




Jackson Municipal Airport Authority

Independent Auditor's Report and Financial Statements

September 30, 2025 and 2024



Jackson Municipal Airport Authority
Contents
September 30, 2025 and 2024

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 4

Financial Statements

 Statements of Net Position..... 10

 Statements of Revenues, Expenses and Changes in Net Position 12

 Statements of Cash Flows 14

 Notes to Financial Statements 16

Required Supplementary Information

 Schedule of Proportionate Share of the Net Pension Liability 30

 Schedule of Pension Contributions 31

 Notes to Schedules of Proportionate Share of the Net Pension Liability and Pension Contributions 32

Supplementary Information

 Schedule of Expenditures of Federal Awards..... 35

 Notes to Schedule of Expenditures of Federal Awards 36

 Schedule of Passenger Facility Charges – Cash Basis..... 37

 Historical Schedule of Selected Financial Data 38

 Schedule of Budgeted vs. Actual Revenues and Expenses 40

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Independent Auditor’s Report..... 41

Report on Compliance for the Major Federal Program, The Passenger Facility Charge Program and Report on Internal Control Over Compliance - Independent Auditor’s Report..... 43

 Schedule of Findings and Questioned Costs 46

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Jackson Municipal Airport Authority (the "Authority"), a component unit of the City of Jackson, Mississippi, as of and for the years ended September 30, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2025, and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of passenger facility charges – cash basis as required by the Passenger Facility Charge Audit Guide for Public Agencies, and the historical schedule of selected financial data and the schedule of budget vs. actual revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of passenger facilities charges - cash basis, the historical schedule of selected financial data, and the schedule of budget vs. actual revenue and expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Memphis, Tennessee
March 18, 2026**

**Jackson Municipal Airport Authority
Management’s Discussion and Analysis
September 30, 2025 and 2024**

Management’s Discussion and Analysis

The following discussion and analysis of the financial performance and activity of the Jackson- Medgar Wiley Evers International Airport and Hawkins Field Airport is to provide an understanding of the basic financial statements of the Jackson Municipal Airport Authority ("the Authority") for the years ended September 30, 2025 and 2024. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

Note 1. Highlights of the Fiscal Year 2025 Budget

The budgeted amounts compared to actual operating results prepared on a budgetary basis are as follows for the fiscal year 2025:

	<u>Budget</u>	<u>Actual (*)</u>
Operating revenues	\$ 27,342,281	\$ 25,319,554
Operating expenses	<u>(25,123,055)</u>	<u>(20,958,217)</u>
Operating income before depreciation and unfunded portion of pension expense	2,219,226	4,361,337
Depreciation and amortization expense	10,014,264	10,650,013
Unfunded portion of pension expense	<u>-</u>	<u>2,315,664</u>
Operating loss	(7,795,038)	(8,604,340)
Net non-operating revenue (expense)	<u>6,245,394</u>	<u>7,957,148</u>
Loss before capital grant contributions	<u>\$ (1,549,644)</u>	<u>\$ (647,192)</u>

*Refer to page 40 for a complete presentation of actual versus budget on a budgetary basis. Comparison of revenues and expenses on a GAAP basis are presented in sections 2 and 3 below.

Actual operating revenue was below budgeted expectations by \$2,022,727 or 7.4%. Aviation revenue was below the budget by \$592,304 with non-aviation revenue below budget by \$1,353,906, primarily driven by decrease in cargo activity and a lower volume than projected in parking revenues. Actual operating expenses before depreciation and unfunded pension were \$4,164,838 below the budget. This favorable variance resulted primarily from lower-than-forecasted costs in several key categories, including board expenses, employee costs, and services.

Actual Operating Income before depreciation and unfunded pension expense, compared to the budget, was \$2,142,111 higher. This increase was mainly driven by lower-than-anticipated operating expenses.

Non-operating revenues and expenses encompass the Mid-South Foundation grant, as well as Passenger Facility Charges (PFC), Customer Facility Charges (CFC), and capital projects federal reimbursement from the Federal Aviation Administration (FAA), all of which contributed to JMAA ending the year with a positive change in net position of \$26,560,250.

**Jackson Municipal Airport Authority
Management's Discussion and Analysis
September 30, 2025 and 2024**

Overview of the Financial Statements

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

Financial Highlights

Net Position

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

	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
Assets			
Current assets	\$ 28,369,824	\$ 20,292,310	\$ 26,736,357
Capital assets net	141,787,341	116,949,225	115,554,355
Other noncurrent assets	<u>55,363,278</u>	<u>56,220,336</u>	<u>40,382,983</u>
Total assets	<u>225,520,443</u>	<u>193,461,871</u>	<u>182,673,695</u>
Deferred outflow of resources			
Deferred outflows - debt refunding	129,223	151,823	176,407
Deferred outflows - pension	<u>2,650,269</u>	<u>4,943,275</u>	<u>5,877,323</u>
Total deferred outflows of resources	<u>2,779,492</u>	<u>5,095,098</u>	<u>6,053,730</u>
Liabilities			
Current liabilities	13,992,431	7,308,197	6,066,455
Noncurrent liabilities - long-term debt, net	16,189,925	18,476,682	20,732,171
Net pension liability	<u>25,210,395</u>	<u>25,877,839</u>	<u>23,752,404</u>
Total liabilities	<u>55,392,751</u>	<u>51,662,718</u>	<u>50,551,030</u>

**Jackson Municipal Airport Authority
Management's Discussion and Analysis
September 30, 2025 and 2024**

	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
Deferred inflow of resources			
Deferred inflows - leases	4,993,054	6,230,473	4,216,163
Deferred inflows - pension	<u>690,102</u>	<u>-</u>	<u>281,484</u>
Total deferred inflows of resources	<u>5,683,156</u>	<u>6,230,473</u>	<u>4,497,647</u>
Net position			
Invested in capital assets, net of related debt	116,509,366	94,636,106	91,990,840
Restricted	48,092,016	43,332,041	38,942,004
Unrestricted	<u>2,622,646</u>	<u>2,695,631</u>	<u>2,745,904</u>
Total net position	<u>\$167,224,028</u>	<u>\$140,663,778</u>	<u>\$133,678,748</u>

For FY 2025, as compared to FY 2024, total assets increased by \$32,058,572 or 16.57% due to an increase in current assets, specifically cash, non-current assets for restricted cash and capital assets.

For FY 2025, as compared to FY 2024, total liabilities experienced an increase of \$3,730,033 or 7.22% which was primarily due to higher pension liability and accounts payable, partly offset by reduced long-term debt.

For FY 2025 as compared to FY 2024, Net Position increased by \$26,560,250. The increase was driven by higher restricted and unrestricted assets resulting from stronger operating performance and non-operating revenues, including capital grants.

Note 2. Operating Revenues

<u>Revenue Classifications</u>	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
Aviation	\$ 9,844,609	\$ 9,383,613	\$ 8,467,356
Non-aviation	11,459,839	11,112,936	10,422,492
Concessions	3,716,675	3,946,207	3,944,726
Services	<u>298,431</u>	<u>252,414</u>	<u>235,805</u>
Total operating revenue	<u>\$ 25,319,554</u>	<u>\$ 24,695,170</u>	<u>\$ 23,070,379</u>

The table above presents the major operating revenue classifications for FY 2025 compared to FY 2024 and FY 2023. For FY 2025, as compared to FY 2024, total operating revenue increased by \$624,384 or 3.0%. Total operating revenue experienced an increase of \$1,624,791 or 7.0% in FY 2024 as compared to FY 2023.

In FY 2025, Aviation Revenue increased by \$460,996 or 4.9%, primarily driven by higher landing fees and terminal rent, partially offset by a slight decline in enplanements. In FY 2024, Aviation Revenue experienced an increase of \$916,257 as compared to FY 2023.

**Jackson Municipal Airport Authority
Management’s Discussion and Analysis
September 30, 2025 and 2024**

In FY 2025, Non-Aviation Revenue experienced an increase of \$346,903 or 3.1% driven primarily by an increase in parking revenue. In FY 2024, Non-Aviation Revenue increased by \$690,444 as compared to FY 2023.

In FY 2025, Concessions Revenue experienced a decrease in revenue of \$229,532 as compared to FY 2024, primarily due to decrease in rental car activity. In FY 2024, Concessions Revenue increased by \$1,481.

In FY 2025, Services Revenue increased by \$46,017 or 18.2% due to an increase in employee parking rate fees vs. 2024 and the increase in ground transportation. In FY 2024, Services revenue increased by \$16,609.

Note 3. Operating Expenses

<u>Expense Classifications</u>	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
Board	\$ 64,850	\$ 73,972	\$ 43,289
Building	3,396,802	2,929,467	2,533,822
Employee	13,861,581	14,296,822	12,603,992
Equipment	549,194	633,336	475,744
Miscellaneous	70,799	39,000	11,251
Services	4,234,816	3,186,641	3,904,860
Supplies	<u>1,095,839</u>	<u>847,037</u>	<u>991,643</u>
Total operating expenses before depreciation	<u>\$ 23,273,881</u>	<u>\$ 22,006,275</u>	<u>\$ 20,564,601</u>

The table above presents the major expense classifications for FY 2025 compared to FY 2024 and FY 2023. The total operating expenses before depreciation for FY 2025 increased by \$1,229,606 or 5.76%. For FY 2024, operating expenses increased \$1,441,674 or 7.0% as compared to FY 2023.

For FY 2025, Building Expenses increased by \$467,335 or 16.0% primarily due to repairs and maintenance needs in 2025. The FY 2024 building expenses increased compared to 2023 by \$395,645 or 15.6%

For FY 2025, Employee Expenses decreased by \$435,241 or 3%, as compared to FY 2024, primarily driven by an decrease in total number of employees compared to FY 2024. Employee Expenses increased by \$1,692,830 or 13.4% in FY 2024, as compared to FY 2023.

Note 4. Non-Operating Revenue (Expense)

Actual Net Non-Operating Revenue (Expense), in comparison to the budget, increased \$3,183,166. This increase was primarily due to Customer Facility Charges (CFC), Passenger Facility Charges (PFC) funds and interest income.

**Jackson Municipal Airport Authority
Management’s Discussion and Analysis
September 30, 2025 and 2024**

Note 5. Capital Assets

The Authority's capital assets as of September 30, 2025, 2024 and 2023, amounted to \$141,787,341, \$116,949,225, and \$115,554,355 (net of accumulated depreciation) respectively. This investment in capital assets includes land, facilities, facility improvements, equipment, furniture and fixtures and construction in progress.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. The Authority funds capital assets with passenger facility charges, customer facility charges, federal and state grants, net revenues and various bond issues. The Authority continues pursuing additional state and federal grant opportunities to fund further facility improvements and support critical infrastructure projects and enhance the JMAA’s long-term financial stability. Additional information on the Authority's capital assets can be found in the accompanying notes to the financial statements.

Note 6. Debt Administration

As of September 30, 2025, the Authority had outstanding revenue bonds of \$18,065,000 which are listed below:

<u>Description</u>	<u>Amount</u>
Series 2017A	\$ 1,045,000
Series 2017B	1,585,000
Series 2015A	7,580,000
Series 2015B	<u>7,855,000</u>
Total Bond Debt	<u>\$ 18,065,000</u>

Note 7. Other Items

Airline Rates and Charges

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

<u>Rates/Charges</u>	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
Terminal rent rates	\$ 102.60	\$ 96.71	\$ 87.07
Landing fee (per 1,000 lbs.)	5.43	4.25	3.54

Operating and Capital Grants and Reimbursements

In FY 2025 and FY 2024, respectively, the Authority recognized operating grant revenue of \$531,349 and \$152,058, respectively. FY2025 operating grants were from the Mid-South Foundation and FAA. The Authority also recognized capital grant revenue in FY 2025 and FY 2024, respectively, of \$27,207,442 and \$7,772,096 from the FAA and the Mississippi Department of Transportation (MDOT). Capital grant revenue is used to offset the cost of various capital projects.

Overall, the Authority has demonstrated steady revenue growth over the past three fiscal years, supported by increases in aviation, non-aviation, and concession activities. Moving forward, the Authority remains committed to pursuing operational efficiencies and expanding revenue streams to sustain its positive financial trajectory.

Note 8. Request for Information

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

Jackson Municipal Airport Authority
Statements of Net Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,845,050	\$ 12,402,717
Restricted cash and cash equivalents - current	7,870,399	2,766,407
Accounts receivable	480,411	1,033,253
Governmental grants receivable	9,939,674	2,522,913
Lease receivable - current	1,132,055	1,083,363
Other	1,102,235	483,657
Total Current Assets	<u>28,369,824</u>	<u>20,292,310</u>
Non-current Assets		
Restricted cash and cash equivalents - non-current	14,955,070	18,135,030
Investments - non-current	10,652,514	10,033,500
Restricted investments - non-current	24,281,711	21,498,016
Restricted passenger facility charges receivable	590,413	704,607
Restricted customer facility charges receivable	394,423	227,981
Lease receivable - non-current	4,489,147	5,621,202
Capital assets, net	141,787,341	116,949,225
Total Non-Current Assets	<u>197,150,619</u>	<u>173,169,561</u>
Total Assets	<u>225,520,443</u>	<u>193,461,871</u>
Deferred Outflows - Debt Refunding	129,223	151,823
Deferred Outflows - Pension	2,650,269	4,943,275
Total Deferred Outflows of Resources	<u>\$ 2,779,492</u>	<u>\$ 5,095,098</u>

Jackson Municipal Airport Authority
Statements of Net Position
September 30, 2025 and 2024

(Continued)

	2025	2024
LIABILITIES		
Current Liabilities		
Current maturities of long-term debt	\$ 2,160,000	\$ 2,100,000
Current maturities of subscription arrangements	90,528	145,832
Accounts payable	9,637,361	3,156,770
Contract retainage payable	415,299	318,626
Accrued expenses	1,689,243	1,586,969
Total Current Liabilities	13,992,431	7,308,197
Non-current Liabilities		
Long-term debt, net of current maturities	15,905,000	18,065,000
Subscription arrangements, net of current maturities	37,271	133,435
Deferred revenue	247,654	278,247
Net pension liability	25,210,395	25,877,839
Total Non-Current Liabilities	41,400,320	44,354,521
Total Liabilities	55,392,751	51,662,718
Deferred Inflows of Resources		
Deferred inflows - pension	690,102	-
Deferred inflows - leases	4,993,054	6,230,473
Total Deferred Inflows of Resources	5,683,156	6,230,473
Net Position		
Net investment in capital assets	116,509,366	94,636,106
Restricted	48,092,016	43,332,041
Unrestricted	2,622,646	2,695,631
Total Net Position	\$ 167,224,028	\$ 140,663,778

Jackson Municipal Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Aviation	\$ 9,844,609	\$ 9,383,613
Non-aviation	11,459,839	11,112,936
Concessions	3,716,675	3,946,207
Services	298,431	252,414
Total Operating Revenues	<u>25,319,554</u>	<u>24,695,170</u>
Operating Expenses		
Board expenses	64,850	73,972
Building expenses	3,396,802	2,929,467
Employee expenses	13,861,581	14,296,822
Equipment expenses	549,194	633,336
Miscellaneous expenses	70,799	39,000
Services	4,234,816	3,186,641
Supplies	1,095,839	847,037
Total Operating Expenses, Before Depreciation and Amortization Expense	<u>23,273,881</u>	<u>22,006,275</u>
Operating Income, Before Depreciation and Amortization Expense	<u>2,045,673</u>	<u>2,688,895</u>
Depreciation and Amortization Expense	<u>10,650,013</u>	<u>10,688,010</u>
Total Operating Expenses	<u>33,923,894</u>	<u>32,694,285</u>
Operating Loss	<u>(8,604,340)</u>	<u>(7,999,115)</u>

Jackson Municipal Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Non-operating Revenues (Expense)		
Passenger facility charges, restricted	3,184,866	3,205,224
Customer facility charges, restricted	3,535,232	3,436,549
Governmental operating grants	531,349	152,058
Interest expense	(535,419)	(599,844)
Interest income	1,171,514	973,534
Other	69,606	44,528
	<u>7,957,148</u>	<u>7,212,049</u>
Net Non-operating Revenues (Expense)		
	(647,192)	(787,066)
Governmental Capital Grant Contributions	<u>27,207,442</u>	<u>7,772,096</u>
Change in Net Position	26,560,250	6,985,030
Net Position - Beginning	<u>140,663,778</u>	<u>133,678,748</u>
Net Position - Ending	<u>\$ 167,224,028</u>	<u>\$ 140,663,778</u>

Jackson Municipal Airport Authority
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Cash received from customers	\$ 25,911,408	\$ 24,338,655
Cash paid for payroll expenses	(11,663,232)	(11,867,106)
Cash paid for other operating expenses	(8,581,783)	(7,345,506)
Net Cash Provided by Operating Activities	<u>5,666,393</u>	<u>5,126,043</u>
Non-capital Financing Activities		
Operating Grants and expense reimbursements	559,877	802,868
Net Cash Provided by Non-capital Financing Activities	<u>559,877</u>	<u>802,868</u>
Capital and Related Financing Activities		
Capital grants received	19,762,153	5,811,882
Passenger facility charges collected	3,299,060	2,888,760
Customer facility charges collected	3,368,790	3,453,889
Principal paid on capital debt	(2,100,000)	(2,050,000)
Principal paid on software arrangements	(151,468)	(145,832)
Interest paid on capital debt	(540,659)	(601,790)
Capital asset expenditures	(30,266,586)	(11,135,498)
Net Cash Used in Capital and Related Financing Activities	<u>(6,628,710)</u>	<u>(1,778,589)</u>
Investing Activities		
Purchase of investments	(3,402,709)	(11,014,150)
Receipt of investment interest	1,171,514	973,534
Net Cash Used in Investing Activities	<u>(2,231,195)</u>	<u>(10,040,616)</u>
Change in Cash and Cash Equivalents	(2,633,635)	(5,890,294)
Cash and Cash Equivalents - Beginning of Year	<u>33,304,154</u>	<u>39,194,448</u>
Cash and Cash Equivalents - End of Year	<u>\$ 30,670,519</u>	<u>\$ 33,304,154</u>

Jackson Municipal Airport Authority
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (8,604,340)	\$ (7,999,115)
Depreciation and amortization expense	10,650,013	10,688,010
Net effect of changes in operating assets and liabilities		
Accounts receivable	622,448	(335,210)
Other current assets	(618,578)	(89,569)
Lease receivable	(154,056)	-
Accounts payable, net of capital items	1,355,700	179,971
Accrued expenses	99,542	(96,043)
Net pension liability	2,315,664	2,777,999
Net Cash Provided by Operating Activities	<u>\$ 5,666,393</u>	<u>\$ 5,126,043</u>
Presentation of Cash and Cash Equivalents - End of Year on the Statements of Net Position		
Cash and cash equivalents	\$ 7,845,050	\$ 12,402,717
Restricted cash and cash equivalents - current	7,870,399	2,766,407
Restricted cash and cash equivalents - non-current	14,955,070	18,135,030
Cash and Cash Equivalents - End of Year	<u>\$ 30,670,519</u>	<u>\$ 33,304,154</u>
Non-cash Capital and Related Financing Activities		
Accounts payable and retainage payable related to capital expenditures	\$ 6,528,445	\$ 1,722,180
Capitalized software arrangements	\$ -	\$ 22,505

Note 1. Summary of Significant Accounting Policies

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

Organization and Nature of Operations

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

Basis of Accounting and Measurement Focus

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

Cash and Cash Equivalents

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

Investments and Fair Value Measurements

The Authority accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported in the Statement of Revenues, Expenses and Changes in Net Position.

Fair value, as defined by GASB, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access at the measurement date.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

Level 2 Inputs to the valuation methodology include (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in inactive markets; (iii) inputs other than quoted prices that are observable for the asset or liability; and (iv) inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The valuation allowance was \$0 at both September 30, 2025 and 2024.

Capital Assets

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

Income Taxes

The Authority is exempt from federal and state income taxes.

Leases

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

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Use of Estimates in the Preparation of Financial Statements

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

Presentation of Sales Tax

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

Restricted Assets

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

Pensions

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

Note 2. Cash and Cash Equivalents

Cash - Bank Deposits

The carrying amount of the Authority's total cash deposits with financial institutions (including restricted cash) at September 30, 2025 and 2024, was \$25,417,466 and \$33,185,218 respectively, and the bank balance was \$32,588,554 and \$33,087,736, respectively. Collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the State Treasurer monitors collateralization of the entity's funds. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation (FDIC).

Cash Equivalents

The carrying amount of the Authority's total cash equivalents, which are restricted for repayment of debt or use of debt proceeds, on September 30, 2025 and 2024, was \$5,563,053 and \$118,936, respectively. The Authority's cash equivalents, which are invested in funds which invest in U.S. Treasury securities and U.S. Government Agencies, are not covered by FDIC insurance.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

Note 3. Restricted Cash and Cash Equivalents

A summary of restricted cash and cash equivalents follows:

	<u>2025</u>	<u>2024</u>
Current		
Debt interest and principal payments	\$ 2,614,958	\$ 2,533,491
Passenger facility charges (PFC)	2,469,203	-
Customer facility charges (CFC)	2,551,791	-
Other	<u>234,447</u>	<u>232,916</u>
Total short-term	<u>\$ 7,870,399</u>	<u>\$ 2,766,407</u>
Non-current		
Passenger facility charges (PFC)	\$ 8,678,832	\$ 6,825,061
Customer facility charges (CFC)	1,360,328	6,563,435
Restricted for capital projects	464,141	448,149
Cash reserve restricted by bond indenture	<u>4,451,769</u>	<u>4,298,385</u>
Total non-current	<u>\$ 14,955,070</u>	<u>\$ 18,135,030</u>

Note 4. Investments

In 2023, the Authority initiated an investment management strategy to invest certain cash balances in allowable fixed income investments (US Treasuries, US Agencies, Government Money Market) for passenger facility charges and customer facility charges. On September 30, 2025, and 2024, the fair value of these restricted investments was \$24,281,711 and \$21,498,016 respectively, measured using Level 2 inputs. In 2024, the Authority established an unrestricted investment account related to parking funds. This account had fair values of \$10,652,514 and \$10,033,500 at September 30, 2025 and 2024, respectively, and was also measured using Level 2 inputs.

Note 5. Lease Receivables

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

Revenue recognized under lease contracts during the years ended September 30, 2025, and 2024, was \$1,257,723 and \$1,229,653 respectively, which includes both lease revenue and interest. The Authority also recognized lease revenue of \$2,733,060 and \$3,334,219 for the years ended September 30, 2025, and 2024, respectively, for variable payments not previously included in the measurement of the lease receivable. Lease revenue is reflected as operating revenue and interest revenue is reflected as nonoperating revenue in the statements of revenue, expenses and changes in net position.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

The following is a schedule by year of minimum payments to be received under the Authority's leases that are included in the measurement of the lease receivable as of September 30, 2025:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,132,055	\$ 143,540	\$ 1,275,595
2027	1,625,479	109,199	1,734,678
2028	697,974	73,870	771,844
2029	117,391	62,385	179,776
2030	123,976	58,974	182,950
2031 – 2035	408,969	249,686	658,655
2036 – 2040	241,288	208,101	449,389
2041 – 2045	266,108	172,555	438,663
2046 – 2050	329,422	129,649	459,071
2051 – 2055	343,655	77,961	421,616
2056 – 2060	203,764	38,827	242,591
2061 – 2065	<u>131,121</u>	<u>6,346</u>	<u>137,467</u>
Total	<u>\$ 5,621,202</u>	<u>\$ 1,331,093</u>	<u>\$ 6,952,295</u>

Regulated Leases

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87 and therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire 2025 through 2064. Payments for most of the leases increase periodically based on a defined formula. Rates and fees charged by the Authority for the use of its facilities are required by terms of individual leases to be sufficient to cover operating expenses, debt service and general obligation debt but not depreciation and amortization. The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The usage-based payments are not included in the future minimum payments below because they are not fixed in substance. The majority of the leases allow the lessee the exclusive use of the premises. However, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion.

Revenue recognized for fixed payment under regulated lease contracts during the years ended September 30, 2025 and 2024, was \$6,920,008 and \$7,096,561. The Authority also recognized lease revenue of \$4,557,449 and \$3,942,679 for the years ended September 30, 2025 and 2024, respectively, for variable payments not previously included in the future minimum payments. The variable payments are primarily passenger and cargo flight fees based on usage.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

The following is a schedule by year of expected future minimum payments to be received under the Authorities regulated leases as of September 30, 2025:

<u>Total Future Years</u>	<u>Payments</u>
2026	\$ 509,669
2027	479,329
2028	388,415
2029	388,415
2030	390,818
2031 – 2035	1,863,813
2036 – 2040	841,640
2041 – 2044	<u>321,658</u>
Total	<u>\$ 5,183,757</u>

The air carriers are also given exclusive use of certain spaces, including such areas as ticket counter, office space, operations space, apron storage space, etc. to conduct their operations, which are defined in the agreements. As of September 30, 2025, the Authority provides exclusive use to air carriers to lease approximately 35,000 square feet.

Note 6. Capital Assets, Net

A summary of capital assets, net follows:

	<u>Balance September 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance September 30, 2025</u>
Land	\$ 4,622,050	\$ -	\$ -	\$ -	\$ 4,622,050
Land improvements	156,739,255	-	(10,460)	23,065,090	179,793,885
Buildings	129,153,556	27,522	(14,548)	246,360	129,412,890
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	35,154,711	777,649	(1,096,399)	329,098	35,165,059
Subscription-based IT Arrangements	513,758	-	-	-	513,758
Construction in progress	<u>15,614,391</u>	<u>34,702,325</u>	<u>-</u>	<u>(23,640,548)</u>	<u>26,676,168</u>
Total	351,283,115	35,507,496	(1,121,407)	-	385,669,204
Accumulated depreciation and amortization	<u>(234,333,890)</u>	<u>(10,650,013)</u>	<u>1,102,040</u>	<u>-</u>	<u>(243,881,863)</u>
Net capital assets	<u>\$ 116,949,225</u>	<u>\$ 24,857,483</u>	<u>\$ (19,367)</u>	<u>\$ -</u>	<u>\$ 141,787,341</u>

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

	<u>Balance September 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance September 30, 2024</u>
Land	\$ 4,622,050	\$ -	\$ -	\$ -	\$ 4,622,050
Land improvements	156,538,303	200,952	-	-	156,739,255
Buildings	125,408,205	-	-	3,745,351	129,153,556
Utility systems	9,485,394	-	-	-	9,485,394
Furniture, fixtures & equip.	34,186,402	1,109,931	(141,622)	-	35,154,711
Subscription-based IT Arrangements	491,253	22,505	-	-	513,758
Construction in progress	<u>8,494,327</u>	<u>10,865,415</u>	<u>-</u>	<u>(3,745,351)</u>	<u>15,614,391</u>
Total	339,225,934	12,198,803	(141,622)	-	351,283,115
Accumulated depreciation and amortization	<u>(223,671,579)</u>	<u>(10,688,010)</u>	<u>25,699</u>	<u>-</u>	<u>(234,333,890)</u>
Net capital assets	<u>\$ 115,554,355</u>	<u>\$ 1,510,793</u>	<u>\$ (115,923)</u>	<u>\$ -</u>	<u>\$ 116,949,225</u>

Depreciation expense for the years ended September 30, 2025 and 2024, was \$10,502,481 and \$10,541,103, respectively. Amortization expense of Subscription-based IT Arrangements for the years ended September 30, 2025, and 2024, was \$147,532 and \$146,907, respectively.

The Authority has committed approximately \$34,588,610 to future construction projects as of September 30, 2025. These projects are expected to be substantially completed within two years from September 30, 2025 and will primarily be financed with grant and PFC funds.

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

Note 7. Long-term Debt

A summary of long-term bond debt follows:

	<u>Balance September 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2025</u>
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	\$ 1,545,000	\$ -	\$ (500,000)	\$ 1,045,000
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	2,085,000	-	(500,000)	1,585,000
2015 Series A Revenue Bonds maturing in October 2031; interest rates from 1.21% to 3.09%	8,680,000	-	(1,100,000)	7,580,000
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	<u>7,855,000</u>	<u>-</u>	<u>-</u>	<u>7,855,000</u>
Total long-term debt	20,165,000	-	(2,100,000)	18,065,000
Current maturities	<u>(2,100,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>(2,160,000)</u>
Long-term debt, net of current maturities	<u>\$ 18,065,000</u>	<u>\$ -</u>	<u>\$ (2,160,000)</u>	<u>\$ 15,905,000</u>

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

	<u>Balance September 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2024</u>
2017 Series A Revenue Bonds maturing in October 2026; interest rate 2.60%	\$ 2,035,000	\$ -	\$ (490,000)	\$ 1,545,000
2017 Series B Revenue Bonds maturing in October 2027; interest rate 2.75%	2,570,000	-	(485,000)	2,085,000
2015 Series A Revenue Bonds maturing In October 2031; interest rates from 1.21% to 3.09%	9,755,000	-	(1,075,000)	8,680,000
2015 Series B Revenue Bonds maturing in October 2035; interest rates from 3.12% to 3.27%	<u>7,855,000</u>	<u>-</u>	<u>-</u>	<u>7,855,000</u>
Total long-term debt	22,215,000	-	(2,050,000)	20,165,000
Current maturities	<u>(2,050,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(2,100,000)</u>
Long-term debt, net of current maturities	<u>\$ 20,165,000</u>	<u>\$ -</u>	<u>\$ (2,100,000)</u>	<u>\$ 18,065,000</u>

In July 2018, the Authority advance refunded \$2,155,000 of the outstanding 2015 Series C Authority Revenue Bonds with interest rates ranging from 4.90% to 5.15%. The Authority purchased U.S. government securities at a cost of \$2,421,860, of which \$1,865,370 was funded with restricted CFC cash. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded Series C Authority Revenue Bonds. As a result, the Series C Authority Revenue Bonds are considered defeased, and the Authority has removed the liability from its accounts. The outstanding principle of the defeased bonds on September 30, 2025 is \$760,000.

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

A schedule of future maturities of long-term debt follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,160,000	\$ 455,071
2027	2,225,000	423,338
2028	1,730,000	390,010
2029	1,230,000	355,160
2030	1,265,000	318,348
2031 - 2034	5,975,000	847,050
Thereafter	<u>3,480,000</u>	<u>114,265</u>
	<u>\$ 18,065,000</u>	<u>\$ 2,903,242</u>

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

Subscription Obligations

The Authority's various SBITAs, the terms of which expire in various years through 2027. The arrangements qualify as other than short-term arrangements under GASB 96 and, therefore, the assets and related liabilities have been recorded. The liabilities have been measured at the present value of minimum future payments such that each asset's initial balance equals the related liability plus any additional payments for initial direct costs made on or before the start of the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. See Note 6 for information on subscription assets and associated accumulated amortization.

A summary of long-term subscription obligations follows:

	<u>Balance September 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2025</u>
Subscription-based IT arrangements	\$ 279,045	\$ -	\$ (147,532)	\$ 131,513

	<u>Balance September 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2024</u>
Subscription-based IT arrangements	\$ 402,594	\$ 22,505	\$ (145,832)	\$ 279,267

Future payments under the long-term subscriptions are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 90,528	\$ 2,282
2027	37,271	126
2028	_____	_____
Total payments	<u>\$ 127,799</u>	<u>\$ 2,408</u>

Note 8. Pension Plan

General Information About the Pension Plan

Plan Description

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

Plan Description - PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.90 percent for employers and 9.00 percent for members. The Authority's contributions to PERS for the years ended September 30, 2025 and 2024, were \$1,390,126 and \$1,366,878, respectively.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

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

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

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

Net Pension Liability

At September 30, 2025 and 2024, the Authority reported a liability of \$25,210,395 and \$25,877,839, respectively for its proportional share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Authority’s proportion of the net pension liability was based on the Authority’s contributions to the pension plan relative to the contributions of all pension plan participants. At June 30, 2025 and 2024, the Authority’s proportion was 0.099262% and 0.099655%, respectively.

Actuarial Assumptions

The total pension liability in the June 30, 2025 and 2024, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	Assumptions
Inflation	2.40%
Salary increases	2.65 – 17.90%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 107% of all rates. For females, 97% of female rates up to age 82, 100% for ages 83 to 87 and 110% for ages above 87. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table set forward 1 year and adjusted 134% for males and 125% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, set forward 3 years for males and set forward 2 years for females. Mortality rates will be projected generationally using the MP-2021 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2024. The experience report is dated April 16, 2025.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	27.00%	4.75%
International equity	20.00%	4.75%
Global equity	12.00%	4.95%
Fixed Income	20.00%	2.25%
Real estate	10.00%	3.75%
Private equity	10.00%	6.00%
Cash Equivalentents	<u>1.00%</u>	0.50%
	<u>100.00%</u>	

Discount Rate

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the cost sharing plan, calculated using the discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (amounts in thousands):

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
June 30, 2025, net pension liability	\$ 33,763,251	\$ 25,210,395	\$ 18,979,155
June 30, 2024, net pension liability	\$ 33,541,444	\$ 25,877,839	\$ 19,605,757

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2025 and 2024, the Authority recognized pension expense of \$3,718,767 and \$4,156,567, respectively. The following presents the deferred outflows of resources and deferred inflows of resources for the years ended September 30, 2025 and 2024:

	<u>Balance</u> <u>September 30,</u> <u>2025</u>	<u>Balance</u> <u>September 30,</u> <u>2024</u>
Deferred outflows of resources		
Contributions subsequent to the measurement date	\$ 320,672	\$ 320,109
Differences between expected and actual experience	1,208,800	1,373,405
Changes in proportionate share of net pension liability	583,644	1,447,420
Changes in assumptions	537,153	1,661,763
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>140,578</u>
Total deferred outflows of resources	<u>\$ 2,650,269</u>	<u>\$ 4,943,275</u>
Deferred inflows of resources		
Changes in proportionate share of net pension liability	<u>\$ 690,102</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>\$ 690,102</u>	<u>\$ -</u>

Deferred outflows of resources of \$320,672 at September 30, 2025, resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026.

Jackson Municipal Airport Authority
Notes to Financial Statements
September 30, 2025 and 2024

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

<u>Year Ending September 30,</u>	
2026	\$ 2,362,748
2027	7,383
2028	(455,604)
2029	<u>(275,032)</u>
Total	<u>\$ 1,639,495</u>

Payable to the Pension Plan

At September 30, 2025 and 2024, the Authority reported a payable of \$128,207 and \$131,688, respectively, for the outstanding amount of contributions to the pension plan required for the years then ended.

Employees of the Authority may also elect to contribute to a Section 457 tax-deferred defined contribution retirement plan administered by PERS. The Authority's matching contributions to this plan for the years ended September 30, 2025 and 2024, were \$118,055 and \$122,814, respectively.

Note 9. Net Position

A summary of restricted net position follows:

	<u>2025</u>	<u>2024</u>
Debt interest and principal payments	\$ 2,614,958	\$ 2,533,491
Passenger facility charges (PFC)	20,384,740	18,278,676
Customer facility charges (CFC)	19,941,961	17,540,424
Restricted for capital projects	464,141	448,149
Cash reserve restricted by bond indenture	4,451,769	4,298,385
Other	<u>234,447</u>	<u>232,916</u>
	<u>\$ 48,092,016</u>	<u>\$ 43,332,041</u>

Note 10. Passenger Facility Charges

Under Part 158 of the Code of Federal Regulations, the Federal Aviation Administration (FAA) granted public agencies controlling commercial service airports the authority to impose passenger facility charges (PFC) of up to \$4.50 per enplaned passenger, to be used towards the cost of capital projects, and debt service on those projects, approved by the FAA and the participating airlines. The Authority is currently authorized to impose PFC charges of \$4.50 per enplaned passenger. The Authority is authorized to collect a total of \$105,646,558 to be used for specific approved PFC projects. As of September 30, 2025, \$72,363,272 has been collected, and \$52,502,779 expended.

Note 11. Customer Facility Charges

The Authority has reached agreements with its automobile rental concessionaires whereby the Authority collects a customer facility charge (CFC) of \$5.50 for each vehicle rental day. Use of the CFC revenues is restricted to expansion of the parking garage at JAN and other construction projects (including related debt service) for the benefit of the Authority's automobile rental concessionaires and to offset increases in rental rates charged by the Authority to the concessionaires.

Note 12. Commitments and Contingencies

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

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

The Authority is also party to employment-related legal claims and administrative proceedings arising in the ordinary course of its operations. The Authority maintains insurance coverage for such claims. Based on information currently available, management believes the ultimate resolution of these matters will not have a material adverse effect on the Authority's financial position or results of operations. No liability for these claims has been accrued in the financial statements..

In January 2022, the Mississippi Office of the State Auditor's Investigative Division (SAO) began a preliminary investigation involving the Authority. To date, information requested by, and provided to, the SAO primarily relates to contracts entered into during the year ended September 30, 2022. This preliminary investigation is ongoing. To date, the Authority has not been notified of any findings or preliminary findings. The outcome of this preliminary investigation is unknown; however, the effects could potentially be material to the Authority, either in terms of financial reporting, compliance, or both.

Required Supplementary Information

Jackson Municipal Airport Authority
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Mississippi
Years Ended September 30, 2025 - 2016

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
JMAA's proportion of the net pension liability	0.099262%	0.099655%	0.094438%	0.091909%	0.082389%	0.088800%	0.089780%	0.093918%	0.088324%	0.078357%
JMAA's proportionate share of the net pension liability	<u>\$25,210,395</u>	<u>\$25,877,839</u>	<u>\$23,752,404</u>	<u>\$18,918,217</u>	<u>\$12,177,454</u>	<u>\$ 17,190,648</u>	<u>\$ 15,794,073</u>	<u>\$ 15,621,353</u>	<u>\$ 14,682,447</u>	<u>\$ 13,996,517</u>
JMAA's covered payroll	<u>\$ 7,807,723</u>	<u>\$ 7,747,111</u>	<u>\$ 7,137,276</u>	<u>\$ 6,327,326</u>	<u>\$ 5,478,030</u>	<u>\$ 5,912,992</u>	<u>\$ 5,847,146</u>	<u>\$ 5,997,556</u>	<u>\$ 5,666,043</u>	<u>\$ 5,012,711</u>
JMAA's proportionate share of the net pension liability as a percentage of its covered payroll	322.89%	334.03%	332.79%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%
Plan fiduciary net position as a percentage of the total pension liability	58.38%	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%

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

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

**Jackson Municipal Airport Authority
Schedule of Pension Contributions
Public Employees' Retirement System of Mississippi
Years Ended September 30, 2025 - 2016**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	<u>\$ 1,390,126</u>	<u>\$ 1,366,878</u>	<u>\$ 1,241,886</u>	<u>\$ 1,115,214</u>	<u>\$ 964,153</u>	<u>\$ 1,004,427</u>	<u>\$ 940,564</u>	<u>\$ 940,985</u>	<u>\$ 934,804</u>	<u>\$ 803,042</u>
Contributions in relation to the statutorily required contribution	<u>\$ 1,390,126</u>	<u>\$ 1,366,878</u>	<u>\$ 1,241,886</u>	<u>\$ 1,115,214</u>	<u>\$ 964,153</u>	<u>\$ 1,004,427</u>	<u>\$ 940,564</u>	<u>\$ 940,985</u>	<u>\$ 934,804</u>	<u>\$ 803,042</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JMAA's covered payroll	<u>\$ 7,807,723</u>	<u>\$ 7,747,111</u>	<u>\$ 7,137,276</u>	<u>\$ 6,409,274</u>	<u>\$ 5,541,107</u>	<u>\$ 5,772,571</u>	<u>\$ 5,810,843</u>	<u>\$ 5,974,215</u>	<u>\$ 5,935,263</u>	<u>\$ 5,098,679</u>
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%

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

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

Jackson Municipal Airport Authority
Notes to Schedules of Proportionate Share of the Net Pension Liability and Pension
Contributions
September 30, 2025 and 2024

Note 1. Changes of Assumptions

2025

- Mortality, withdrawal, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The assumed load for administrative expenses was decreased from 0.26% to 0.25% of payroll.

2023

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

2021

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

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

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

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

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

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

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

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

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

Jackson Municipal Airport Authority
Notes to Schedules of Proportionate Share of the Net Pension Liability and Pension
Contributions
September 30, 2025 and 2024

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

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

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

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

2019

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

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

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

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

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

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

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

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2023. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

2016

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

Jackson Municipal Airport Authority
Notes to Schedules of Proportionate Share of the Net Pension Liability and Pension
Contributions
September 30, 2025 and 2024

2015

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

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

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

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

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

Note 2. Changes in Benefit Provisions

2016

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022 valuation for the September 30, 2024 fiscal year end.) The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25.6 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Supplementary Information

**Jackson Municipal Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Transportation		
Direct Programs		
Federal Aviation Administration		
Airport Improvement Program		
3-28-0038-027-2022-HKS Drainage	20.106	\$ 20,336
3-28-0037-063-2023-Rehabilitate Taxiway A (Phase 2)	20.106	9,552,119
3-28-0037-064-2023-Rehabilitate Taxiway A (Phase 2)	20.106	2,194,096
3-28-0037-065-2024-Taxiway Alpha Rehab-PH3	20.106	534,382
3-28-0037-066-2024-Taxiway Alpha Rehab-PH3	20.106	8,379,142
3-28-0037-067-2023-Rehabilitate Taxiway A (Phase 2)	20.106	1,204,793
3-28-0037-069-2024-Elevator & Escalator/HVAC	20.106	1,994,348
3-28-0037-071-2024-Elevator & Escalator/HVAC	20.106	2,743,070
3-28-0037-070-2024- Runway 16L/34R Safety Area	20.106	<u>128,268</u>
		<u>26,750,554</u>
COVID-19: Airport Coronavirus Response Grant Concessions		
3-28-0037-060-2021-Concessions Relief	20.106	117,583
3-28-0037-062-2022-Concession Rent Relief	20.106	<u>376,266</u>
		<u>493,849</u>
Total U.S. Department of Transportation		<u>27,244,403</u>
Total Expenditures of Federal Awards		<u><u>\$ 27,244,403</u></u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jackson Municipal Airport Authority (the Authority) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate and Subrecipients

The Authority has elected to not use the 15% de minimis indirect cost rate allowed under the Uniform Guidance. No indirect costs have been charged to the Authority's Federal programs.

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

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

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

Total expenditures of Federal awards	\$ 27,244,403
Prior grant refunded	3,033
State of Mississippi and other grants	<u>491,355</u>
Total governmental grant contributions	<u>\$ 27,738,791</u>

Presented in the financial statements as:

Governmental operating grant contributions	\$ 531,349
Governmental capital grant contributions	<u>27,207,442</u>
Total governmental grant contributions	<u>\$ 27,738,791</u>

Jackson Municipal Airport Authority
Schedule of Passenger Facility Charges - Cash Basis
Year Ended September 30, 2025

	September 30, 2024 Program Total	Quarter 1 - October - December	Quarter 2 - January - March	Quarter 3 - April - June	Quarter 4 - July - September	Year Ended September 30, 2025 Total	September 30, 2025 Program Total
Revenue							
Collections	\$ 65,467,772	\$ 914,104	\$ 369,617	\$ 631,259	\$ 627,938	\$ 2,542,918	\$ 68,010,690
Investment earnings	749,003	135,451	63,485	155,170	94,974	449,080	1,198,083
Interest	2,873,963	59,365	64,690	76,811	79,670	280,536	3,154,499
Total Revenue	69,090,738	1,108,920	497,792	863,240	802,582	3,272,534	72,363,272
Expenditures							
Application #1	6,238,505	-	-	-	-	-	6,238,505
Application #2	3,590,244	-	-	-	-	-	3,590,244
Application #3	6,797,246	28,515	28,515	28,515	28,515	114,060	6,911,306
Application #4	3,323,566	26,276	26,276	26,276	26,276	105,104	3,428,670
Application #5	23,046,794	-	-	-	-	-	23,046,794
Application #6	1,662,503	-	-	-	-	-	1,662,503
Application #7	5,737,947	189,750	-	-	-	189,750	5,927,697
Application #8	189,656	-	-	-	560,767	560,767	750,423
Application #9	946,637	-	-	-	-	-	946,637
Total Expenditures	51,533,098	244,541	54,791	54,791	615,558	969,681	52,502,779
Net PFC Revenue	17,557,640	\$ 864,379	\$ 443,001	\$ 808,449	\$ 187,024	\$ 2,302,853	19,860,493
PFC Account Balance	\$ 17,557,640						\$ 19,860,493

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2025 - 2016
(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources					
Current assets, unrestricted	\$ 20,499	\$ 17,526	\$ 24,247	\$ 18,440	\$ 14,777
Restricted assets	48,092	43,332	38,942	34,827	32,127
Unrestricted Investments	10,653	10,034	-	-	-
Capital assets, including SBITAs	141,787	116,948	115,554	118,493	124,841
Lease receivable, net of current maturities	4,489	5,621	3,930	4,294	2,334
Deferred outflows of resources	<u>2,779</u>	<u>5,095</u>	<u>6,054</u>	<u>3,715</u>	<u>1,627</u>
Total Assets and Deferred Outflows of Resources	<u>228,299</u>	<u>198,556</u>	<u>188,727</u>	<u>179,769</u>	<u>175,706</u>
Liabilities and Deferred Inflows of Resources					
Current liabilities	13,992	7,308	6,066	5,917	4,805
Long-term debt, net of current maturities	15,942	18,198	20,433	22,215	24,210
Claims liability	-	-	-	825	1,650
Deferred Revenue	248	278	300	409	562
Net pension liability	25,210	25,878	23,752	18,918	12,177
Deferred inflows of resources	<u>5,683</u>	<u>6,230</u>	<u>4,498</u>	<u>5,350</u>	<u>7,814</u>
Total Liabilities and Deferred Inflows of Resources	<u>61,075</u>	<u>57,892</u>	<u>55,049</u>	<u>53,634</u>	<u>51,218</u>
Net Position	<u>\$ 167,224</u>	<u>\$ 140,664</u>	<u>\$ 133,678</u>	<u>\$ 126,135</u>	<u>\$ 124,488</u>
Revenues and Expenses					
Operating revenues	\$ 25,320	\$ 24,695	\$ 23,070	\$ 19,780	\$ 14,127
Operating expenses, before depreciation/amortization and unfunded portion of pension expense	<u>20,958</u>	<u>19,228</u>	<u>18,461</u>	<u>17,341</u>	<u>16,420</u>
Operating income (loss), before depreciation and unfunded portion of pension expense	4,362	5,467	4,609	2,439	(2,293)
Depreciation and amortization	10,650	10,688	10,804	10,570	11,160
Unfunded portion of pension expense	<u>2,316</u>	<u>2,778</u>	<u>2,104</u>	<u>518</u>	<u>(696)</u>
Operating Loss	(8,604)	(7,999)	(8,299)	(8,649)	(12,757)
Passenger facility charges (restricted)	3,185	3,205	3,070	2,407	1,677
Customer facility charges (restricted)	3,535	3,437	3,070	2,112	1,412
Governmental operating grants	531	152	7,073	3,246	6,434
Interest expense	(535)	(600)	(690)	(714)	(777)
Other	<u>1,241</u>	<u>1,018</u>	<u>478</u>	<u>306</u>	<u>163</u>
Income (Loss) Before Capital Grant Contributions	<u>\$ (647)</u>	<u>\$ (787)</u>	<u>\$ 4,702</u>	<u>\$ (1,292)</u>	<u>\$ (3,848)</u>
Other					
Capital asset additions	\$ 35,507	\$ 12,176	\$ 7,403	\$ 4,223	\$ 10,695
Federal and state capital grants	(27,207)	(7,772)	(2,842)	(2,939)	(5,897)
Passenger facility charge reimbursements	<u>(970)</u>	<u>(1,791)</u>	<u>(1,134)</u>	<u>(917)</u>	<u>(293)</u>
Net Construction Costs	<u>\$ 7,330</u>	<u>\$ 2,613</u>	<u>\$ 3,427</u>	<u>\$ 367</u>	<u>\$ 4,505</u>

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

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

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

Jackson Municipal Airport Authority
Historical Schedule of Selected Financial Data
Years Ended September 30, 2025 - 2016
(In Thousands)

(Continued)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets and Deferred Outflows of Resources					
Current assets, unrestricted	\$ 15,377	\$ 20,398	\$ 16,609	\$ 16,271	\$ 18,727
Restricted assets	30,019	30,822	31,521	34,829	32,968
Unrestricted Investments	-	-	-	-	-
Capital assets	125,763	123,915	117,320	113,154	109,837
Other	-	-	-	14	54
Deferred outflows of resources	1,668	1,373	2,044	2,371	2,702
Total Assets and Deferred Outflows of Resources	<u>172,827</u>	<u>176,508</u>	<u>167,494</u>	<u>166,639</u>	<u>164,288</u>
Liabilities and Deferred Inflows of Resources					
Current liabilities	5,585	9,738	7,651	5,480	3,714
Long-term debt, net of current maturities	26,160	28,065	29,935	33,469	35,046
Claims liability	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Net unfunded pension liability	17,191	15,794	15,621	14,683	13,997
Deferred inflows of resources	1,452	1,946	1,183	1,328	1,188
Total Liabilities and Deferred Inflows of Resources	<u>50,388</u>	<u>55,543</u>	<u>54,390</u>	<u>54,960</u>	<u>53,945</u>
Net Position	<u>\$ 122,439</u>	<u>\$ 120,965</u>	<u>\$ 113,104</u>	<u>\$ 111,679</u>	<u>\$ 110,343</u>
Revenues and Expenses					
Operating revenues	\$ 14,453	\$ 18,509	\$ 16,994	\$ 16,834	\$ 17,304
Operating expenses, before depreciation and unfunded portion of pension expense	16,050	15,099	15,269	15,221	13,365
Operating income (loss), before depreciation and unfunded portion of pension expense	(1,597)	3,410	1,725	1,613	3,939
Depreciation	7,852	7,596	8,291	8,552	8,592
Unfunded portion of pension expense	783	1,030	1,021	1,141	769
Operating Loss	<u>(10,232)</u>	<u>(5,216)</u>	<u>(7,587)</u>	<u>(8,080)</u>	<u>(5,422)</u>
Passenger facility charges (restricted)	1,280	2,509	2,154	1,960	2,024
Customer facility charges (restricted)	1,682	2,239	2,029	2,096	2,245
Governmental operating grants	2,416	-	-	-	-
Interest expense	(824)	(863)	(972)	(1,201)	(1,266)
Other	353	596	(752)	222	258
Loss Before Capital Grant Contributions	<u>\$ (5,325)</u>	<u>\$ (735)</u>	<u>\$ (5,128)</u>	<u>\$ (5,003)</u>	<u>\$ (2,161)</u>
Other					
Capital asset additions	\$ 9,700	\$ 14,540	\$ 13,521	\$ 11,869	\$ 1,570
Federal and state capital grants	(6,799)	(7,006)	(6,553)	(6,341)	(245)
Passenger facility charge reimbursements	(2,068)	(4,860)	(4,545)	(91)	(1,573)
Net Construction Costs	<u>\$ 833</u>	<u>\$ 2,674</u>	<u>\$ 2,423</u>	<u>\$ 5,437</u>	<u>\$ (248)</u>

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

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

See Independent Auditor's Report

Jackson Municipal Airport Authority
Schedule of Budgeted vs. Actual Revenues and Expenses
Year Ended September 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Aviation	\$ 10,436,913	\$ 9,844,609	\$ (592,304)
Non-aviation	12,813,745	11,459,839	(1,353,906)
Concessions	3,783,503	3,716,675	(66,828)
Services	308,120	298,431	(9,689)
Total Operating Revenues	<u>27,342,281</u>	<u>25,319,554</u>	<u>(2,022,727)</u>
Operating Expenses			
Board expenses	103,690	64,850	(38,840)
Building expenses	4,500,799	3,396,802	(1,103,997)
Employee expenses	13,421,101	11,545,917	(1,875,184)
Equipment expenses	861,131	549,194	(311,937)
Miscellaneous expense	83,750	70,799	(12,951)
Services	4,992,981	4,234,816	(758,165)
Supplies	1,159,603	1,095,839	(63,764)
Total Operating Expenses, Before Depreciation and Unfunded Portion of Pension Expense	<u>25,123,055</u>	<u>20,958,217</u>	<u>(4,164,838)</u>
Operating Income, Before Depreciation and Unfunded Portion of Pension Expense	<u>2,219,226</u>	<u>4,361,337</u>	<u>2,142,111</u>
Depreciation and amortization expense	10,014,264	10,650,013	635,749
Unfunded portion of pension expense	-	2,315,664	2,315,664
Total Operating Expenses	<u>35,137,319</u>	<u>33,923,894</u>	<u>(1,213,425)</u>
Operating Loss	<u>(7,795,038)</u>	<u>(8,604,340)</u>	<u>(809,302)</u>
Non-operating Revenues (Expense)			
Passenger facility charges, restricted	2,551,236	3,184,866	633,630
Customer facility charges, restricted	1,956,552	3,535,232	1,578,680
Governmental operating grants	-	531,349	531,349
Interest expense	(595,824)	(535,419)	60,405
Interest income	862,018	1,171,514	309,496
Other	-	69,606	69,606
Net Non-Operating Revenues (Expense)	<u>4,773,982</u>	<u>7,957,148</u>	<u>3,183,166</u>
Gain (Loss) Before Capital Grant Contributions	<u>(3,021,056)</u>	<u>(647,192)</u>	<u>2,373,864</u>
Capital Governmental Grant Contributions	<u>1,471,412</u>	<u>27,207,442</u>	<u>25,736,030</u>
Change in Net Position	<u>\$ (1,549,644)</u>	<u>\$ 26,560,250</u>	<u>\$ 28,109,894</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Jackson Municipal Airport Authority (the "Authority"), a component unit of the City of Jackson, Mississippi, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Forvis Mazars, LLP

**Memphis, Tennessee
March 18, 2026**

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

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

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

We have audited Jackson Municipal Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Authority's major federal program and passenger facility charges program for the year ended September 30, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Unmodified Opinion on the Major Federal Program and Passenger Facilities Charge Program

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 major federal program and passenger facilities charge program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Guide. Our responsibilities under those standards, the Uniform Guidance and the Guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Forvis Mazars, LLP

**Memphis, Tennessee
March 18, 2026**

**Jackson Municipal Airport Authority
 Schedule of Findings and Questioned Costs
 September 30, 2025 and 2024**

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes x No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes x No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes x None reported

Type of Auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes x No

Identification of Major Programs

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? x Yes No

Passenger Facility Charge Program

Internal control over major programs:

Material weakness(es) identified? Yes x No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes x None reported

**Jackson Municipal Airport Authority
Schedule of Findings and Questioned Costs
September 30, 2025 and 2024**

Type of Auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charges Audit Guide for Public Agencies

_____ Yes x No

Section II - Financial Statement Findings

Current Year Finding

None reported

Prior Year Findings

None reported

Section III - Federal Award Findings And Questioned Costs

Current Year Findings

None reported

Prior Year Findings

None reported

Section III – Passenger Facility Changes Program Findings

Current Year Findings

None reported

Prior Year Findings

None reported