

**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**(A Component Unit of St. Joseph County)**

**ANNUAL FINANCIAL REPORT**  
For the fiscal year ended December 31, 2021

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
South Bend, Indiana

**FINANCIAL STATEMENT**  
For the fiscal year ended December 31, 2021

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ST. JOSEPH COUNTY AIRPORT AUTHORITY

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July 20, 2022

To the Members of the Board:

The Annual Financial Report of the St. Joseph County Airport Authority for the fiscal year ended December 31, 2021, is submitted herewith. This report was prepared by the Department of Administration and Finance of the St. Joseph County Airport Authority in conjunction with Crowe LLP, the Auditor's Office of St. Joseph County, Indiana, and the Indiana State Board of Accounts.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Airport Authority. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Airport Authority; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Airport Authority's financial affairs have been included.

The guidelines recommended by the Government Finance Officers Association of the United States and Canada have been followed in the preparation of this report. One should read this letter of transmittal in conjunction with the Management Discussion and Analysis (MD&A) that is located immediately following the report of the independent auditor in the Financial Section of this report.

### **THE REPORTING ENTITY**

The St. Joseph County Airport Authority (the "Airport Authority") is a municipal corporation established January 1, 1974, by the St. Joseph County, Indiana, Council, under authority granted by Indiana Statute (I.C. 1971 19-6-2 as amended by Chapter 3.5, commonly known as Public Law 304 and superseded by I.C. 8-22-3). The Authority, a component unit of St. Joseph County, has jurisdiction over a special district and was established for the general purpose of acquiring, maintaining, operating, and financing airports and landing fields in St. Joseph County, Indiana; and in connection therewith is authorized, among other things, to issue general obligation and revenue bonds and to levy taxes in accordance with the provisions of the statute. The Airport Authority administers The South Bend International Airport in South Bend, Indiana. The Airport Authority has no stockholders or equity holders and all revenues and other receipts must be disbursed in accordance with such statute. The Authority has no component units. The Airport Authority's bipartisan Board consists of four members who are appointed by the St. Joseph County Commissioners.

## **FINANCIAL INFORMATION**

### **Internal Control Structure and Budgetary Controls**

In developing and implementing the Airport Authority's accounting system, consideration has been given to the adequacy of internal accounting controls, designing them to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

We believe that operating within this framework; the Airport Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The accounts of the Airport Authority are maintained in six (6) main funds (Aviation, Cumulative Building, Restricted, PFC, Debt Service and Section 125) as required by state statute for budgetary purposes. Annual budgets are adopted and monthly budget reports are prepared on a cash basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations for purchase orders or contracts are carried over and added to the subsequent year's budget. For external financial reporting purposes, the Airport Authority consolidates its financial activity into an enterprise fund which recognizes expenses when incurred. Thus, this component unit financial report has been prepared using the accrual method of accounting.

The annual operating budget of the Airport Authority is prepared by the staff and reviewed and approved by the Airport Authority Board via resolution. It is then adopted by ordinance by the St. Joseph County Council. The budget is then reviewed by the State Department of Local Government Finance. Prior to adoption by the County Council, the budget is advertised and public hearings are conducted to obtain taxpayer comments.

### **Audit Function**

The records of the St. Joseph County Airport Authority are audited annually at the close of each calendar year by FORVIS, LLP which also audits federal projects annually. Findings regarding federal projects are reported to the Federal Aviation Administration. All financial data is available to the public.

Respectfully submitted,

*Renata Matousova*

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Mrs. Renata Matousova  
Vice President of Finance

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
SOUTH BEND INTERNATIONAL AIRPORT  
2021 OFFICIALS

<b>Office</b>	<b>Official</b>	<b>Year Appointed</b>	<b>Term Expires</b>
President	Mr. Abraham Marcus	2010	12/31/2021
VicePresident	Mr. David R. Sage	1991	12/31/2024
Treasurer/Asst. Secretary	Mr. Jay Asdell	2013	12/31/2023
Secretary	Mr. Michael Misch	2021	12/31/2024
CEO & Executive Director/Assistant Treasurer	Mr. Michael A Daigle, A.A.E.		

## Independent Auditor's Report

Board of Directors  
St. Joseph County Airport Authority  
South Bend, Indiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the St. Joseph County Airport Authority (the Airport Authority), a component unit of St. Joseph County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Airport 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 Airport Authority as of December 31, 2021, and the changes in financial position and its cash flows for the year 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. 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 Airport 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 Airport 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 Airport 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 Airport 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, pension, and postemployment benefit 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport Authority's basic financial statements. The schedule of expenditures of federal awards and the schedule of expenditures of passenger facility charges is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 passenger facility charges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2022, on our consideration of the Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control over financial reporting and compliance.

**FORVIS,LLP**

Indianapolis, Indiana  
July 20, 2022

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

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This Management Discussion and Analysis (MD&A) provides an introduction to the major activities affecting the operations of the South Bend International Airport (Airport) and an introduction and overview of the financial performance and statements of the St. Joseph County Airport Authority (Airport Authority) for the fiscal year ended December 31, 2021. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introduction Section and various historical summaries of activities and financial performance included in the Statistical and Compliance Sections of this report.

Following this MD&A are the basic financial statements of the Airport Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial statements and accompanying notes, this section also presents certain Required Supplementary Information (R.S.I.). The R.S.I. is followed by Supplemental Financial Information, which includes budgetary comparison schedules, a reconciliation of our budget to Generally Accepted Accounting Principles (G.A.A.P.), and a schedule of expenditures of Passenger Facilities Charges.

### **AIRPORT ACTIVITIES & HIGHLIGHTS**

The COVID-19 pandemic recovery continued in 2021. Allegiant Travel Company, American Airlines, Delta Air Lines, and United Airlines provided nonstop flights to 12 destinations: Atlanta, Charlotte, Chicago, Dallas/Fort Worth, Detroit, Las Vegas, Minneapolis, Orlando/Sanford, Phoenix/Mesa, Fort Myers/Punta Gorda, Sarasota/Bradenton and Tampa /St. Petersburg with easy connections worldwide.

While business travel did start to return in 2021, leisure travel lead aviation recovery across the U.S. and also at SBN. Airlines continued to adjust schedules close-in due to COVID-19 impacts. March was the one-year anniversary of the significant downturn caused by stay-at-home orders due to the pandemic. As a result, March through December saw positive month-over-month improvement. The Airport served 684,614 total air passengers in 2021 which was a 61.37% increase year-over-year, but was down just 17.8% compared to 2019. U.S. domestic air travel was down 27% compared to 2019. The average load factor for all airlines at SBN in 2021 was 82.59%. This was similar to 2019's average of 82.6% and up significantly from 2020's average of 52.42%. SBN's recovery outpaced national trends.

The safety of every passenger, employee, and individual that visits SBN has always been, and always will remain, our top priority. As such, hand sanitizer stations continue to be maintained at each entrance and at each jet bridge; our custodial partners continue to follow the CDC's guidelines to regularly disinfect all surfaces focusing additional attention to high touch areas like handrails and bathrooms using EPA-approved products that are effective against COVID-19; signage on all entrance doors reminded individuals of the requirement to wear a face mask covering the nose and mouth; floor graphics in common areas remind individuals to socially distance 6 feet apart; and public address announcements continued to play reminding travelers to wear a face covering, socially distance, and wash hands or utilize hand sanitizer regularly.

The Airport completed the first year of a multi-year \$50 million project to reconstruct and realign Taxiway B. The project will separate the terminal ramp from the taxiway making for safer operations while also repairing the sloping ramp.

The average one-way fare excluding taxes and fees for year end 2021 was \$172. This is up 18.6% over 2020. 2021 carrier shares were Allegiant

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

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28%, American 25%, Delta 28%, and United 19%.

In addition to air travel, the Airport serves as the terminating stop for the South Shore inter-urban electric rail service (NICTD), which provides travel between South Bend and Downtown Chicago (Millennium Station). South Shore ridership began its rebound in April to end the year with 141,845 passengers which was an increase of nearly 72% year over year. South Shore operations increased slightly to 2,217 trips which was a 1.7% increase.

The Airport saw monthly activity in 2021 of international aircraft arrivals through the General Aviation Facility (GAF) totaling 86 for the year. This was nearly 110% of the activity level the previous year. The GAF is staffed with one full-time U.S. Customs and Border Protection (CBP) officer who processes each flight. Aircraft registered in the United States, Austria, Canada, and Mexico have utilized this service with flights originating from a variety of countries. These aircraft are corporate or privately owned with less than 16 passenger seats per aircraft.

Below outlines the Airport Authority 2021 annual statistical report. The report is a comparative analysis of 3 years of numbers, which calculates increase and decrease percentages by comparing the current year versus the previous year.

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**2021 COMPOSITE STATISTIC CHART**



	Airline Enplanements					Aircraft Landed Weight					Aircraft Operations				
	For Ref.					For Ref.					For Ref.				
	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%
Jan	27,446	31,089	15,463	-15,626	-50.26%	45,119,355	46,956,721	40,212,339	-6,744,382	-14.36%	2,469	2,437	2,323	-114	-4.68%
Feb	30,163	34,427	18,512	-15,915	-46.23%	43,915,750	48,317,342	37,100,102	-11,217,240	-23.22%	2,905	3,235	2,212	-1,023	-31.62%
Mar	40,371	21,628	26,703	5,075	23.46%	54,550,047	53,255,392	49,878,238	-3,377,154	-6.34%	3,443	2,691	3,169	478	17.76%
Apr	33,159	1,488	23,782	22,294	1498.25%	49,157,940	25,000,949	50,190,644	25,189,695	100.75%	3,472	1,545	3,263	1,718	111.20%
May	33,646	6,385	28,450	22,065	345.58%	48,752,498	23,653,345	48,556,650	24,903,305	105.28%	3,606	1,990	3,401	1,411	70.90%
Jun	35,982	10,329	30,046	19,717	190.89%	48,069,984	24,410,105	45,485,465	21,075,360	86.34%	3,731	2,028	2,968	940	46.35%
Jul	37,589	14,244	32,515	18,271	128.27%	52,156,923	32,787,340	46,458,257	13,670,917	41.70%	4,053	2,672	3,989	1,317	49.29%
Aug	34,972	15,303	30,412	15,109	98.73%	49,413,099	36,427,743	48,507,803	12,080,060	33.16%	3,911	2,880	3,763	883	30.66%
Sep	34,800	16,384	30,825	14,441	88.14%	49,570,763	36,408,280	48,437,707	12,029,427	33.04%	4,281	3,056	3,866	810	26.51%
Oct	37,640	21,265	37,324	16,059	75.52%	52,012,517	40,746,322	51,946,325	11,200,003	27.49%	4,022	2,982	4,250	1,268	42.52%
Nov	36,398	19,616	33,755	14,139	72.08%	51,515,544	41,103,205	50,157,150	9,053,945	22.03%	3,576	2,666	3,620	954	35.78%
Dec	35,763	19,586	33,858	14,272	72.87%	49,127,887	46,731,628	49,173,807	2,442,179	5.23%	3,041	2,485	2,314	-171	-6.88%
Ann. Totals	417,929	211,744				593,362,307	455,798,372				42,510	30,667			
YTD	417,929	211,744	341,645	129,901	61.35%	593,362,307	455,798,372	566,104,487	110,306,115	24.20%	42,510	30,667	39,138	8,471	27.62%

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**2021 COMPOSITE STATISTIC CHART**



	Air Cargo					Total Gross Landed Weight - Cargo					Aviation Fuel Flowage - Gallons				
	For Ref.		2021	Diff.	%	For Ref.		2021	Diff.	%	For Ref.		2021	Diff.	%
2019	2020	2019				2020	2019				2020	2019			
Jan	1,800,406	1,531,563	1,526,394	-5,169	-0.34%	8,592,000	8,577,300	8,007,000	-570,300	-6.65%	508,391	521,332	422,069	-99,263	-19.04%
Feb	1,685,905	1,421,503	1,318,007	-103,496	-7.28%	8,071,600	7,762,400	6,649,820	-1,112,580	-14.33%	563,504	599,532	441,377	-158,155	-26.38%
Mar	1,957,265	1,515,570	1,784,293	268,723	17.73%	8,304,100	8,621,000	8,641,070	20,070	0.23%	626,890	583,673	579,104	-4,569	-0.78%
Apr	2,033,219	1,353,341	1,838,807	485,466	35.87%	8,069,800	8,591,400	8,439,000	-152,400	-1.77%	579,000	201,422	483,939	282,517	140.26%
May	2,414,023	1,585,719	1,876,932	291,213	18.36%	9,291,800	8,204,500	8,054,200	-150,300	-1.83%	565,763	247,933	539,959	292,026	117.78%
Jun	2,449,186	1,589,329	1,960,534	371,205	23.36%	8,079,500	7,985,400	8,370,300	384,900	4.82%	558,063	297,386	525,641	228,255	76.75%
Jul	2,344,420	1,657,177	1,930,510	273,333	16.49%	7,993,900	8,933,700	8,419,500	-514,200	-5.76%	615,989	368,329	506,406	138,077	37.49%
Aug	2,119,468	1,522,375	1,855,901	333,526	21.91%	8,634,500	7,855,894	8,396,600	540,706	6.88%	635,253	399,593	584,011	184,418	46.15%
Sep	1,631,790	1,631,499	1,885,100	253,601	15.54%	7,425,000	8,207,820	8,649,600	441,780	5.38%	663,561	375,253	609,089	233,836	62.31%
Oct	1,862,042	1,797,376	2,149,123	351,747	19.57%	8,818,400	8,652,100	8,478,000	-174,100	-2.01%	754,441	435,530	816,370	380,840	87.44%
Nov	1,603,884	1,592,248	2,019,444	427,196	26.83%	7,818,500	7,700,260	9,506,956	1,806,696	23.46%	696,536	390,493	723,276	332,783	85.22%
Dec	1,517,426	1,886,237	1,910,637	24,400	1.29%	8,413,020	11,654,635	11,606,740	-47,895	-0.41%	569,333	442,064	499,308	57,244	12.95%
Ann. Totals	23,419,034	19,083,937				99,512,120	102,746,409				7,336,724	4,862,540			
YTD	23,419,034	19,083,937	22,055,682	2,971,745	15.57%	99,512,120	102,746,409	103,218,786	472,377	0.46%	7,336,724	4,862,540	6,730,549	1,868,009	38.42%

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**2021 COMPOSITE STATISTIC CHART**



	Car Rental - Gross Sales					Restaurant/Gift Shop - Gross Sales					Republic Parking - Gross Sales				
	For Ref.					For Ref.					For Ref.				
	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%
Jan	\$698,471	\$729,762	\$441,153	-\$288,609	-39.55%	\$168,895	\$163,073	\$105,612	-\$57,461	-35.24%	\$310,436	\$354,715	\$175,389	-\$179,326	-50.55%
Feb	\$682,397	\$754,761	\$438,200	-\$316,561	-41.94%	\$180,879	\$193,464	\$121,695	-\$71,769	-37.10%	\$343,289	\$379,742	\$177,392	-\$202,350	-53.29%
Mar	\$889,712	\$579,120	\$654,855	\$75,735	13.08%	\$239,253	\$118,802	\$172,140	\$53,338	44.90%	\$439,565	\$251,950	\$280,790	\$28,840	11.45%
Apr	\$1,003,632	\$140,492	\$769,853	\$629,361	447.97%	\$197,310	\$13,851	\$149,689	\$135,838	980.73%	\$382,901	\$18,585	\$259,266	\$240,681	1295.03%
May	\$1,078,072	\$280,476	\$1,084,985	\$804,509	286.84%	\$210,096	\$37,077	\$161,123	\$124,046	334.56%	\$342,200	\$44,217	\$234,437	\$190,220	430.20%
Jun	\$1,060,068	\$468,404	\$1,167,501	\$699,097	149.25%	\$222,580	\$60,612	\$169,924	\$109,312	180.35%	\$341,681	\$68,761	\$245,370	\$176,609	256.84%
Jul	\$1,458,011	\$732,751	\$1,415,916	\$683,165	93.23%	\$238,848	\$89,230	\$179,650	\$90,420	101.33%	\$302,894	\$91,822	\$260,188	\$168,366	183.36%
Aug	\$1,394,398	\$827,404	\$1,583,919	\$756,515	91.43%	\$216,414	\$102,262	\$164,149	\$61,887	60.52%	\$316,135	\$95,474	\$242,553	\$147,079	154.05%
Sep	\$1,205,292	\$738,409	\$1,306,573	\$568,164	76.94%	\$215,717	\$109,100	\$171,287	\$62,187	57.00%	\$320,529	\$119,370	\$268,367	\$148,997	124.82%
Oct	\$1,222,851	\$681,311	\$1,462,623	\$781,312	114.68%	\$225,575	\$136,919	\$212,199	\$75,280	54.98%	\$365,173	\$165,793	\$333,167	\$167,374	100.95%
Nov	\$1,039,499	\$579,117	\$1,192,301	\$613,184	105.88%	\$219,652	\$114,698	\$175,877	\$61,179	53.34%	\$332,839	\$146,284	\$297,978	\$151,694	103.70%
Dec	\$894,183	\$440,276	\$850,361	\$410,085	93.14%	\$197,911	\$122,988	\$189,168	\$66,180	53.81%	\$313,701	\$135,848	\$274,240	\$138,392	101.87%
<b>Ann. Totals</b>	\$12,626,586	\$6,952,283				\$2,533,130	\$1,262,076				\$4,111,343	\$1,872,561			
<b>YTD</b>	\$12,626,586	\$6,952,283	\$12,368,240	\$5,415,957	77.90%	\$2,533,130	\$1,262,076	\$1,972,513	\$710,437	56.29%	\$4,111,343	\$1,872,561	\$3,049,137	\$1,176,576	62.83%

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**2021 COMPOSITE STATISTIC CHART**

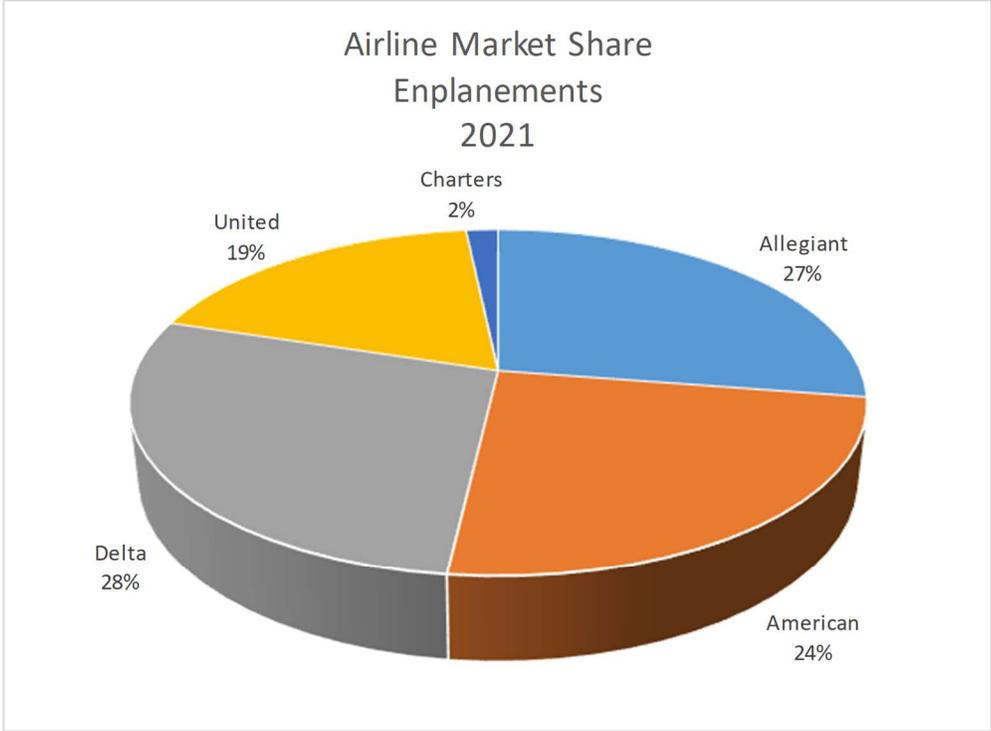


	South Shore Passengers					South Shore Ops.					International Flights - GAF				
	For Ref.					For Ref.					For Ref.				
	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%	2019	2020	2021	Diff.	%
<b>Jan</b>	14,125	15,044	4,618	-10,426	-69.30%	186	199	195	-4	-2.01%	6	10	2	-8	-80.00%
<b>Feb</b>	12,881	15,748	4,932	-10,816	-68.68%	166	185	152	-33	-17.84%	11	8	4	-4	-50.00%
<b>Mar</b>	20,397	8,640	7,332	-1,308	-15.14%	197	185	201	16	8.65%	7	4	1	-3	-75.00%
<b>Apr</b>	20,180	1,902	10,467	8,565	450.32%	194	150	194	44	29.33%	7	0	4	4	-
<b>May</b>	19,127	2,914	10,437	7,523	258.17%	183	153	177	24	15.69%	12	4	12	8	200.00%
<b>Jun</b>	20,088	3,854	11,197	7,343	190.53%	182	161	175	14	8.70%	8	6	4	-2	-33.33%
<b>Jul</b>	23,571	5,847	15,889	10,042	171.75%	190	183	196	13	7.10%	13	1	7	6	600.00%
<b>Aug</b>	20,433	6,293	11,650	5,357	85.13%	190	189	154	-35	-18.52%	13	0	6	6	-
<b>Sep</b>	19,530	6,151	14,806	8,655	140.71%	192	192	188	-4	-2.08%	16	0	10	10	-
<b>Oct</b>	20,997	6,760	20,259	13,499	199.69%	201	199	194	-5	-2.51%	20	3	13	10	333.33%
<b>Nov</b>	22,150	4,924	15,419	10,495	213.14%	190	190	192	2	1.05%	9	1	13	12	1200.00%
<b>Dec</b>	22,795	4,523	14,889	10,366	229.18%	197	194	199	5	2.58%	13	4	10	6	150.00%
<b>Ann. Total:</b>	236,274	82,600				2,268	2,180				135	41			
<b>YTD</b>	236,274	82,600	141,895	59,295	71.79%	2,268	2,180	2,217	37	1.70%	135	41	86	45	109.76%

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 December 31, 2021

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**Airline Market Share Comparison**

	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>Change %</u>
Allegiant	93,733	68,968	24,765	35.91%
American	83,330	55,496	27,834	50.15%
Delta	95,685	49,868	45,817	91.88%
United	63,098	32,796	30,302	92.40%
Charters	5,726	4,616	1,110	24.05%
<b>Totals</b>	<u><u>341,572</u></u>	<u><u>211,744</u></u>	<u><u>129,828</u></u>	<u><u>61.31%</u></u>

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**FINANCIAL HIGHLIGHTS**

<b>Net Position</b>				
	<u>2021</u>	<u>Revised 2020</u>	<u>Increase/Decrease</u>	
			<u>Amount</u>	<u>Percent</u>
<b>Assets and Deferred Outflows of Resources</b>				
Current Assets	\$ 35,512,425	\$ 24,554,480	\$ 10,957,945	44.63%
Capital Assets	104,282,902	92,457,782	11,825,120	12.79%
Deferred Outflows of Resources	<u>760,044</u>	<u>615,594</u>	<u>144,450</u>	<u>23.47%</u>
Total Assets and Deferred Outflows of Resources	<u>140,555,371</u>	<u>117,627,856</u>	<u>22,927,515</u>	<u>19.49%</u>
<b>Liabilities and Deferred Inflows of Resources</b>				
Current Liabilities	7,848,874	3,834,708	4,014,166	104.68%
Noncurrent Liabilities	7,134,241	9,313,351	(2,179,110)	-23.40%
Deferred Inflows of Resources	<u>1,720,939</u>	<u>769,420</u>	<u>951,519</u>	<u>123.67%</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,704,054</u>	<u>13,917,479</u>	<u>2,786,575</u>	<u>20.02%</u>
<b>Net Position</b>				
Net Investment in Capital Assets	91,664,175	84,695,322	6,968,853	8.23%
Restricted	7,423,925	5,873,966	1,549,959	26.39%
Unrestricted	<u>24,763,217</u>	<u>13,141,089</u>	<u>11,622,128</u>	<u>88.44%</u>
Total Net Position	<u>\$ 123,851,317</u>	<u>\$ 103,710,377</u>	<u>\$ 20,140,940</u>	<u>19.42%</u>

Total assets and deferred outflows of resources increased by \$22.9 million primarily due to an increase in current assets and capital assets. The increase in current assets was due to increased receivables for grant funds that were awarded to the Airport Authority as a result of the CARES Act. The increase in capital assets was related to planned construction costs that were accrued for per below. Total liabilities and deferred inflows of resources increased by \$2.8 million due to the Authority accruing capital costs for planned construction projects. The resulting increase in net position of \$20.2 million is the net result of these major items. The Authority revised the beginning balance of construction in progress from \$19,396,305 to \$5,594,836 due to a calculation error in the prior year that was offset with contracts payable. This did not result in a restatement of net position for the year ended December 31, 2020.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

**Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>Increase/Decrease Amount</u>	<u>Percent</u>
<b>Operating Revenues</b>				
Airport Service Revenues				
Airfield	\$1,030,453	\$ 761,880	\$ 268,573	35.25%
Terminal - Aviation	1,997,096	1,946,192	50,904	2.62%
Terminal - Nonaviation	181,640	134,478	47,162	35.07%
Concessions	1,483,203	968,737	514,466	53.11%
Parking	2,400,620	1,439,708	960,912	66.74%
Fixed Based Operations	614,469	526,460	88,009	16.72%
Building and Land Rent	371,666	458,747	(87,081)	-18.98%
Total Airport Service Revenues	<u>8,079,147</u>	<u>6,236,202</u>	<u>1,842,945</u>	<u>29.55%</u>
Other	13,000	13,000	-	0.00%
Total Operating Revenues	<u>8,092,147</u>	<u>6,249,202</u>	<u>1,842,945</u>	<u>29.49%</u>
<b>Operating Expenses</b>				
Personal Services	5,048,647	5,126,523	(77,876)	-1.52%
Supplies	855,135	709,984	145,151	20.44%
Other Services and Charges	4,856,362	3,999,895	856,467	21.41%
Depreciation	3,988,557	3,550,613	437,944	12.33%
Total Operating Expenses	<u>14,748,701</u>	<u>13,387,015</u>	<u>1,361,686</u>	<u>10.17%</u>
<b>Operating Loss</b>	<u>(6,656,554)</u>	<u>(7,137,813)</u>	<u>481,259</u>	<u>-6.74%</u>
<b>Nonoperating Revenues</b>				
Property Taxes	3,518,924	3,318,073	200,851	6.05%
Other Tax Distributions	895,009	792,325	102,684	12.96%
Interest and Investment Revenue	70,145	124,024	(53,879)	-43.44%
Property Management Revenue	377,805	321,545	56,260	17.50%
Federal Operating Grant	3,201,989	7,388,917	(4,186,928)	-56.66%
Other Revenue	71,481	282,487	(211,006)	-74.70%
Total Nonoperating Revenues	<u>8,135,353</u>	<u>12,227,371</u>	<u>(4,092,018)</u>	<u>-33.47%</u>
<b>Nonoperating Expenses</b>				
Interest Expense	229,052	309,831	(80,779)	-26.07%
Loss on Disposal of Capital Assets	19,693	-	19,693	N/A
Amortization	(58,066)	(55,793)	(2,273)	4.07%
Total Nonoperating Expenses	<u>190,679</u>	<u>254,038</u>	<u>(63,359)</u>	<u>-24.94%</u>
<b>Loss Before Contributions</b>	<u>1,288,120</u>	<u>4,835,520</u>	<u>(3,547,400)</u>	<u>-73.36%</u>
<b>Capital Contributions</b>	<u>17,373,237</u>	<u>2,065,660</u>	<u>15,307,577</u>	<u>741.05%</u>
<b>Passenger Facility Charge Revenue</b>	<u>1,479,583</u>	<u>895,478</u>	<u>584,105</u>	<u>65.23%</u>
<b>Change in Net Position</b>	<u>20,140,940</u>	<u>7,796,658</u>	<u>12,344,282</u>	<u>158.33%</u>
<b>Total Net Position - Beginning</b>	<u>103,710,377</u>	<u>95,913,719</u>	<u>7,796,658</u>	<u>8.13%</u>
<b>Total Net Position - Ending</b>	<u>\$ 123,851,317</u>	<u>\$ 103,710,377</u>	<u>\$ 20,140,940</u>	<u>19.42%</u>

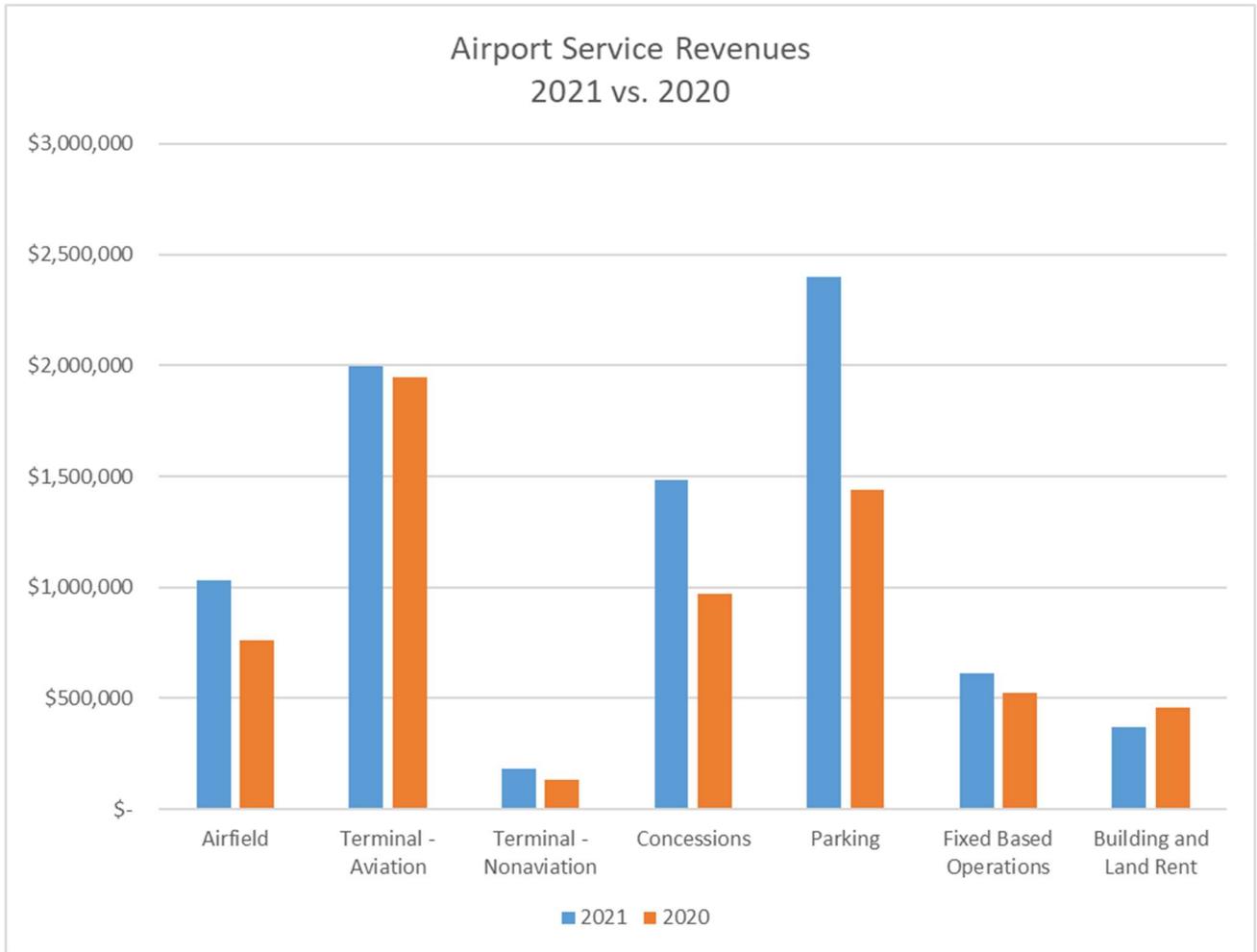
**Revenue**

Total Operating Revenue increased by 29% compared to 2020 levels, in large part due to the COVID-19 pandemic that had significant impacts on air travel throughout the world in 2020. Airport Service Revenue increased by 30% and consisted of Airfield, Terminal, Concessions, Parking, Fixed Base Operations, and Building and Land Rental Revenues. The Airfield category, which was composed primarily of landing fees

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 December 31, 2021

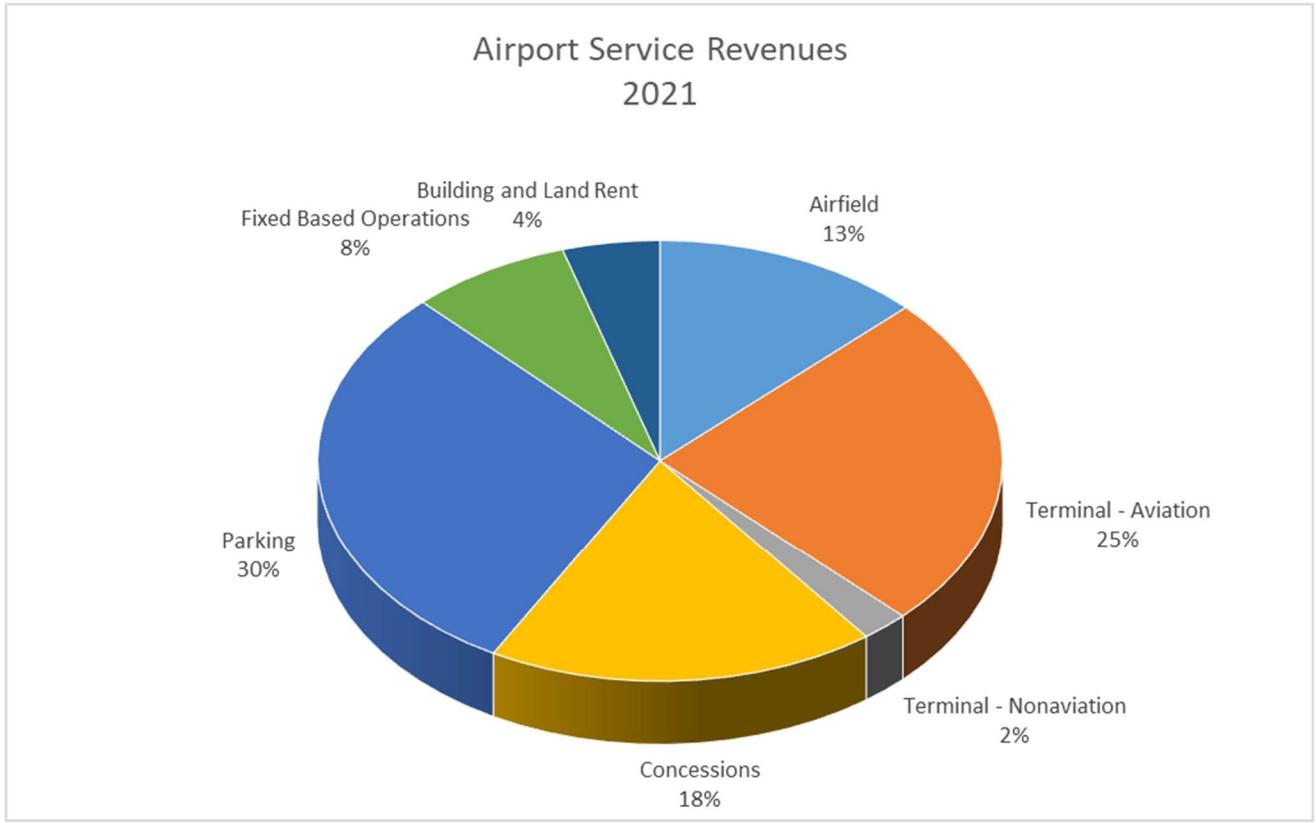
(\$1.34 per thousand pounds over 12,500 of maximum gross landed weight) and fuel flowage fees, increased by 35%. Terminal Rental Revenue increased by 3% in 2021. Terminal Non-Aviation Rental Revenue increased by 35% in 2021. Concession Revenue increased by 53% and Parking Revenue increased by 66%. Fixed Base Operations Revenue, a component of General Aviation activity, increased 17%. Other Building and Land Rental on the airfield decreased by 19%. Non-Operating Revenues decreased by 33% due to 2020 additional funding received from federal sources to offset losses created by the COVID-19 pandemic not being repeated. Passenger Facility Charge (P.F.C.) Revenues increased in 2021 by 65%, again as a result of a decrease in passenger traffic due to the COVID-19 pandemic. A significant increase in capital contributions occurred in 2021 due to federal funds related airport construction.



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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

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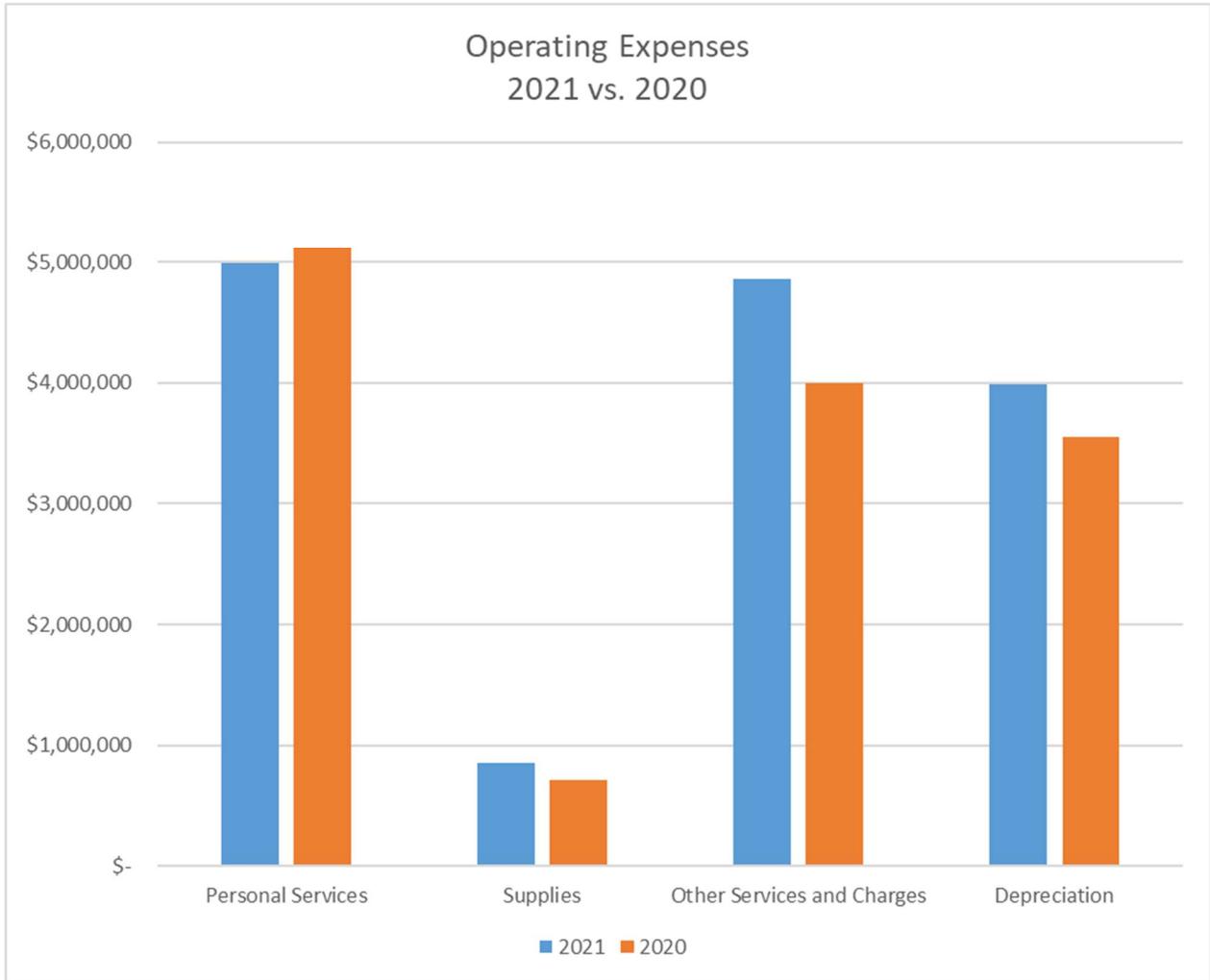


**Expenses**

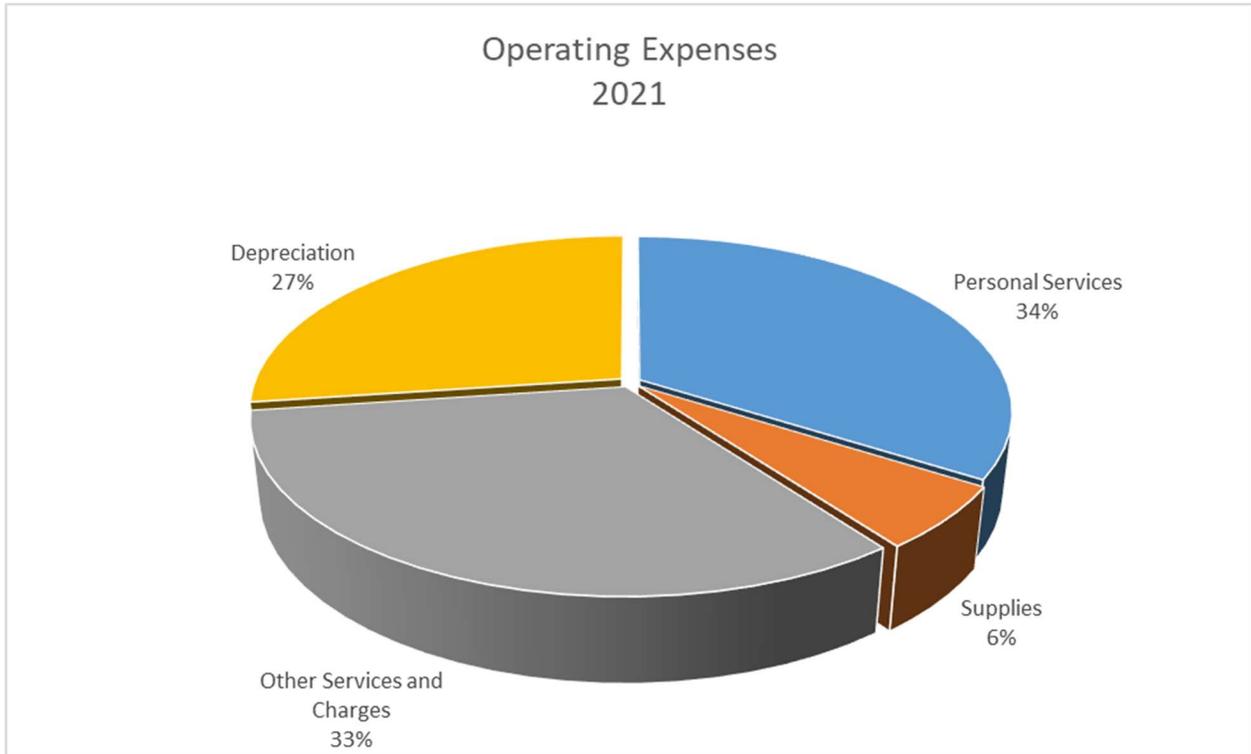
Total Operating Expenses increased by 10% while Non-Operating Expenses decreased in 2021 by 25% compared to 2020. A large component of this decrease is attributable to a decrease in interest expense scheduled as part of the 2019 Bond refunding issuance from October 2019, which was intended to lower the Airport Authority's interest costs over the remaining life of the debt.

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021



**SUMMARY OF CASH FLOW ACTIVITIES**

The following is a summary of the major sources and uses of Cash and Cash Equivalents for the past two years.

	<u>2021</u>	<u>2020</u>
<b>Cash Flows</b>		
Operating Activities	\$ (3,353,425)	\$ (3,733,420)
Noncapital Financing Activities	8,072,617	12,097,948
Capital and Related Financing Activities	212,194	(3,630,862)
Investing Activities	<u>70,145</u>	<u>124,024</u>
Net Increase (Decrease)	<u>5,001,531</u>	<u>4,857,690</u>
Cash and Cash Equivalents - Beginning	<u>21,391,052</u>	<u>16,533,362</u>
Cash and Cash Equivalents - Ending	<u>\$26,392,583</u>	<u>\$21,391,052</u>

The Authority's available Cash and Cash Equivalents increased from \$21.4 million at the end of 2020 to \$26.4 million at the end of 2021.

## **CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES**

### **CAPITAL ASSETS**

The St. Joseph County Airport Authority's investment in Capital Assets as of December 31, 2021, was \$104.3 million (net of Accumulated Depreciation). This investment in Capital Assets includes land, buildings, roadways, airfield and equipment. In total, this represents a \$11.8 million increase from 2020. Major Capital Asset events during the current fiscal year included the following:

During 2021, the Airport Authority District disbursed \$17.4 million for major capital activities. The majority of the expenditure went into a LED lighting project in the parking lots along with design work on the reconstruction of the terminal ramp and taxiway. Capital Asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing mechanisms, including federal grants with matching state grants and Airport funds, property taxes, debt issuances, and Airport revenues. Additional information on the Authority's Capital Assets and commitments can be found in the Notes to the Financial Statements in Section III.

### **PASSENGER FACILITY CHARGE (P.F.C.)**

Effective July 1, 2011, \$1.50 was added to the existing Passenger Facility Charge (P.F.C.) of \$3.00 per enplaned passenger with the approval of the Federal Aviation Administration (FAA) and the St. Joseph County Airport Authority Board. The P.F.C. receipts are intended to be used to repay the debt service on the 2011 and 2012 Bond issues and for any other purposes allowed by the FAA and the Airport Authority Board. The St. Joseph County Airport Authority is authorized to receive a maximum of \$40,172,802. As of December 31, 2021, the Airport Authority had received a total of \$32,779,411.

### **LONG TERM DEBT AND CREDIT RATINGS**

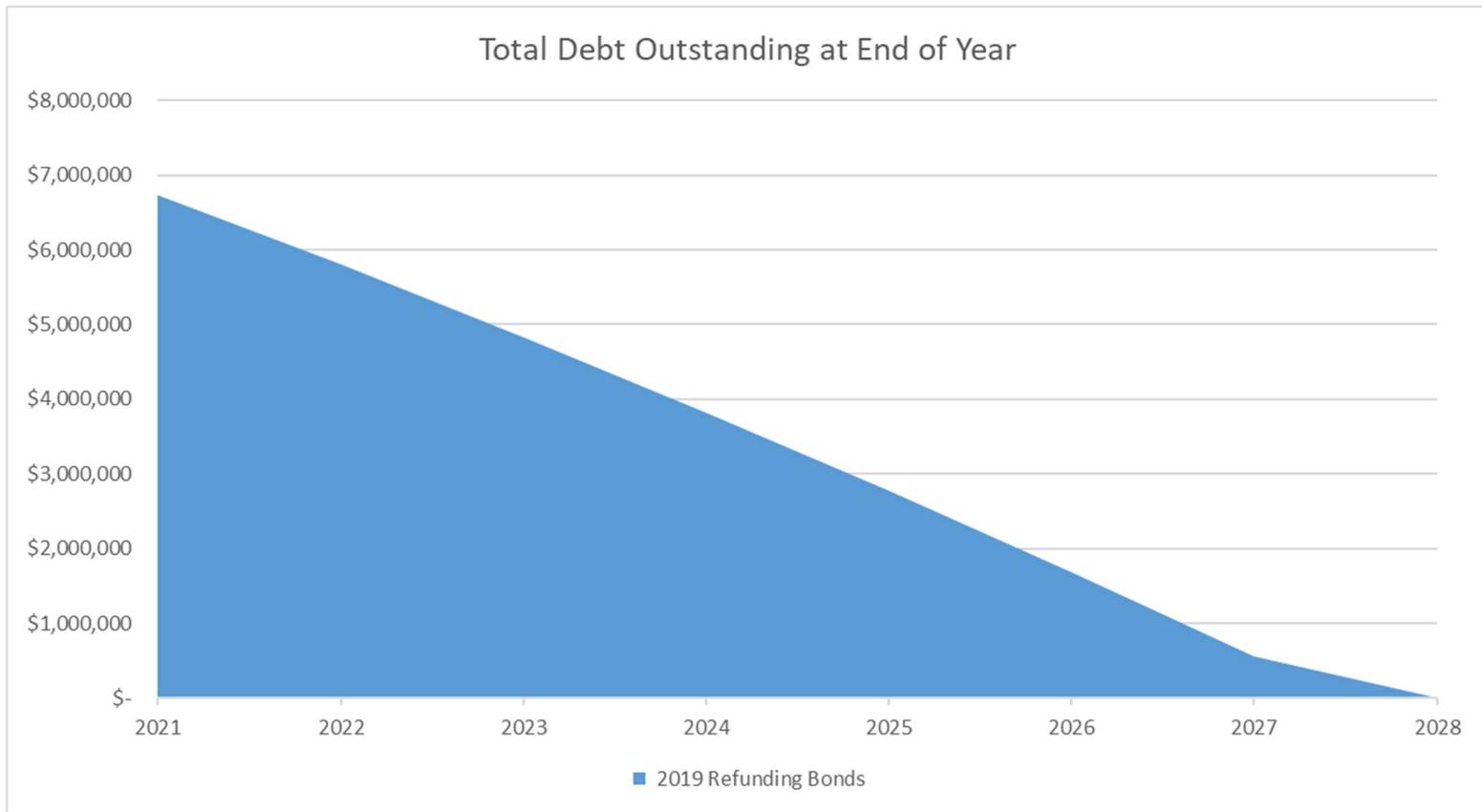
The Airport Authority has \$6.1 million in Outstanding Long-Term Debt plus \$0.9 million in Outstanding Short-Term Debt as of December 31, 2021. Long-Term and Short-Term Debt consisted of the 2019 General Obligation Refunding Bonds issued in October 2019, which refunded the 2011 General Obligation Bonds and 2012 General Obligation Refunding Revenue Bonds completely. The 2019 General Obligation Refunding Bonds (original issue of \$8.4 million) mature in 2027 with interest rates ranging from 0.01% to 4.00%. Both principal and interest are payable from the revenues derived from the proceeds of an approved Passenger Facility Charge (P.F.C.) on each enplanement at South Bend Airport as well as from property taxes levies.

The General Obligation Debt limit for the Airport Authority is 2% of the adjusted value of taxable property in St. Joseph County. Per Indiana Statute, the adjusted value is defined as being equal to one third (1/3) of the actual valuation of property in the County. The current adjusted value is \$9,833,605,785. The debt limit is \$65,557,372 and the total outstanding General Obligation Debt is \$6,985,672.

The Authority's General Obligation Debt is rated A by Standard and Poors. The rating for the Authority reflects the General Obligation Security for these Bonds. Although this is a downgrade from prior years, the rating reflects fact that the Authority benefits from a relatively diverse revenue stream including: parking, terminal revenues, concessions, and general property taxes. Details regarding Long-Term Debt are included in the Notes to the Financial Statements in Section III.

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021

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**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

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Assets	
Current assets:	
Unrestricted:	
Cash and cash equivalents	\$ 17,464,108
Accounts receivable (net of allowance)	1,345,562
Intergovernmental receivable	7,205,932
Prepaid items	<u>326,834</u>
Total unrestricted current assets	<u>26,342,436</u>
Restricted:	
Cash and cash equivalents:	
Passenger facility charge fund	2,980,652
Customer facility charge fund	359,263
Debt Service Reserve fund	1,122,967
Cumulative building fund	3,078,792
Excess levy fund	235
Other funds	1,386,566
Accounts receivable - passenger facility charge	222,887
Taxes receivable	<u>18,627</u>
Total restricted current assets	<u>9,169,989</u>
Total current assets	<u>35,512,425</u>
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	55,020,532
Capital assets, net of accumulated depreciation	<u>49,262,370</u>
Total capital assets	<u>104,282,902</u>
Total assets	<u>139,795,327</u>
Deferred outflows of resources	
Deferred pension outflows	717,083
Deferred OPEB outflows	<u>42,961</u>
Total deferred outflows of resources	<u>760,044</u>
Total assets and deferred outflows of resources	<u>\$ 140,555,371</u>

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Liabilities

Current liabilities:

Unrestricted:

Accounts payable	\$ 1,033,319
Accrued payroll payable	148,399
Unearned revenue	133,201
Compensated absences	221,137
Other current liabilities	<u>3,438</u>
Total unrestricted current liabilities	<u>1,539,494</u>

Restricted:

General obligation bonds payable	930,000
Retainage payable	889,371
Customer deposits payable	19,119
Contracts payable	4,432,256
Other liabilities	<u>38,634</u>
Total restricted current liabilities	<u>6,309,380</u>

Total current liabilities 7,848,874

Noncurrent liabilities:

Unrestricted:

Compensated absences	168,375
Net pension liability	821,747
Net OPEB liability	<u>88,447</u>
Total noncurrent unrestricted liabilities	<u>1,078,569</u>

Restricted:

General obligation bonds payable (net of unamortized premiums)	<u>6,055,672</u>
Total noncurrent restricted liabilities	<u>6,055,672</u>

Total noncurrent liabilities 7,134,241

Total liabilities 14,983,115

Deferred inflow of resources

Deferred amount on refunding	190,340
Deferred pension inflow	1,343,639
Deferred OPEB inflow	<u>186,960</u>
Total deferred inflows of resources	<u>1,720,939</u>
Total liabilities and deferred inflow of resources	<u>16,704,054</u>

Net Position:

Net investment in capital assets	91,664,175
Restricted for debt service	4,326,506
Restricted for capital assets	3,097,419
Unrestricted	<u>24,763,217</u>
Total net position	<u>\$ 123,851,317</u>

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**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year End December 31, 2021**

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Operating revenues:	
Airfield	\$ 1,030,453
Terminal - aviation	1,997,096
Terminal - nonaviation	181,640
Concessions	1,483,203
Parking	2,400,620
Fixed based operations	614,469
Building and land rent	371,666
Other	<u>13,000</u>
Total operating revenues	<u>8,092,147</u>
Operating expenses:	
Personal services	5,048,647
Supplies	855,135
Other services and charges	4,856,362
Depreciation	<u>3,988,557</u>
Total operating expenses	<u>14,748,701</u>
Operating loss	<u>(6,656,554)</u>
Nonoperating revenues:	
Property taxes	3,518,924
Other tax distributions	895,009
Interest and investment revenue	70,145
Property management revenue	377,805
Federal operating grant	3,201,989
Other revenue	<u>71,481</u>
Total nonoperating revenues	<u>8,135,353</u>
Nonoperating expenses:	
Interest expense	229,052
Loss on disposal of assets	19,693
Amortization	<u>(58,066)</u>
Total nonoperating expenses	<u>190,679</u>
Income before contributions	<u>1,288,120</u>
Capital contributions	17,373,237
Passenger facility charge revenue	<u>1,479,583</u>
Total capital contributions and passenger facility charges	<u>18,852,820</u>
Change in net position	<u>20,140,940</u>
Total net position - beginning	<u>103,710,377</u>
Total net position - ending	<u>\$ 123,851,317</u>

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**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year End December 31, 2021**

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Cash flows from operating activities:	
Receipts from customers and users	\$ 7,735,661
Payments to suppliers and contractors	(7,496,128)
Payments to employees	<u>(3,592,958)</u>
Net cash used by operating activities	<u>(3,353,425)</u>
Cash flows from noncapital financing activities:	
Property management activity	377,805
Other nonoperating revenue	71,481
Operating grant received	3,201,989
Property and county income taxes	<u>4,421,342</u>
Net cash provided by noncapital financing activities	<u>8,072,617</u>
Cash flows from capital and related financing activities:	
Passenger facility charges	1,318,510
Capital contributions	12,073,082
Acquisition and construction of capital assets	(12,060,346)
Interest paid on capital debt	(228,968)
Principal paid on capital bonds	(890,000)
Bond issuance costs	<u>(84)</u>
Net cash provided by capital and related financing activities	<u>212,194</u>
Cash flows from investing activities:	
Interest received	<u>70,145</u>
Net cash provided by investing financing activities	<u>70,145</u>
Net increase in cash and cash equivalents	<u>5,001,531</u>
Cash and cash equivalents, January 1	<u>21,391,052</u>
Cash and cash equivalents, December 31	<u>\$ 26,392,583</u>

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Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (6,656,554)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,988,557
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(376,922)
Prepaid items	(125,673)
Deferred pension outflows	(144,045)
Deferred OPEB outflows	(405)
Increase in liabilities and deferred inflows of resources:	
Accounts payable	173,649
Accrued payroll payable	7,644
Unearned revenue	15,936
Compensated absences	5,081
Other current liabilities	9,173
Customer deposits payable	4,500
Net pension liability	(1,144,832)
Total OPEB liability	(85,833)
Deferred pension inflows	894,310
Deferred OPEB inflows	81,989
Total adjustments	<u>3,303,129</u>
Net cash used by operating activities	<u>\$ (3,353,425)</u>
Noncash investing, capital and related financing activities:	
Capital assets purchased on account	\$ 5,321,627

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I. Summary of Significant Accounting Policies

A. Reporting Entity

The St. Joseph County Airport Authority (Airport Authority) was established August 1, 1973, by the St. Joseph County Council under the provisions of Indiana Code 19-6-3.5, which has been modified as Indiana Code 8-22-3. The Airport Authority operates under the direction of a four member board which is appointed by the Board of County Commissioners of St. Joseph County, an elected board.

Accounting principles generally accepted in the United States of America require that these basic financial statements present the Airport Authority and its significant component units. There are no significant component units which require inclusion. The Airport Authority is a component unit of St. Joseph County. A financial benefit/burden relationship exists between the County and the Airport Authority.

B. Fund Financial Statements

Enterprise fund financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position) report information on all of the Airport Authority's activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Airport Authority only has business-type activities.

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

The Airport Authority is reported as an enterprise fund. The fund is accounted for using the capital maintenance (economic resources) measurement focus and the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with its activity are included on the Airport Authority's Statement of Net Position. The operating statement represents increases (revenue) and decreases (expenses) in total net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items and other items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or other items and separately stated on the Statement of Revenues, Expenses and Changes in Net Position.

When both restricted and unrestricted resources are available for use, the Airport Authority's policy is to use restricted resources first, then unrestricted resources as they are needed.

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D. Estimates

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

E. Assets, Liabilities and Net Position

1. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Airport Authority in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Airport Authority on or prior to December 31 of the year collected. Delinquent property taxes outstanding at year end, net of allowance for uncollectible accounts, are recorded as a receivable.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond indentures, state or federal law, or governing body action.

The financial statements report \$9,169,989 of restricted assets, all of which is restricted by enabling legislation.

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5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., runways, taxiways, tarmac, and similar items), are reported in the applicable financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 20,000	Straight-line	5 – 40 years
Airfield	20,000	Straight-line	10 – 20 years
Equipment	20,000	Straight-line	3 – 15 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is expensed as incurred.

6. Compensated Absences

a. Sick Leave - Airport Authority employees working 8-hour shifts earn sick leave at the rate of 48 hours per year. Employees working 24-hour shifts have the same benefits as employees working 8-hour shifts but earn 72 hours per year. Employees working 8-hour shifts may accumulate a maximum of 720 hours of sick leave. Employees working 24-hour shifts may accumulate a maximum of 1,080 hours of sick leave. Employees have the opportunity at the beginning of each calendar year to roll that year's earned sick leave (accrued during the previous year) into their accumulated balance, to get paid for those earned hours in advance at their current rate of pay, or to split their earned sick leave time between the two options. At the termination of employment, employees are paid at their current rate of pay for a percentage of their accumulated sick leave.

b. Vacation Leave - Airport Authority employees working 8-hour shifts earn vacation leave at rates from 80 to 160 hours per year based upon their number of years of service. Employees working 24-hour shifts have the same benefits as employees working 8-hour shifts but earn from 112 to 288 hours vacation leave per year. Vacation leave does not accumulate from year to year.

Vacation and sick leave is accrued when incurred.

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7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

8. Deferred Outflows of Resources

The Airport Authority reports net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. Deferred outflows of resources reported at December 31, 2021, related to the defined benefit pension plan and the defined benefit OPEB plan, including contributions made to the plan between the measurement date of the net pension liability and the end of the Airport Authority's fiscal year, difference between expected and actual experience for the pension plan, changes in assumptions for the pension plan, changes in the Airport Authority's allocated proportion from the previous year and differences between the Airport Authority's contributions to the plan and its proportionate share, difference between expected and actual experience for the OPEB plan, and changes in assumptions for the OPEB plan. The amounts related to changes in the Airport Authority's allocated proportion from the previous year and differences between the Airport Authority's contributions to the plan and its proportionate share, difference between expected and actual experience for the pension plan and changes in assumptions for the pension plan are being amortized into pension expense over the average expected remaining service lives, except for the difference between expected and actual investment earnings, which is being amortized over five years. For the OPEB plan, the amounts related to experience and changes in assumptions are being amortized into OPEB expense over the average expected remaining service lives.

9. Deferred Inflows of Resources

The Airport Authority's statements of net position reports a separate section for deferred inflows of resources, which reflects an increase in net position that applies to future periods. Deferred inflows of resources reported at December 31, 2021, related to the defined benefit pension plan, including actual pension plan investment earnings in excess of the expected amounts, the difference between expected and actual experience on the pension plan, and changes in the Airport Authority's allocated proportion from the previous year and differences between the Airport Authority's contributions to the plan and its proportionate share included in determining pension expense. These amounts are being amortized into pension expense over the average expected remaining service lives, except for the difference between expected and actual investment earnings, which is being amortized over five years. For the defined benefit OPEB plan, these amounts include the difference between expected and actual experience for the OPEB plan, and changes in assumptions for the OPEB plan. These amounts are being amortized into OPEB expense over the average expected remaining service lives. The deferred inflows of resources also include deferred gain on refunding of the Airport Authority's previously issued bonds, which are being amortized over the life of the debt using the effective interest method.

10. Net Position Classification

Net Position is classified and displayed in three components:

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- a. Restricted net position - Consists of net position with constraints placed on it either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net position - All other net position amounts that do not meet the definition of "restricted".
- c. Net Investment in Capital Assets - Consists of investments in capital assets net of related debt.

It is the Airport Authority's policy to first use restricted net position prior to the use of unrestricted net position when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

F. Revenues and Expenses

Operating revenues and expenses for the Airport Authority result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

The Executive Director of the Airport Authority submits to the County Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Airport Authority to obtain taxpayer comments. In October of each year, the Airport Authority, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Executive Director of the Airport Authority receives approval from the Indiana Department of Local Government Finance.

The Airport Authority's management cannot transfer budget appropriations between object classifications of a budget without approval of the Airport Authority board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the Airport Authority. The legal level of budgetary control is by object and department within the fund for the Airport Authority.

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III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Airport Authority does not have a deposit policy for custodial credit risk. At December 31, 2021, the Airport Authority had deposit balances in the amount of \$27,117,576. This entire balance was not exposed to custodial credit risk. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Receivables

The Airport Authority recognizes \$69,916 in an allowance account for the expected uncollectibility of payments due from tenants.

C. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Revised Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 35,379,236	\$ -	\$ -	\$ 35,379,236
Construction in progress	<u>5,594,836</u>	<u>15,639,276</u>	<u>1,592,816</u>	<u>19,641,296</u>
Total capital assets, not being depreciated	40,974,072	15,639,276	1,592,816	55,020,532
Capital assets, being depreciated:				
Buildings	74,981,142	1,786,910	-	76,768,052
Airfield	44,297,661	-	-	44,297,661
Equipment	<u>10,831,295</u>	<u>-</u>	<u>1,027,396</u>	<u>9,803,899</u>
Totals	130,110,098	1,786,910	1,027,396	130,869,612
Less accumulated depreciation for:				
Buildings	36,536,243	1,965,406	-	38,501,649
Airfield	34,348,479	1,479,993	-	35,828,472
Equipment	<u>7,741,666</u>	<u>543,158</u>	<u>1,007,703</u>	<u>7,277,121</u>
Totals	<u>78,626,388</u>	<u>3,988,557</u>	<u>1,007,703</u>	<u>81,607,242</u>
Total capital assets, being depreciated	<u>51,483,710</u>	<u>(2,201,647)</u>	<u>19,693</u>	<u>49,262,370</u>
Total capital assets, net	<u>\$ 92,457,782</u>	<u>\$ 13,437,629</u>	<u>\$ 1,612,509</u>	<u>\$ 104,282,902</u>

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The Authority revised the beginning balance of construction in progress from \$19,396,305 to \$5,594,836 due to a calculation error in the prior year that was offset with contracts payable. This did not result in a restatement of net position for the year ended December 31, 2020.

D. Construction Commitments to Contractors

Construction work in progress is composed of the following:

Project	Expended to December 31	<u>Total</u> Remaining Committed
Taxiway Bravo and Terminal Ramp	\$ 18,355,617	\$ 18,073,316
Masterplan and ALP Update	1,030,070	172,529
Other	255,608	-
Totals	\$ 19,641,295	\$ 18,245,845

E. Long-Term Liabilities

1. General Obligation Bonds

The Airport Authority issues general obligation bonds to be paid by income derived from a passenger facility charge (Note IV.D.) and a tax levy to pay debt service.

These general obligation bonds are to provide funds for the acquisition and construction of major capital facilities or assets.

General obligation bonds are direct obligations and pledge the full faith and credit of the Airport Authority. General obligation bonds currently outstanding at year end are as follows:

<u>Purpose/Original Issue</u>	<u>Interest Rates</u>	<u>Balance at December 31</u>	<u>Unamortized Bond Premium</u>	<u>Amount</u>
2019 General Obligation Refunding Bonds				
\$8,435,000	0.01% to 4.00%	\$ 6,730,000	\$ 255,672	\$ 6,985,672

In October 2019, the Airport Authority issued the 2019 General Obligation Refunding Bonds for \$8,435,000 and used the proceeds, net of issuance costs, to advance refund the 2011 General Obligation Bonds for \$6,000,000 and the 2012 Refunding Bonds for \$2,835,000. The net proceeds of the refunding issue were placed in an irrevocable escrow account and invested in U.S. Government Securities. As of December 31, 2021, \$0 of the 2011 General Obligation Bonds remained outstanding and \$0 of the 2012 Refunding Bonds remained outstanding, as both bond series were called on January 1, 2020. The economic gain for the Airport Authority on the advance refunding transaction was \$1,089,476.

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Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>2019 GO Refunding Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 930,000	\$ 192,968
2023	970,000	155,368
2024	1,010,000	116,168
2025	1,050,000	75,368
2026	1,090,000	32,968
2027-2028	<u>1,680,000</u>	<u>168</u>
<b>Totals</b>	<b><u>\$ 6,730,000</u></b>	<b><u>\$ 573,008</u></b>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
General obligation bonds	\$ 7,620,000	\$ -	\$ 890,000	\$ 6,730,000	\$ 930,000
Plus bond premium	<u>288,958</u>	<u>-</u>	<u>33,286</u>	<u>255,672</u>	<u>-</u>
Total general obligation bonds	<u>7,908,958</u>	<u>-</u>	<u>923,286</u>	<u>6,985,672</u>	<u>930,000</u>
Compensated absences	384,431	235,978	230,897	389,512	221,137
Net pension liability	1,966,579	-	1,144,832	821,747	-
Total OPEB liability	<u>174,280</u>	<u>-</u>	<u>85,833</u>	<u>88,447</u>	<u>-</u>
<b>Total non-current liabilities</b>	<b><u>\$10,434,248</u></b>	<b><u>\$ 235,978</u></b>	<b><u>\$2,384,848</u></b>	<b><u>\$ 8,285,378</u></b>	<b><u>\$1,151,137</u></b>

Compensated absences for the Airport Authority typically have been liquidated from the Aviation Fund.

IV. Other Information

A. Risk Management

The Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters. The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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B. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

St Joseph County Airport Authority Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Airport Authority. The plan provides medical insurance benefits through a third-party insurer to eligible retirees and their spouses/dependents, and the full cost of the benefits is covered by the plan. IC 5-10-8 assigns the authority to establish and amend benefit provisions to the Airport Authority. Employees are eligible for benefits until Medicare eligibility once they attain age 55 with 15 years of service.

The St. Joseph County Airport Authority Healthcare Plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Active employees	56
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees entitled to and receiving benefits	-
	<u>56</u>

Funding Policy and Contributions

The contribution requirements of plan members for the St. Joseph County Airport Authority Healthcare Plan are established by the Airport Authority Board. Currently retirees are required to pay 100% of the monthly premium for medical insurance. Retiree health coverage is implicitly more expensive than active health coverage. This higher cost of coverage creates a liability that the Airport pays in higher premiums for current employees' coverage. Calculated required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2021, the Airport contributed \$0 to the plan.

Total OPEB Liability

The Airport Authority's total OPEB liability was measured as of December 31, 2021, and the total OPEB liability determined by an actuarial valuation of that date. The plan had no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 as of December 31, 2021, as such, the presentation of a net OPEB liability is not required, as the total OPEB liability is the same as the net OPEB liability.

Actuarial Methods and Assumption

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Inflation rate	2.00%
Projected salary increases	2.65% plus merit and productivity which range from 0%-6% based on years of service
Healthcare cost trend rate	7.5% in 2021, decreasing annually by 0.5% to an ultimate rate of 4.5%

Mortality rates were based on General Healthy Employees and Retirees: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021, and SOA Pub-2010 Contingent Survivor Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021 for surviving spouses. An actuarial experience study has not been recently conducted.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25%, which is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The prior full valuation used a discount rate of 2.12%. The use of this rate is due to the fact that the plan is unfunded.

Changes in the Total OPEB Liability

The following presents the changes in the total OPEB liability for the fiscal year ended December 31, 2021:

<u>Total OPEB liability</u>	<u>2021</u>
Service cost	\$ 13,657
Interest	3,984
Changes of benefit terms	-
Differences between expected and actual experience	(110,298)
Changes of assumptions	6,824
Benefit payments	-
Net change in total OPEB liability	<u>(85,833)</u>
Total OPEB liability - beginning	<u>174,280</u>
Total OPEB liability - ending	<u>\$ 88,447</u>

The following assumption changes were included in the actuarial valuation for the year ended December 31, 2021:

- Updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of December 31, 2021 (measurement date). The discount rate is 2.25% as of December 31, 2021 and 2.12% as of January 1, 2020. This change resulted in a decrease in liabilities.
  - Mortality improvement scales have been updated for all mortality tables from MP-2019 to MP-2021. This change caused an increase in the Airport Authority's liabilities.
  - Termination rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2021. This change caused an increase in the Authority's liabilities.
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- Payroll growth rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2021. This change caused an increase in the Authority's liabilities.
- Health care trend rates have been reset from an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% to an initial rate of 7.5% decreasing 0.5% to an ultimate rate of 4.5%. This change caused an increase in liabilities for the Airport Authority.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health-care Cost Trend Rates

The following presents the total OPEB liability of the Airport Authority, as well as what the Airport Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.25%) or 1% higher (3.25%) than the current discount rate:

	1.25% <u>1% Decrease</u>	2.25% <u>Current Rate</u>	3.25% <u>1% Increase</u>
Total OPEB Liability	\$ <u>94,879</u>	\$ <u>88,447</u>	\$ <u>82,330</u>

The following presents the total OPEB liability of the Airport Authority, as well as what the Airport Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.5% decreasing to 3.5%) or 1% higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	6.50% <u>1% Decrease</u>	7.50% <u>Current Rate</u>	8.50% <u>1% Increase</u>
Total OPEB Liability	\$ <u>79,713</u>	\$ <u>88,447</u>	\$ <u>98,640</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Airport Authority recognized OPEB expense of \$(4,249). At December 31, 2021, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 23,710	\$ (180,337)
Change of assumptions	<u>19,251</u>	<u>(6,623)</u>
Totals	<u>\$ 42,961</u>	<u>\$ (186,960)</u>

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

<u>Fiscal Year Ending December 31,</u>	<u>Balance</u>
2022	\$ (21,890)
2023	(21,890)
2024	(21,890)
2025	(21,890)
2026	(21,890)
Thereafter	<u>(34,549)</u>
	<u>\$ (143,999)</u>

C. Pension Plan

Cost-Sharing Multiple-Employer Deferred Plans

Public Employees Retirement Fund

Plan Description

The Public Employees' Retirement Fund (PERF) provides pensions for all full-time employees. The plan is a cost-sharing, multiple-employer defined benefit plan administered by the Indiana Public Retirement System (INPRS). The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

Retirement Benefits - Defined Benefit Pension

The plan provides retirement, disability and survivor benefits. The Indiana Code, Title 5, Articles 10.2 and 10.3, amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the plan.

Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 11% plus the employee's Annuity Savings Account. Normal retirement age is 60 with early retirement at 50-59 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis.

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Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, contributions requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2021 is 11.2% percent of annual covered payroll. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the Airport were \$392,838 for the calendar year ended December 31, 2021.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana Public Retirement System (INPRS) and additions to/deductions from INPRS's fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, 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.

At December 31, 2021, the Airport Authority reported a liability of \$821,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport Authority's proportion of the net pension liability was based on a projection of the Airport Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. At June 30, 2021, the Airport Authority's proportion was 0.06245%, which was an decrease of 0.00266% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Airport Authority recognized pension expense of \$(52,506). At December 31, 2021, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 28,106	\$ 16,408
Net difference between projected and actual investment earnings on pension plan investments	-	1,066,963
Change of assumptions	413,344	184,580
Changes in proportion and difference between employer contributions and proportionate share contributions	79,610	75,688
Authority contributions subsequent to the measurement date	<u>196,023</u>	<u>-</u>
 Totals	 <u>\$ 717,083</u>	 <u>\$ 1,343,639</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2021

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\$196,023 reported as deferred outflows of resources related to pensions resulting from the Airport Authority's contributions subsequent to the measurement date will be recognized as pension expense in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended</u> <u>December 31,</u>
2022	\$ (203,622)
2023	(181,252)
2024	(132,715)
2025	<u>(304,990)</u>
Total	<u>\$ (822,579)</u>

Actuarial Assumptions

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

Asset valuation date:	June 30, 2021
Liability valuation date and method:	June 30, 2021 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2020 to the June 30, 2021 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Computed February 2020 and reflects the experience period from June 30, 2014 to June 30, 2019
Investment rate of return:	6.25%
COLA:	As of June 30, 2021, members in pay were granted a 1% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning January 1, 2024 0.5% beginning January 1, 2034 0.6% beginning January 1, 2039
Future salary increases, including inflation:	2.65% - 8.65%
Inflation:	2.00%

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
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Mortality	<p>Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.</p> <p>Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females.</p> <p>Retirees – General Retiree table with a 3 year set forward for males and a 1 year set forward for females.</p> <p>Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p>Disableds – General Disabled table with a 140% load.</p>
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The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four years ended June 30, 2019. The Study was performed in February 2020. There were no significant assumption changes for the measurement period ending June 30, 2021.

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated geometric asset classes.

<u>Global Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	20.0%	3.6%
Private Equity	15.0%	7.3%
Fixed income - Ex inflation	20.0%	1.5%
Fixed income - inflation linked	15.0%	-0.3%
Commodities	10.0%	0.8%
Real estate	10.0%	4.2%
Absolute return	5.0%	2.5%
Risk parity	20.0%	4.4%
Leverage offset	-15.0%	-1.4%

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ST. JOSEPH COUNTY AIRPORT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2021

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Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Airport Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Airport Authority's proportional share of the net pension liability calculated using the discount rate of 6.25%, as well as what the Airport Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage point higher (7.25%) than the current rate:

	<u>5.25%</u> <u>1% Decrease</u>	<u>6.25%</u> <u>Current Rate</u>	<u>7.25%</u> <u>1% Increase</u>
Net Pension Liability	\$ <u>2,149,228</u>	\$ <u>821,747</u>	\$ <u>(285,548)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Comprehensive Annual Financial Report and Actuarial Valuations. These reports can be found at:

<https://www.in.gov/inprs/publications/annual-reports/>

<https://www.in.gov/inprs/publications/actuarial-valuation-reports/>

D. Passenger Facility Charge

Effective November 1, 1994, a Passenger Facility Charge (PFC) of \$3.00 per ticket was implemented by the approval of the Federal Aviation Administration (FAA) and the Airport Authority. Effective July 1, 2011, the Passenger Facility Charge was increased to \$4.50 per ticket. The revenues are to be used to repay the debt service on the 2019 refunding bond issue, and for any other purposes allowed by the FAA and the Airport Authority Board. During 2021, the Airport Authority earned \$1,479,583 from 39 separate airlines. The Airport Authority is authorized to receive a maximum of \$40,172,802. As of December 31, 2021, the Airport Authority has earned a total of \$32,779,411.

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

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E. Leases

The Airport Authority leases space in the St. Joseph County Airport terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and adjustment of the rental amounts. Substantially all capital assets are held by the Airport Authority for the purpose of rental or related use.

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter as of December 31, 2021 are as follows:

2022	\$ 1,242,784
2023	579,919
2024	577,640
2025	446,103
2026	317,321
2027-2031	413,303
2032-2035	<u>198,946</u>
	<u>\$ 3,776,016</u>

The Airport Authority has entered into an Agreement and Lease of Premises (Airline Agreement) with certain passenger, charter and cargo airlines serving the airport (collectively, the Signatory Airlines). Other airlines operate under an airport use permit that generally has a term of no more than two years. The Airline Agreement's residual rate-making features are designed to ensure that the Airport Authority's debt service and related coverage obligations will be met. The Airline Agreement authorizes the Airport Authority to implement new fees and charges as necessary. In the event of an airline bankruptcy, the Airport Authority may adjust the rates and charges for all Signatory Airlines in the current rate period to recover the rates and charges due from the bankrupt carrier. However, there can be no assurance that such other airlines will be financially able to absorb the additional costs. Rental rates under these agreements are determined annually.

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Public Employees' Retirement Fund  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Proportion of the net pension liability	0.06245%	0.06511%	0.06140%	0.05988%	0.06049%	0.06415%	0.05773%	0.06523%	0.06471%	N/A
Proportionate share of the net pension liability	\$ 821,747	\$ 1,966,579	\$ 2,029,309	\$ 2,034,151	\$ 2,698,788	\$ 2,911,412	\$ 2,351,286	\$ 1,714,202	\$ 2,216,369	N/A
Covered payroll	\$ 3,442,920	\$ 3,515,251	\$ 3,198,761	\$ 3,055,430	\$ 3,001,187	\$ 3,074,236	\$ 2,765,233	\$ 3,184,649	\$ 3,106,966	N/A
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%	71.3%	N/A
Plan fiduciary net position as a percentage of total pension liability	92.5%	81.4%	80.1%	78.9%	78.9%	75.3%	77.3%	84.3%	78.8%	N/A

N/A - information not available

Note: Each year's information is reported as of the plan year end of June 30, which is used to report for the Airport Authority's fiscal year end of December 31.

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
Public Employees' Retirement Fund  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 385,607	\$ 393,708	\$ 358,261	\$ 342,208	\$ 336,133	\$ 344,314	\$ 309,706	\$ 322,365	\$ 337,399	N/A
Contributions in relation to the contractually required contribution	<u>(392,838)</u>	<u>(393,708)</u>	<u>(358,261)</u>	<u>(342,208)</u>	<u>(336,133)</u>	<u>(344,314)</u>	<u>(309,706)</u>	<u>(322,365)</u>	<u>(337,399)</u>	N/A
Contribution deficiency (excess)	<u>\$ (7,231)</u>	<u>\$ -</u>	N/A							
Covered payroll	\$ 3,442,920	\$ 3,515,251	\$ 3,198,761	\$ 3,055,430	\$ 3,001,187	\$ 3,074,236	\$ 2,765,233	N/A	N/A	N/A
Contributions as a percentage of covered payroll	11.41%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	N/A	N/A	N/A

N/A - information not available

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
Single Employer Defined Benefit OPEB Plan  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>					
Service cost	\$ 13,657	\$ 11,158	\$ 6,089	\$ 6,760	\$ 13,576
Interest	3,984	5,261	4,317	3,767	8,887
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(110,298)	(4,335)	35,563	(6,794)	(147,658)
Changes of assumptions	6,824	11,960	5,311	(3,833)	(8,984)
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	<u>(85,833)</u>	<u>24,044</u>	<u>51,280</u>	<u>(100)</u>	<u>(134,179)</u>
Total OPEB liability - beginning	<u>174,280</u>	<u>150,236</u>	<u>98,956</u>	<u>99,056</u>	<u>233,235</u>
Total OPEB liability - ending	<u>\$ 88,447</u>	<u>\$ 174,280</u>	<u>\$ 150,236</u>	<u>\$ 98,956</u>	<u>\$ 99,056</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered payroll	\$ 3,431,491	\$ 3,355,861	\$ 3,204,601	\$ 2,957,193	\$ 2,892,120
Total OPEB liability as a percentage of covered payroll	2.6%	5.2%	4.7%	3.3%	3.4%

**Note: Fiscal year 2017 was the 1st year of implementation, therefore only five years are shown.**

**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year End December 31, 2021**

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**Public Employees' Retirement Fund**

A. Plan Amendments

There were no plan amendments during the fiscal year.

B. Assumption Changes

The following assumptions were changed during the fiscal year:

Discount rate as of the Measurement Date has been updated to the expected long-term rate of return on plan assets, net of investment expense and including price inflation. The discount rate decreased from the 6.75% used on the prior measurement date to 6.25%

**Single Employer Defined Benefit OPEB Plan**

A. Plan Amendments

There were no plan amendments during the fiscal year.

B. Assumption Changes

The following assumptions were changed during the fiscal year:

Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The current full valuation uses a discount rate of 2.12% as of January 1, 2021 and 2.35% as of December 31, 2021. This change has caused a decrease in liabilities.

Mortality improvement scales have been updated for all mortality tables from MP-2019 to MP-2021. This change caused an increase in the Airport Authority's liabilities.

Termination rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2021. This change caused an increase in the Authority's liabilities.

Payroll growth rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2021. This change caused an increase in the Authority's liabilities.

Health care trend rates have been reset from an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% to an initial rate of 7.5% decreasing 0.5% to an ultimate rate of 4.5%. This change caused an increase in liabilities for the Airport Authority.

C. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Collections	Date Approved	Amount Approved For Use	Cumulative Total - December 31, 2020	Quarter Ended				Year Ended December 31, 2021	Cumulative Total - December 31, 2021
				March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021		
Passenger facility charge collections			\$ 31,143,506	\$ 151,326	\$ 349,116	\$ 406,162	\$ 410,894	\$ 1,317,498	\$ 32,461,004
Interest earned			<u>1,016,505</u>	<u>2,124</u>	<u>2,226</u>	<u>2,295</u>	<u>2,485</u>	<u>9,130</u>	<u>1,025,635</u>
Total passenger facility charge collections received			<u>\$ 32,160,011</u>	<u>\$ 153,450</u>	<u>\$ 351,342</u>	<u>\$ 408,457</u>	<u>\$ 413,379</u>	<u>\$ 1,326,628</u>	<u>\$ 33,486,639</u>
<b>Expenditures</b>									
Application #1994-01-C	8/26/1994	\$ 8,887,430	\$ 8,887,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,887,430
Application #1998-02-C	12/7/1998	1,387,143	1,387,143	-	-	-	-	-	1,387,143
Application #2003-03-C	1/21/2003	23,898,229	13,121,991	-	553,160	-	556,263	1,109,423	14,231,414
Application #2011-04-C	5/23/2011	6,000,000	6,000,000	-	-	-	-	-	6,000,000
Application #2022-06-C	12/13/2021	<u>1,511,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total passenger facility charge collections expended		<u>\$ 41,684,619</u>	<u>\$ 29,396,564</u>	<u>\$ -</u>	<u>\$ 553,160</u>	<u>\$ -</u>	<u>\$ 556,263</u>	<u>\$ 1,109,423</u>	<u>\$ 30,505,987</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
SUPPLEMENTAL FINANCIAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
Year End December 31, 2021**

	Budgeted Amounts - Original & Final	Actual Budgetary Basis Amounts	Variance With Final Budget
<b>Revenues:</b>			
Airfield	\$ 704,160	\$ 1,391,439	\$ 687,279
Terminal - aviation	1,512,342	1,997,096	484,754
Terminal - non-aviation	300,000	181,640	(118,360)
Concessions	1,317,369	1,483,203	165,834
Parking	2,456,260	2,400,620	(55,640)
Fixed based operations	575,000	614,469	39,469
Building and land rent	300,000	371,666	71,666
Other	20,000	13,000	(7,000)
Total revenues	<u>7,185,131</u>	<u>8,453,133</u>	<u>1,268,002</u>
<b>Expenses:</b>			
Personal services	5,703,958	4,662,556	1,041,402
Supplies	908,600	916,784	(8,184)
Other services and charges	<u>4,752,380</u>	<u>4,856,362</u>	<u>(103,982)</u>
Total operating expenses	<u>11,364,938</u>	<u>10,435,702</u>	<u>929,236</u>
<b>Debt service:</b>			
Other services and charges	<u>1,118,968</u>	<u>1,119,052</u>	<u>(84)</u>
Total expenses	<u>12,483,906</u>	<u>11,554,754</u>	<u>929,152</u>
<b>Other financing sources (uses):</b>			
Property taxes	2,750,000	3,526,333	776,333
Other tax distributions	450,000	895,009	445,009
Interest income	75,000	70,145	(4,855)
Federal and state grants	1,263,000	(2,098,166)	(3,361,166)
Capital outlay	<u>(4,070,000)</u>	<u>(12,060,346)</u>	<u>(7,990,346)</u>
Total other financing sources (uses)	<u>468,000</u>	<u>(9,667,025)</u>	<u>(10,135,025)</u>
<b>Deficiency of revenues and other financing sources under expenses and other financing uses</b>			
	<u>\$ (4,830,775)</u>	<u>\$ (12,768,646)</u>	<u>\$ (7,937,871)</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
SUPPLEMENTAL FINANCIAL INFORMATION  
BUDGET/GAAP RECONCILIATION  
Year End December 31, 2021**

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The major differences between budgetary (non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when earned (GAAP).
- b. Expenses are recorded when paid in cash (budgetary) as opposed to when incurred (GAAP).
- c. Encumbrances outstanding at year-end are recorded as expenses for budgetary purposes.
- d. Capital outlays are recorded as expenses when paid (budgetary) as opposed to additions to capital assets when costs are incurred (GAAP).
- e. Depreciation and amortization expense is not recognized in budgetary basis.
- f. Principal paid on bonds is recorded as expenses when paid (budgetary) as opposed to a reduction of liabilities (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

Excess of revenues and other financing sources under expenses and other financing uses (budgetary basis)	\$ (12,768,646)
Adjustments:	
Capital expenses	12,060,346
Depreciation	(3,988,557)
Amortization of deferred amount on refunding and bond premium	58,066
Debt payments	890,000
Capital contributions	17,373,237
Loss on sale of capital asset	(19,693)
Passenger facility charge revenue	1,479,583
Other non-operating revenue	71,481
Property management activity (net revenue)	377,805
Change in operating revenues receivable and unearned revenues	(360,986)
Change in intergovernmental receivable	5,300,155
Change in taxes receivable	(7,409)
Change in wages and benefits payable	12,725
Changes in payables and prepaid items	61,649
Net pension adjustment	(394,567)
Net OPEB adjustment	<u>(4,249)</u>
Change in net position (GAAP basis)	<u>\$ 20,140,940</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
SCHEDULE OF REVENUES  
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:										
Airport service revenues:										
Airfield	\$ 1,030,453	\$ 761,880	\$ 965,160	\$ 849,954	\$ 758,121	\$ 765,204	\$ 716,108	\$ 669,881	\$ 665,933	\$ 605,636
Terminal - aviation	1,997,096	1,946,192	1,946,664	1,828,902	1,679,980	1,597,758	1,525,343	1,466,228	1,276,000	1,277,222
Terminal - nonaviation	181,640	134,478	229,213	245,934	189,186	142,353	115,954	128,179	105,434	108,390
Concessions	1,483,203	968,737	1,714,885	1,596,856	1,398,926	1,436,479	1,390,394	1,288,817	1,211,590	1,097,687
Parking	2,400,620	1,439,708	3,403,679	2,974,465	2,552,315	2,680,569	2,551,298	2,435,889	2,463,750	2,198,722
Fixed based operations	614,469	526,460	550,164	578,701	532,958	502,448	425,101	386,809	381,546	358,468
Building and land rent	371,666	458,747	637,982	577,613	624,331	477,983	311,083	409,037	308,721	247,731
Airport service revenues - total	<u>8,079,147</u>	<u>6,236,202</u>	<u>9,447,747</u>	<u>8,652,425</u>	<u>7,735,817</u>	<u>7,602,794</u>	<u>7,035,281</u>	<u>6,784,840</u>	<u>6,412,974</u>	<u>5,893,856</u>
Other	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>3,000</u>	<u>4,000</u>	<u>3,000</u>	<u>12,367</u>
Total operating revenues	<u>8,092,147</u>	<u>6,249,202</u>	<u>9,460,747</u>	<u>8,665,425</u>	<u>7,748,817</u>	<u>7,615,794</u>	<u>7,038,281</u>	<u>6,788,840</u>	<u>6,415,974</u>	<u>5,906,223</u>
Nonoperating revenues:										
Property taxes	3,518,924	3,318,073	2,585,031	4,034,389	1,998,868	2,527,146	2,256,861	2,208,451	2,242,282	2,320,303
Other tax distributions	895,009	792,325	688,716	731,724	548,973	710,580	509,765	493,925	461,683	446,283
Interest and investment revenue	70,145	124,024	441,422	309,992	144,914	19,554	9,963	12,203	15,634	18,986
Property management revenue	377,805	321,545	594,422	535,868	449,526	526,419	281,952	242,757	244,898	227,126
Federal operating grant	3,201,989	7,388,917	112,850	108,596	105,396	112,226	12,098	238,490	692,138	101,303
Gain on disposal of assets	-	-	-	-	-	-	-	56,402	-	-
Other revenue	<u>71,481</u>	<u>282,487</u>	<u>66,752</u>	<u>68,410</u>	<u>115,035</u>	<u>49,614</u>	<u>310,005</u>	<u>84,670</u>	<u>50,545</u>	<u>32,921</u>
Total nonoperating revenues	<u>8,135,353</u>	<u>12,227,371</u>	<u>4,489,193</u>	<u>5,788,979</u>	<u>3,362,712</u>	<u>3,945,539</u>	<u>3,380,644</u>	<u>3,336,898</u>	<u>3,707,180</u>	<u>3,146,922</u>
Total revenue	<u>\$ 16,227,500</u>	<u>\$ 18,476,573</u>	<u>\$ 13,949,940</u>	<u>\$ 14,454,404</u>	<u>\$ 11,111,529</u>	<u>\$ 11,561,333</u>	<u>\$ 10,418,925</u>	<u>\$ 10,125,738</u>	<u>\$ 10,123,154</u>	<u>\$ 9,053,145</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF EXPENSES AND CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating expenses:										
Personal services	\$ 5,048,647	\$ 5,126,523	\$ 5,164,751	\$ 5,115,392	\$ 4,614,911	\$ 4,777,184	\$ 4,929,934	\$ 4,554,567	\$ 4,983,555	\$ 5,050,210
Supplies	855,135	709,984	947,963	809,018	722,503	665,317	736,469	702,877	756,976	623,858
Other services and charges	4,856,362	3,999,895	5,212,816	4,798,204	3,555,030	2,660,041	3,290,097	2,243,370	3,189,233	2,454,909
Depreciation	3,988,557	3,550,613	3,393,684	3,618,554	3,284,883	3,405,519	3,208,875	3,198,452	3,398,840	3,347,686
Total operating expenses	<u>14,748,701</u>	<u>13,387,015</u>	<u>14,719,214</u>	<u>14,341,168</u>	<u>12,177,327</u>	<u>11,508,061</u>	<u>12,165,375</u>	<u>10,699,266</u>	<u>12,328,604</u>	<u>11,476,663</u>
Nonoperating expenses:										
Interest expense	229,052	309,831	192,019	408,203	435,222	465,836	467,639	487,856	503,345	631,215
Property management expense	-	-	-	-	-	-	150,541	199,801	186,036	192,996
Loss on disposal of capital assets	19,693	-	-	-	-	-	1,055,552	69,948	-	152,751
Bond issuance costs	-	-	742,154	-	-	-	-	-	-	158,849
Amortization	(58,066)	(55,793)	3,167	17,728	18,578	17,728	79,399	575	-	1,277
Total nonoperating expenses	<u>190,679</u>	<u>254,038</u>	<u>937,340</u>	<u>425,931</u>	<u>453,800</u>	<u>483,564</u>	<u>1,753,131</u>	<u>758,180</u>	<u>689,381</u>	<u>1,137,088</u>
Total expenses	<u>14,939,380</u>	<u>13,641,053</u>	<u>15,656,554</u>	<u>14,767,099</u>	<u>12,631,127</u>	<u>11,991,625</u>	<u>13,918,506</u>	<u>11,457,446</u>	<u>13,017,985</u>	<u>12,613,751</u>
Income before contributions	<u>1,288,120</u>	<u>4,835,520</u>	<u>(1,706,614)</u>	<u>(312,695)</u>	<u>(1,519,598)</u>	<u>(430,292)</u>	<u>(3,499,581)</u>	<u>(1,331,708)</u>	<u>(2,894,831)</u>	<u>(3,560,606)</u>
Capital contributions	17,373,237	2,065,660	2,932,458	1,962,241	1,202,597	6,939,705	4,499,206	1,752,133	35,157	3,274,595
Passenger facility charge revenue	1,479,583	895,478	1,759,925	1,609,047	1,248,795	1,395,957	1,291,355	1,287,426	1,341,898	1,227,862
Capital assets donated to County government	-	-	-	-	-	-	-	(1,552,241)	(5,004,377)	-
Total contributions	<u>18,852,820</u>	<u>2,961,138</u>	<u>4,692,383</u>	<u>3,571,288</u>	<u>2,451,392</u>	<u>8,335,662</u>	<u>5,790,561</u>	<u>1,487,318</u>	<u>(3,627,322)</u>	<u>4,502,457</u>
Change in net position	<u>20,140,940</u>	<u>7,796,658</u>	<u>2,985,769</u>	<u>3,258,593</u>	<u>931,794</u>	<u>7,905,370</u>	<u>2,290,980</u>	<u>155,610</u>	<u>(6,522,153)</u>	<u>941,851</u>
Total net position - beginning	103,710,377	95,913,719	92,927,950	89,669,357	87,646,012	79,740,641	79,036,257	78,713,318	85,235,471	84,872,582
Total net position - adjustments	-	-	-	-	1,091,551	1	(1,586,596)	167,329	-	(578,962)
Total net position - ending	<u>\$ 123,851,317</u>	<u>\$ 103,710,377</u>	<u>\$ 95,913,719</u>	<u>\$ 92,927,950</u>	<u>\$ 89,669,357</u>	<u>\$ 87,646,012</u>	<u>\$ 79,740,641</u>	<u>\$ 79,036,257</u>	<u>\$ 78,713,318</u>	<u>\$ 85,235,471</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
 ASSESSED VALUE OF TAXABLE PROPERTY (ST. JOSEPH COUNTY)  
 LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Total Assessed Value</b>
2021	\$ 8,234,641,061	\$ 1,598,964,724	0.0435	\$ 9,833,605,785
2020	7,992,990,080	1,393,311,965	0.0437	9,386,302,045
2019	7,961,425,433	1,018,338,759	0.0343	8,979,764,192
2018	8,689,277,219	1,425,772,924	0.0555	10,115,050,143
2017	6,892,445,603	1,308,757,421	0.0436	8,201,203,024
2016	6,964,917,748	1,297,718,622	0.0423	8,262,636,370
2015	8,024,367,267	1,252,802,776	0.0338	9,277,170,043
2014	6,344,717,735	1,169,480,507	0.0345	7,514,198,242
2013	6,533,399,996	1,137,751,791	0.0330	7,671,151,787
2012	6,882,357,309	1,117,519,859	0.0309	7,999,877,168

Source: Indiana State Department of Local Government Finance and the St. Joseph County Auditor

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
PROPERTY TAX RATES - DIRECT - PER \$100 OF ASSESSED VALUE  
LAST TEN FISCAL YEARS**

Year	Airport General	Airport Cumulative Building	Airport Debt Service	Total Assessed Value
2021	\$ 0.0302	\$ 0.0133	\$ -	\$ 0.0435
2020	0.0304	0.0133	-	0.0437
2019	0.0312	0.0031	-	0.0343
2018	0.0356	0.0031	0.0168	0.0555
2017	0.0254	0.0031	0.0151	0.0436
2016	0.0312	0.0032	0.0079	0.0423
2015	0.0306	0.0032	-	0.0338
2014	0.0312	0.0033	-	0.0345
2013	0.0297	0.0033	-	0.0330
2012	0.0277	0.0032	-	0.0309

Source: St. Joseph County Auditor

**ST. JOSEPH COUNTY AIRPORT AUTHORITY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST NINE FISCAL YEARS**

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<b>Year</b>	<b>Certified Levy (1)</b>	<b>Collections During the Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
2021	\$ 4,277,619	\$ 3,518,924	82.26%
2020	4,101,814	3,318,073	80.89%
2019	3,030,967	2,585,031	85.29%
2018	4,705,713	4,034,389	85.73%
2017	2,337,343	1,998,868	85.52%
2016	2,719,925	2,527,156	92.91%
2015	2,658,035	2,256,861	84.91%
2014	2,592,399	2,208,451	85.19%
2013	2,531,480	2,151,294	84.98%

(1) Source: Budget Order Approved by Indiana Department of Local Government Finance

## 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

Board of Directors  
St. Joseph County Airport Authority  
South Bend, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of St. Joseph County Airport Authority (Airport Authority), a component unit of St. Joseph County, which comprise the Airport Authority's statement of net position as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 20, 2022.

#### ***Report on Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's [consolidated] 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## ***Airport Authority's Response to Findings***

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

## ***Purpose of this Report***

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

**FORVIS, LLP**

Indianapolis, Indiana  
July 20, 2022

## Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board of Directors  
St. Joseph County Airport Authority  
South Bend, Indiana

#### Report on Compliance for the Major Federal Program

##### *Opinion on the Major Federal Program*

We have audited St. Joseph County Airport Authority's (Airport Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport Authority's major federal program for the year ended December 31, 2021. The Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

##### *Basis for Opinion on the Major Federal 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). Our responsibilities under those standards and the Uniform Guidance 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 Airport 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 each major federal program. Our audit does not provide a legal determination of the Airport 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 Airport Authority's federal programs.

## ***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 Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Airport 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 Airport 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, but not for the purpose of expressing an opinion on the effectiveness of the Airport 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.

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,LLP**

Indianapolis, Indiana  
July 20, 2022

**ST. JOSEPH COUNTY AIRPORT AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	<b>Federal Assistance Listing Number</b>	<b>Grant Number</b>	<b>Program or Award Amount</b>	<b>Amount Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Airport Improvement Program	20.106	03-18-0079-053-2019	\$ 3,189,188	\$ -	\$ 733,726
Airport Improvement Program	20.106	03-18-0079-055-2020	14,504,795	-	12,493,402
Airport Improvement Program	20.106	03-18-0079-056-2020	1,502,880	-	1,227,164
COVID19 - Airport Improvement Program	20.106	03-18-0079-057-2020	3,085,898	-	3,085,898
Airport Improvement Program	20.106	03-18-0079-058-2020	13,271,031	-	4,334
COVID19 - Airport Improvement Program	20.106	03-18-0079-060-2020	4,994,943	-	2,803,279
				<u>-</u>	<u>20,347,803</u>
				<u>\$ -</u>	<u>\$ 20,347,803</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2021

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of St. Joseph County Airport Authority (the Airport Authority) for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Airport Authority.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported in accordance with the generally accepted accounting principles basis of accounting used in the preparation of the financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The Airport Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**St. Joseph County Airport Authority**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2021**

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The County qualified as a low-risk auditee?  Yes  No

**St. Joseph County Airport Authority**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2021**

**Section II – Financial Statement Findings**

**Reference  
Number**

**Finding**

2021-001    **Criteria or Specific Requirement:** Management is responsible for establishing and maintaining effective internal controls over financial reporting.

**Condition:** The Airport Authority’s internal control environment over financial reporting did not detect an adjustment that was needed to prevent the financial statements from being misstated. This adjustment (approximately \$18M) overstated construction in progress and contracts payable. (Material Weakness)

**Context:** The Airport’s Finance Department is primarily responsible for the financial reporting process, including reconciling construction in progress and contracts payable at year end. Certain adjustments were not identified by management as part of this reconciliation process.

**Effect:** Misstatements in the financial statements.

**Cause:** The Airport Authority’s internal control environment did not identify this adjustment in a timely manner as a result of changes in management and lack of consistent policies throughout the Airport Authority.

**Recommendation:** The Airport Authority should establish an updated process for calculating outstanding contracts payable balances at year end and maintain an effective secondary review process over financial reporting.

**Views of Responsible Officials and Planned Corrective Action:** In preparing the 2021 Financial Report, the Airport Authority has followed past practice of reporting outstanding construction contracts as contracts payable and construction in progress, subject to previous audits. While management agrees making this adjustment better reflects total assets and liabilities, it has no effect on the net position. Therefore, management does not see this as a weakness in internal control, but rather believes it is a result of historical practice that needed to be updated. This adjustment has been made, and all future financial reports will be prepared with the new guidance.

*Persons responsible for implementing:* Renata Matousova, Vice President of Finance

*Anticipated completion date:* December 31, 2022

**St. Joseph County Airport Authority**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2021**

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**St. Joseph County Airport Authority**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2021**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2020-001	<p><b>Equipment and Real Property Management</b></p> <p>2 CFR 200.313(d)(2) requires the Airport Authority to perform a physical inventory of capital assets acquired in whole or in part under a federal award at least once every two years. Management of the Airport Authority had not established a proper system of internal control over compliance as a physical inventory of capital assets had not occurred since 2010. The failure to establish controls resulted in a noncompliance with the requirement noted above. It is important for the Airport Authority to perform regular and timely physical inventories of capital assets acquired in whole or in part under a federal award to ensure capital assets are being properly managed. It was recommended that the Airport Authority's management establish controls to ensure that a physical inventory of capital assets takes place at least once every two years.</p>	Resolved