

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

ANNUAL FINANCIAL REPORT
For the fiscal year ended December 31, 2022

ST. JOSEPH COUNTY AIRPORT AUTHORITY
South Bend, Indiana

FINANCIAL STATEMENT
For the fiscal year ended December 31, 2022

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ST. JOSEPH COUNTY AIRPORT AUTHORITY

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August 21, 2023

To the Members of the Board:

The Annual Financial Report of the St. Joseph County Airport Authority for the fiscal year ended December 31, 2022, 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, and the Auditor's Office of St. Joseph County, Indiana.

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authority granted by Indiana Statute (I.C. 1971 19-6-2 as amended by Chapter 3.5, commonly known as Public Law 304 and superseded by I.C. 8-22-3).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 bi-partisan 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.

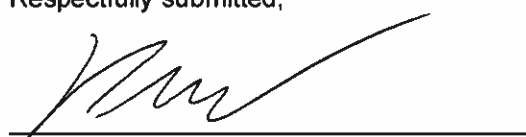
The accounts of the Airport Authority are maintained in six (6) main funds (Aviation, Cumulative Building, Restricted, PFC, Debt Service and Section 125) as required by state statute for budgetary purposes. Annual budgets are adopted and monthly budget reports are prepared on a cash basis. Appropriations 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,



Mrs. Renata Matousova
Vice President of Admin and Finance

ST. JOSEPH COUNTY AIRPORT AUTHORITY
SOUTH BEND INTERNATIONAL AIRPORT
2022 OFFICIALS

Office	Official	Year Appointed	Term Expires
President	Mr. David R. Sage	1991	12/31/2024
VicePresident	Mr. Michael Misch	2021	12/31/2024
Treasurer/Asst. Secretary	Mr. Andrew Kostielney	2022	01/31/2026
Secretary	Dr. Vincent Henderson	2022	12/31/2026
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, 2022, 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, 2022, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the 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 other 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 GAAS, 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 passenger facility charges collections and expenditures and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 GAAS. In our opinion, the schedule of passenger facility charges collections and expenditures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual 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 August 21, 2023, 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
August 21, 2023

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

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, 2022. 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 and trend 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 2022. 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. On November 8, 2022, Delta operated the last flight to Detroit for the foreseeable future.

Business travel increased in 2022 and is no longer expected to return to pre-pandemic levels. A new trend has emerged that is being called “bleisure” travel. With remote work remaining commonplace, business travelers are blending business and leisure trips working remotely to be able to enjoy an extended stay or weekend. Airlines continue to adjust schedules close-in, but not as drastic as previously. In 2022, we saw seven out of twelve months with increased travel over 2021. The pilot shortage led to reductions in flights especially over the busy summer travel months of June through September. December also saw a decrease for this same reason.

The Airport served 729,646 total air passengers in 2022 which was a 6.58% increase year-over-year, and remains down 12.35% compared to 2019. U.S. domestic air travel was down 7.55% compared to 2019. The pilot shortage and increased fuel costs have led to the retirement of smaller regional jets. Legacy airlines are increasing the size of the aircraft they fly as fifty-seat CRJ-200 aircraft are being retired. The average load factor for all airlines at SBN increased a full percentage point to 83.61% in 2022 surpassing 2019's average of 82.6%.

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, and 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. In April 2022, airlines lifted the face mask mandate that had been in place for nearly two years.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

The Airport completed the second year of a multi-year \$70 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 2022 was \$232. This is up 34.9% over 2021 attributed to continued pent-up demand for air travel. 2022 carrier shares were Allegiant 31%, American 25%, Delta 25%, 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 reached 166,935 passengers which was an increase of nearly 18% year over year. South Shore operations increased slightly to 2,354 trips which was a 6% increase.

The Airport saw monthly activity in 2021 of international aircraft arrivals through the General Aviation Facility (GAF) totaling 141 for the year, which is higher than pre pandemic levels. This was nearly 65% increase in activity from 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 2022 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.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

2022 COMPOSITE STATISTIC CHART



	Airline Enplanements								Aircraft Landed Weight								Aircraft Operations							
	For Ref.	2018	2019	2020	2021	2022	Diff.	%	For Ref.	2018	2019	2020	2021	2022	Diff.	%	For Ref.	2018	2019	2020	2021	2022	Diff.	%
Jan	24,334	27,446	31,089	15,463	24,966	9,503	61.46%	37,338,556	45,119,355	46,956,721	40,212,339	46,692,655	6,480,316	16.12%	2,090	2,469	2,437	2,323	2,481	158	6.80%			
Feb	23,589	30,163	34,427	18,512	28,257	9,745	52.64%	34,116,427	43,915,750	48,317,342	37,100,102	42,980,546	5,880,444	15.85%	2,564	2,905	3,235	2,212	2,149	-63	-2.65%			
Mar	31,761	40,371	21,626	26,703	32,817	6,114	22.90%	44,471,024	54,550,047	53,255,392	49,878,238	46,095,733	-3,782,505	-7.58%	3,405	3,443	2,691	3,169	2,793	-376	-11.86%			
Apr	26,440	33,159	1,488	23,782	28,119	4,337	18.24%	38,592,178	49,157,940	25,000,949	50,190,644	45,111,357	-5,079,287	-10.12%	3,124	3,472	1,545	3,263	3,203	-60	-1.84%			
May	27,042	33,646	6,365	28,450	30,127	1,677	5.89%	40,158,989	48,752,498	23,653,345	48,556,650	44,236,632	-4,320,018	-8.90%	3,241	3,606	1,990	3,401	3,385	-16	-0.47%			
Jun	31,349	35,982	10,329	30,046	29,528	-518	-1.72%	47,137,609	48,069,984	24,410,105	45,485,465	43,348,059	-2,137,406	-4.70%	3,377	3,731	2,028	2,968	3,708	740	24.93%			
Jul	32,358	37,589	14,244	32,515	29,448	-3,067	-9.43%	48,676,256	52,156,923	32,767,340	46,458,257	41,682,314	-4,775,943	-10.28%	4,174	4,053	2,672	3,989	3,253	-736	-18.45%			
Aug	33,370	34,972	15,303	30,412	27,319	-3,093	-10.17%	50,721,887	49,413,099	36,427,743	48,507,803	40,928,975	-7,578,828	-15.62%	3,555	3,911	2,880	3,763	3,560	-203	-5.39%			
Sep	32,843	34,800	16,384	30,825	30,163	-662	-2.15%	50,567,236	49,570,763	36,408,280	48,437,707	43,991,213	-4,446,494	-9.18%	4,654	4,281	3,056	3,866	4,041	175	4.53%			
Oct	37,330	37,640	21,265	37,324	38,001	677	1.81%	54,636,739	52,012,517	40,746,322	51,946,325	52,874,638	928,313	1.79%	3,923	4,022	2,982	4,250	3,525	-725	-17.06%			
Nov	35,608	36,398	19,616	33,755	34,167	412	1.22%	52,171,472	51,515,544	41,103,205	50,157,150	51,221,012	1,063,862	2.12%	3,103	3,576	2,666	3,620	3,067	-553	-15.28%			
Dec	32,853	35,763	19,586	33,858	31,860	-1,998	-5.90%	49,320,627	49,127,887	46,731,626	49,173,807	47,515,917	-1,657,890	-3.37%	2,890	3,041	2,485	2,314	2,047	-267	-11.54%			
Ann. Totals	368,877	417,929	211,744	341,645				547,909,002	593,362,307	455,798,372	566,104,487						40,100	42,510	30,667	39,138				
YTD	368,877	417,929	211,744	341,645	364,772	23,127	6.77%	547,909,002	593,362,307	455,798,372	566,104,487	546,679,051	-19,425,436	-3.43%	40,100	42,510	30,667	39,138	37,212	-1,926	-4.92%			

Comments:

COVID-19 Pandemic - Indiana Stay at home order started Tuesday, March 24, 2020 at 11:59 p.m. through Sunday, May 3, 2020 at 11:59 p.m.

GAF - Suspension of flights July 2020 through September 2020

Highlighted numbers - Lower than current year

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

2022 COMPOSITE STATISTIC CHART



	Air Cargo - Pounds Enplaned & Deplaned								Total Gross Landed Weight - Cargo								Aviation Fuel Flowage - Gallons							
	For Ref.								For Ref.								For Ref.							
	2018	2019	2020	2021	2022	Diff.	%		2018	2019	2020	2021	2022	Diff.	%		2018	2019	2020	2021	2022	Diff.	%	
Jan	1,843,758	1,800,406	1,531,563	1,526,394	1,534,927	8,533	0.56%		7,990,900	8,592,000	8,577,300	8,007,000	9,039,600	1,032,600	12.90%		405,970	508,391	521,332	422,069	509,330	87,261	20.67%	
Feb	1,774,488	1,685,905	1,421,503	1,318,007	1,437,603	119,596	9.07%		7,711,100	8,071,600	7,762,400	6,649,820	9,299,000	2,649,180	39.84%		436,183	563,504	599,532	441,377	539,704	98,327	22.28%	
Mar	1,851,234	1,957,265	1,515,570	1,784,293	1,806,958	22,665	1.27%		8,634,500	8,304,100	8,621,000	8,641,070	10,566,680	1,945,610	22.52%		536,800	626,890	583,673	579,104	562,910	-16,184	-2.80%	
Apr	1,717,205	2,033,219	1,353,341	1,638,807	1,557,877	-280,930	-15.28%		7,560,500	8,069,800	8,591,400	8,439,000	9,902,380	1,463,380	17.34%		505,154	579,000	201,422	483,939	608,603	124,664	25.76%	
May	2,069,079	2,414,023	1,585,719	1,876,932	1,629,489	-247,443	-13.18%		9,121,800	9,291,800	8,204,500	8,054,200	9,237,440	1,183,240	14.69%		496,824	565,763	247,933	539,959	601,966	62,027	11.49%	
Jun	2,054,333	2,449,186	1,589,329	1,960,534	1,798,094	-162,440	-8.29%		8,269,700	8,079,500	7,985,400	8,370,300	9,870,760	1,500,460	17.93%		483,691	558,063	297,386	525,641	497,879	-27,762	-5.28%	
Jul	1,850,470	2,344,420	1,657,177	1,930,510	1,607,973	-322,537	-16.71%		7,560,400	7,993,900	8,933,700	8,419,500	9,774,060	1,354,560	16.09%		552,415	615,989	368,329	506,406	476,485	-29,921	-5.91%	
Aug	2,110,500	2,119,468	1,522,375	1,855,901	1,652,943	-202,958	-10.94%		8,826,900	8,634,500	7,855,894	8,396,600	9,870,680	1,474,080	17.56%		696,916	635,253	399,593	584,011	487,086	-96,925	-16.60%	
Sep	2,207,003	1,631,790	1,631,499	1,885,100	1,654,673	-230,427	-12.22%		8,046,600	7,425,000	8,207,820	8,649,600	9,490,394	840,794	9.72%		901,028	663,561	375,253	609,089	550,612	-58,477	-9.60%	
Oct	1,942,067	1,862,042	1,797,376	2,149,123	1,535,816	-613,307	-28.54%		8,393,094	8,818,400	8,652,100	8,478,000	9,408,560	930,560	10.98%		700,934	754,441	435,530	816,370	636,767	-179,603	-22.00%	
Nov	1,825,215	1,803,884	1,592,248	2,019,444	1,556,970	-462,474	-22.90%		8,182,294	7,818,500	7,700,260	9,506,956	10,151,468	644,512	6.78%		668,753	696,536	390,493	723,276	652,286	-70,968	-9.81%	
Dec	1,706,870	1,517,426	1,886,237	1,910,637	1,785,332	-125,305	-6.56%		8,697,200	8,413,020	11,654,635	11,606,740	11,000,780	-605,960	-5.22%		588,774	569,333	442,064	499,308	501,342	2,034	0.41%	
Ann. Totals	22,952,222	23,419,034	19,083,937	22,055,682					99,014,988	99,512,120	102,746,409	103,218,786					6,973,242	7,336,724	4,862,540	6,730,549				
YTD	22,952,222	23,419,034	19,083,937	22,055,682	19,558,655	-2,497,027	-11.32%		99,014,988	99,512,120	102,746,409	103,218,786	117,631,802	14,413,016	13.96%		6,973,242	7,336,724	4,862,540	6,730,549	6,624,992	-105,557	-1.57%	

Comments:

COVID-19 Pandemic - Indiana Stay at home order started Tuesday, March 24, 2020 at 11:59 p.m.
through Sunday, May 3, 2020 at 11:59 p.m.
GAF - Suspension of flights July 2020 through September 2020

Highlighted numbers - Lower than current year

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

2022 COMPOSITE STATISTIC CHART



	Car Rental - Gross Sales							Restaurant/Gift Shop - Gross Sales							Republic Parking - Gross Sales						
	For Ref.							For Ref.							For Ref.						
	2018	2019	2020	2021	2022	Diff.	%	2018	2019	2020	2021	2022	Diff.	%	2018	2019	2020	2021	2022	Diff.	%
Jan	\$587,289	\$698,471	\$729,782	\$441,153	\$724,316	\$283,163	64.19%	\$148,963	\$168,895	\$163,073	\$105,612	\$144,430	\$38,818	36.76%	\$285,292	\$310,436	\$354,715	\$175,389	\$298,806	\$123,417	70.37%
Feb	\$595,332	\$682,397	\$754,761	\$438,200	\$746,852	\$308,652	70.44%	\$146,779	\$180,879	\$193,484	\$121,695	\$158,357	\$36,662	30.13%	\$271,854	\$343,289	\$379,742	\$177,392	\$316,284	\$138,892	78.30%
Mar	\$795,129	\$889,712	\$579,120	\$654,855	\$805,780	\$150,925	23.05%	\$194,745	\$239,253	\$118,802	\$172,140	\$201,962	\$29,822	17.32%	\$350,756	\$439,565	\$251,950	\$280,790	\$364,154	\$83,364	29.69%
Apr	\$778,450	\$1,003,632	\$140,492	\$769,853	\$997,225	\$227,372	29.53%	\$156,803	\$197,310	\$13,851	\$149,689	\$177,767	\$28,078	18.76%	\$317,946	\$382,901	\$18,585	\$259,266	\$345,794	\$86,528	33.37%
May	\$909,603	\$1,078,072	\$260,476	\$1,084,985	\$1,250,219	\$165,234	15.23%	\$162,292	\$210,096	\$37,077	\$161,123	\$170,637	\$9,514	5.90%	\$274,283	\$342,200	\$44,217	\$234,437	\$311,107	\$76,670	32.70%
Jun	\$1,001,124	\$1,060,068	\$468,404	\$1,167,501	\$1,253,690	\$86,189	7.38%	\$206,732	\$222,580	\$60,612	\$169,924	\$180,810	\$10,886	6.41%	\$296,506	\$341,681	\$68,761	\$245,370	\$263,585	\$18,215	7.42%
Jul	\$1,371,950	\$1,458,011	\$732,751	\$1,415,916	\$1,347,559	-\$68,357	-4.83%	\$206,437	\$238,848	\$89,230	\$179,650	\$181,054	\$1,404	0.78%	\$297,498	\$302,894	\$91,822	\$260,188	\$253,972	-\$6,218	-2.39%
Aug	\$1,317,134	\$1,394,398	\$827,404	\$1,583,919	\$1,341,267	-\$242,652	-15.32%	\$209,213	\$216,414	\$102,262	\$164,149	\$177,556	\$13,407	8.17%	\$298,295	\$316,135	\$95,474	\$242,553	\$258,883	\$16,330	6.73%
Sep	\$1,234,325	\$1,205,292	\$738,409	\$1,306,573	\$1,106,528	-\$200,045	-15.31%	\$206,175	\$215,717	\$109,100	\$171,287	\$180,898	\$9,611	5.61%	\$287,693	\$320,529	\$119,370	\$268,367	\$278,520	\$10,153	3.78%
Oct	\$1,149,256	\$1,222,851	\$681,311	\$1,462,623	\$1,210,299	-\$252,324	-17.25%	\$218,985	\$225,575	\$138,919	\$212,199	\$222,155	\$9,956	4.69%	\$359,033	\$365,173	\$165,793	\$333,167	\$367,839	\$34,672	10.41%
Nov	\$1,008,292	\$1,039,499	\$579,117	\$1,192,301	\$1,136,179	-\$56,122	-4.71%	\$211,669	\$219,652	\$114,698	\$175,877	\$215,733	\$39,856	22.66%	\$334,068	\$332,839	\$146,284	\$297,978	\$316,313	\$18,335	6.15%
Dec	\$749,294	\$894,163	\$440,276	\$850,361	\$853,800	\$3,439	0.40%	\$184,283	\$197,911	\$122,988	\$189,168	\$205,334	\$16,166	8.55%	\$287,249	\$313,701	\$135,848	\$274,240	\$273,090	-\$1,150	-0.42%
Ann. Totals	\$11,477,178	\$12,626,586	\$6,952,283	\$12,368,240				\$2,253,076	\$2,533,130	\$1,262,076	\$1,972,513				\$3,658,473	\$4,111,343	\$1,872,561	\$3,049,137			
YTD	\$11,477,178	\$12,626,586	\$6,952,283	\$12,368,240	\$12,773,714	\$405,474	3.28%	\$2,253,076	\$2,533,130	\$1,262,076	\$1,972,513	\$2,216,693	\$244,180	12.38%	\$3,658,473	\$4,111,343	\$1,872,561	\$3,049,137	\$3,648,347	\$599,210	19.65%

Comments:

COVID-19 Pandemic - Indiana Stay at home order started Tuesday, March 24, 2020 at 11:59 p.m. through Sunday, May 3, 2020 at 11:59 p.m.

GAF - Suspension of flights July 2020 through September 2020

Highlighted numbers - Lower than current year

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

2022 COMPOSITE STATISTIC CHART



	South Shore Passengers								South Shore Ops.								International Flights - GAF							
	For Ref.								For Ref.								For Ref.							
	2018	2019	2020	2021	2022	Diff.	%	2018	2019	2020	2021	2022	Diff.	%	2018	2019	2020	2021	2022	Diff.	%			
Jan	15,027	14,125	15,044	4,618	8,972	4,354	94.28%	195	186	199	195	197	2	1.03%	10	6	10	2	5	3	150.00%			
Feb	16,778	12,881	15,748	4,932	8,940	4,008	81.27%	180	166	185	152	180	28	18.42%	9	11	8	4	6	2	50.00%			
Mar	21,211	20,397	8,640	7,332	13,530	6,198	84.53%	199	197	185	201	201	0	0.00%	10	7	4	1	8	7	700.00%			
Apr	20,509	20,180	1,902	10,467	14,608	4,141	39.56%	182	194	150	194	188	-6	-3.09%	7	7	0	4	14	10	250.00%			
May	19,452	19,127	2,914	10,437	15,290	4,853	46.50%	185	183	153	177	197	20	11.30%	13	12	4	12	17	5	41.67%			
Jun	20,965	20,088	3,854	11,197	15,014	3,817	34.09%	181	182	161	175	194	19	10.86%	13	8	6	4	9	5	125.00%			
Jul	25,692	23,571	5,847	15,889	18,102	2,213	13.93%	209	190	183	196	191	-5	-2.55%	7	13	1	7	11	4	57.14%			
Aug	22,069	20,433	6,293	11,650	14,814	3,164	27.16%	192	190	189	154	201	47	30.52%	8	13	0	6	16	10	166.67%			
Sep	20,944	19,530	6,151	14,806	13,613	-1,193	-8.06%	190	192	192	188	228	40	21.28%	12	16	0	10	18	8	80.00%			
Oct	18,422	20,997	6,760	20,259	16,039	-4,220	-20.83%	201	201	199	194	195	1	0.52%	20	20	3	13	11	-2	-15.38%			
Nov	22,997	22,150	4,924	15,419	14,639	-780	-5.06%	193	190	190	192	192	0	0.00%	16	9	1	13	18	5	38.46%			
Dec	22,575	22,795	4,523	14,889	13,374	-1,515	-10.18%	194	197	194	199	190	-9	-4.52%	7	13	4	10	8	-2	-20.00%			
Ann. Totals	246,641	236,274	82,600	141,895				2,301	2,268	2,180	2,217				132	135	41	86						
YTD	246,641	236,274	82,600	141,895	166,935	25,040	17.65%	2,301	2,268	2,180	2,217	2,354	137	6.18%	132	135	41	86	141	55	63.95%			

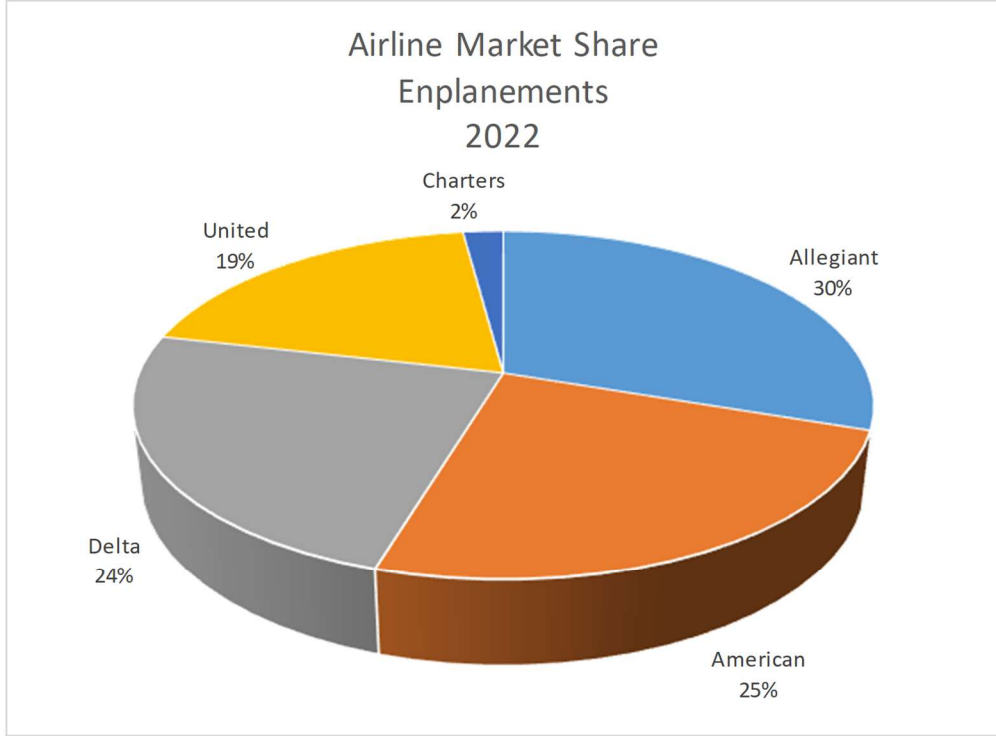
Comments:

COVID-19 Pandemic - Indiana Stay at home order started Tuesday, March 24, 2020 at 11:59 p.m. through Sunday, May 3, 2020 at 11:59 p.m.
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(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022



Airline Market Share Comparison

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Change %</u>
Allegiant	110,155	93,733	16,422	17.52%
American	89,267	83,330	5,937	7.12%
Delta	87,224	95,685	(8,461)	-8.84%
United	70,477	63,098	7,379	11.69%
Charters	7,649	5,726	1,923	33.58%
Totals	<u><u>364,772</u></u>	<u><u>341,572</u></u>	<u><u>23,200</u></u>	<u><u>6.79%</u></u>

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

FINANCIAL HIGHLIGHTS

Net Position				
	<u>2022</u>	<u>2021</u>	Increase/Decrease	
			<u>Amount</u>	<u>Percent</u>
Assets and Deferred Outflows of Resources				
Current Assets	\$ 32,773,511	\$ 35,512,425	\$ (2,738,914)	-7.71%
Capital and Noncurrent Assets	118,441,187	104,282,902	14,158,285	13.58%
Deferred Outflows of Resources	<u>917,441</u>	<u>760,044</u>	<u>157,397</u>	<u>20.71%</u>
Total Assets and Deferred Outflows of Resources	<u>152,132,139</u>	<u>140,555,371</u>	<u>11,576,768</u>	<u>8.24%</u>
Liabilities and Deferred Inflows of Resources				
Current Liabilities	4,429,016	7,848,874	(3,419,858)	-43.57%
Noncurrent Liabilities	7,293,377	7,134,241	159,136	2.23%
Deferred Inflows of Resources	<u>578,012</u>	<u>1,720,939</u>	<u>(1,142,927)</u>	<u>-66.41%</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,300,405</u>	<u>16,704,054</u>	<u>(4,403,649)</u>	<u>-26.36%</u>
Net Position				
Net Investment in Capital Assets	110,047,496	91,664,175	18,383,321	20.06%
Restricted	7,673,809	7,423,925	249,884	3.37%
Unrestricted	<u>22,110,429</u>	<u>24,763,217</u>	<u>(2,652,788)</u>	<u>-10.71%</u>
Total Net Position	<u>\$ 139,831,734</u>	<u>\$ 123,851,317</u>	<u>\$ 15,980,417</u>	<u>12.90%</u>

Total assets and deferred outflows of resources increased by \$11.6 million primarily due to an increase in capital assets mostly related to construction. The decrease in current assets was due to decreased receivables for grant funds that were awarded to the Airport Authority as a result of the CARES Act in 2021 but not continued into 2022. The increase in capital assets was related to planned construction costs that were accrued for per below. Total liabilities and deferred inflows of resources decreased by \$4.4 million due to the Authority accruing less capital costs for planned construction projects than previous year. The resulting increase in net position of \$16 million is the net result of these major items.

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ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Changes in Net Position

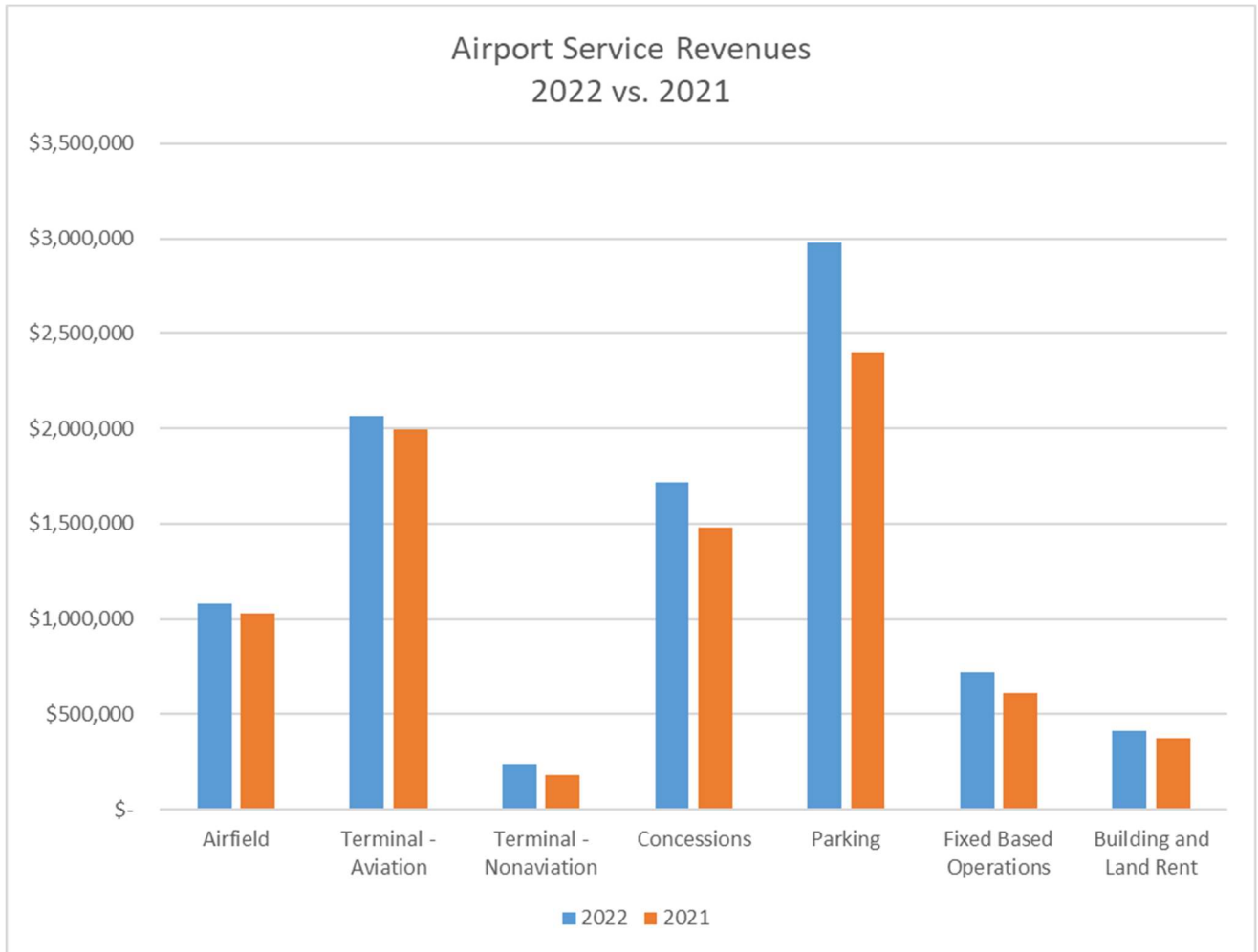
	<u>2022</u>	<u>2021</u>	<u>Increase/Decrease</u>	
			<u>Amount</u>	<u>Percent</u>
Operating Revenues				
Airport Service Revenues				
Airfield	\$ 1,083,095	\$ 1,030,453	\$ 52,642	5.11%
Terminal - Aviation	2,066,044	1,997,096	68,948	3.45%
Terminal - Nonaviation	238,507	181,640	56,867	31.31%
Concessions	1,715,156	1,483,203	231,953	15.64%
Parking	2,980,793	2,400,620	580,173	24.17%
Fixed Based Operations	718,617	614,469	104,148	16.95%
Building and Land Rent	415,200	371,666	43,534	11.71%
Total Airport Service Revenues	<u>9,217,412</u>	<u>8,079,147</u>	<u>1,138,265</u>	<u>14.09%</u>
Other	21,000	13,000	8,000	61.54%
Total Operating Revenues	<u>9,238,412</u>	<u>8,092,147</u>	<u>1,146,265</u>	<u>14.17%</u>
Operating Expenses				
Personal Services	5,837,818	5,048,647	789,171	15.63%
Supplies	909,750	855,135	54,615	6.39%
Other Services and Charges	6,520,531	4,856,362	1,664,169	34.27%
Depreciation	3,784,036	3,988,557	(204,521)	-5.13%
Total Operating Expenses	<u>17,052,135</u>	<u>14,748,701</u>	<u>2,303,434</u>	<u>15.62%</u>
Operating Loss	<u>(7,813,723)</u>	<u>(6,656,554)</u>	<u>(1,157,169)</u>	<u>17.38%</u>
Nonoperating Revenues				
Property Taxes	3,647,169	3,518,924	128,245	3.64%
Other Tax Distributions	732,770	895,009	(162,239)	-18.13%
Interest and Investment Revenue	447,515	70,145	377,370	537.99%
Property Management Revenue	721,757	377,805	343,952	91.04%
Federal Operating Grant	5,083,458	3,201,989	1,881,469	58.76%
Other Revenue	324,487	71,481	253,006	353.95%
Total Nonoperating Revenues	<u>10,957,156</u>	<u>8,135,353</u>	<u>2,821,803</u>	<u>34.69%</u>
Nonoperating Expenses				
Interest Expense	193,476	229,052	(35,576)	-15.53%
Loss on Disposal of Capital Assets	535,176	19,693	515,483	2617.60%
Amortization	(60,432)	(58,066)	(2,366)	4.07%
Total Nonoperating Expenses	<u>668,220</u>	<u>190,679</u>	<u>477,541</u>	<u>250.44%</u>
Income Before Capital Contributions and Passenger Facility Charge Revenue	<u>2,475,213</u>	<u>1,288,120</u>	<u>1,187,093</u>	<u>92.16%</u>
Capital Contributions	11,968,710	17,373,237	(5,404,527)	-31.11%
Passenger Facility Charge Revenue	<u>1,536,494</u>	<u>1,479,583</u>	<u>56,911</u>	<u>3.85%</u>
Change in Net Position	<u>15,980,417</u>	<u>20,140,940</u>	<u>(4,160,523)</u>	<u>-20.66%</u>
Total Net Position - Beginning	<u>123,851,317</u>	<u>103,710,377</u>	<u>20,140,940</u>	<u>19.42%</u>
Total Net Position - Ending	<u>\$ 139,831,734</u>	<u>\$ 123,851,317</u>	<u>\$ 15,980,417</u>	<u>12.90%</u>

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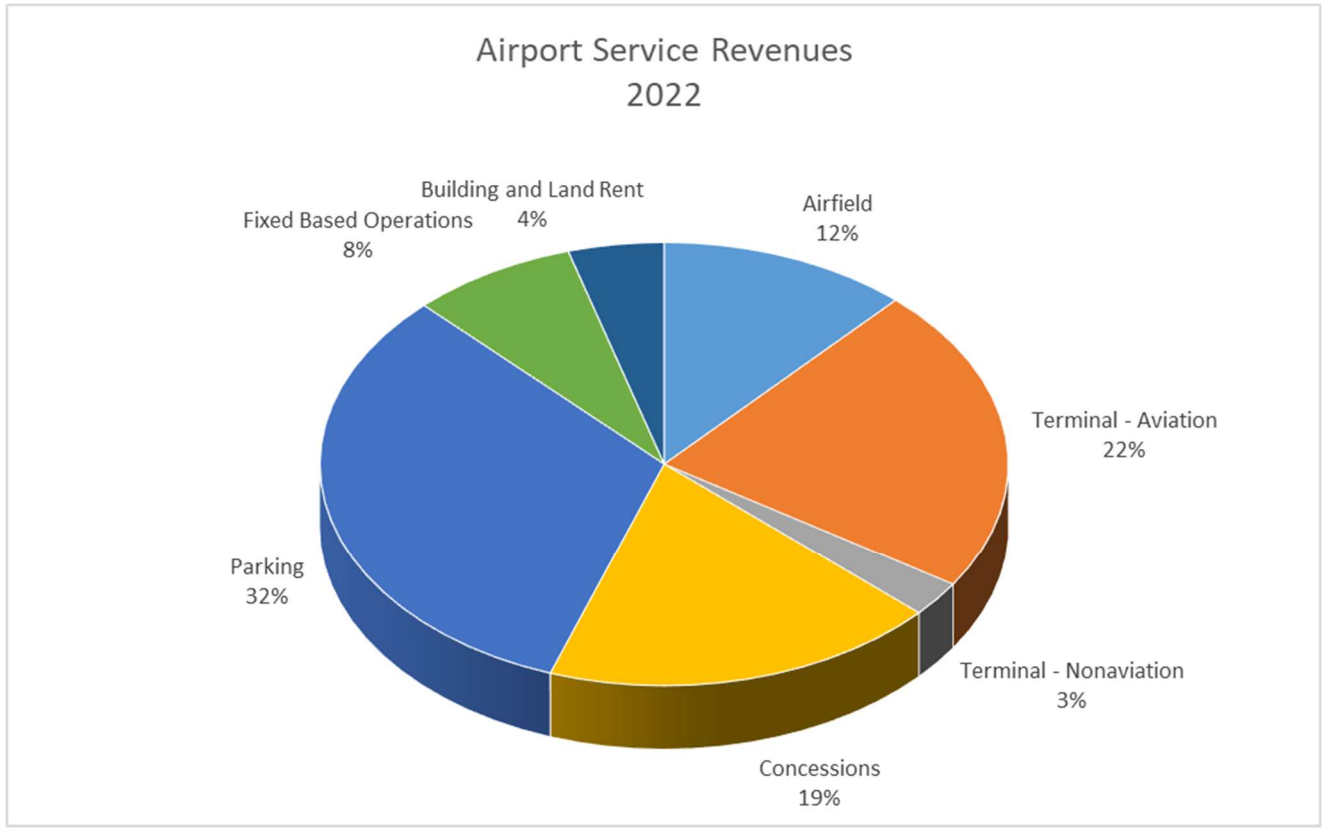
ST. JOSEPH COUNTY AIRPORT AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenue

Total Operating Revenue increased by 14.2% compared to 2021 levels, in large part due to continued recovery from the COVID-19 pandemic that had significant impacts on air travel throughout the world since 2020. Airport Service Revenue increased by 14.1% 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 (\$1.34 per thousand pounds over 12,500 of maximum gross landed weight) and fuel flowage fees, increased by 5%. Terminal Rental Revenue increased by 3% in 2022. Terminal Non-Aviation Rental Revenue increased by 31% in 2022. Concession Revenue increased by 15.6% and Parking Revenue increased by 24.2%. Fixed Base Operations Revenue, a component of General Aviation activity, increased 17%. Other Building and Land Rental on the airfield increased by 11.7%. Non-Operating Revenues increased by 34.7% due to timing of additional funding received from federal sources to offset losses created by the COVID-19 pandemic. Passenger Facility Charge (P.F.C.) Revenues increased in 2022 by 3.9%, again as a result of a passenger traffic slowly recovering from the COVID-19 pandemic. A significant decrease in capital contributions occurred in 2022 due to federal funds related airport construction.



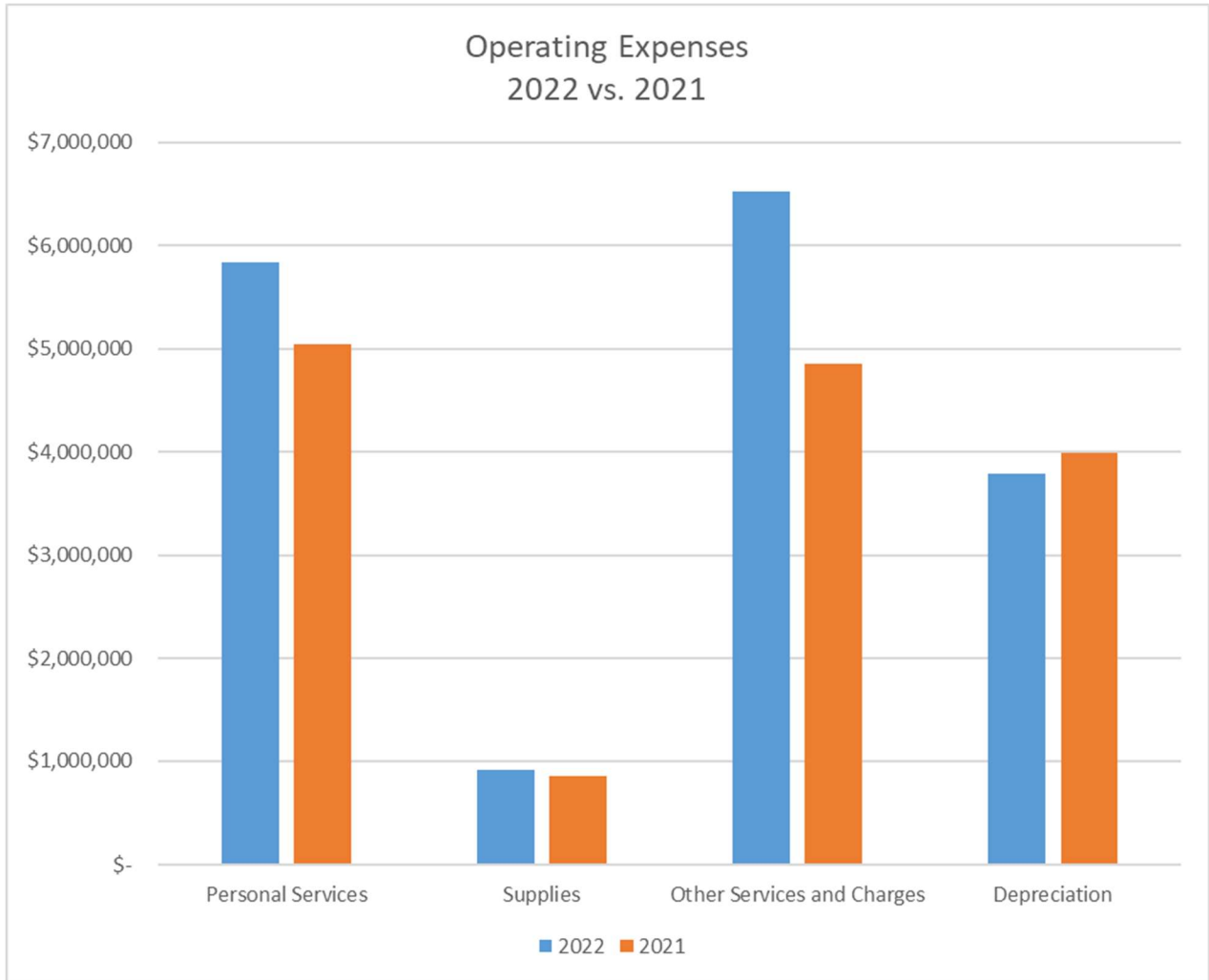
ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022



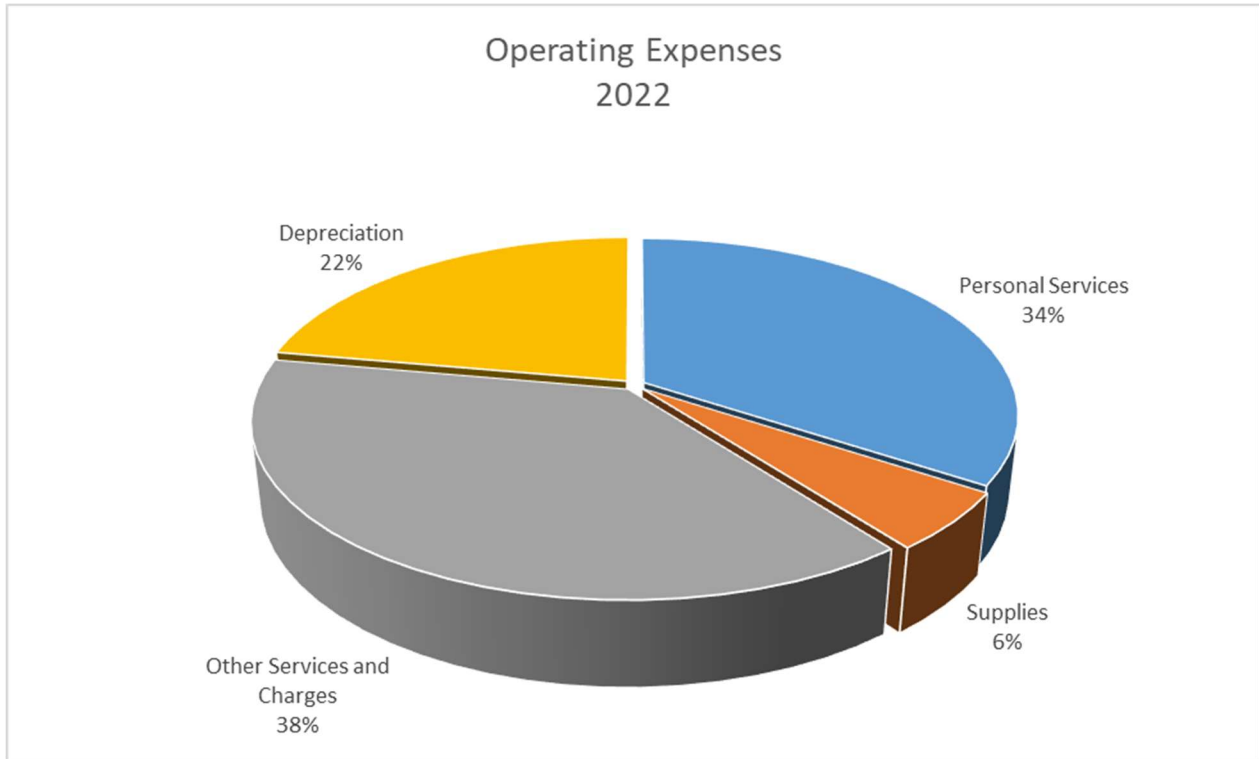
Expenses

Total Operating Expenses increased by 15.6% while Non-Operating Expenses increased in 2022 by \$477,000 compared to 2021, mostly due to accumulated depreciation expense related to disposal of capital assets. The Operating Expenses increased mainly due to increased cost to maintenance and repair, two major projects included first phase of terminal roof replacement, and mill and fill at the airfield. The increase also represents increased activity, and return of projects and programs that were suspended, or limited during Covid.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022



ST. JOSEPH COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022



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>2022</u>	<u>2021</u>
Cash Flows		
Operating Activities	\$ (3,800,122)	\$ (3,353,425)
Noncapital Financing Activities	10,470,379	8,072,617
Capital and Related Financing Activities	(4,146,137)	212,194
Investing Activities	<u>447,515</u>	<u>70,145</u>
Net Increase (Decrease)	<u>2,971,635</u>	<u>5,001,531</u>
Cash and Cash Equivalents - Beginning	<u>26,392,583</u>	<u>21,391,052</u>
Cash and Cash Equivalents - Ending	<u>\$29,364,218</u>	<u>\$26,392,583</u>

The Authority's available Cash and Cash Equivalents increased from \$26.4 million at the end of 2021 to \$29.4 million at the end of 2022.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

CAPITAL ASSETS

The St. Joseph County Airport Authority's investment in Capital Assets as of December 31, 2022, was \$118.5 million (net of Accumulated Depreciation). This investment in Capital Assets includes land, buildings, roadways, airfield and equipment. In total, this represents a \$14.2 million increase from 2021. Major Capital Asset events during the current fiscal year included the following:

During 2022, the Airport Authority District disbursed approximately \$18 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, 2022, the Airport Authority had received a total of \$34,315,905.

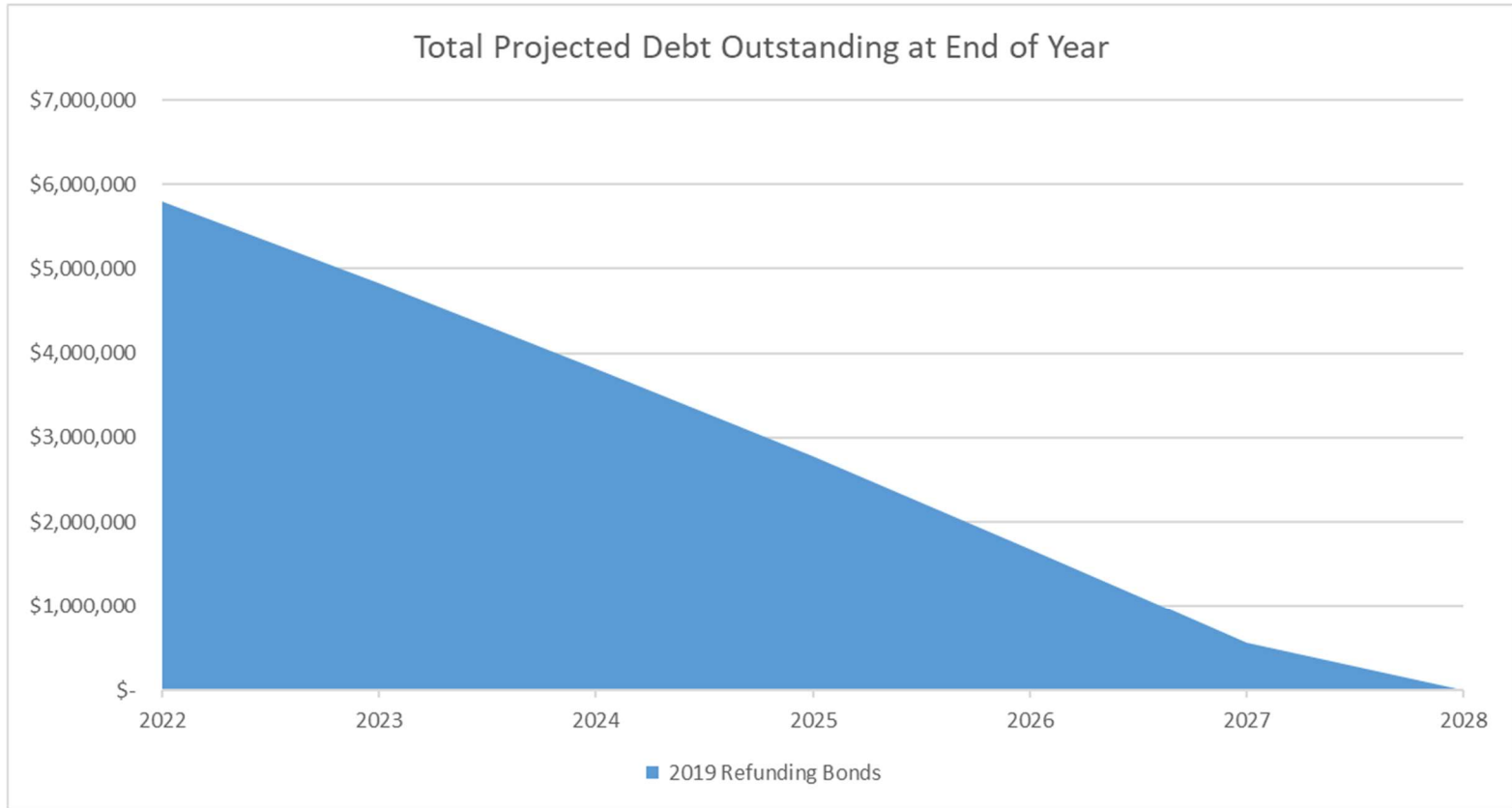
LONG TERM DEBT AND CREDIT RATINGS

The Airport Authority has \$5.1 million in Outstanding Long-Term Debt plus \$1.0 million in Outstanding Short-Term Debt as of December 31, 2022. 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 \$2,993,254,731. The debt limit is \$59.9 million, and the total outstanding General Obligation Debt is \$6,021,030.

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, 2022



ST. JOSEPH COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2022

Assets	
Current assets:	
Unrestricted:	
Cash and cash equivalents	\$ 19,708,913
Accounts receivable (net of allowance)	796,388
Intergovernmental receivable	2,012,901
Leases receivable	65,604
Accrued interest receivable - leases	1,042
Prepaid items	<u>243,787</u>
Total unrestricted current assets	<u>22,828,635</u>
Restricted:	
Cash and cash equivalents:	
Passenger facility charge fund	1,923,161
Customer facility charge fund	1,081,020
Debt Service Reserve fund	1,125,368
Cumulative building fund	4,335,709
Excess levy fund	235
Other funds	1,189,812
Accounts receivable - passenger facility charge	231,682
Taxes receivable	<u>57,889</u>
Total restricted current assets	<u>9,944,876</u>
Total current assets	<u>32,773,511</u>
Noncurrent assets:	
Leases receivable	38,321
Capital assets:	
Capital assets not being depreciated	70,403,405
Capital assets, net of accumulated depreciation	<u>47,999,461</u>
Total noncurrent assets	<u>118,441,187</u>
Total assets	<u>151,214,698</u>
Deferred outflows of resources	
Deferred pension outflows	879,039
Deferred OPEB outflows	<u>38,402</u>
Total deferred outflows of resources	<u>917,441</u>
Total assets and deferred outflows of resources	<u>\$ 152,132,139</u>

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2022

Liabilities	
Current liabilities:	
Unrestricted:	
Accounts payable	\$ 613,558
Accrued payroll payable	210,201
Unearned revenue	132,215
Compensated absences	249,120
Other current liabilities	<u>9,625</u>
Total unrestricted current liabilities	<u>1,214,719</u>
Restricted:	
General obligation bonds payable	970,000
Retainage payable	1,668,564
Customer deposits payable	26,719
Contracts payable	501,226
Other liabilities	<u>47,788</u>
Total restricted current liabilities	<u>3,214,297</u>
Total current liabilities	<u>4,429,016</u>
Noncurrent liabilities:	
Unrestricted:	
Compensated absences	113,754
Net pension liability	2,038,952
Total OPEB liability	<u>89,641</u>
Total noncurrent unrestricted liabilities	<u>2,242,347</u>
Restricted:	
General obligation bonds payable (net of unamortized premiums)	<u>5,051,030</u>
Total noncurrent restricted liabilities	<u>5,051,030</u>
Total noncurrent liabilities	<u>7,293,377</u>
Total liabilities	<u>11,722,393</u>
Deferred inflow of resources	
Deferred amount on refunding	164,550
Deferred amount on leases	100,902
Deferred pension inflow	142,901
Deferred OPEB inflow	<u>169,659</u>
Total deferred inflows of resources	<u>578,012</u>
Total liabilities and deferred inflow of resources	<u>12,300,405</u>
Net Position:	
Net investment in capital assets	110,047,496
Restricted for debt service	3,280,211
Restricted for capital assets	4,393,598
Unrestricted	<u>22,110,429</u>
Total net position	<u>\$ 139,831,734</u>

See accompanying notes to financial statements.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year End December 31, 2022

Operating revenues:	
Airfield	\$ 1,083,095
Terminal - aviation	2,066,044
Terminal - nonaviation	238,507
Concessions	1,715,156
Parking	2,980,793
Fixed based operations	718,617
Building and land rent	415,200
Other	<u>21,000</u>
Total operating revenues	<u>9,238,412</u>
Operating expenses:	
Personal services	5,837,818
Supplies	909,750
Other services and charges	6,520,531
Depreciation	<u>3,784,036</u>
Total operating expenses	<u>17,052,135</u>
Operating loss	<u>(7,813,723)</u>
Nonoperating revenues:	
Property taxes	3,647,169
Other tax distributions	732,770
Interest and investment revenue	447,515
Property management revenue	721,757
Federal operating grant	5,083,458
Other revenue	<u>324,487</u>
Total nonoperating revenues	<u>10,957,156</u>
Nonoperating expenses:	
Interest expense	193,476
Loss on disposal of assets	535,176
Amortization	<u>(60,432)</u>
Total nonoperating expenses	<u>668,220</u>
Income before capital contributions and passenger facility charges	<u>2,475,213</u>
Capital contributions	11,968,710
Passenger facility charge revenue	<u>1,536,494</u>
Total capital contributions and passenger facility charges	<u>13,505,204</u>
Change in net position	<u>15,980,417</u>
Total net position - beginning	<u>123,851,317</u>
Total net position - ending	<u>\$ 139,831,734</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year End December 31, 2022

Cash flows from operating activities:	
Receipts from customers and users	\$ 9,790,135
Payments to suppliers and contractors	(9,478,361)
Payments to employees	<u>(4,111,896)</u>
Net cash used by operating activities	<u>(3,800,122)</u>
Cash flows from noncapital financing activities:	
Property management activity	721,757
Other nonoperating revenue	324,487
Operating grant received	5,083,458
Property and county income taxes	<u>4,340,677</u>
Net cash provided by noncapital financing activities	<u>10,470,379</u>
Cash flows from capital and related financing activities:	
Passenger facility charges	1,527,699
Capital contributions	17,161,741
Acquisition and construction of capital assets	(21,712,099)
Interest paid on capital debt	(192,968)
Principal paid on capital bonds	(930,000)
Bond issuance costs	<u>(510)</u>
Net cash used in capital and related financing activities	<u>(4,146,137)</u>
Cash flows from investing activities:	
Interest received	<u>447,515</u>
Net cash provided by investing financing activities	<u>447,515</u>
Net increase in cash and cash equivalents	<u>2,971,635</u>
Cash and cash equivalents, January 1	<u>26,392,583</u>
Cash and cash equivalents, December 31	<u>\$ 29,364,218</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year End December 31, 2022

Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (7,813,723)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,784,036
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	549,174
Prepaid items	83,047
Other current assets	-
Leases receivable	(103,925)
Accrued interest receivable - leases	(1,042)
Deferred pension outflows	(161,956)
Deferred OPEB outflows	4,559
Increase in liabilities and deferred inflows of resources:	
Accounts payable	(298,673)
Accrued payroll payable	61,802
Unearned revenue	(986)
Compensated absences	(26,638)
Other current liabilities	15,341
Customer deposits payable	7,600
Net pension liability	1,217,205
Total OPEB liability	1,194
Deferred amount on leases	100,902
Deferred pension inflows	(1,200,738)
Deferred OPEB inflows	(17,301)
Total adjustments	<u>4,013,601</u>
Net cash used by operating activities	<u>\$ (3,800,122)</u>
Noncash investing, capital and related financing activities:	
Disposal of capital assets	\$ 779,216
Capital assets purchased on account	\$ 2,169,790

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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 \$9,944,876 of restricted assets, all of which is restricted by enabling legislation.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

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.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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, 2022, 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, 2022, 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, as well as deferred inflows from lease contracts which represents the future revenues related to the leasing arrangements the Authority entered into for some of its assets. This is amortized over the life of the lease contract on the straight-line basis.

10. Net Position Classification

Net Position is classified and displayed in three components:

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

- 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.

G. Implementation of New Accounting Standards

In June 2017, the GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the Airport Authority's fiscal year ended December 31, 2022 and management has implemented the provisions of the Statement by calculating the lease receivables and deferred inflows of resources related to these lease contracts as of January 1, 2022. The Airport Authority then recognized the current year payment provisions as inflows. A restatement of beginning net position due to the change in accounting principle was not required.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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.

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, 2022, the Airport Authority had deposit balances in the amount of \$29,507,704. 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 \$41,090 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, 2022, was as follows:

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 35,379,236	\$ 70,709	\$ 535,176	\$ 34,914,769
Construction in progress	<u>19,641,296</u>	<u>18,439,174</u>	<u>2,591,834</u>	<u>35,488,636</u>
Total capital assets, not being depreciated	55,020,532	18,509,883	3,127,010	70,403,405
Capital assets, being depreciated:				
Buildings	76,768,052	-	985,643	75,782,409
Airfield	44,297,661	-	-	44,297,661
Equipment	<u>9,803,899</u>	<u>2,521,127</u>	<u>20,065</u>	<u>12,304,961</u>
Totals	<u>130,869,612</u>	<u>2,521,127</u>	<u>1,005,708</u>	<u>132,385,031</u>
Less accumulated depreciation for:				
Buildings	38,501,649	2,039,954	985,643	39,555,960
Airfield	35,828,472	1,207,488	-	37,035,960
Equipment	<u>7,277,121</u>	<u>536,594</u>	<u>20,065</u>	<u>7,793,650</u>
Totals	<u>81,607,242</u>	<u>3,784,036</u>	<u>1,005,708</u>	<u>84,385,570</u>
Total capital assets, being depreciated	<u>49,262,370</u>	<u>(1,262,909)</u>	<u>-</u>	<u>47,999,461</u>
Total capital assets, net	<u>\$ 104,282,902</u>	<u>\$ 17,246,974</u>	<u>\$ 3,127,010</u>	<u>\$ 118,402,866</u>

D. Construction Commitments to Contractors

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31</u>	<u>Total Remaining Committed</u>
Taxiway Bravo and Terminal Ramp	\$ 34,079,188	\$ 24,178,966
Masterplan and ALP Update	1,205,457	16,475
Other	<u>203,991</u>	<u>144,491</u>
Totals	<u>\$ 35,488,636</u>	<u>\$ 24,339,932</u>

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.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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%	\$ 5,800,000	\$ 221,030	\$ 6,021,030

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, 2022, \$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.

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>
2023	\$ 970,000	\$ 155,368
2024	1,010,000	116,168
2025	1,050,000	75,368
2026	1,090,000	32,968
2027	1,120,000	140
2028	<u>560,000</u>	<u>28</u>
Totals	<u>\$ 5,800,000</u>	<u>\$ 380,040</u>

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, 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	\$ 6,730,000	\$ -	\$ 930,000	\$ 5,800,000	\$ 970,000
Plus bond premium	<u>255,672</u>	<u>-</u>	<u>34,642</u>	<u>221,030</u>	<u>-</u>
Total general obligation bonds	<u>6,985,672</u>	<u>-</u>	<u>964,642</u>	<u>6,021,030</u>	<u>970,000</u>
Compensated absences	389,512	194,499	221,137	362,874	249,120
Net pension liability	821,747	1,633,922	416,717	2,038,952	-
Total OPEB liability	<u>88,447</u>	<u>1,194</u>	<u>-</u>	<u>89,641</u>	<u>-</u>
 Total non-current liabilities	 <u>\$ 8,285,378</u>	 <u>\$ 1,829,615</u>	 <u>\$ 1,602,496</u>	 <u>\$ 8,512,497</u>	 <u>\$ 1,219,120</u>

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 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.

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.

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Employees Covered by Benefit Terms

As of December 31, 2022, the following employees were covered by the benefit terms:

Active employees	63
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees entitled to and receiving benefits	-
	<u>63</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, 2022, the Airport contributed \$0 to the plan.

Total OPEB Liability

The Airport Authority's total OPEB liability was measured as of December 31, 2022, 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, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Projected salary increases	2.65% plus merit and productivity which range from 0%-6% based on years of service
Healthcare cost trend rate	7.0% in 2022, decreasing annually by 0.25% to an ultimate rate of 4.0%

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.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Discount Rate

The discount rate used to measure the total OPEB liability was 3.72%, 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 2.25%. 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, 2022:

<u>Total OPEB liability</u>	<u>2022</u>
Service cost	\$ 8,802
Interest	2,188
Changes of benefit terms	-
Differences between expected and actual experience	1,996
Changes of assumptions	(11,792)
Benefit payments	<u>-</u>
Net change in total OPEB liability	<u>1,194</u>
Total OPEB liability - beginning	<u>88,447</u>
Total OPEB liability - ending	<u>\$ 89,641</u>

The following assumption changes were included in the actuarial valuation for the year ended December 31, 2022:

- Updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of December 31, 2022 (measurement date). The discount rate is 3.72% as of December 31, 2022 and 2.25% as of January 1, 2021. This change resulted in a decrease in liabilities.
- Payroll growth rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2022. This change caused an increase in the Authority's liabilities.
- Health care trend rates have been reset from an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5% to an initial rate of 7.0% decreasing 0.25% to an ultimate rate of 4.0%. This change caused an increase in liabilities for the Airport Authority.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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 (2.72%) or 1% higher (4.72%) than the current discount rate:

	<u>2.72%</u> <u>1% Decrease</u>	<u>3.72%</u> <u>Current Rate</u>	<u>4.72%</u> <u>1% Increase</u>
Total OPEB Liability	\$ <u>98,000</u>	\$ <u>89,641</u>	\$ <u>84,000</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 (6.0% decreasing to 3.0%) or 1% higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	<u>6.00%</u> <u>1% Decrease</u>	<u>7.00%</u> <u>Current Rate</u>	<u>8.00%</u> <u>1% Increase</u>
Total OPEB Liability	\$ <u>78,000</u>	\$ <u>89,641</u>	\$ <u>104,000</u>

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

For the year ended December 31, 2022, the Airport Authority recognized OPEB expense of \$(11,551). At December 31, 2022, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 21,620	\$ (153,356)
Change of assumptions	<u>16,782</u>	<u>(16,303)</u>
Totals	<u>\$ 38,402</u>	<u>\$ (169,659)</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

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

Fiscal Year Ending December 31,	Balance
2023	\$ (22,541)
2024	(22,541)
2025	(22,541)
2026	(22,541)
2027	(5,696)
Thereafter	(35,397)
	\$ (131,257)

C. Pension Plan

Cost-Sharing Multiple-Employer Deferred Plan

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.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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 2022 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 \$446,493 for the calendar year ended December 31, 2022.

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, 2022, the Airport Authority reported a liability of \$2,038,952 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the Airport Authority's proportion was 0.06465%, which was an increase of 0.0022% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Airport Authority recognized pension expense of \$301,003. At December 31, 2022, 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	\$ 43,967	\$ 7,754
Net difference between projected and actual investment earnings on pension plan investments	251,628	-
Change of assumptions	276,166	87,233
Changes in proportion and difference between employer contributions and proportionate share contributions	81,480	47,914
Authority contributions subsequent to the measurement date	<u>225,798</u>	<u>-</u>
 Totals	 <u>\$ 879,039</u>	 <u>\$ 142,901</u>

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

\$225,798 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 a reduction in the net pension liability in the year ending December 31, 2023. 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>
2023	\$ 109,856
2024	160,931
2025	(26,621)
2026	<u>266,174</u>
Total	<u>\$ 510,340</u>

Actuarial Assumptions

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

Asset valuation date:	June 30, 2022
Liability valuation date and method:	June 30, 2022 - Member census data as of June 30, 2021 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2021 and June 30, 2022. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2021 to the June 30, 2022 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, 2022, 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:	2.0%

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Mortality

Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females.

Retirees – General Retiree table with a 3 year set forward for males and a 1 year set forward for females.

Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.

Disableds – General Disabled table with a 140% load.

The actuarial assumptions used in the June 30, 2022 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, 2022.

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%	7.7%
Fixed income - Ex inflation linked	20.0%	1.4%
Fixed income - Inflation linked	15.0%	-0.3%
Commodities	10.0%	0.9%
Real estate	10.0%	3.7%
Absolute return	5.0%	2.1%
Risk parity	20.0%	3.8%

(Continued)

ST. JOSEPH COUNTY AIRPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

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>3,444,537</u>	\$ <u>2,038,952</u>	\$ <u>866,593</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 2022, the Airport Authority earned \$1,536,494 from 39 separate airlines. The Airport Authority is authorized to receive a maximum of \$40,172,802. As of December 31, 2022, the Airport Authority has earned a total of \$34,315,905.

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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.

Lease Receivable

The Airport Authority leases space for advertising structures, equipment and certain structures. The leases have an estimated life of 5 – 20 years from the commencement date. The Airport Authority recognized \$80,921 of lease revenue and \$1,239 of interest revenue related to these leases for the fiscal year ended December 31, 2022. The following is a schedule of future income for leases receivable:

Year Ending December 31,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 65,604	\$ 2,468	\$ 68,072
2024	11,752	1,365	13,117
2025	12,236	873	13,109
2026	12,734	366	13,100
2027	1,599	25	1,624
	\$ 103,925	\$ 5,097	\$ 109,022

Regulated Leases

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. Certain other regulated leases for various hangars, tie-down spaces, and FBO lease agreements with tenants for the use of spaces has also been entered into. Most of these leases allow the lessee the exclusive use of the premises, however, aircraft and vehicles may traverse the space and lessees are prohibited from any use that would interfere with airport operations. The net portion of land, buildings and improvements that are exclusive as of December 31, 2022 are \$3.1 million. In addition, with the exception of T-hangers, all Airport Authority owned hangars as of December 31, 2022 are for the exclusive use of the lessees. During the year, total revenues of \$805,486 were recorded for these regulated leases. The following is a schedule of future rental income for regulated leases:

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Year Ending December 31,

	<u>Minimum Future Rents</u>
2023	\$ 854,636
2024	853,937
2025	653,294
2026	445,302
2027	308,936
2028-2032	940,600
2033-2037	239,335
2028-2042	69,160
	<u>\$ 4,365,200</u>

**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>2022</u>	<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>
Proportion of the net pension liability	0.06465%	0.06245%	0.06511%	0.06140%	0.05988%	0.06049%	0.06415%	0.05773%	0.06523%	0.06471%
Proportionate share of the net pension liability	\$ 2,038,952	\$ 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
Covered payroll	\$ 3,720,689	\$ 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
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%	71.3%
Plan fiduciary net position as a percentage of total pension liability	82.5%	92.5%	81.4%	80.1%	78.9%	78.9%	75.3%	77.3%	84.3%	78.8%

Note: Each year's information is reported as of the plan year end of June 30, which is used as the measurement date 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>2022</u>	<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>
Contractually required contributions	\$ 446,492	\$ 385,607	\$ 393,708	\$ 358,261	\$ 342,208	\$ 336,133	\$ 344,314	\$ 309,706	\$ 322,365	\$ 337,399
Contributions in relation to the contractually required contribution	<u>(446,493)</u>	<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>
Contribution deficiency (excess)	\$ (1)	\$ (7,231)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,986,540	\$ 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
Contributions as a percentage of covered payroll	11.20%	11.41%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 8,802	\$ 13,657	\$ 11,158	\$ 6,089	\$ 6,760	\$ 13,576
Interest	2,188	3,984	5,261	4,317	3,767	8,887
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	1,996	(110,298)	(4,335)	35,563	(6,794)	(147,658)
Changes of assumptions	(11,792)	6,824	11,960	5,311	(3,833)	(8,984)
Benefit payments	-	-	-	-	-	-
Net change in total OPEB liability	<u>1,194</u>	<u>(85,833)</u>	<u>24,044</u>	<u>51,280</u>	<u>(100)</u>	<u>(134,179)</u>
Total OPEB liability - beginning	88,447	174,280	150,236	98,956	99,056	233,235
Total OPEB liability - ending	<u>\$ 89,641</u>	<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%	0%
Covered payroll	\$ 4,053,495	\$ 3,431,491	\$ 3,355,861	\$ 3,204,601	\$ 2,957,193	\$ 2,892,120
Total OPEB liability as a percentage of covered payroll	2.2%	2.6%	5.2%	4.7%	3.3%	3.4%

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

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year End December 31, 2022

Public Employees' Retirement Fund

A. Plan Amendments

There were no plan amendments during the fiscal year.

B. Assumption Changes

There were no assumption changes during the fiscal year.

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:

Updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of December 31, 2022 (measurement date). The discount rate is 3.72% as of December 31, 2022 and 2.25% as of January 1, 2021. This change resulted in a decrease in liabilities.

Payroll growth rates have been updated based on the most recent INPRS PERF actuarial valuation as of June 30, 2022. This change caused an increase in the Authority's liabilities.

Health care trend rates have been reset from an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5% to an initial rate of 7.0% decreasing 0.25% to an ultimate rate of 4.0%. 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
SUPPLEMENTAL FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Year End December 31, 2022**

	Budgeted Amounts - Original & Final	Actual Budgetary Basis Amounts	Variance With Final Budget
Revenues:			
Airfield	\$ 1,237,055	\$ 534,907	\$ (702,148)
Terminal - aviation	2,618,607	2,066,044	(552,563)
Terminal - non-aviation	125,000	238,507	113,507
Concessions	910,462	1,715,156	804,694
Parking	2,786,810	2,980,793	193,983
Fixed based operations	527,988	718,617	190,629
Building and land rent	362,164	415,200	53,036
Other	50,000	21,000	(29,000)
Total revenues	<u>8,618,086</u>	<u>8,690,224</u>	<u>72,138</u>
Expenses:			
Personal services	5,879,413	5,715,945	163,468
Supplies	966,950	717,065	249,885
Other services and charges	<u>5,893,501</u>	<u>6,520,531</u>	<u>(627,030)</u>
Total operating expenses	<u>12,739,864</u>	<u>12,953,541</u>	<u>(213,677)</u>
Debt service:			
Other services and charges	<u>1,122,968</u>	<u>1,123,476</u>	<u>(508)</u>
Total expenses	<u>13,862,832</u>	<u>14,077,017</u>	<u>(214,185)</u>
Other financing sources (uses):			
Property taxes	3,100,000	3,607,907	507,907
Other tax distributions	835,250	732,770	(102,480)
Interest income	75,000	447,515	372,515
Federal and state grants	19,456,915	10,276,489	(9,180,426)
Capital outlay	<u>(29,837,547)</u>	<u>(21,712,099)</u>	<u>8,125,448</u>
Total other financing sources (uses)	<u>(6,370,382)</u>	<u>(6,647,418)</u>	<u>(277,036)</u>
Deficiency of revenues and other financing sources under expenses and other financing uses			
	<u>\$ (11,615,128)</u>	<u>\$ (12,034,211)</u>	<u>\$ (419,083)</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL FINANCIAL INFORMATION
BUDGET/GAAP RECONCILIATION
Year End December 31, 2022**

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)	\$ (12,034,211)
Adjustments:	
Capital expenses	21,712,099
Depreciation	(3,784,036)
Amortization of deferred amount on refunding and bond premium	60,432
Debt payments	930,000
Capital contributions	11,968,710
Loss on sale of capital asset	(535,176)
Passenger facility charge revenue	1,536,494
Other non-operating revenue	324,487
Property management activity (net revenue)	721,757
Change in operating revenues receivable and unearned revenues	548,188
Change in intergovernmental receivable	(5,193,031)
Change in taxes receivable	39,262
Change in wages and benefits payable	35,164
Changes in payables and prepaid items	(192,685)
Net pension adjustment	(145,489)
Net OPEB adjustment	<u>(11,548)</u>
Change in net position (GAAP basis)	<u>\$ 15,980,417</u>

**ST. JOSEPH COUNTY AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Collections	Date Approved	Amount Approved For Use	Cumulative Total - December 31, 2021	Quarter Ended				Year Ended December 31, 2022	Cumulative Total - December 31, 2022
				March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022		
Passenger facility charge collections			\$ 32,461,004	\$ 495,670	\$ 388,046	\$ 236,214	\$ 407,769	\$ 1,527,699	\$ 33,988,703
Interest earned			<u>1,025,635</u>	<u>2,469</u>	<u>4,149</u>	<u>9,735</u>	<u>18,425</u>	<u>34,778</u>	<u>1,060,413</u>
Total passenger facility charge collections received			<u>\$ 33,486,639</u>	<u>\$ 498,139</u>	<u>\$ 392,195</u>	<u>\$ 245,949</u>	<u>\$ 426,194</u>	<u>\$ 1,562,477</u>	<u>\$ 35,049,116</u>
Expenditures									
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	14,231,414	-	560,314	-	547,838	1,108,152	15,339,566
Application #2011-04-C	5/23/2011	6,000,000	6,000,000	-	-	-	-	-	6,000,000
Application #2022-06-C	12/13/2021	1,511,817	-	-	1,511,817	-	-	1,511,817	1,511,817
Total passenger facility charge collections expended		<u>\$ 41,684,619</u>	<u>\$ 30,505,987</u>	<u>\$ -</u>	<u>\$ 2,072,131</u>	<u>\$ -</u>	<u>\$ 547,838</u>	<u>\$ 2,619,969</u>	<u>\$ 33,125,956</u>

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

	<u>2022</u>	<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>
Operating revenues:										
Airport service revenues:										
Airfield	\$ 1,083,095	\$ 1,030,453	\$ 761,880	\$ 965,160	\$ 849,954	\$ 758,121	\$ 765,204	\$ 716,108	\$ 669,881	\$ 665,933
Terminal - aviation	2,066,044	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
Terminal - nonaviation	238,507	181,640	134,478	229,213	245,934	189,186	142,353	115,954	128,179	105,434
Concessions	1,715,156	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
Parking	2,980,793	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
Fixed based operations	718,617	614,469	526,460	550,164	578,701	532,958	502,448	425,101	386,809	381,546
Building and land rent	415,200	371,666	458,747	637,982	577,613	624,331	477,983	311,083	409,037	308,721
Airport service revenues - total	<u>9,217,412</u>	<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>
Other	21,000	13,000	13,000	13,000	13,000	13,000	13,000	3,000	4,000	3,000
Total operating revenues	<u>9,238,412</u>	<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>
Nonoperating revenues:										
Property taxes	3,647,169	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
Other tax distributions	732,770	895,009	792,325	688,716	731,724	548,973	710,580	509,765	493,925	461,683
Interest and investment revenue	447,515	70,145	124,024	441,422	309,992	144,914	19,554	9,963	12,203	15,634
Property management revenue	721,757	377,805	321,545	594,422	535,868	449,526	526,419	281,952	242,757	244,898
Federal operating grant	5,083,458	3,201,989	7,388,917	112,850	108,596	105,396	112,226	12,098	238,490	692,138
Gain on disposal of assets	-	-	-	-	-	-	-	-	56,402	-
Other revenue	324,487	71,481	282,487	66,752	68,410	115,035	49,614	310,005	84,670	50,545
Total nonoperating revenues	<u>10,957,156</u>	<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>
Total revenue	<u>\$ 20,195,568</u>	<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>

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

	<u>2022</u>	<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>
Operating expenses:										
Personal services	\$ 5,837,818	\$ 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
Supplies	909,750	855,135	709,984	947,963	809,018	722,503	665,317	736,469	702,877	756,976
Other services and charges	6,520,531	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
Depreciation	3,784,036	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
Total operating expenses	<u>17,052,135</u>	<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>
Nonoperating expenses:										
Interest expense	193,476	228,968	309,831	192,019	408,203	435,222	465,836	467,639	487,856	503,345
Property management expense	-	-	-	-	-	-	-	150,541	199,801	186,036
Loss on disposal of capital assets	535,176	19,693	-	-	-	-	-	1,055,552	69,948	-
Bond issuance costs	-	84	-	742,154	-	-	-	-	-	-
Amortization	(60,432)	(58,066)	(55,793)	3,167	17,728	18,578	17,728	79,399	575	-
Total nonoperating expenses	<u>668,220</u>	<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>
Total expenses	<u>17,720,355</u>	<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>
Income before capital contributions and passenger facility charge revenues	<u>2,475,213</u>	<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>
Capital contributions	11,968,710	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
Passenger facility charge revenue	1,536,494	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
Capital assets donated to County government	-	-	-	-	-	-	-	-	(1,552,241)	(5,004,377)
Total contributions	<u>13,505,204</u>	<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>
Change in net position	<u>15,980,417</u>	<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>
Total net position - beginning	123,851,317	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
Total net position - adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,091,551</u>	<u>1</u>	<u>(1,586,596)</u>	<u>167,329</u>	<u>-</u>
Total net position - ending	<u>\$ 139,831,734</u>	<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>

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

Year	Real Property Assessed Value	Personal Property Assessed Value	Total Direct Tax Rate	Total Assessed Value
2022	\$ 8,806,226,558	\$ 1,728,099,154	0.0424	\$ 10,534,325,712
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

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
2022	\$ 0.0294	\$ 0.0130	\$ -	\$ 0.0424
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

Source: St. Joseph County Auditor

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

Year	Certified Levy (1)	Collections During the Year	
		Amount	Percentage of Levy
2022	\$ 4,466,554	\$ 3,647,169	81.66%
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%

(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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 financial position as of December 31, 2022, 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 August 21, 2023.

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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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

FORVIS,LLP

Indianapolis, Indiana
August 21, 2023

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, 2022. 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, 2022.

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 the 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 program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 the 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.

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
August 21, 2023

ST. JOSEPH COUNTY AIRPORT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Federal Assistance Listing Number	Grant Number	Program or Award Amount	Amount Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION					
Airport Improvement Program	20.106	03-18-0079-053-2019	\$ 3,189,188	\$ -	\$ 517,590
Airport Improvement Program	20.106	03-18-0079-055-2020	14,504,795	-	1,254,454
Airport Improvement Program	20.106	03-18-0079-058-2020	13,271,031	-	11,637,630
COVID19 - American Rescue Plan Act	20.106	03-18-0079-060-2021	4,994,943	-	2,191,664
Airport Improvement Program	20.106	03-18-0079-062-2022	20,462,969	-	1,340,514
				<u>-</u>	<u>16,941,852</u>
				<u>\$ -</u>	<u>\$ 16,941,852</u>

ST. JOSEPH COUNTY AIRPORT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2022

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, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 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, 2022

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, 2022

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

St. Joseph County Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
2021-001	Internal Control Over Financial Reporting 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.	Resolved