>\$ 4,668,278</u>	<u>\$ 3,661,992</u>	<u>\$ 219,840</u>	<u>\$ 323,710</u>	<u>(895,143)</u>	<u>432,407</u>	<u>(462,736)</u>
General revenues							
Interest earnings					4,814	-	4,814
Other non-operating Revenue					8,961	-	8,961
Transfers					<u>176,714</u>	<u>(176,714)</u>	<u>-</u>
Total general revenues and transfers					<u>190,489</u>	<u>(176,714)</u>	<u>13,775</u>
Change in net position					(704,654)	255,693	(448,961)
Net position - beginning					14,860,552	955,109	15,815,661
Prior period adjustments					<u>(58,113)</u>	<u>-</u>	<u>(58,113)</u>
Net position - beginning - restated					<u>14,802,439</u>	<u>955,109</u>	<u>15,757,548</u>
Net position - ending					<u>\$ 14,097,785</u>	<u>\$ 1,210,802</u>	<u>\$ 15,308,587</u>

The accompanying notes are an integral part of the financial statements.

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
GOVERNMENTAL FUNDS BALANCE SHEET**

June 30, 2022

	General Fund	Capital Projects Fund	Total
Assets			
Cash	\$ 284,764	\$ 238,543	\$ 523,307
Receivables			
Accounts	44,798	-	44,798
Grants	-	83,401	83,401
Inventories	448	-	448
Deposits on contracts	674	7,629	8,303
	\$ 330,684	\$ 329,573	\$ 660,257
Liabilities			
Accounts payable	\$ 3,768	\$ 15,000	\$ 18,768
Unearned revenues	10,972	-	10,972
Total liabilities	14,740	15,000	29,740
Fund Balances			
Non-spendable	448	-	448
Restricted for grant projects	-	314,573	314,573
Unassigned	315,496	-	315,496
Total fund balances	315,944	314,573	630,517
Total liabilities, deferred inflows of resources and fund balances	\$ 330,684	\$ 329,573	\$ 660,257

The accompanying notes are an integral part of the financial statements.

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
RECONCILIATION OF STATEMENT OF NET POSITION
TO GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2022**

Amounts reported for the governmental activities in the statement of net position (Page 10) are different because

Fund balance - total governmental funds (Page 12)	\$	630,517
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		13,418,991
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences payable		(60,420)
Net Pension Asset of the pension plan is not a current financial resource and therefore is not reported in the governmental funds		329,528
Net OPEB liability is not a current financial resource and therefore is not reported in the governmental funds		(52,694)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years		
Add: deferred outflows of resources related to pensions and OPEB		149,890
Less: deferred inflows of resources related to pensions and OPEB		<u>(318,027)</u>
 Net position of governmental activities (Page 10)	 \$	 <u>14,097,785</u>

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Total
Revenues			
Intergovernmental			
Grants			
Local	\$ -	\$ 6,336	\$ 6,336
State	25,000	106,995	131,995
Federal	42,234	216,715	258,949
Operating subsidies	146,270	-	146,270
Service and property use			
Space rentals	383,215	-	383,215
Concessions	17,515	-	17,515
Fuel flowage	59,439	-	59,439
Landing fees	6,942	-	6,942
Land rentals	22,550	-	22,550
Other			
PFC revenue	-	1,489	1,489
Interest and miscellaneous	4,800	14	4,814
Total revenues	707,965	339,021	1,046,986
Expenditures			
Current			
Fire protection	10,204	-	10,204
Maintenance and utilities	212,118	-	212,118
Administration	682,124	-	682,124
Control tower	19,510	-	19,510
Capital projects	-	286,334	286,334
Total expenditures	923,956	286,334	1,210,290
Revenues over (under) expenditures	(215,991)	52,687	(163,304)
Other financing sources (uses)			
Transfers in	176,714	-	176,714
Net change in fund balance	(39,277)	52,687	13,410
Fund balance, beginning of year	355,221	210,918	566,139
Prior period adjustments	-	50,968	50,968
Fund balance, beginning of year - adjusted	355,221	261,886	617,107
Fund balance, end of year	\$ 315,944	\$ 314,573	\$ 630,517

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCE TO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Amounts reported for the governmental activities in the statement of activities
(Page 11) are different because

Net change in fund balances - total governmental funds (Page 14)	\$	13,410
--	----	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:

Capital assets purchased in the current period		274,126
Current year depreciation expense		(1,063,412)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences payable		(11,107)
Change in net pension asset		260,445
Change in net OPEB liability		25,942
Change in deferred outflows related to pensions		100,593
Change in deferred outflows related to OPEB		(2,484)
Change in deferred inflows related to pensions		(289,674)
Change in deferred inflows related to OPEB		(12,493)
Change in net position of governmental activities (Page 11)	\$	<u>(704,654)</u>

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

	FBO
Assets	
Current assets	
Cash	\$ 914,065
Receivables	
Accounts	134,827
Credit cards	119,989
Internal balances	4,640
Inventory	
Aviation gasoline	44,368
Jet fuel	35,845
Oil and additives	2,651
Due from United States Government	60,434
Total current assets	1,316,819
Noncurrent assets	
Right to use leased assets, net of amortization	93,056
Capital assets	
Furniture and fixtures	52,167
Equipment	103,646
Vehicles	42,950
Accumulated depreciation	(134,670)
Total capital assets (net of accumulated depreciation)	64,093
Total noncurrent assets	157,149
Total assets	1,473,968
Liabilities	
Current liabilities	
Accounts payable	135,221
Sales tax payable	10,107
Refundable deposits	9,572
Accrued leave	11,530
Current maturities of lease liability	22,745
Total current liabilities	189,175
Noncurrent liabilities	
Lease liability, net of current maturities	73,991
Total liabilities	263,166
Net position	
Investment in capital assets	64,093
Unrestricted	1,146,709
Total net position	\$ 1,210,802

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2022

	FBO
Operating revenues	
Sales - fuel, oil and additives (net of bad debts of \$0)	\$ 2,764,762
Sales - other	257
Rentals	243,745
Other operating revenues	158,927
Total operating revenues	3,167,691
Operating expenses	
Cost of goods sold	2,053,055
Credit card fees	36,657
Uniforms	4,307
Catering	289
Advertising	9,917
Personnel cost	386,654
Depreciation	21,285
Amortization	28,321
Dues and subscriptions	8,882
Administration expense	442
Leasehold Improvements	625
FBO supplies	17,719
Truck lease	5,359
Professional fees	10,478
Insurance claims expense	21,299
Special events cost	680
Flowage fee	56,100
Office supplies	8,170
Postage	16
Repairs and maintenance	41,722
Telephone	2,974
Travel	1,896
Utilities	23,077
Total operating expenses	2,739,924
Income before transfers	427,767
Transfers	
Operating transfer	(176,714)
Interfund transfer	4,640
Total transfers	(172,074)
Change in net position	255,693
Total net position, beginning	955,109
Total net position, ending	\$ 1,210,802

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2022

	FBO
Cash flows from operating activities	
Cash received from customers	\$ 2,617,928
Other operating receipts	369,505
Cash paid to suppliers	(2,009,996)
Cash paid to employees for services	(390,668)
Other operating payments	(250,609)
Net cash provided by operating activities	336,160
 Cash flows from noncapital financing activities	
Transfers out	(176,714)
 Cash flows from capital and related financing activities	
Purchase of capital assets	(16,448)
Principal payments on long-term lease liability	(24,641)
Net cash used by capital and related financing activities	(41,089)
 Net increase in cash and cash equivalents	118,357
 Cash and cash equivalents - beginning of year	795,708
 Cash and cash equivalents - end of year	\$ 914,065
 Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income	\$ 427,767
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	21,285
Amortization	28,321
(Increase) decrease in receivables	(146,834)
(Increase) decrease in due from other governments	(33,424)
(Increase) decrease in inventories	(57,006)
Increase (decrease) in payables	100,065
Increase (decrease) in accruals	(4,014)
Net cash provided by operating activities	\$ 336,160
 Non-cash disclosure	
Acquisition of long-term lease liability	\$ 121,377

The accompanying notes are an integral part of the financial statements.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – ORGANIZATION

The Jackson-Madison County Airport Authority (the Authority) is a governmental entity, which is a joint venture between the City of Jackson and Madison County, Tennessee. There are no other governmental units that are considered component units of the Authority.

The Authority was created by a joint resolution of the governing bodies of the City of Jackson and Madison County, being vested with the authority for the “planning, establishment, development, construction, enlargement, improvement, maintenance, equipment operation, regulation, protection and policing of McKellar-Sipes Regional Airport for and on behalf of Madison County and the City of Jackson.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governments as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

A. Reporting Entity

The funds related to the Authority included in this report are controlled by or dependent on the Authority’s Board. Control by or dependence on the Authority are determined on the basis of budget adoption, outstanding debt secured by revenues or general obligation of the Authority or the Authority’s obligation to fund any deficits that may occur.

B. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities column incorporates data from the Authority’s enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Authority’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds that exist are aggregated and reported as nonmajor funds. The Authority does not have any nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Authority reports the following major governmental funds:

The general fund is the Authority’s primary operating fund. It accounts for all financial resources of the Authority, except those accounted for in another fund.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The capital projects fund accounts for the acquisition and construction of the Authority's major capital assets, other than those acquired by proprietary funds.

The Authority reports the following major enterprise fund:

The fixed base operations (FBO) fund accounts for the activities of the Authority related to the operation of a fixed base operation on the premises of McKellar-Sipes Regional Airport.

During the course of operations, the Authority may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, if any activity occurs during the year involving transfers of resources between funds, these amounts in the fund financial statements are report at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. The Authority transferred \$176,714 from the FBO to the general fund for operating purposes during the year ended June 30, 2022.

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statement of net position.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within twelve months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

items are considered to be measurable and available only when cash is received by the government.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand and demand deposits. All interest earned is allocated to the source from which the cash originated.

Inventories

Inventories are stated at lower of cost or market using the first-in, first-out cost flow assumption.

Right to use assets

The Airport has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

Capital assets, which include equipment and furniture, are included in the government-wide financial statements. The Authority land and building are titled to the City of Jackson and Madison County, and therefore are not included in the Authority's capital assets. Capital assets are defined by the Board as assets with an initial, individual (or group combined) cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Authority are depreciated using the straight line method over the following useful lives:

Land improvements	20 years
Buildings	10 - 40 years
Infrastructure	10 - 50 years
Furniture and Fixtures	5 - 10 years
Machinery and equipment	5 - 50 years
Vehicles	5 - 20 years

Long-term Obligations

The Authority's long-term obligations are reported as liabilities in the business-type activities statement of net position. Specific to the Authority, the only long-term obligation currently recorded is a lease liability required under GASB Statement 87.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Compensated Absences

The Authority records as expenditures the vacation accrued during the year that would normally be liquidated with expendable available financial resources. The employees accumulate vacation days and in the event of termination employees are reimbursed for accumulated vacation up to a maximum of 30 days. The current portion of the accrued vacation at June 30, 2022 recorded in the General Fund is the amount that would normally be liquidated with expendable available financial resources. Accumulated annual leave at June 30, 2022 totaled \$60,420.

Full-time employees accrue sick leave up to a maximum accumulation of 120 days. However, no employees retain any vested interest in their unused sick leave upon termination of employment.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has items related to pension and OPEB that qualify for this form of reporting in the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has items related to pension and OPEB that qualify for this reporting in the statement of net position as of June 30, 2022.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Policies and Flow Assumptions

In accordance with GASB No. 54, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the Authority Charter, Authority Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Board of Directors ordinance or resolution. To be reported as committed, amounts

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint.

Assigned – Amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Directors or the finance committee has provided otherwise in its commitment or assignment actions.

Program Revenues

Program revenues in the governmental funds consist primarily of space and real estate rentals and various concession-type fees.

Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additional to/deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Other Post-Employment Benefits

Information about the Authority's participation in their single employer post-employment benefits plan and additions to/deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by the other post-employment benefits plan. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the other post-employment benefits plan.

Impact of Recently Issued Accounting Pronouncements

In June of 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87 Leases. This Statement improves accounting and financial reporting by state and local governments for leases and is effective for fiscal years beginning after June 15, 2021. 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

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This implementation resulted in reporting of a lease liability and a right to use asset related to leases in the current year financial statements

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Authority adopts annual operating budgets on a basis consistent with generally accepted accounting principles. The operating budget serves as a management control device that is presented to the city and county for their consideration in providing operating support and grants to the Authority. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

Some Capital Projects Fund expenditures are also budgeted in accordance with generally accepted accounting principles. However, project-length financial plans are also adopted for certain other Capital Projects Funds expenditures.

NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

Explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position are presented on page 13.

B. Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities are presented on page 15.

NOTE 5 – CASH AND INVESTMENTS

Custodial Credit Risk

The Authority's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Authority's agent in the Authority's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Authority to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2022, all bank deposits are fully collateralized or insured.

NOTE 6 - CAPITAL ASSETS

Capital assets acquired in the General Fund are expensed when purchased. The assets on the government-wide financial statements include only those that have met the Authority's capitalization policy. The City of Jackson and Madison County budget for Capital Outlay by the Authority, and pays directly for the items so budgeted. These items are also included in the Capital Asset account, if they meet the criteria. The land occupied by the Authority is owned by the City of Jackson and Madison County and is therefore not reflected in these financial statements. Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental activities:	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Construction in process	\$ 253,082	\$ 261,191	\$ 237,366	\$ 276,907
Land	48,553	-	-	48,553
Total capital assets not being depreciated	<u>301,635</u>	<u>261,191</u>	<u>237,366</u>	<u>325,460</u>
Capital assets, being depreciated				
Land improvements	724,265	-	-	724,265
Buildings	7,676,715	134,422	-	7,811,137
Infrastructure	13,854,673	-	-	13,854,673
Furniture and fixtures	3,033	-	-	3,033
Machinery and equipment	835,927	6,799	9,759	832,967
Vehicles	650,766	-	-	650,766
Total capital assets, being depreciated	<u>23,745,379</u>	<u>141,221</u>	<u>9,759</u>	<u>23,876,841</u>
Total capital assets	<u>24,047,014</u>	<u>402,412</u>	<u>247,125</u>	<u>24,202,301</u>
Less: accumulated depreciation for:				
Land improvements	338,048	42,730	-	380,778
Buildings	5,014,258	284,717	-	5,298,975
Infrastructre	2,987,534	702,309	-	3,689,843
Furniture and fixtures	3,033	-	-	3,033
Machinery and equipment	747,942	28,356	9,759	766,539
Vehicles	638,842	5,300	-	644,142
Total accumulated depreciation	<u>9,729,657</u>	<u>1,063,412</u>	<u>9,759</u>	<u>10,783,310</u>
Governmental activities capital assets, net	<u>\$ 14,317,357</u>	<u>\$ (661,000)</u>	<u>\$ 237,366</u>	<u>\$ 13,418,991</u>

Amounts remaining in capital outlay in the government-wide column are for items that did not meet the capitalization criteria.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated				
Capital assets being depreciated				
Furniture and fixtures	40,720	11,447	-	52,167
Machinery and equipment	103,646	-	-	103,646
Vehicles	37,950	5,000	-	42,950
Total capital assets being depreciated	<u>182,316</u>	<u>16,447</u>	<u>-</u>	<u>198,763</u>
Total capital assets	<u>182,316</u>	<u>16,447</u>	<u>-</u>	<u>198,763</u>
Less: accumulated depreciation for:				
Furniture and fixtures	23,539	6,083	-	29,622
Machinery and equipment	64,326	8,762	-	73,088
Vehicles	25,520	6,440	-	31,960
Total accumulated depreciation	<u>113,385</u>	<u>21,285</u>	<u>-</u>	<u>134,670</u>
Business-type activities capital assets, net	<u>\$ 68,931</u>	<u>\$ (4,838)</u>	<u>\$ -</u>	<u>\$ 64,093</u>

Depreciation expense for the year ended June 30, 2022 was \$1,084,697

NOTE 7 – RIGHT TO USE LEASED ASSETS

The Airport has recorded a right to use leased asset. The asset is related to leased equipment. The related lease is discussed in the leases payable footnote. The right to use leased assets are amortized on a straight-line basis over the terms of the related lease.

Right to use asset activity for the Airport for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Right to use assets				
Leased equipment	\$ -	\$ 121,377	\$ -	\$ 121,377
Total right to use assets	<u>-</u>	<u>121,377</u>	<u>-</u>	<u>121,377</u>
Less: accumulated amortization for:				
Leased equipment	-	28,321	-	28,321
Total accumulated depreciation	<u>-</u>	<u>28,321</u>	<u>-</u>	<u>28,321</u>
Business-type activities right to use assets, net	<u>\$ -</u>	<u>\$ 93,056</u>	<u>\$ -</u>	<u>\$ 93,056</u>

NOTE 8 – PENSION PLANS

A. Tennessee Consolidated Retirement System

General Information about the Pension Plan

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Plan Description. Certain employees of the Authority are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The Authority participates in TCRS through Madison County, a separate legal entity. Consequently the Authority's participation is accounted for as a multi-employer cost-sharing plan for purposes of the Authority's financial reporting. Certain employees of the Authority employed prior to July 1, 2012 are provided with membership in the Tennessee Consolidated Retirement System (TCRS). Participation in the plan was frozen after that plan was closed after June 30, 2012. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. Tennessee Code Annotated, Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPA is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	
Receiving Benefits	-
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Active Employees	5
Total	5

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Madison County makes employer contributions at the rate set by the Board of

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for the Authority were \$34,712 based on a rate of 11.62% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Madison County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Authority's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The Authority's net pension asset at June 30, 2021 represents 1.36% of the collective net pension asset as determined by Madison County based on contribution data.

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which as best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

<u>Asset Class</u>	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	4.88%	31.00%
Developed Market International Equity	5.37%	14.00%
Emerging Market International Equity	6.09%	4.00%
Private Equity and Strategic Lending	6.57%	20.00%
U.S. Fixed Income	1.20%	20.00%
Real Estate	4.38%	10.00%
Short-term Securities	0.00%	<u>1.00%</u>
Total		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Madison County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, June 30, 2020	\$ 1,755,690	\$ 1,824,773	\$ (69,083)
Change in allocation %	338,818	352,149	(13,332)
Beginning balance	<u>2,094,508</u>	<u>2,176,922</u>	<u>(82,415)</u>
Changes for the year:			
Service Cost	24,895	-	24,895
Interest	150,047	-	150,047
Differences Between Expected and Actual Experience	2,464	-	2,464
Changes in Assumption	162,815	-	162,815
Contributions-Employer	-	34,827	(34,827)
Contributions- Employees	-	4	(4)
Net Investment Income	-	553,145	(553,145)
Benefit Payments, Including Refunds of Employee Contributions	(99,567)	(99,567)	-
Administrative Expense	-	(642)	642
Other Changes	-	-	-
Net Changes	<u>240,654</u>	<u>487,767</u>	<u>(247,113)</u>
Balance, June 30, 2021	<u>\$ 2,335,162</u>	<u>\$ 2,664,689</u>	<u>\$ (329,528)</u>

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Authority calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Jackson-Madison County Airport Authority proportionate share of net pension liability (asset)	\$ (35,868)	\$ (329,528)	\$ (574,741)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2022, the Authority recognized pension expense of \$19,446.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, Madison County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,642	\$ 3,642
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	294,799
Changes in assumption	108,543	-
Contributions Subsequent to the Measurement Date of June 30, 2021	34,712	-
Total	\$ 144,897	\$ 298,441

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended	Amount
June 30	
2023	(23,203)
2024	(15,603)
2025	(69,911)
2026	(79,538)
2027	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

B. Deferred Compensation

The Authority offers all employees a deferred compensation plan established pursuant to IRC Section 457 and also offers employees hired on or after July 1, 2012, a deferred compensation plan established pursuant to IRC Section 401(a). These plans are offered through participation in the plans offered and administered by Madison County. The Authority will match each eligible participant’s 457(b) salary deferrals dollar-for-dollar on the first one percent of compensation and 50 percent on the next six percent of compensation. This match is deposited into a 401(a) account.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

Jackson-Madison County Airport Authority participates in Madison County's post-retirement plan. It is a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for its retirees. The plan provides medical, dental, and life insurance to eligible retirees and their spouses.

Funding Policy

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis.

Eligibility and Benefits Provided

To be eligible to continue coverage under the Medical and Dental Plans following retirement from active service with the Employer, the retiree must: be age 55 with at least 5 years of service with the Employer; or have 30 years of service with the Employer; and be under the Social Security Normal Retirement Age. Coverage ends at age 65. Benefits are established and amended by the Madison County Commission.

The Plan participants (the retiree and his/her eligible dependents) must have been continuously covered under this Plan since the beginning of the Plan Year (July 1st) immediately preceding the employee's retirement date.

A retiree who is least age 55 with 5 years of service will be required to pay one-hundred percent (100%) of the Monthly Medical Premium (MPP) for the retiree portion of the coverage and one hundred percent (100%) of the cost of the dependent portion of the coverage.

A retiree with at least 30 years of service will be required to pay twenty-five percent (25%) of the MPP for the retiree portion of the coverage and one-hundred percent (100%) of the cost of the dependent portion of the coverage. Madison County will pay seventy-five percent (75%) of the retiree portion of the coverage.

A retiree who has obtained age 55 with 20-29 years of service will be required to pay thirty-five percent (35%) of the MPP for the retiree portion of the coverage and one-hundred percent (100%) of the cost of the dependent portion of the coverage. Madison County will pay sixty-five percent (65%) of the retiree portion of the coverage.

Unless the retirement is due to disability, the retiree must give a 14-day notice of retirement to the Personnel Director.

If the retiree becomes employed and medical coverage is available due to such employment, the retiree will maintain the option for coverage under the Madison County medical plan.

Dependent coverage for the spouse and dependent Child(ren) may be continued beyond the date the retiree attains Social Security Normal Retirement Age. Coverage may be continued for the eligible dependents until the spouse attains Social Security Normal Retirement Age with the retiree paying all of the cost of the dependent coverage.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The Plan's cost is determined every year and is communicated to Participants by memo. It is based on the COBRA cost. The Plans are self-funded; therefore, the County is responsible for any claims in excess of the retiree contributions.

The County also pays the premiums for the \$5,000 Life Insurance.

Plan Membership

Number of Participants

Inactive Employees or Beneficiaries Currently Receiving Benefits	-
Inactive Employees Entitled to But Not Yet Receiving	-
Active Employees	7
Total	7

Total OPEB Liability

Actuarial Assumptions

The Authority's OPEB liability at June 30, 2022 represents 0.93% of the OPEB liability as determined by Madison County based on population data. The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2022
Actuarial valuation date	July 1, 2021
Cost Method	Entry age normal
Interest rate	Rate if trust fund is not established - 3.00% per year, compounded annually net of expenses
Mortality	General: PubT-2010 Mortality Tables for General Healthy Annuitants projected generationally with scale MP-2020 for males and females
Termination or Withdrawal	T3 Standard Table
Salary scale	3.00%
Core inflation assumption	2.50%

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Retirement age	Retirement Rates based on Age and Service																																				
	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Male</td> <td style="text-align: center;">Female</td> </tr> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">25</td> </tr> <tr> <td style="text-align: center;">56</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">20</td> </tr> <tr> <td style="text-align: center;">57</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">58</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">59</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">25</td> </tr> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">62</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">50</td> </tr> <tr> <td style="text-align: center;">63</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">50</td> </tr> <tr> <td style="text-align: center;">64</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">50</td> </tr> <tr> <td style="text-align: center;">65</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100</td> </tr> </table>	Age	Male	Female	55	10%	25	56	5%	20	57	5%	15	58	5%	15	59	5%	15	60	5%	25	61	5%	15	62	25%	50	63	15%	50	64	50%	50	65	100%	100
Age	Male	Female																																			
55	10%	25																																			
56	5%	20																																			
57	5%	15																																			
58	5%	15																																			
59	5%	15																																			
60	5%	25																																			
61	5%	15																																			
62	25%	50																																			
63	15%	50																																			
64	50%	50																																			
65	100%	100																																			
Valuation of assets	Assets are valued at market value.																																				
Health Care Trend Rates	The Health Care Trend Rate is 9.00% for 2022 reduced each year by 0.25% until 3.00% is reached.																																				
Marriage assumption	That current employees will remain married to their current spouse. If not married, assume that they will not get married.																																				

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2021	\$ 78,636
Change in allocation %	(12,995)
Balance at June 30, 2021	<u>65,641</u>
Changes for the year:	
Service cost	4,527
Interest	1,898
Differences between expected and actual experience	(16,891)
Change in assumptions	(165)
Benefit payments	<u>(2,316)</u>
Net changes	<u>(12,947)</u>
Balances at June 30, 2022	<u><u>\$ 52,694</u></u>

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 57,136	\$ 52,694	\$ 48,067

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (8.0%)	Healthcare Cost Trend Rate (9.0%)	1% Increase (10.0%)
Total OPEB liability	\$ 46,333	\$ 52,694	\$ 59,574

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - OPEB

OPEB Expense. For the year ended June 30, 2022, the Authority recognized OPEB expense of \$4,283.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the Airport Authority's proportionate share of Madison County's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 19,445
Changes in assumption	4,993	141
Total	\$ 4,993	\$ 19,586

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2023	(2,142)
2024	(2,142)
2025	(2,142)
2026	(2,142)
2027	(3,013)
Thereafter	(3,013)

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 10 – LEASES

The Authority is the lessor of hangar space to local business and individuals. These lease agreements are noncancelable operating leases with fixed minimum rentals and non-cancelable operating use and lease agreements with annually adjusted rates. Due to GASB Statement 87, paragraphs 42-43 which excludes certain regulated leases, specifically excluding hangar leases from recording in the financial statements as lease receivables, this footnote presentation is all that is required.

Minimum guaranteed income on all Authority non-cancelable operating leases is as follows:

<u>Year Ending June 30,</u>		
2023	\$	85,926
2024		85,926
2025		44,463
2026		24,000
2027		24,000
2028-2031		62,250
		<u>\$ 326,564</u>

NOTE 11 – LONG-TERM OBLIGATIONS

The Authority has entered into a lease agreement on certain equipment. The lease agreements qualify as a lease under GASB 87 and, therefore, have been recorded at the present value for the future minimum lease payments as of the date of their inception.

The agreement was executed on May 1, 2021, to lease refuelers and requires 60 monthly payments of \$2,500. There are no variable components of the lease. The lease liability is measured at a discount rate of 7.5%, which is based on the Authority's incremental borrowing rate. As a result of the lease, the Authority has recorded a right to use asset with a book value of \$121,377 at June 30, 2022. The right to use asset is discussed in more detail in the Right to Use Asset footnote.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 22,745	\$ 7,255	\$ 30,000
2024	24,451	5,549	30,000
2025	26,284	3,716	30,000
2026	23,256	1,744	25,000
	<u>\$ 96,736</u>	<u>\$ 18,264</u>	<u>\$ 115,000</u>

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Business-type activities	Beginning			Ending		Current
	Balance	Increases	Decreases	Balance	Balance	Portion of Balance
Lease liability	\$ -	\$ 121,377	\$ 24,641	\$ 96,736	\$ 22,745	

NOTE 12 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the Authority or Madison County purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

During the current year’s audit, there were two errors corrected that caused the prior period to be adjusted. One of the corrections was due to expenditures that were recorded in the prior period as part of a construction project that would eventually be moved to capital assets. The project was abandoned in the current year, so a prior period adjustment of (\$109,081) was made. The second correction was due to an amount included in the prior year’s accounts payable account that was still included in the current year. It could not be determined what expenditures the balance was associated with, so a prior period adjustment of \$50,968 was made to remove the accounts payable balance in the prior year in the Capital Projects fund.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2022, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
Authority's proportionate of the net pension liability (asset)	0.38%	0.38%	0.85%	0.90%	0.98%	1.03%	1.14%	1.36%
Authority's proportionate share of the net pension liability (asset)	\$ (9,040)	\$ (17,598)	\$ 19,255	\$ (16,958)	\$ (49,108)	\$ (78,715)	\$ (69,083)	\$ (329,528)
Authority's covered-employee payroll	210,055	228,829	234,544	239,453	266,782	193,330	290,693	299,758
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.30%	-7.69%	8.21%	-7.08%	-18.41%	-40.72%	-23.76%	-109.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.97%	100.73%	98.26%	101.37%	103.49%	105.13%	103.93%	114.11%

Note: Ten years of data will be presented when in the future as available.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Years Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 29,114	\$ 31,716	\$ 32,532	\$ 34,052	\$ 34,785	\$ 29,452	\$ 29,701	\$ 34,827
Contributions in relation to the contractually required contribution	(29,114)	(31,716)	(32,532)	(34,052)	(34,785)	(29,452)	(31,694)	(34,712)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,993)	\$ 115
Authority's covered-employee payroll	\$ 210,055	\$ 228,829	234,544	239,453	266,782	193,330	290,693	299,758
Contributions as a percentage of covered-employee payroll	13.86%	13.86%	13.87%	14.22%	13.04%	15.23%	10.22%	11.62%

Note: Ten years of data will be presented when in the future as available.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 31

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Authority's proportionate of the net OPEB liability	1.50%	1.09%	1.11%	0.93%
Authority's proportionate share of the net OPEB liability	\$ 81,606	\$ 97,030	\$ 78,636	\$ 52,694
Authority's covered-employee payroll	248,255	193,330	290,623	299,758
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	32.87%	50.19%	27.06%	17.58%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	0.00%	0.00%	0.00%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

There are no assets accumulating in a trust for this plan.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF NOTES TO OPEB REQUIRED SUPPLEMENTARY
INFORMATION

For the Year Ended June 30, 2022

Notes to OPEB Required Supplementary Information

Valuation Date: Actuarially determined contribution rates for 2022 were calculated based on the July 1, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	4.09%
Salary Increases	Salary increases are expected to be 3% per year
Retirement Age	Retirement rates used in the July 1, 2021 actuarial valuation are based on past history of the Madison County Plan
Mortality	Mortality tables used are PubT-2010 Mortality Table projected generally with scale MP-2020 for males and females.
Healthcare Cost Trend Rates	The health care cost trend rate is 9.00% for 2022 reduced each year by 0.25% per year for an ultimate trend rate of 3.00%.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

Other Information:

There were no benefit changes during the measurement period.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

The supplementary and other information section of this report includes information not required to be included in the basic financial statements and is provided for the purpose of additional analysis.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
State maintenance grant	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Federal operating reimbursement grant	-	-	42,234	42,234
Operating subsidies - local	117,000	117,000	129,270	12,270
Operating subsidies for control tower - local	17,000	17,000	17,000	-
	<u>159,000</u>	<u>159,000</u>	<u>213,504</u>	<u>54,504</u>
Services and Property Use				
Space Rentals:				
Airline	16,975	16,975	18,333	1,358
Tee hangars	28,620	28,620	28,620	-
Hangar #3	12,600	12,600	12,600	-
Hangar #4 - Suite B	9,000	9,000	9,000	-
Hanger 16	24,000	24,000	24,000	-
Hangars #8 and #10	34,721	34,721	34,721	-
Hangar #6	24,000	24,000	24,000	-
Hangar #10 - Suite B	6,000	6,000	6,000	-
Hangar # 6 office	12,204	12,204	12,204	-
Hangar #8 offices	7,800	7,800	7,800	-
Space rental	6,000	6,000	6,000	-
Hanger 1 - TN Aircraft	15,000	15,000	15,000	-
EMA	60,000	60,000	60,000	-
AFSS/AFSFO	42,000	42,000	42,000	-
Car rental service area - building #15	1,620	1,620	1,620	-
Rental offices - terminal building #9	58,717	58,717	58,717	-
Fuel farm	12,000	12,000	12,000	-
Joint use - Army National Guard	10,000	10,000	10,000	-
Miscellaneous	-	-	600	600
	<u>381,257</u>	<u>381,257</u>	<u>383,215</u>	<u>1,958</u>
Concessions:				
Hertz	9,000	9,000	16,241	7,241
Enterprise	500	500	1,274	774
	<u>9,500</u>	<u>9,500</u>	<u>17,515</u>	<u>8,015</u>
Fuel Flowage:				
FBO	40,000	40,000	56,100	16,100
United Foods	3,000	3,000	3,339	339
	<u>43,000</u>	<u>43,000</u>	<u>59,439</u>	<u>16,439</u>
Landing Fees:				
Corporate Airlines	6,552	6,552	6,942	390

See the independent auditor's report.

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u>
				<u>(Under)</u>
Land Rentals:				
Agriculture	\$ 18,447	\$ 18,447	\$ 18,450	\$ 3
Golf course	3,600	3,600	3,600	-
BellSouth	200	200	500	300
	<u>22,247</u>	<u>22,247</u>	<u>22,550</u>	<u>303</u>
Total Services and Property Use	<u>462,556</u>	<u>462,556</u>	<u>489,661</u>	<u>27,105</u>
Other				
Transfers in	176,714	176,714	176,714	-
Interest and miscellaneous	5,400	5,400	4,800	(600)
	<u>182,114</u>	<u>182,114</u>	<u>181,514</u>	<u>(600)</u>
Total Revenues	<u>803,670</u>	<u>803,670</u>	<u>884,679</u>	<u>81,009</u>
Expenditures				
Current				
Fire Protection				
ARFF training and supplies	4,000	4,000	4,827	827
Fuel, oil and grease	2,000	2,000	2,000	-
Maintenance- fire equipment	2,000	2,000	3,377	1,377
	<u>8,000</u>	<u>8,000</u>	<u>10,204</u>	<u>2,204</u>
Maintenance and Utilities				
Janitorial supplies	20,500	20,500	21,075	575
Fuel, oil and grease	9,000	9,000	11,800	2,800
Maintenance - ARFF	1,000	1,000	31,337	30,337
Maintenance - other	55,000	55,000	75,174	20,174
Outside lighting	10,000	10,000	10,094	94
Utilities	60,000	60,000	61,638	1,638
Maintenance equipment	2,000	2,000	1,000	(1,000)
	<u>157,500</u>	<u>157,500</u>	<u>212,118</u>	<u>54,618</u>

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	(Under)
Current:				
Administration				
Personnel cost	\$ 478,920	\$ 478,920	\$ 533,768	\$ 54,848
Fringe benefits	100,000	100,000	100,470	470
Dues and publications	7,000	7,000	9,211	2,211
Automobile expense	2,000	2,000	3,401	1,401
Office equipment	1,000	1,000	3,012	2,012
Administration	4,000	4,000	4,871	871
Legal and accounting	18,000	18,000	6,550	(11,450)
Office supplies and postage	4,000	4,000	3,313	(687)
Communications	4,500	4,500	5,231	731
Repairs and maintenance	250	250	127	(123)
Promotion	2,000	2,000	12,170	10,170
	<u>621,670</u>	<u>621,670</u>	<u>682,124</u>	<u>60,454</u>
Control Tower				
Utilities	10,000	10,000	9,853	(147)
Maintenance and janitorial	5,500	5,500	8,099	2,599
Equipment purchases and repairs	1,000	1,000	615	(385)
	<u>16,500</u>	<u>16,500</u>	<u>19,510</u>	<u>3,010</u>
Total expenditures	<u>803,670</u>	<u>803,670</u>	<u>923,956</u>	<u>120,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,277)</u>	<u>\$ (39,277)</u>
Fund balance, beginning of year			<u>355,221</u>	
Fund balance, end of year			<u>\$ 315,944</u>	

See the independent auditor's report.

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2022

Revenues

Intergovernmental		
Grants - local governments	\$	6,336
Grants - TDOT Aeronautics Division		323,712
		330,048
Other		
PFC revenue		1,489
Reimbursements		7,472
Interest and miscellaneous		12
		8,973
Total revenues		339,021

Expenditures

Capital Projects		
State and local projects		2,400
FAA capital projects		258,791
Other capital projects		20,466
Miscellaneous local projects		4,677
		286,334

Net change in fund balance **52,687**

Fund balance, beginning of year		210,918
Prior period adjustment		50,968
		261,886
Fund balance, beginning of year - restated		261,886
Fund balance, end of year		\$ 314,573

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF SALARIES AND BONDS OF PRINCIPAL OFFICIALS
June 30, 2022

<u>Name</u>	<u>Position</u>	<u>Annual Salary</u>	<u>Amount of Bond</u>
Raymond (R.E.) Butts IV	Commissioner	None	\$ 500,000
James Ross	Commissioner	None	500,000
Bob Frankland	Commissioner	None	500,000
Ryan Porter	Commissioner	None	500,000
Russell (Rusty) Reviere	Commissioner	None	500,000

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
INVESTMENT INCOME AND RELATED EXPENDITURES
For the Year Ended June 30, 2022

Passenger Facility Charges under Title 49, U.S.C., Section 40117

Balance, beginning	\$	59,151
Passenger facility charge revenue recognized during period		1,492
Interest earned allocated to PFC funds		12
Expenditures during the period		<u>(8,539)</u>
Balance, ending	\$	<u>52,116</u>

Basis of Presentation:

The accompanying expenditures of passenger facility charges summarizes the expenditures of the Jackson-Madison County Airport Authority under the FAA PFC program for the year ended June 30, 2022. The expenditures are presented using the modified accrual basis of accounting.

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF LONG-TERM DEBT
June 30, 2022

Year Ended			
June 30,	Principal	Interest	Total
2023	\$ 22,745	\$ 7,255	\$ 30,000
2024	24,451	5,549	30,000
2025	26,284	3,716	30,000
2026	23,256	1,744	25,000
	<u>\$ 96,736</u>	<u>\$ 18,264</u>	<u>\$ 115,000</u>

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF LONG-TERM DEBT BY INDIVIDUAL ISSUE
 June 30, 2022

Leases Payable

Payable through FBO Fund:

<u>Description of Indebtness</u>	<u>Original amount of issue</u>	<u>Interest rate</u>	<u>Date of issue</u>	<u>Last maturity date</u>	<u>Outstanding 7/1/2021</u>	<u>Issued during period</u>	<u>Paid and/or matured during the period</u>	<u>Outstanding 6/30/2022</u>
Refuelers - 2021	\$ 121,377.00	7.50%	May 1, 2021	May 1, 2026	\$ -	\$ 121,377	\$ 24,641	\$ 96,736

See the independent auditor's report.

JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor	CFDA #	Grant Number	Expenditures
Federal Awards			
United States Department of Transportation / Tennessee Department of Transportation - Aeronautics Division			
Airport Improvement Program	20.106	AERO-21-106-00	\$ 52,664
Airport Improvement Program	20.106	AERO-22-191-00	23,000
Airport Improvement Program	20.106	AERO-22-192-00	19,234
Airport Improvement Program	20.106	AERO-21-296-00	21,535
Airport Improvement Program	20.106	AERO-22-358	<u>142,516</u>
Total federal awards			<u>258,949</u>
State Financial Assistance			
Tennessee Department of Transportation - Aeronautics Division			
Aeronautics Division	N/A	AERO-19-106-00	4,688
Aeronautics Division	N/A	AERO-21-296-00	72,434
Aeronautics Division	N/A	AERO-22-358-00	27,473
Aeronautics Division	N/A	AERO-20-253-00	2,400
Aeronautics Division	N/A	AERO-22-127-00	<u>25,000</u>
Total state financial assistance			<u>131,995</u>
Total federal awards and state financial assistance			<u>\$ 390,944</u>

Note 1. Basis of Presentation

The accompanying Schedule Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See the independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Board of Directors
Jackson-Madison County Airport Authority
McKellar-Sipes Regional Airport
Jackson, Tennessee

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 governmental activities, the business-type activities and each major fund of the Jackson-Madison County Airport Authority, Jackson, Tennessee (the Authority), as of and for the year ended June 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 December 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Purpose of this Report

This 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Alexander Thompson Arnold, PLLC".

Jackson, Tennessee
December 31, 2022



Independent Auditor’s Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program; Report on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*; and Report on the Schedule of Passenger Facility Charges, Investment Income and Related Expenditures

To the Board of Directors
Jackson-Madison County Airport Authority
McKellar-Sipes Regional Airport
Jackson, Tennessee

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited the Jackson-Madison County Airport Authority, Jackson, Tennessee (the Authority) compliance with the types of compliance requirements described in *the Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2022.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2022.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards 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 ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the Authority 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 this 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*, 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 federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, 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 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 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.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the FAA Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

Report on Schedule of Passenger Facility Charges, Investment Income and Related Expenditures

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges, investment income and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 passenger facility charges, investment income and related expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Jackson, Tennessee
December 31, 2022

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF CURRENT YEAR FINDINGS**

June 30, 2022

Financial Statement Findings

There were no current year findings reported.

Passenger Facility Charge Program Findings

There were no current year findings reported.

**JACKSON-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS**

June 30, 2022

Financial Statement Findings

There were no prior year findings reported.

Passenger Facility Charge Program Findings

There were no prior year findings reported.