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Port of Huntsville Annual Report Archive

2022 Annual Report

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Port of Huntsville
Huntsville, Alabama

2022 Annual Report

Commercial Reentry Space Flight Comes to HSV First in the US

HSV is the first commercial U.S. airport to receive an FAA license to land a space reentry vehicle.

Breeze Airways Launches Nonstop Service from Huntsville

The inaugural Breeze Airways flight from HSV took passengers to New Orleans, La., on July 15, 2021.

Kerry Logistics Network Begins Service at Americas Hub in Huntsville, Alabama

New Trans-Pacific air freight service connects Asia to the US via Huntsville.

What's New & Updated at HSV

A number of innovations and upgrades at the Port of Huntsville were accomplished in FY22.

LATAM Star Offers New Direct Cargo Service to Brazil from HSV

The LATAM Star route began air cargo service direct from HSV to Brazil in collaboration with DSV.

Business Development Updates

The new $3 million Avilution facility was officially opened with a ribbon cutting in October 2021.

HSV West Runway Reopened Following Year-Long Renovation

The West Runway at Huntsville International Airport underwent an extensive, year-long renovation.

HSV's Tucker Named Director of the Year, Small Airports Division

Huntsville International Airport CEO Emeritus Rick Tucker was 2021 Director of the Year, Small Airports Division.

A New Addition to the HSV Fire & Rescue Fleet

A new $1 million airport rescue and fire fighting truck was put into service in August 2021.

HSV CEO Rick Tucker Retires

Port of Huntsville CEO Emeritus Rick Tucker stepped down as CEO on June 30, 2022.

Accolades, Highlights & Recognition for HSV

The Port of Huntsville saw many positives to celebrate in FY22.

What's Next in FY23

Construction headlines projects designed to improve the passenger experience at HSV in FY23.

Commercial Reentry Space Flight Comes to HSV First in the US

The Sierra Space Corporation DreamChaser commercial space reentry vehicle could be the first of its kind to land at Huntsville International Airport.

Huntsville International Airport has been approved by the Federal Aviation Administration (FAA) to allow commercial space vehicles to land in Huntsville. Huntsville International Airport, located in North Alabama, is the first commercial airport in the U.S. approved as a reentry site to receive a space vehicle landing.

"Huntsville has propelled us into another historic first for our state with the award of the commercial space vehicle reentry license for Huntsville International Airport," said Gov. Kay Ivey. "We appreciate the collaboration exhibited by our public and private partners to make this a reality."

The concept of a space vehicle landing began in 2014 with a consortium of public and private partners including Huntsville International Airport, Teledyne Brown Engineering, Sierra Space, RS&H, the Huntsville/Madison County Chamber of Commerce, the City of Huntsville, Madison County, the City of Madison, The University of Alabama in Huntsville, the Military Stability Foundation and the State of Alabama.

"The landing of Dream Chaser at Huntsville International Airport is part of a vision for economic development that continues our legacy in space science and taps into our workforce expertise and assets developed for the International Space Station," said Tommy Battle, Mayor of Huntsville.

Landing the Dream Chaser in Huntsville was identified as one of three pillars of the commercial space strategy developed in 2016 for the Huntsville/Madison County Chamber. The Chamber has been working to build a commercial market for low Earth orbit using the Dream Chaser as the cornerstone. Efforts include sponsoring two competitions with the European Space Agency, hosting three workshops for industry and academic partners, hosting a panel discussion on research and development in microgravity at South by Southwest (SXSW), exhibiting at the National Space Symposium and Space Tech Expo Europe, and several media stories including a national profile on Fox & Friends.

The reentry license application was submitted by Huntsville International Airport in November 2021, and approval was contingent upon the finding of no significant impact through the FAA's Environmental Assessment. The public was invited to participate in the assessment, which examined air space, noise, historical preservation, wildlife and impact to waterways within the anticipated reentry trajectory of the vehicle.

Initially, the obtaining of the FAA license is specific to Dream Chaser; however, this proof of concept supports other space reentry vehicles, and each would require additional FAA licensing.

Sierra Space has been awarded six missions by NASA to resupply the International Space Station via uncrewed vehicles. The effort includes obtaining the FAA License to Operate a Reentry Site and a Reentry Vehicle License. With the approval of the Reentry Site License, the team continues pursuing the Reentry Vehicle License anticipated to be submitted in June of 2022. Potentially, the FAA could grant the Dream Chaser the option to land at HSV starting in 2023.

"This is a significant milestone for Huntsville International and for our community in the pursuit of landing a commercial space vehicle right here in Rocket City U.S.A.," said Mark McDaniel, Chairman of the Board of Directors for the Port of Huntsville/Huntsville International Airport. "That's going to be an exciting day, not just for the Airport but also for the talented and dedicated partners in this effort."

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New "low fare, high-flex" Breeze Airways launched non-stop service on July 15, 2021, from Huntsville International Airport (HSV) to Charleston, SC (CHS), New Orleans, LA (MSY), and on July 22 for Tampa, FL (TPA) as part of its initial air service launch.

These new flights begin with Breeze Airlines service to Charleston and New Orleans with a special "champagne launch" on the nose of the arriving Embraer 190 jet airliner with Breeze Airways CEO David Neeleman, Huntsville International Airport (HSV) CEO Rick Tucker, HSV Board Chairman Mark McDaniel, HSV board members, Jo Bonner, Chief of Staff, Governor of Alabama office, and local dignitaries participating.

"Huntsville, Alabama is booming, and it is exciting news that Breeze Airways is officially launching their non-stop service out of Huntsville International Airport," said Governor Ivey. "We continue showing the world that Alabama is not only open for business, but that it is the best place to do business."

"Huntsville's dramatic growth and recurring designation as one of the best places to live in the country positions us to attract more residents and visitors. With this exciting investment from Breeze Airways, we can expand our airline capacity to reach even more destinations," stated Mayor Tommy Battle.

"We are pleased to officially launch Breeze Airways service at HSV, said Mark McDaniel, HSV Board Chairman. "The announcement of Breeze Airways is an economic development announcement as important as any other because transportation is the key to economic growth and prosperity. Our airport is the connection to other areas of the country and business opportunities found in those areas."

"We are excited about the new service and expect our community will respond to the new 'Seriously Nice' and ultra-low fare air service by taking advantage of the flexibility offered by flying and supporting Breeze Airways," commented HSV CEO Rick Tucker.

The airline offers seamless booking, no change or cancellation fees, up to 24-months of reusable flight credit and customized flight features delivered via a sleek and simple app.

For HSV service, Breeze will utilize the E190 jets seating 108 passengers with two-by-two configuration, so there are no middle seats. Seat assignments start from $10, but Family Seating is free for families traveling with children 12 and under. The charge to travel with a pet in the cabin is $75. Streaming inflight entertainment to personal devices will be available on each flight, provided by Global Eagle.

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Kerry Logistics Network Begins Service at Americas Hub in Huntsville, Alabama

Kerry Logistics Network began Trans-Pacific air freight service connecting Asia to the USA via Huntsville International Airport in September 2021.

Kerry Logistics Network Limited began new Trans-Pacific air freight service connecting multiple Asian locations to the USA via Huntsville International Airport in September, 2021 with the hope of capturing the heightened demands in the pandemic-hit air freight market. Named Kerry Freight Controlled Network (KCN), the freight integrator centers on the Americas hub set up in Huntsville. Inaugural flights originated from Hong Kong in September 2021.

KCN is a time-definite solution that offers standard air freight services to customers with guaranteed space and long-term pricing, fulfilling the needs of customers looking for stable and long-term solutions. KCN leads the market in heavy air freight integrators with door-to-door solutions for a wide range of products: from small parcels to large and oversized cargoes, including DGR and lithium batteries.

Kerry Logistics Network is partnering with Huntsville International Airport to establish a hub at the airport, operating inbound and outbound air cargo flights as well as trucking connections to provide seamless transportation of goods across the Americas. Kerry will operate multiple aircraft on a weekly basis from select origins in Asia.

"We chose Huntsville as our Americas air freight hub for KCN as it is congestion-free and enjoys expedited transfer of cargo to Latin America and Mexico," said Kevin Bulger, Chief Operating Officer of USA, Kerry Logistics Network. "With cooperation from HSV, we will be able to execute swift dispatch of cargoes to cities within the USA and Canada. KCN will be a welcomed service in the increasingly tight air cargo market and meet the demands of customers looking for a lasting and reliable solution to their air freight needs."

"The Port of Huntsville is a Southeast gateway to countries all over the world and makes our region a highly sought-after location for business and industry," said Rick Tucker, CEO, Port of Huntsville. "Home to the Huntsville International Airport (HSV), Jetplex Industrial Park (JIP) and the International Intermodal Centre (IIC), our Port creates efficient, effective and economical solutions for customers and stimulates the regional economy through a strong transportation infrastructure, global connectivity and innovative logistic solutions. Kerry Logistics Network will enhance HSV's global connectivity and speed to market solutions. We welcome our newest logistic partner to HSV and look forward to a long term, prosperous partnership."

"HSV is home to the second longest runway in the Southeast United States at 12,600 feet along with a 10,000-foot runway, providing uncongested operations," added Barbie Peek, Director of Business Development for the Port of Huntsville. "On-site U.S. Customs presence contributes to HSV's more effective and efficient operation when compared to overcrowded gateways."

Huntsville has a geographic advantage with highly competitive drive times from HSV to major markets, Peek added.

"HSV's primary 26-state catchment area accounts for more than half of the US population and air export tonnage," Peek said. "HSV's infrastructure is a blueprint for success and a key ingredient for our new partner Kerry Logistics to be successful."

Backed by its excellent track record in the industry, the support of carriers, its customs clearance capacity and extensive coverage of major air transit hubs across different regions, KLN's air freight business, from Asia to the world, surged in 2020.

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Projects improving the roadways and parking areas for passengers were major upgrades for the Port of Huntsville in FY22..

New Pavement for Glenn Hearn Boulevard and Airport Parking

The major earthbound throughfare entering and exiting the airport received a complete facelift in the fall of 2021. Asphalt paving on Glenn Hearn Blvd. including both inbound and outbound lanes consisted of mill and overlay of pavement. Additionally, the concrete roadways in front of the HSV terminal building were cleaned and restriped to improve appearance.

The Economy Parking Lot also received a much-needed facelift with a complete mill and overlay of asphalt pavement. A massive sinkhole opened up unexpectedly to delay work for a short time but was quickly dispatched by HSV Engineering and contractors.

West Runway Reopens after 12-Month Renovation

Returned to service after a year-long extensive renovation, the18R/36L "West" Runway reopened to air traffic late November 2021 after an extensive renovation. The multimillion-dollar project provided much-needed resurfacing of the 25-year-old west runway pavement and replacement of decades-old incandescent lighting.

Runway 18R/36L is 12,600 feet in length and is the second longest in the Southeast U.S. It runs parallel to County Line Road on the west side of Huntsville International Airport and originally opened in 1967 for operation.

The design, construction and construction administration for this project were funded by a $23.5 million grant received by the Port of Huntsville through the Federal Aviation Administration's Airport Improvement Program, which sets design standards for airport infrastructure and aircraft compatibility. The FAA – under DOT – also oversees the Airport Improvement Program (AIP) grant distribution program.

Other Engineering projects completed in FY22 include:

- Light Fixtures in Concourse and Terminal Buildings Updated with LED Fixtures (August 2021)
- T-Hangar Drainage Improvements Project (April 2022)
- IT Updates completed in FY22 include:
  - Addition of Carbon Black Anti-virus for all client computers and servers
  - Addition of Cisco Umbrella DNS monitoring and protection
  - Upgraded parking system to include "touchless" ticketing
  - Fully implemented Sysaid work request ticketing system

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LATAM Star Offers New Direct Cargo Service to Brazil from HSV

A DSV employee shuttles a load of cargo destined for Brazil on the new LATAM Star route from Huntsville International Airport. The weekly, direct international air cargo service is a collaboration between LATAM Group and DSV, based at HSV.

The Port of Huntsville announced greater opportunity for businesses as the new LATAM Star route began air cargo service direct from HSV to Brazil in June 2022. LATAM Group ("LATAM") offers the service in collaboration with freight forwarder DSV at Huntsville International Airport.

"We are thrilled to add this direct service to South America from Huntsville," said Barbie Peek, Business Development Officer, Port of Huntsville. "With a supply chain pushed to the limit by the pandemic, cargo operations have struggled to keep up. The new LATAM Star service will provide a welcome remedy to businesses wishing to get their product to the Brazil market quickly and efficiently."

Weekly Monday morning departures from Huntsville are scheduled to arrive the same day in Brazil.

Tagged as the LATAM Star, LATAM Group ("LATAM") together with DSV will offer service from Huntsville, Alabama with direct service to Viracopos, Brazil. This route provides relief needed for a congested supply chain in offering a direct cargo load by DSV Air&Sea at the Huntsville International Airport.

Voted as No. 1 on U.S. News & World Report's annual Best Places to Live list for 2022-2023, Huntsville Ala. is an optimal origin and destination point for clients as a less congested option to more traditional cargo facilities in the nearby area.

"The relaunch of the route from Huntsville is proof of the opportunities created by the growth of our B767F fleet," said Andrés Bianchi, LATAM Cargo CEO. "This allows us to provide differentiated solutions to our clients, regarding origins, destinations, and frequencies, and strengthen our connectivity to, from, and within South America."

This unique collaboration is a quick turnkey solution, loaded and controlled by DSV Air & Sea with the full commitment and lift by LATAM. Routed in return from Viracopos, through Bogota and Miami – this full-service offer is a game changer for many looking for relief in this market.

"DSV has grown its Air Freight competencies and volumes over the last years, and with that we will continue to build on our strong and growing charter network," said Mads Ravn, Executive Vice President, DSV Air&Sea. "The new Huntsville – Brazil – Bogota service is another add-on which expands the DSV Charter Network to the resurging Latin America region from the uncongested Huntsville International Airport."

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The new $3 million Avitalian facility was officially opened with a ribbon cutting in October 2021.

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Avitalian, an aviation technology company founded by Mark Spencer, cut the ribbon on its new cutting-edge facility at Huntsville International Airport in Huntsville, Ala. on October 08, 2021.

"Thanks in large part to the vision and support of the Huntsville International Airport and the City of Huntsville, Avitalian is pleased to establish this unique incubator for integrating and advancing both civilian and military avionics from traditional and non-traditional vendors through a modular open systems approach," said Mark Spencer, Avitalian Founder and XFS Architect. "This facility supports improving both existing legacy aircraft as well as the next generation of fixed wing, rotary wing, drones and urban air mobility."

Since its founding in 2010, Avitalian has developed a new and innovative avionics framework called eXtensible Flight System (XFS.) The XFS avionics platform provides a suite of applications from which a complete aircraft avionics system can be built using relatively commodity hardware from a variety of vendors. Avitalian also provides engineering services, especially to augment the XFS product line. Some applications of the XFS system are used to build a graphical interface for radio, show and/or log engine monitoring systems, or drive and monitor the state of switches and/or relays. This framework allows for the rapid development of robust and future-proof avionics freeing the consumer from vendor lock-in and obsolescence. Avitalian's first packaged commercial offering, the Unpanel®, is a unique avionics package tailor-made for VFR (Visual Flight Rules) pilots.

"We are pleased to welcome Avitalian as a partner at the Port of Huntsville," said Rick Tucker, CEO of the Port of Huntsville. "We are excited that they have chosen Huntsville International Airport as their base of operations. Their combined operations will be in a newly constructed facility with 7,000 square feet of hangar space and 6,000 square feet of lab and office space and represents more than $3 million in capital investment. We work to provide our Port of Huntsville partners more than just a space for business; we also provide a helping hand in promoting and nurturing their business through community, regional and media partnerships that the Port of Huntsville maintains."

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New LATAM Star Route Began Direct Air Cargo Service from HSV to Brazil

The LATAM Star route began air cargo service direct from HSV to Brazil increasing opportunity for businesses. LATAM Group is offering the service in collaboration with freight forwarder DSV at Huntsville International Airport.

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LATAM Airlines Group S.A. and its affiliates are the main group of airlines in Latin America with presence in five domestic markets in the region: Brazil, Chile, Colombia, Ecuador and Peru, in addition to international operations inside Latin America and between it and Europe, Oceania, the United States, and the Caribbean. The group has a fleet of Boeing 767, 777, 787, Airbus A321, A320, A320neo and A319 aircraft.

HUNTSVILLE INTERNATIONAL AIRPORT

New Ultra-Low-Cost Carrier Breeze Airways Chooses Huntsville

New Low fare, high-flex' Breeze Airways launched non-stop service on July 15, 2021, from Huntsville International Airport (HSV) to Charleston, SC (CHS), New Orleans, LA (MSY), and on July 22 for Tampa, FL (TPA) as part of its initial air service launch.

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The airline offers seamless booking, no change or cancellation fees, up to 24-months of reusable flight credit and customized flight features delivered via a sleek and simple app.

ADDITIONAL BUSINESS DEVELOPMENT HIGHLIGHTS:

- Frontier begins nonstop route from HSV to Denver International Airport
- HSV was charted at No. 21 in the continental U.S. for international air cargo
- HSV approved plans for construction of a new 111,000 square foot air cargo building for Kerry Logistics
- Shoemack Investments new Runway Distribution Center 100% leased
- Triad new 118,000 sq. ft. facility in Jetplex industrial Park 100% leased
- HSV and Signature announce new $12 million expansion and renovation of FBO facility

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HSV West Runway Reopened Following Year-Long Renovation

The West Runway 18R/36L at Huntsville International Airport underwent an extensive renovation over a 12-month period in 2020-2021.

Aircraft flying in and out of Huntsville International Airport enjoyed the option of a second runway just in time for the 2021 holiday travel rush. Returned to service after a year-long extensive renovation, the18R/36L "West" Runway reopened to air traffic late November 2021.

"We were thrilled to reopen the west runway just as traffic began ramping up here at Huntsville International for the holiday season," said Rick Tucker, then Port of Huntsville CEO. "Even with the onset of the pandemic, we were working hard to prepare for the inevitable growth in passenger and cargo flights mirroring our community's rapid economic development. It's a matter of pride for us to be able to offer superior facilities and capabilities to our customers rivaling much larger airports yet with the convenience and personal touch we can offer as a smaller market."

The multimillion-dollar project provided much-needed resurfacing of the 25-year-old west runway pavement and replacement of decades-old incandescent lighting.

"The new surface will extend the useful life of the runway for an additional 20 to 25 years," Tucker said, "Converting from incandescent to LED lighting will reduce energy consumption and save electricity costs."

The scope of work for the project included a four-inch mill and overlay of full-strength runway and connector taxiway asphalt pavement and a two-inch mill and overlay of the inner 27 feet of runway shoulder. Both blast pads, connector taxiway shoulders, and the outer runway shoulders received an asphalt rejuvenation treatment to extend the useful life of the pavements, originally constructed in 2012. The rehabilitation included complete replacement of the incandescent runway edge lights, centerline lights and touchdown zone lights on the runway. In total, 759 lights were replaced the LED fixtures, and almost 50 miles of new wiring was replaced.

Runway 18R/36L is 12,600 feet in length and is the second longest in the Southeast U.S. It runs parallel to County Line Road on the west side of Huntsville International Airport and originally opened in 1967 for operation. Currently, 18R/36L is able to accommodate aircraft up to Aircraft Design Group VI which includes Boeing 747-8F and Airbus A-380 aircraft.

Wiregrass Construction Company's North Area Division Office in Huntsville served as the prime contractor for the project and provided paving services. Subcontractors also contributing to the project included Rutherford Contracting Inc. (airfield and electrical); Hasco Inc. (rejuvenation and pavement markings); Cardinal International (asphalt grooving); and Garver Engineering – Huntsville (design services.) The majority of consultants and contractors on the runway repaving project are local to North Alabama.

The design, construction and construction administration for this project were funded by a $23.5 million grant received by the Port of Huntsville through the Federal Aviation Administration's Airport Improvement Program, which sets design standards for airport infrastructure and aircraft compatibility. The FAA, under DOT, also oversees the Airport Improvement Program (AIP) grant distribution program.

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"Rick Tucker's steady leadership hand over decades at Huntsville International (HSV), lifting both passenger and cargo activity, made him an obvious choice," said Melissa Montes, publisher of Airport Experience News. "Rick has also had significant influence on national aviation policy through his work with ACI-NA, AAAE and the Alabama Congressional delegation."

Tucker stepped down from his role as CEO in June 2022, but during his tenure at the Port of Huntsville, he was responsible for the overall management of Huntsville International Airport, the International Intermodal Center, and the Jetplex Industrial Park, which are owned and operated by the Huntsville-Madison County Airport Authority. He has worked for the Airport Authority since 1978, holding various positions within the organization, and was named executive director and CEO of Port of Huntsville in 1994.

"After more than 40 years in the airport industry, it's an honor to be selected as the Airport Director of the Year by Airport Experience News," said Tucker. "This recognition is a testament to the dedication to excellence by our entire team here at Huntsville International. From the visionary leadership of our board to the exceptional staff who have committed their lives and careers to making HSV the best – they inspire me every day! This has never been more evident than our successfully meeting the numerous challenges faced as a result of the pandemic. We have remained focused on our mission to serve. I am proud of this team!"

Tucker was featured in the November/December 2021 issue of Airport Experience News and was honored at the 2022 Airport Experience Conference held in Orlando, Fla.

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A New Addition to the HSV Fire & Rescue Fleet

Huntsville International Airport added a new airport rescue and fire fighting (ARFF) truck to its fleet in August 2021.

Passengers through Huntsville International Airport can feel more safe than ever thanks to the addition of new airport firefighting and rescue equipment. Port of Huntsville Public Safety received an Oshkosh Global Striker 4X4 ARFF vehicle with some impressive features. including a 50-foot High Reach Extendable Turret(HRET) with a piercing nozzle.

"This gives us the functionality of an elevated master stream for firefighting and also the ability to pierce through the skin of an aircraft and deliver water or foam to concealed fires in cargo areas and passenger cabins," said Chief Chris Scott of the POH Public Safety Department.

Features of the new ARFF truck include:

- 0-50 mph in less than 25 seconds
- Ability to ascend/decent a 50% grade
- True 4X4 drivetrain
- 1,500-gallon water capacity
- 210-gallon foam capacity
- 500 lbs. – dry chemical capacity
- 2,000 gpm pump
- 750 gpm roof turret
- 750 gpm low attack bumper turret
- Electronic foam proportioning system (upgrade)
- On-board input based foam testing capability
- Two 200-foot preconnected crosslays
- 100-foot hydrochem booster reel

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HSV CEO Rick Tucker Retires

Port of Huntsville CEO Emeritus Rick Tucker stepped down as CEO on June 30, 2022.

The Port of Huntsville announced on April 6 that Rick Tucker, Chief Executive Officer of the international transportation and business hub which includes Huntsville International Airport, International Intermodal Center and Jetplex Industrial Park, planned to retire on December 31, 2022. Tucker's leadership "has grown the organization to superlative reputation and provided powerful economic impact in the community," said Mark McDaniel, Board Chairman of the Huntsville Madison County Airport Authority (HMCAA) d.b.a. the Port of Huntsville.

Luther "Butch" Roberts, A.A.E., C.M.A., became CEO for the Port of Huntsville on July 1, 2022. Roberts has served as COO/Deputy Director since 1996. McDaniel added that Tucker will continue to serve the organization as CEO Emeritus during the transition of leadership and in a part-time capacity during his retirement focusing on strategic regional, state and national opportunities to strengthen the Port's position as a leader in the global transportation, logistics and international trade arena.

"I want to express sincere appreciation on behalf of the HMCAA Board to Rick for his decades of constant, professional, focused leadership and visionary contributions to the Port of Huntsville and to our community," said Mark McDaniel, Chairman of the Port of Huntsville Board of Directors. "Under his tenure, the airport, cargo operations and industrial park have expanded beyond our hopes and dreams to bring jobs and prosperity to Huntsville and to indelibly link the Port of Huntsville to the world."

Major accomplishments at the Port of Huntsville under Tucker's watch include the extension of the west runway to 12,600 feet, making it the second-longest in the southeast U.S.; the construction of a new 219-foot air traffic control tower expanding aviation development opportunities; construction of two parking decks with over 2600 spaces; construction of a 10,000-foot parallel taxiway for B747 freighter operations; air cargo ramp expansion to accommodate 10 B747 parking positions; and a five-year terminal area capital improvement project completed in 2012 which included a new security screening checkpoint and public waiting area on the second floor and a new first floor baggage claim. Commercial air traffic has grown to more than 1 million passengers annually, and non-stop air service has expanded to 14 destinations.

Tucker has guided the completion of numerous expansions at the International Intermodal Center including over 200,000 square feet of air cargo facilities serving weekly international air cargo flights to Europe, Hong Kong, Shanghai, Cambodia and Brazil. Air cargo activities have positioned HSV as 18th of 182 airports in the continental U.S. for international air cargo freight volume. Tucker has guided the development and growth of the Jetplex Industrial Park, a 4,000-acre business park anchoring more than 75 international and domestic companies representing six million square feet of business facilities, a capital investment of $1.4 billion and 4,000 jobs.

Tucker is a respected leader in the aviation world having served as Chairman of the U.S. Policy Council for Airports Council International – North America (ACI-NA) and most recently serving on the U.S. Department of Commerce Advisory Committee on Supply Chain Competitiveness. Leadership roles include President of the Aviation Council of Alabama Board of Directors and President of the North Alabama International Trade Association. He has served on the Alabama Commission on Infrastructure, the Airport Cooperative Research Program Oversight Committee and the Appalachian Regional Commission Network Appalachia. During his tenure, Tucker has been recognized as one of *Air Cargo World*'s Most Influential Leaders (2006), as the recipient of Huntsville Rotary Club's Vocational Excellence Award (2010) and as NAITA's International Trade Advocate (2013). Tucker was named the 2019 Airport Professional of the year by the Southeast Chapter of the American Association of Airport Executives (SEC-AAAE) and the 2021 Airport Director of the Year, Small Airports Division by *Airport Experience News*.

"When I started at the airport 44 years ago, I could not have imagined spending my entire career with just one employer. However, because we had a very small staff I was given some unique opportunities early in my career to expand and grow as an individual as the organization and community grew," said Tucker. "I give credit to the success of the Port of Huntsville to the talented staff and visionary board members surrounding me during my career, and especially the blessings of God! My understanding is that in 1967 when the new airport facility was built, it was dedicated to the glory of God. I trust this approach will continue throughout our history."

Added Tucker, "I have tremendous confidence in our team to achieve even greater success under the leadership of Butch Roberts. He is the right person at the right time!"

"Through Rick's successes at the airport, Butch has been his right hand," McDaniel said. "The Board has the utmost confidence in his ability to carry forward the mission of the Port of Huntsville. Butch's steady and wise leadership has made him an ideal choice for the position of CEO."

Roberts' career in the aviation industry spans 36 years and began at Huntsville Madison County Airport Authority. He is a graduate of the University of Alabama in Huntsville (B.S. Accounting, 1985) and is a Certified Management Accountant and Accredited Airport Executive. He is a member of the American Association of Airport Executives, National Association of Accountants and the Alabama Space Authority.

"I look forward to continuing the work of implementing our Master Plan to grow the airport, intermodal center and industrial park to meet the needs of industry and commerce in our service area," Roberts said. "We have already begun a new air cargo expansion and have applied for a license to land the DreamChaser commercial space vehicle here at HSV. With our upcoming terminal and concourse upgrades in the final planning stages, there is a lot to be excited about as we see air travel returning post-pandemic and our region's economy prospering."

RELATED

HSV's Tucker Named Director of the Year, Small Airports Division
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A New Addition to the HSV Fire & Rescue Fleet

Accolades, Highlights & Recognition for HSV

The Antonov An-225 at the Port of Huntsville International Intermodal Center in October 2021.

The Port of Huntsville saw many positives to celebrate in 2022. Here are some of our accolades, highlights and recognition received throughout the year:

Governmental Affairs/Planning

HSV received discretionary grant awards totaling $22,670,663 for the purpose of rehabilitating West Runway 18R/36L and replacing the light fixtures in the concourse and terminal buildings with LED fixtures. The COVID-19 relief-related ACRGP grant provided $7,632,398 and the ARPA grant a 10% match on four HSV projects, adding $601,892 to the full grant funding for FY22 of $22,670,663.

Operations

HSV charted at No. 21 in the continental U.S. for international air cargo volume in a 2022 report by Airports Council International. For comparison, the top five in the ACI list are Memphis, Anchorage, Louisville, Los Angeles and Chicago.

The City of Huntsville Beautification Board continued recognition of the Port of Huntsville's Glenn Hearn Entrance, International Intermodal Center Entrance, and Signature Flight Support with Beautification Awards.

The Port of Huntsville completed several major projects in FY22 including the completion of Taxiway "C" construction as well as a fascia/roof renovation project on the Concourse. And because timeliness is important – particularly when waiting on your bags to meet you at baggage claim – Huntsville International achieved an average baggage delivery time of 14.81 minutes.

Leadership

Port of Huntsville Executive Director and CEO Rick Tucker was selected as Director of the Year, Small Airports Division, by *Airport Experience News*. He has worked for the Huntsville-Madison County Airport Authority since 1978, holding various positions within the organization, and was named executive director and CEO of Port of Huntsville in 1994. Tucker was honored at the 2022 Airport Experience Conference held in Orlando, Florida.

Barbie Peek, Port of Huntsville Chief Business Development Officer, was elected President & Chairman of the 2022 NAITA Board of Directors. Barbie has served on the NAITA Board of Directors since 2018, and the Port of Huntsville has long been a sustaining member and supporter of the trade association.

Rick Tucker announced his retirement as CEO in 2022, and COO Butch Roberts was named new CEO of the Port of Huntsville.

Press

- HSV granted FAA license to land commercial space reentry vehicle – Dream Chaser
- Breeze Airways begins non-stop flights to New Orleans, Tampa, and Charleston from HSV
- Breeze Airways announces nonstop service to Las Vegas from HSV
- HSV was charted at No. 21 in the continental U.S. for international air cargo
- Kerry Logistics Network begins service to Asia from HSV as North America air cargo hub
- LATAM Star offers new direct cargo service to Brazil from HSV
- Avilution opens $3 million office, lab and hangar at HSV
- HSV approved plans for construction of a new 111,000 square foot air cargo building for Kerry Logistics
- Shamrock Investments new Runway Distribution Center 100% leased
- Triad new 118,000 sq. ft. facility in Jetplex industrial Park 100% leased
- HSV and Signature announce new $12 million expansion and renovation of FBO facility

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What's Next in FY23

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HSV CEO Rick Tucker Retires

What's Next in FY23

The Port of Huntsville anticipates that FY23 will bring some of the most exciting projects yet including:

- **DreamChaser**
  - HSV anticipates that a commercial space reentry vehicle (DreamChaser) could make a landing here in 2023 provided Sierra Space secures a license for their DreamChaser vehicle as well as a NASA mission.
- **Breeze Airways Expanded Route Map**
  - Breeze Airways launches new nonstop service to Las Vegas, NV, and Orlando, Fla. Seasonal BreezeThru service to Charleston, S.C., will resume, making four Breeze destinations from Huntsville for the ultra-low-cost carrier.
- **Terminal expansion**
  - Thanks to $10 million in Bipartisan Infrastructure Law funding, the HSV concourse will receive renovations to improve ADA access and increase space for new concessions with construction anticipated to begin February 2023.
- **Air cargo warehouse**
  - A new 115,000-square-foot air cargo warehouse is expected to be completed in May 2023.
- **Cell phone waiting lot**
  - A new cell phone waiting lot is expected to alleviate congestion in front of the terminal and permit extended wait times for those picking up arriving passengers.
- **Employee Parking Lot**
  - The employee parking lot will be moved to a new location with construction anticipated to begin December 2022.
- **Air Cargo Access Road**
  - The access road serving air cargo hangars on the east side of the airport campus will be extended with construction anticipated to begin December 2022.
- **Air Cargo Apron Rehabilitation**
  - The air cargo apron pavement on the east side of the airport campus will receive rehabilitation with anticipated start date of October 2022.

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Commercial Reentry Space Flight Comes to HSV First in the US
October 19, 2022
In "commercial space"

Breeze Airways Launches Nonstop Service from Huntsville
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A Letter from the Chairman and CEO

Following two years of stringent COVID protocols, disruptions in air service, decreasing rail cargo and supply chain aberrations, Huntsville International Airport saw operations and earnings begin to rebound and trend upward in FY22. The airport's rapid post-pandemic growth was highlighted by a crowning achievement as the nation's first commercial airport to receive licensing by the Federal Aviation Administration to land a commercial space vehicle.

Passenger traffic began to recover sharply within months of the COVID-19 vaccine's availability. Even though this was welcome news to the airport, a new struggle began to emerge: the airlines weren't quite prepared for the massive wave of passengers returning to the skies. Huntsville International experienced a phenomenon not seen in perhaps decades, that the majority of travelers through our doors were flying for leisure and not primarily business. In the midst of summer 2021, startup airline Breeze Airways chose Huntsville as one of its first cities to provide service primarily to leisure travelers, and this was a welcome shot in the arm for the airport and for the community seeking to take to the skies to visit family they had not seen in years or to take a postponed vacation.

Huntsville International was a recipient of $10 million from the Bipartisan Infrastructure Grant to facilitate terminal improvements needed to accommodate anticipated record traffic as the community grows.

Ongoing strategic initiatives have resulted in continued growth in our industrial park, while national recognition as the 21st largest international air cargo airport in the continental United States ensures the Port of Huntsville has earned its place among the elite in the global logistics marketplace.

New air cargo service confirmed the important position the Port of Huntsville holds in the global supply chain. Kerry Logistics Network began new Trans-Pacific air freight service in September 2021 linking multiple locations in Asia to the USA via its Huntsville hub. LATAM Group in collaboration with freight forwarder DSV relaunched its LATAM Star direct route to Brazil in June 2022 featuring same-day arrival.

We are proud to present this annual report that highlights the hard-won accomplishments our team achieved in FY22. There is much to celebrate at Huntsville International Airport, the International Intermodal Center, and the Jetplex industrial Park, not the least of which is the great opportunity to grow into an even more robust economic driver for North Alabama.

Our community is burgeoning with new business, new building, and an influx of new neighbors. Huntsville is fast becoming the powerful metropolitan economic engine envisioned for our state, and the mission of the Port of Huntsville carries more significance now than ever before: To provide quality, multi-modal transportation services to a diverse regional customer base and to stimulate the economic growth and development of the Tennessee Valley Region. We are grateful for your continued support of our enterprise as we serve this dynamic region.

Mark McDaniel – Board Chair

Luther "Butch" Roberts – CEO

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

CONTENTS

Mercer & Associates, PC

a CPA firm

201 Williams Ave., Suite 280
Huntsville, Alabama 35801
(256) 536 – 4318
Fax (256) 533 - 7193

Jerry Mercer, CPA, owner
Lisa Eaton, CPA
Misty Whiting, CPA
Jordan Gibbs, CPA
Amy Todd, CPA

Members
Alabama Society of C.P.A.s
American Institute C.P.A.s

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Huntsville-Madison County Airport Authority
Huntsville, Alabama

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Huntsville-Madison County Airport Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Huntsville-Madison County Airport Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Huntsville-Madison County Airport Authority, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Huntsville-Madison County 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 opinions.

Change in Accounting Principle

As described in Note M to the financial statements, in 2022, the Huntsville-Madison County Airport Authority adopted new accounting guidance, GASB Statement No. 87, Leases . Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Huntsville-Madison County Airport Authority's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Huntsville-Madison County Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Huntsville-Madison County 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 Huntsville-Madison County 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 a management's discussion and analysis on pages 3 through 7, schedule of changes in the net pension liability on page 35, schedule of employer contributions - pension on page 36, schedule of changes in the net OPEB liability on page 37, schedule of the net OPEB liability on page 38, schedule of employer contributions - OPEB on page 39 and schedule of investment returns - OPEB on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huntsville-Madison County Airport Authority's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, on our consideration of the Huntsville-Madison County 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 Huntsville-Madison County 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 Huntsville-Madison County Airport Authority's internal control over financial reporting and compliance.

Mercer & Associates, PC

October 11, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the Huntsville-Madison County Airport Authority (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Authority's financial statements and notes to the financial statements, which immediately follow this analysis.

Airport Activities and Highlights

The COVID-19 global pandemic began to significantly affect the global aviation industry in early 2020, and the impact to the Huntsville International Airport began in March 2020. Passenger traffic was negatively impacted in 2021 yielding only 46 percent of the 2019 level. However, April through June 2021 levels were 62 percent for the same period in 2019. Passenger traffic continued to improve during FY22 as traffic landed at 87% of FY19 levels. With improving economic conditions, federal financial assistance received and its unrestricted financial resources utilized, the Authority was able to pay operating expenses and meet its debt covenant requirements without issue. The Authority expects some of the issues impacting the industry (staffing and escalating costs) to continue during FY23 but should not impact the ability to manage its operating expenses and debt covenant requirements.

At June 30, 2022, the Huntsville International Airport was served by American Airlines, Breeze Airways (began in 2021), Delta Air Lines, Frontier Airlines, Silver Airways and United Airlines, directly or through their affiliates. At the date of this report, non-stop passenger service is provided to Atlanta, Charlotte, Chicago, Dallas, Denver, Detroit, Houston, Las Vegas, Orlando, Tampa and Washington D.C. (Dulles and Reagan). Air cargo carriers in 2022 included Atlas, Cargolux, National, Western Global, Federal Express and UPS. Air cargo service includes domestic destinations as well as international destinations in Luxembourg, Hong Kong, Korea, Cambodia and Brazil.

The following charts highlight selected key activities of the Authority:

	FY 22	FY 21	Difference	% Diff.
Enplanements	581,887	304,617	277,270	91.0%
Landed Weight-Air Carriers (000 pounds)	713,597	497,686	215,911	43.4%
Landed Weight-Air Cargo (000 pounds)	344,515	267,678	76,837	28.7%
Air Carrier Landings	9,374	7,076	2,298	32.5%
Rail Lifts	22,062	28,291	-6,229	-22.0%
Air Carrier Enplanements Share				
American Airlines	39.7%	45.6%	-5.9%	
Delta Air Lines	35.6%	31.1%	4.5%	
United Airlines	19.7%	19.2%	0.5%	
Frontier Airlines	2.0%	2.8%	-0.8%	
Silver Airways	1.2%	1.1%	0.1%	
Breeze Airways	1.8%	0.0%	1.8%	
Air Carrier Load Factors (July 2022/2021)				
American Airlines	75.1%	78.1%	-3.0%	
Delta Air Lines	80.0%	73.1%	6.9%	
United Airlines	88.3%	86.7%	1.6%	
Frontier Airlines	70.0%	88.7%	-18.7%	
Silver Airways	81.9%	86.0%	-4.1%	
Breeze Airways	66.0%	40.8%	25.2%	

Rail lifts decreased as expected in 2022, about 22 percent, due primarily to the disruption of the global supply chain from the COVID-19 pandemic, the normalization of which is uncertain at the date of this report.

Using the Financial Statements - An Overview for the User

The financial section consists of five parts - management's discussion and analysis (this section), the independent auditors' report, the basic financial statements, required supplemental information and other supplemental information.

Analysis of the Airport Authority's Overall Financial Position

Net position may serve over time as a useful indicator of an organization's financial position.

- The Authority's assets and deferred outflows exceeded liabilities and deferred inflows, or "Net Position," by $401.2 million at June 30, 2022.

- These figures include the Authority's net investment in capital assets totaling $306.7 million at June 30, 2022. The Authority uses these capital assets to provide services to the airlines, passengers and to service providers at the Airport; consequently, these assets are not available for future spending. Although the Authority's equity in its capital assets is reported net of related debt, the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

- The use of certain assets is restricted by external requirements, such as by federal law or bond covenants. Restricted net position was $11.9 million at June 30, 2022, a decrease of $2.2 million from 2022; Land sales subject to FAA restrictions decreased $4.9 million and restricted for capital projects increased $1.7 million.

- The Authority made payments on long-term debt totaling $3.1 million in 2022.

Summary of Net Position

	2022	2021
Current assets	$90,637,873	$69,567,837
Restricted assets	12,121,228	14,290,973
Property and equipment, net of accumulated depreciation	323,510,061	327,961,170
Other assets	9,159,451	0
Total Assets	**435,428,613**	**411,819,980**
Deferred Outflows of Resources	**2,805,188**	**2,221,794**
Current liabilities	6,408,129	8,534,863
Current liabilities, payable from restricted assets	3,387,134	3,329,544
Long-term debt, net of current portion	13,576,324	16,798,032
Other liabilities	2,204,109	2,426,303
Total Liabilities	**25,575,696**	**31,088,742**
Deferred Inflows of Resources	**11,459,323**	**1,216,790**
Total Net Position	**$401,198,782**	**$381,736,242**

- Unrestricted Net Position, which may be used at the Authority's discretion to meet ongoing obligations to passengers and other airport users, creditors and for future operations increased $23.0 million in 2022, as described in greater detail below.

Summary of Revenue, Expenses and Changes in Net Position

	2022	2021
Operating Revenues		
Airport	$28,715,567	$19,318,124
Industrial Park	94,464	96,744
Hotel	3,104,157	1,335,531
Other	63,000	56,250
Total Operating Revenues	**31,977,188**	**20,806,649**
Operating Expenses		
Airport	16,109,357	14,193,076
Industrial Park	658,555	549,623
Hotel	2,411,921	1,311,101
Other	629,558	335,378
Total Operating Expenses	**19,809,391**	**16,389,178**
Excess of Operating Revenue	12,167,797	4,417,471
Depreciation	19,278,269	18,061,427
Net Operating Income (Loss)	**(7,110,472)**	**(13,643,956)**
Interest income	180,922	189,734
Interest, amortization and other expense and income	(288,211)	111,993
Federal, State and Local Grants	25,374,956	29,653,095
Passenger Facility Charges	2,481,794	997,860
Increase in Net Position	**20,638,989**	**17,308,726**
Net Position – Beginning	**381,736,242**	**364,427,516**
Prior Period Adjustment – See Note L	**(1,176,449)**	**0**
Net Position – Ending	**$401,198,782**	**$381,736,242**

Analysis of the Airport Authority's Operations

The results of this fiscal year's operations are reported in detail in the *Statement of Revenues and Expenses*, which are summarized above. The significant highlights are as follows:

- Most of the revenue of $32.0 million in 2022 was collected from users who benefited from services provided during the year, such as airlines, concessionaires, passengers, tenants, pilots using hangars and other users. About 31 percent of 2022 revenues were earned directly from the passenger airlines.

- Prior year impacts of the COVID-19 pandemic resulted in an $11.2 million increase in operating revenues compared to 2021. Operating expenses in 2022 were $3.4 million more than 2021. Because the pandemic impact began in 2020, the pandemic's financial effect is best understood by comparing to 2019; 2022 revenues were $5.0 million less than 2019 and expenses were $0.7 million less.

- The 2022 net operating loss was $7.1 million. If depreciation expense is not considered, the net operating income was $12.2 million, compared to $4.4 million in 2021, an increase of $7.8 million.

- The Authority received $11.6 million of Federal financial assistance under the American Rescue Plan Act and Coronavirus Response and Relief Appropriations Act, offsetting the revenue decrease from 2019 to 2022. Also, federal and state grants funded capital projects totaling $13.3 million in 2022.

- Passenger facility charges of $2.5 million were collected in 2022.

- While the net operating loss was $7.1 million, net unrestricted assets increased $23.0 million. The $35.1 million difference between these two amounts is primarily explained as follows:

    - $19.3 million of depreciation expense is included in the net operating loss but does not reduce net unrestricted position (it affects the net investment in capital assets).
    - $11.6 million of American Rescue Plan Act and Coronavirus Response and Relief Appropriations Act grant proceeds are not included the net operating loss but increases unrestricted net position.
    - $0.5 million of gain from the sale of land and equipment increased unrestricted net position but are not included in the net operating loss.
    - $4.1 million of proceeds from the sale of land in prior years that was restricted by FAA was transferred to unrestricted cash in 2022, as the FAA approved the release of those funds, which repaid the Authority for prior eligible expenses.
    - $3.1 million of unrestricted cash was used to reduce principal on outstanding bonded debt, which is not included the net operating loss.

Analysis of Airline Rates and Charges

At the beginning of each fiscal year, the Authority approves a Statement of Policy regarding Airline Use and Occupancy of Airport Facilities and Periodic Adjustment of Airline Rentals, Fees and Charges that establishes how the airlines will be assessed annual rates and charges for their use of the Airport. The policy includes a methodology for fueling, security and facilities charges.

The Authority also has the ability under the Agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were required during 2022. Airfield landing fees and terminal rental rates billed by the Airport are adjusted based on an annual year end settlement calculation for the landing fee and the terminal rental rate based on actual income and expenditures allocated to the cost centers.

The airline cost per enplanement calculated after the settlement of all rates and charges was $13.74 in 2022.

Capital Acquisitions and Construction Activities

The Authority expended $16.1 million on capital assets in 2022, for which the major projects were: $7.7 million for the 18R/36L Runway Overlay/Rehabilitation, $1.0 million for Mill/Overlay Economy Lot, $1.3 million for the Fuel Farm Expansion, and $1.4 million for Pavement Rehabilitation. Acquisitions are funded primarily with Federal grants, Airport operating revenues and PFC charges.

Long Term Debt Administration

A summary of the bonds payable by the Authority and outstanding payable from airport operations or, in the case of the PFC bonds, the PFC charges, were as follows:

Issue / Interest Rates	June 30, 2022	June 30, 2021
Airport Revenue Bonds–2010-A /2.0-4.4%	$1,920,000	$2,820,000
Airport Revenue Bonds–2016 /2.51%	10,005,000	10,875,000
PFC Bond-2017 /1.98%	4,870,870	6,235,507
Total Face Amount of Airport Bonds	**$16,795,870**	**$19,930,507**

Credit Rating and Bond Insurance

Moody's Investors Service has assigned a rating of A3 on the Authority's outstanding Revenue Bonds, with a stable outlook. The 2010-A Issue is insured by Assured Guaranty Municipal Corp.

Passenger Facility Charges (PFC)

The Authority collected a PFC of $4.50 per enplaned passenger. During the current year, the Authority collected a total of $2.5 million in PFCs. Passengers pay PFCs on the first two and last two portions of any trip. No PFCs are collected from non-revenue passengers such as a passenger using a frequent flier award ticket. PFCs are used for expenditures approved by FAA based upon formal request by the Authority. For further details, see the Schedule of Passenger Facility Charges in the Compliance Section of this report.

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority's operating activities are structured as a single enterprise fund with revenues recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and (except land) are depreciated over their useful lives. Amounts are restricted for debt service, passenger facility charges, FAA expenditures and, where applicable, for construction activities. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Request for Information

This Management's Discussion and Analysis is designed to provide information about the Authority's operations to those with an interest in the Authority's financial affairs. Questions concerning any of the information provided in this report or any request for additional information should be addressed to the Chief Financial Officer at 256-772-9395.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2022	Summarized 2021
Current Assets		
Cash and cash equivalents (Notes A & B)	$ 72,435,480	$ 57,244,949
Accounts receivable, net allowance for doubtful accounts	2,121,264	1,666,249
Investment interest receivable	4,072	5,262
Grants receivable	14,543,371	9,323,458
Inventories	1,111,033	903,148
Prepaid expenses	422,653	424,771
Total Current Assets	90,637,873	69,567,837
Restricted Assets		
Restricted cash and short-term investments	12,121,228	14,290,973
Total Restricted Assets	12,121,228	14,290,973
Property and Equipment (Note A & I)		
Land	45,687,696	46,958,539
Structures and improvements	493,830,827	469,908,604
Furniture and equipment	30,939,758	29,811,796
Construction in progress	4,054,508	16,132,466
Total	574,512,789	562,811,405
Less: Accumulated depreciation	251,002,728	234,850,235
Total Property and Equipment	323,510,061	327,961,170
Other Assets		
Net pension asset (Note F)	1,101,317	0
Lease receivable	8,058,134	0
Total Other Assets	9,159,451	0
Total Assets	435,428,613	411,819,980
Deferred Outflows of Resources		
Losses on debt refundings	22,901	45,802
Deferred outflows related to OPEB	758,518	545,087
Deferred outflows related to pension	2,023,769	1,630,905
Total Deferred Outflows of Resources	2,805,188	2,221,794
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 438,233,801	$ 414,041,774

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2022	Summarized 2021
Current Liabilities		
Accounts payable	$ 2,942,331	$ 5,144,272
Accrued expenses	2,033,864	1,871,547
Retainage payable	1,382,382	1,469,492
Unearned income and deposits	49,552	49,552
Total Current Liabilities	6,408,129	8,534,863
Current Liabilities Payable From Restricted Assets (Note C)		
Accrued interest	167,588	197,069
Current portion of long-term debt	3,219,546	3,132,475
Total Current Liabilities Payable From Restricted Assets	3,387,134	3,329,544
Long-Term Debt, Net of Current Portion (Note C)		
Bonds payable	13,576,324	16,798,032
Total Long-Term Debt, Net of Current Portion	13,576,324	16,798,032
Other Liabilities		
Net pension liability (Note F)	0	410,935
Net OPEB liability (Note K)	2,204,109	2,015,368
Total Other Liabilities	2,204,109	2,426,303
Total Liabilities	25,575,696	31,088,742
Deferred Inflows of Resources		
Deferred inflows related to OPEB	0	0
Deferred inflows related to pension	2,651,489	467,090
Deferred inflows - leases	8,058,134	0
Deferred inflows - land sales	749,700	749,700
Total Deferred Inflows of Resources	11,459,323	1,216,790
Net Position		
Net investment in capital assets	306,714,191	308,030,663
Restricted for:		
Debt service	3,824,691	3,857,624
Passenger facility charges	3,549,902	2,542,399
FAA expenditures	1,535	4,898,950
Other grants	50,000	50,000
Capital projects	4,458,515	2,794,931
Unrestricted	82,599,948	59,561,675
Total Net Position	401,198,782	381,736,242
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 438,233,801	$ 414,041,774

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	2022	Summarized 2021
Operating Revenue		
Airport	$ 28,715,567	$ 19,318,124
Industrial Park	94,464	96,744
Hotel	3,104,157	1,335,531
Other	63,000	56,250
Total Operating Revenue	31,977,188	20,806,649
Operating Expenses		
Airport	16,109,357	14,193,076
Industrial Park	658,555	549,623
Hotel	2,411,921	1,311,101
Other	629,558	335,378
Total Operating Expenses	19,809,391	16,389,178
Excess of Operating Revenue	12,167,797	4,417,471
Depreciation	19,278,269	18,061,427
Operating Income (Loss)	(7,110,472)	(13,643,956)
Other Revenue and Expenses		
Interest income - Airport Operations	164,530	100,587
Interest income - Industrial Park	15,000	84,992
Interest expense	(469,146)	(554,752)
Gain (loss) on sale of land and equipment	477,970	1,815,284
Federal grants (Note A)	25,031,701	29,574,558
State grants	343,255	78,537
Other grants	0	0
Passenger facility charges	2,481,794	997,860
Interest income on passenger facility charges	1,392	4,155
Other revenue and expense items	(297,035)	(1,148,539)
Change in Net Position	$ 20,638,989	$ 17,308,726

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	2022	Summarized 2021
Net Position, Beginning of Year	$ 381,736,242	$ 364,427,516
Prior Period Adjustment, See Note L	(1,176,449)	0
Net Position, Beginning of Year, Restated	380,559,793	364,427,516
Change in Net Position	20,638,989	17,308,726
Net Position, End of Year	$ 401,198,782	$ 381,736,242

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	Summarized 2021
Cash Flows from Operating Activities:		
Received from customers	$ 31,522,173	$ 20,502,198
Paid to suppliers for goods and services	(8,576,554)	(6,766,757)
Paid for employee services	(10,025,980)	(9,719,871)
Other receipts / (payments)	0	(1,038,381)
Net Cash Provided (Used) by Operating Activities	12,919,639	2,977,189
Cash Flows from Non-Capital Financing Activities:		
Federal grants	2,413,455	11,527,764
Net Cash Provided (Used) by Non-Capital Financing Activities	2,413,455	11,527,764
Cash Flows from Capital Financing Activities:		
Federal, state and local grants	17,741,588	18,911,138
Passenger facility charges	2,481,795	997,861
Interest earned on passenger facility charges	1,415	5,264
Principal paid on bonds	(3,134,637)	(3,057,991)
Interest paid on long-term debt	(475,726)	(559,919)
Proceeds from sale of property and equipment	572,938	2,406,850
Capital outlay	(19,680,378)	(23,674,798)
Net Cash Provided (Used) by Capital Financing Activities	(2,493,005)	(4,971,595)
Cash Flows from Investing Activities:		
Interest income	178,746	435,698
Net (funding) receipt of restricted passenger facilities charges cash	(1,007,504)	472,580
Net (funding) receipt of restricted deposits	3,179,200	3,232,336
Net Cash Provided (Used) by Investing Activities	2,350,442	4,140,614
Net change in cash and cash equivalents	15,190,531	13,673,972
Cash and cash equivalents at beginning of year	57,244,949	43,570,977
Cash and cash equivalents at end of year	$ 72,435,480	$ 57,244,949
Noncash transactions:		
Write-off of capital assets	$ 0	$ 157,825

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022

	2022	Summarized 2021
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)	$ (7,110,472)	$ (13,643,956)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	19,278,269	18,061,427
Other receipts/payments	0	(1,038,381)
Capitalized wages	(246,626)	(235,792)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Accounts receivable	(455,015)	(304,451)
Accounts payable	1,242,340	121,216
Accrued liabilities	162,317	93,496
Prepaid items	2,118	(38,482)
Inventory	(207,885)	(178,300)
Pension items	468,024	329,558
OPEB items	(213,431)	(189,146)
Net Cash Provided (Used) by Operating Activities	$ 12,919,639	$ 2,977,189

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	2022	Summarized 2021
ASSETS		
Cash and cash equivalents	$ 36,892	$ 143
Interest/dividends receivable	274	214
Contributions receivable	0	0
Investments, fair value		
Bond mutual funds	829,025	898,381
Total Assets	866,191	898,738
LIABILITIES		
Accounts payable	0	0
Total Liabilities	0	0
NET POSITION		
Net position - restricted for other post-employment benefits	$ 866,191	$ 898,738

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	2022	Summarized 2021
Additions		
Contributions:		
Employer	$ 220,367	$ 194,644
Plan members	78,917	79,464
Total contributions	299,284	274,108
Investment earnings/(loss)	(67,268)	(6,841)
Less investment expenses	5,279	5,169
Net investment earnings	(72,547)	(12,010)
Total Additions	226,737	262,098
Deductions		
Benefits	259,284	248,824
Total Deductions	259,284	248,824
Change in Net Position	(32,547)	13,274
Net Position, Beginning of Year	898,738	885,464
Net Position, End of Year	$ 866,191	$ 898,738

See notes to financial statements.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity - The Huntsville-Madison County Airport Authority (the Authority), a public corporation, applied for and received permission to reincorporate on October 10, 1991, under Title 4 of the Code of Alabama, 1975 as amended in the 1991 session. The Authority consists of a five-member Board of Directors, of which two are appointed by the City Council of Huntsville, Alabama, two by the Madison County Commission and one jointly by the City Council and County Commission. The Authority is considered an enterprise fund that has financial accountability over the Huntsville International Airport and is the primary government for reporting purposes. The Authority is not considered a component unit of any other governmental reporting entity. In addition, there are no component units over which the Authority exercises control. Fiduciary fund financial statements are presented for the activities of the Authority's post-retirement medical benefits plan, which accumulates resources for post-employment benefit payments to qualified employees.

The Authority has the following operating divisions for presentation purposes:

- Airport Operations include all aeronautical and non-aeronautical activities of the public airport operations, including the air cargo and rail activities at the Intermodal Center.
- The Industrial Park includes investments and property that are leased or held for future development of industrial and commercial tenants engaged in activities unrelated to the Authority's public airport operations. As described in Note G, financing leases with the industrial park tenants are not recorded in the Authority's financial statements.
- The Four Points Hotel is owned by the Authority and operated by a managing agent as described in Note D.
- Other minor activities not classified in the above.

The financial section of the financial statements consists of five parts - *management's discussion and analysis*, the *independent auditors' report*, the *basic financial statements*, *required supplemental information*, and *other supplemental information*.

Accounting Principles - The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Revenue - Revenue is recognized as billed to airport users based on usage rates or rental agreements adopted by the Authority's Board. Related expenditures are charged against revenue when incurred.

Reserve for Doubtful Accounts - A reserve for doubtful accounts is established for those accounts considered, by management, to be doubtful of collection. At June 30, 2022, $90,406 has been reserved as doubtful.

Passenger Facility Charges - Passenger Facility Charges (PFC) are recognized as collected. Accrual of PFC revenue is not reasonably measurable; therefore, no accrued PFC revenue is recognized.

Governmental Grants – Grant proceeds are recognized as revenue in the current year. Most FAA grants are for capital project purposes and are recognized in revenues and as additions to assets. During the year ended June 30, 2022, the Authority was awarded an Airport Rescue Grant in accordance with the American Rescue Plan Act FAA. During the year ended June 30, 2021, the Authority was awarded an Airport Coronavirus Response Grant Program (ARCGP) in accordance with the Coronavirus Response and Relief Appropriations Act (CRRSA). These grants are through the FAA for reimbursement of costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport and debt service payments. Grants are accrued as partial completion of grant requirements are met, and grant proceeds receivable are credited directly as grant income.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories - Inventories are stated at the lower of cost or market, on a first in, first out basis.

Advertising – Advertising costs are expensed as incurred.

Investments - The Authority is legally authorized to invest in obligations of the U.S. Treasury and securities of federal agencies.

Deferred Outflows/Inflows of Resources - The Authority has deferred outflows and inflows of resources. Deferred outflows of resources is a consumption of assets by the Authority that is applicable to a future reporting period and consist of employer pension contributions subsequent to the September 30, 2021, measurement date, other pension-related deferred outflows, OPEB-related deferred outflows, and losses on refundings of debt. Deferred inflows of resources is an acquisition of assets by the Authority that is applicable to a future reporting period and consist of contingent land sale proceeds, lease-related deferred inflows, pension-related deferred inflows, and OPEB-related deferred inflows.

Net Position – Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service – The component of net position that represents amounts required by debt covenants to be separated for debt service.

Restricted for Passenger Facility Charges – The component of net position that represents passenger facility charge revenue in excess of expenditures.

Restricted for FAA Expenditures – Land sales from land purchased with PFC, FAA noise or other federal funds are designated as restricted until proceeds are used for FAA-approved expenditures.

Restricted for Other Grants – The component of net position that represents amounts restricted by grant requirements.

Restricted for Capital Projects – The component of net position that represents revenue collected from airlines that is restricted for capital projects.

Unrestricted – Net position that is not reported in Net Investment in Capital Assets or Restricted Net Position.

Airport Property and Equipment- Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives of plant and equipment items range from 40 years for buildings, 20 to 40 years for roads and field improvements, and 3 to 10 years for furniture and equipment. Land is not depreciated.

Maintenance and repairs are charged to operations in the period incurred. The costs and accumulated depreciation of properties disposed of are removed from the related asset accounts and the difference is recorded as an expense in the period of disposition.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions - The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Post-Employment Benefits Other than Pensions (OPEB) - The Post-Retirement Medical Plan financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable.

Annual leave accruals – A liability is recorded at June 30 for accrued vacation, accrued salaries and the estimated portion of accrued sick leave to be paid to employees at retirement. The liability is based on personnel policies for vacation and sick leave.

Statement of Cash Flows - For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents, except restricted funds.

Estimates – Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires use of management's estimates. Management has made estimates related to accruals of revenues and expenses.

Summarized comparative information - The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE B - CASH, INVESTMENTS AND RESTRICTED TRUST FUNDS

At June 30, 2022, unrestricted deposits on hand at banks and in certificates of deposit were fully collateralized by banks qualifying under the Security for Alabama Funds Enhancement Act (SAFE) as qualified public depositories. Funds held by the banks' trust departments or agents are invested in U.S. Government securities or are secured by U.S. Government Securities.

The unrestricted funds may be invested at the discretion of the Authority in accordance with state law. The Authority has invested $10,170,790 in certificates of deposit as of June 30, 2022, as follows:

Amount	Interest rate	Maturity Date
$5,085,395	0.12%	08/27/2022
$5,085,395	0.12%	08/27/2022

NOTE B - CASH, INVESTMENTS AND RESTRICTED TRUST FUNDS (CONTINUED)

The restricted funds may be invested at the discretion of the Authority in accordance with state law and the related trust indentures. The restricted trust funds are invested by their respective trustees (as authorized by related trust indentures). Funds invested in the trustee's U.S. Government security money market accounts and other U.S. Government secured investments are part of the funds held by trustees.

Market value equals carrying value for these unrestricted and restricted accounts. When the Authority incurs an expenditure for which it may use either restricted or unrestricted assets, restricted assets are used.

	June 30, 2022
Unrestricted	
Cash and short-term savings	$ 62,264,690
Certificates of deposit	10,170,790
	$ 72,435,480
Restricted cash and short-term investments	
Trust funds, Airport Operations	$ 3,992,279
FAA land	4,579,047
Passenger facility charges	3,549,902
	$ 12,121,228

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable input. The Authority has the following recurring fair value measurements as of June 30, 2022: Bond mutual fund cash equivalents and investments, held by the Post-Employment Benefits Trust, of $865,917 are valued using quoted market prices (Level 1 inputs); restricted bond funds invested in short-term U.S. Treasury Obligations of $3,992,279 are valued using quoted market prices (Level 1 inputs).

Post-Employment Benefits Trust

Investments - Post-Employment Benefits Trust investments at June 30, 2022, are detailed below.

Mutual Fund Sector	June 30, 2022
Mortgage-backed	$518,825
Treasury / Agency	248,810
Corporate	55,322
Other	42,960
	$865,917

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The fair value of fixed-maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. Interest rate risk is as follows:

NOTE B - CASH, INVESTMENTS AND RESTRICTED TRUST FUNDS (CONTINUED)

Maturity (in years)	June 30, 2022
0 – 1	$16,384
1 – 3	155,634
3 – 5	118,334
5 – 10	50,683
10 – 20	131,831
More than 20	393,051
	$865,917

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations. Credit risk is as follows:

Standard & Poor's Ratings	June 30, 2022
AAA	$795,271
AA	6,294
A	28,433
BBB	27,983
Not rated	7,936
	$865,917

Concentration of Credit Risk – The mutual funds owned by the Trust included held securities of the Federal National Mortgage Association and Federal Home Loan Bank that each indirectly represent more than five percent of the total assets of the Trust.

NOTE C - LONG-TERM DEBT

A summary of the bonds payable by the Authority and outstanding at June 30, 2022, from airport operations, or in the case of the PFC bonds, the PFC charges, are as follows:

Issue	June 30, 2021	Additions	Deletions and Reclassifications	June 30, 2022
Airport Revenue Bonds:				
Series 2010-A	$ 2,820,000	$ 0	$ (900,000)	$ 1,920,000
Series 2016	10,875,000	0	(870,000)	10,005,000
	13,695,000	0	(1,770,000)	11,925,000
Direct Placement:				
PFC Bond – 2017	6,235,507	0	(1,364,637)	4,870,870
Total Face Amount of Airport Bonds	19,930,507	0	(3,134,637)	16,795,870
Unamortized Premium/(Discount)	0	0	0	0
Total Long-Term Debt per Financial Statements	19,930,507	0	(3,134,637)	16,795,870
Less Current Portion	(3,132,475)	0	(87,071)	(3,219,546)
Net Long-Term Debt	$ 16,798,032	$ 0	$ (3,221,708)	$ 13,576,324

NOTE C - LONG -TERM DEBT (CONTINUED)

In April 2016, the Authority issued Airport Revenue Bonds Series 2016 for $14,150,000. Proceeds from the sale of the Series 2016 Bonds were used to currently refund Airport Revenue Bonds Series 2006. The Series 2016 Bonds were issued under the Ninth Supplemental Trust Indenture, which states additional requirements regarding funding of special trust funds originally created under the 1989 Trust Indenture, including a debt service reserve account. The purpose of the reserve fund is to provide a reserve in the event that revenues and receipts derived from the Authority are insufficient to pay the principal of and interest on the bonds.

In December 2010, the Authority issued Airport Revenue Bonds Series 2010-A for $10,175,000. Proceeds from the sale of the Series 2010-A Bonds were used to pay the cost of refunding the Authority's Airport Revenue Bonds, Series 1998 and the costs of issuing the Series 2010-A Bonds. The Series 2010-A Bonds were issued under the Eighth Supplemental Trust Indenture, which states additional requirements regarding funding of special trust funds originally created under the 1989 Trust Indenture.

The Series 2016 and Series 2010-A Airport Revenue Bonds will be payable solely out of the pledged revenues derived from operation of the airport remaining after payment of operating expenses as defined in the indenture. The indenture does not constitute a mortgage on any of the physical properties forming a part of the airport. None of the Bonds are general obligations of the Authority and do not constitute a personal charge against the general credit of the Authority. In an event of default, the principal and interest accrued may be declared immediately due and payable.

The Series 2016 Bonds are nontaxable bonds with a stated rate of 2.51% and with maturities ranging from July 1, 2017, to July 1, 2031. The Series 2010-A Bonds are nontaxable bonds with stated rates ranging from 2.0% to 4.5% and with maturities ranging from July 1, 2011, to July 1, 2023.

The Series 2016 Bonds shall be subject to redemption and payment, at the option of the Authority, on any date at a redemption price of 100% of the principal amount, plus accrued interest. The Series 2010-A Bonds having a stated maturity in 2021 and thereafter shall be subject to redemption and payment, at the option of the Authority, on July 1, 2020, and on any date thereafter at a redemption price of 100% of the principal amount, plus accrued interest.

In November 2017, the Authority issued its 2017 PFC Bond for $11,014,607 for the purpose of redeeming the 2010 PFC Bond and paying the costs of issuing the 2017 PFC Bond. The 2017 PFC Bond is a nontaxable bond with a stated rate of 1.98%, payable solely out of PFC collections in monthly payments of $122,975 through December 1, 2025. This Bond does not constitute a lien on, nor is it payable from, any other property or assets of the Authority. The principal of this Bond is subject to redemption and payment on or after November 1, 2022, at the option of the Authority, at the redemption price of 100%.

Bond issuance costs paid related to bond issues are recognized as expense in the period incurred.

There are no past current refunding transactions for which the refunded warrants are still outstanding at June 30, 2022. Losses realized on prior advance refundings are being amortized over the shorter of the life of the refunded or refunding debt. Unamortized losses on refundings are reported as the deferred outflows in the statement of net position.

The Series 1989 Trust Indenture, as supplemented by nine supplemental indentures, creates special trust funds. All pledged revenues are required to be deposited as received into the Revenue Fund, and moneys in such fund are required to be applied and allocated on a monthly basis in the manner and priority established by the Indentures. Funding requirements at June 30, 2022, have been met as set forth in the Indentures. The special funds and their balances are as follows:

NOTE C - LONG -TERM DEBT (CONTINUED)

Rebate Fund	$ 128,239
Bond Fund	2,178,245
Debt Service Reserve Fund	1,685,795
Restricted Trust Funds (Airport Operations)	$ 3,992,279
Operating Reserve Account (Considered Unrestricted)	$ 3,262,779
Revenue Fund (Considered Unrestricted)	$ 33,876,601

The Indentures also require the Authority to maintain adequate rates and charges in a manner that produces Net Revenues (as described therein) of not less than 1.25 times the current Annual Debt Service Requirement in the year that ends on July 1 each year, on all bonds issued under the Indenture.

Maturities for the Bonds due over the next five and succeeding fiscal years are as follows:

	2010-A	2017 PFC	2016	Total
2023	$ 940,000	$ 1,389,546	$ 890,000	$ 3,219,546
2024	980,000	1,419,644	915,000	3,314,644
2025	0	1,448,010	935,000	2,383,010
2026	0	613,670	965,000	1,578,670
2027	0	0	985,000	985,000
Succeeding	0	0	5,315,000	5,315,000
	$ 1,920,000	$ 4,870,870	$ 10,005,000	$ 16,795,870

Principal and interest payments for the Bonds due over their remaining lives are as follows:

Fiscal	Series 2010-A		Series 2017 PFC	
Year	Principal	Interest	Principal	Interest
2023	$ 940,000	$ 64,075	$ 1,389,546	$ 83,866
2024	980,000	22,050	1,419,644	56,056
2025	0	0	1,448,010	27,690
2026	0	0	613,670	3,032
Total	$ 1,920,000	$ 86,125	$ 4,870,870	$ 170,644

Fiscal	Series 2016		Total	
Year	Principal	Interest	Principal	Interest
2023	$ 890,000	$ 239,956	$ 3,219,546	$ 387,897
2024	915,000	217,303	3,314,644	295,409
2025	935,000	194,086	2,383,010	221,776
2026	965,000	170,241	1,578,670	173,273
2027	985,000	145,768	985,000	145,768
2028	1,010,000	120,731	1,010,000	120,731
2029	1,035,000	95,066	1,035,000	95,066
2030	1,065,000	68,711	1,065,000	68,711
2031	1,085,000	41,729	1,085,000	41,729
2032	1,120,000	14,056	1,120,000	14,056
Total	$ 10,005,000	$ 1,307,647	$ 16,795,870	$ 1,564,416

NOTE D - OPERATING CONTRACTS AND LEASES

A summary of leases, other than short-term leases and certain regulated leases, in which the Authority is lessor at June 30, 2022, follows:

	Implicit Interest Rate	Lease Receivable June 20, 2022	Recognized Inflows Previously Included in Measurement of Lease Receivable	Variable and Other Payments Not Previously Included in Measurement of Lease Receivable
Air Cargo Bay A	0.12%	$64,141	$109,869	$0
Air Cargo Bay B	1.85%	233,092	105,904	0
Air Cargo Bay E	1.67%	312,837	103,393	0
Air Cargo Bay F	0.12%	584,239	291,682	0
Air Cargo Bay G	1.67%	465,187	109,726	0
Air Cargo Bay H	0.91%	3,599,334	830,227	0
JIP Ground Lease	4.49%	799,145	28,184	0
JIP Building/Ground	1.67%	287,124	74,204	0
Terminal tenant	1.58%	49,273	97,579	39,116
Terminal tenant	1.57%	206,068	86,414	98,353
Terminal tenant	2.87%	492,575	199,228	0
Onsite Rental Car	1.98%	181,645	538,988	3,265,297
Golf Course	2.23%	228,850	57,735	0
General Aviation	2.09%	204,922	466,036	0
Ryder Building	1.67%	209,789	77,735	0
Land lease	2.13%	139,913	2,159	0
		$8,058,134	$3,179,063	$3,402,766

Certain leases above included variable payments, which were not included in the initial measurement of the lease receivable. These leases include:

Terminal tenant with minimum payments of $99,000 annually. Additional variable payments are made based on the number of enplaned passengers.

Terminal tenant with minimum payments of $90,000 annually. Variable payments are made based on revenue. If in excess of minimum, payment of 10% of annual gross revenues, and 15% of annual gross revenue in excess of $1,500,000, is required.

Onsite rental car locations with minimum payments of $547,183 annually, including service facility rental fees of $97,182 and minimum annual concession fee of $450,000. Variable payments are made based on revenue and the number of rental car transactions. Additional concession fee of the excess of 9% of gross revenue over the minimum guarantee is required. A facility use fee of $9 on each rental car transaction made at or on account of operations at the Airport is assessed.

Total lease-related inflows of resources of $7,053,775 include lease revenue of $6,913,492 and interest revenue of $140,283.

The Authority issues an annual rate ordinance with the air carriers, which, among other provisions, requires the airline to pay landing fees based upon the total landing weight of all aircraft landed. The ordinance also sets rates for counter space, loading bridges, and fuel flowage required at the airport by the airline in its conduct of air transportation. Rates are determined based upon a formula that covers expenses, debt service, and capital expenditures.

NOTE D - OPERATING CONTRACTS AND LEASES (CONTINUED)

The Authority has entered into separate short-term lease agreements with individuals related to use of hangars located at the airport based upon rate charges determined by the Authority. Total lease payments in 2022 were $459,000.

The Authority has entered into an operating agreement with Norfolk Southern Railway Company. The agreement, among other requirements, provides for payment of a fee per lift to the Intermodal Center for items transported by railroad under a revenue weigh bill.

The Authority has entered into a license agreement with The Sheraton LLC, a subsidiary of Marriott International, Inc., to operate the Authority's hotel facilities as the Four Points by Sheraton. The expiration of the agreement is December 31, 2030. The agreement requires certain franchise and marketing payments based on revenues. The Authority has entered into an agreement with a management company to manage the operations of the hotel, under which the Authority is obligated to pay the management company a base fee equal to three percent of revenue, and an incentive fee equal to fifty percent of the hotel's net operating profit as defined by the agreement. The initial term of the contract expired December 31, 2015, and has three five-year options to extend to December 31, 2030. On January 1, 2021, the second option period commenced.

NOTE E - COVID-19 IMPACTS

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020. The spread of COVID-19 has negatively impacted the Authority’s operating results and financial position. During the year ended June 30, 2022, the Authority was awarded an Airport Rescue Grant in accordance with the American Rescue Plan Act. During the year ended June 30, 2021, the Authority was awarded an Airport Coronavirus Response Grant Program (ARCGP) in accordance with the Coronavirus Response and Relief Appropriations Act (CRRSA). These grants are through the FAA for reimbursement of costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport and debt service payments. Grant funds of $11,638,566 were expended and recognized as federal grants in the year ended June 30, 2022.

NOTE F - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description - The Employees’ Retirement System of Alabama (ERS), an agency multiple-employer plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity’s

NOTE F - DEFINED BENEFIT PENSION PLAN (CONTINUED)

election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132. The Authority has made this election, effective October 1, 2021.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

Employees covered by benefit terms – At September 30, 2021, the following employees were covered by the benefit terms:

Retired members or their beneficiaries currently receiving benefits	48
Vested inactive members	5
Non-vested inactive members	14
Active members	101
	168

Contributions - Covered members of the ERS contribute 5% of earnable compensation to the ERS as required by statute. Certified law enforcement, correctional officers, and firefighters of the ERS contribute 6% of earnable compensation as required by statute.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation. The Authority elected to come under the provisions of Act 2011-676 effective October 1, 2021.

NOTE F - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended June 30, 2022, the Authority's average active employee contribution rate was 1.62% of covered employee payroll, and the Authority's average contribution rate to fund the normal and accrued liability costs was 1.19% of pensionable payroll.

The Authority's contractually required contribution rate for the year ended June 30, 2022, was 3.14% of pensionable pay for Tier 1 employee and 1.03% of pensionable pay for Tier 2 employees from July 1, 2021, through September 30, 2021, and 0.90% of pensionable pay for Tier 1 employees and 1.82% of pensionable pay for Tier 2 employees from October 1, 2021, through June 30, 2022. These required contribution rates are based upon the actuarial valuations dated September 30, 2017 and 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Authority were $102,801 for the year ended June 30, 2022.

Net Pension Liability - The Authority's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

		Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a)	Total Pension Liability as of September 30, 2020	$27,591,499	$28,445,097	$28,699,614	$29,672,775
(b)	Discount Rate	7.70%	7.70%	7.70%	7.45%
(c)	Entry Age Normal Cost for the period October 1, 2020—September 30, 2021	564,691	564,691	614,718	673,664
(d)	Transfers Among Employers	0	(14,153)	(14,153)	(14,153)
(e)	Actual Benefit Payments and Refunds for the Period October 1, 2020—September 30, 2021	(1,327,593)	(1,327,593)	(1,327,593)	(1,327,593)
(f)	Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))]	$28,902,030	$29,807,202	$30,131,344	$31,165,862
(g)	Difference Between Expected & Actual:		$905,172		
(h)	Less Liability Transferred for Immediate Recognition		($14,153)		
(i)	Difference between Expected and Actual – Experience (Gain)/Loss		$919,325		
(j)	Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			$324,142	
(k)	Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				$1,034,518

NOTE F - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions - The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 6.00%
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020, valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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

	Target Allocation	Long-Term Expected Rate of Return *
Fixed income	15.00%	2.8%
U.S. large stocks	32.00%	8.0%
U.S. mid stocks	9.00%	10.0%
U.S. small stocks	4.00%	11.0%
International developed market stocks	12.00%	9.5%
International emerging market stocks	3.00%	11.0%
Alternatives	10.00%	9.0%
Real estate	10.00%	6.5%
Cash	5.00%	1.5%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%

NOTE F - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount rate - The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability	**Increase (Decrease)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability /(Asset) (a-b)**
Balances at 9/30/2020	$27,591,499	$27,180,564	$410,935
Changes for the year:			
Service cost	564,691		564,691
Interest	2,073,433		2,073,433
Changes of benefit terms	324,142		324,142
Changes of assumptions	1,034,518		1,034,518
Difference between expected & actual experience	919,325		919,325
Contributions--employer		132,789	(132,789)
Contributions--employee		354,572	(354,572)
Net investment income		5,941,000	(5,941,000)
Benefit payments, including refunds of employee contributions	(1,327,593)	(1,327,593)	0
Administrative expense	0	0	0
Transfers among employers	(14,153)	(14,153)	0
Net changes	3,574,363	5,086,615	(1,512,252)
Balances at 9/30/2021	$31,165,862	$32,267,179	($1,101,317)

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the Authority's net pension liability/(asset) calculated using the discount rate of 7.45%, as well as what the Authority's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1 % Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Authority's net pension liability (asset)	$2,627,447	($1,101,317)	($4,248,381)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

NOTE F - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2022, the Authority recognized pension expense of $378,765. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$996,454	$317,948
Changes of assumptions	979,170	0
Net difference between projected and actual earnings on plan investments	0	2,333,541
Employer contributions subsequent to the measurement date	48,145	0
Total	$2,023,769	$2,651,489

Employer Contributions subsequent to the measurement date of $48,145 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30:	
2023	($81,853)
2024	(144,383)
2025	(359,672)
2026	(485,701)
2027	302,705
Thereafter	93,039

NOTE G - INDUSTRIAL PARK LEASES

The Authority has constructed facilities known as the Jetplex Industrial Park (JIP) for the benefit of certain industrial tenants and has leased the various facilities under direct financing leases. Revenue bonds were issued under various trust indentures which provide, among other things, that the revenues received from the leased JIP facilities be pledged for payment of the principal and interest of the applicable issue. The current annual rents are sufficient to cover the annual retirement and interest payments. The JIP financing leases have not been presented in the financial statements.

NOTE H - COMMITMENTS AND CONTINGENCIES

At June 30, 2022, the Authority has signed contracts for a number of construction projects. Payments and payables of $0.8 million on a $14.7 million contract for Air Cargo Expansion. Certain of these costs are funded with grants from the Federal Aviation Administration (FAA), and the remainder from Authority funds, including bond proceeds and PFCs for approved projects.

The Authority is a party to certain legal actions arising in the ordinary course of the business. In management's opinion, the Authority has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Authority's operations or financial position.

NOTE I - CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended June 30, 2022, follows:

	Balance July 1, 2021	Additions and CIP Reclassifications	Retirements and Reclassifications	Balance June 30, 2022
Land	$ 46,958,539	$ 0	$ 1,270,843	$ 45,687,696
Structures and improvements	469,908,604	26,418,291	2,496,068	493,830,827
Furniture and equipment	29,811,796	1,758,239	630,277	30,939,758
Construction in progress	16,132,466	0	12,077,958	4,054,508
Total at historic cost	562,811,405	28,176,530	16,475,146	574,512,789
Less Accumulated Depreciation for:				
Structures and improvements	215,884,504	15,992,707	2,496,068	229,381,143
Furniture and equipment	18,965,731	3,285,561	629,707	21,621,585
Total accum. depreciation	234,850,235	19,278,268	3,125,775	251,002,728
Capital Assets, Net	$ 327,961,170	$ 8,898,262	13,349,371	$ 323,510,061

NOTE J - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The Authority has insurance for its buildings and contents through commercial insurance. Settled claims in the past three years, if any, have not exceeded the commercial insurance coverage.

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan description - The Authority has established the Post-Employment Medical Benefits Plan ("Plan") to provide employees and their dependents with health care benefits after retirement. Under the Plan, retirees may purchase health insurance coverage through the Authority's then current health plan insurer. The Plan is a single-employer plan administered by the Authority and its board of directors, for which the Authority has established the Post-Employment Benefits Trust ("OPEB Trust") for the accumulation of resources to pay future benefits under the Plan. The OPEB Trust assets are held and managed for the Authority by a financial institution trustee.

Benefits provided - An employee who elects to retire under the State's retirement system may elect health insurance for him/her and any eligible dependent through the health plan insurer. The employee must elect coverage prior to retirement. The retiree and dependent's coverage end in the event (1) the retiree dies or (2) the retiree no longer elects or is no longer eligible to continue coverage. The retiree and dependents pay a portion of the health plan premiums as determined by the Authority during the annual budget, and the Authority pays the balance. Effective August 1, 2021, the pre-Medicare retiree and dependent premium requirement is $246 and $421 per month, respectively. As of that date, the total monthly premium is $1,117 for the retiree and $2,043 for family coverage. Upon reaching age 65, the retiree and dependents may continue coverage, but the retiree bears the entire cost of the premiums.

OPEB trust - Regarding the OPEB Trust, (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. As stated above, the trust was created in June 2009 and has been funded every year. At June 30, 2022, the Trust Fund balance was $866,191; the employer contribution for 2022 was $220,367. The most recent actuarial valuation was made as of September 30, 2021. Assets of the plan and its financial statements are available by contacting the Authority.

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Refer to Note B for detailed disclosures about the OPEB Trust investments and concentration of credit risk.

Membership - At September 30, 2021, membership of the Plan consisted of the following:

Retirees and beneficiaries currently receiving benefits	23
Retirees entitled to but not yet receiving benefits	0
Active employees	100
	123

Net OPEB liability - The components of the net OPEB liability of the Authority at the June 30, 2022, measurement date is as follows:

Total OPEB liability (TOL)	$ 3,070,300
Plan fiduciary net position (FNP)	866,191
Authority's net OPEB liability (NOL)	$ 2,204,109
Ratio of FNP to TOL	28.21%

Actuarial assumptions -The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following key actuarial assumptions and other inputs:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.00% - 5.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	2.50%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.50%
Measurement Date	2.50%
Health Care Cost Trends	
Pre-Medicare	5.50% for 2021 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.00% for 2021, steady to an ultimate rate of 5.00% by 2023

The discount rate used to measure the TOL was based upon the long-term expected rate of return on plan investments where assets are projected to cover all future benefit payments plus inflation. Projections of the sharing of benefit-related costs are based on an established pattern of practice. Mortality rates for healthy, retired or survivor participants were based on the applicable Pri-2012 Total Dataset Amount-Weighted Mortality Table; future projections are based on a generational projection from 2012 using Scale MP-2021.

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021 valuation were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation.

Rate of return - For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (7.82%). The money-weighted rate of return expresses investment performances, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return. The target allocation and best estimate of arithmetic real rate of return for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	100.00%	2.50%
Total	100.00%	

Discount rate (single equivalent interest rate) - The discount rate used to measure the TOL as of the Measurement Date was 2.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of September 30, 2021. In addition to the actuarial methods and assumptions of the September 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00% - 5.00%.
- Active employees do not explicitly contribute to the Plan.
- The employer will continue to make a contribution equal to the Actuarially Determined Contribution.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the trend rate - The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Health Care Cost Trend Rates

	1% Decrease	Current	1% Increase
Net OPEB liability	$1,908,046	$2,204,109	$2,548,404

Sensitivity of the net OPEB liability to changes in the discount rate - The following exhibit presents the NOL of the Plan, calculated using the discount rate of 2.50%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.50%)	Current Discount Rate (2.50%)	1% Increase (3.50%)
Net OPEB liability	$2,416,456	$2,204,109	$2,005,388

Changes in Net OPEB Liability - The TOL is based upon an actuarial valuation performed as of the Valuation Date, September 30, 2021. An expected TOL is determined as of June 30, 2022 using standard roll forward techniques, shown in the following table:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (Asset) (a)-(b)**
Balances at 6/30/21	$2,914,106	$898,738	$2,015,368
Changes for the year:			
Service cost	89,765		89,765
Interest	71,876		71,876
Changes of assumptions	223,081		223,081
Difference between expected & actual experience	30,756		30,756
Contributions--employer		220,367	(220,367)
Contributions--employee		78,917	(78,917)
Net investment income		(72,547)	72,547
Benefit payments	(259,284)	(259,284)	0
Other	0	0	0
Net changes	156,194	(32,547)	188,741
Balances at 6/30/22	$3,070,300	$866,191	$2,204,109

Changes since last year include updating the annual per capita claims to the current assumption and updating the assumed mortality projection scale.

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of $195,677. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$175,023	$0
Changes of assumptions	500,948	0
Net difference between projected and actual earnings on OPEB plan investments	82,547	0
Total	$758,518	$0

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

Year ended June 30:	
2023	$131,051
2024	134,415
2025	139,867
2026	128,096
2027	94,274
Thereafter	130,815

NOTE L – PRIOR PERIOD ADJUSTMENT

Net position as of July 1, 2021, has been restated to correct errors in the balance of Land.

Net position as previously reported at July 1, 2021	$381,736,242
Prior Period Adjustment: Land	(1,176,449)
Net position as restated at July 1, 2021	$380,559,793

NOTE M – CHANGE IN ACCOUNTING PRINCIPLE

In 2022, the Huntsville-Madison County Airport Authority adopted new accounting guidance, GASB Statement No. 87, Leases. Lease Receivable and Deferred Inflows of Resources – Leases were recorded for $11,237,197. There was no impact on net income or net position.

The American Institute of Certified Public Accountants (AICPA) Auditing Standards Board issued new auditing standards – Statements on Auditing Standards (SAS) 134-140 – that impact several aspects of our audit including modifying the auditor's report and communication to those charged with governance as well as requiring additional audit procedures over related party relationships and significant unusual transactions. These new pronouncements are effective for entities with periods ending on or after December 15, 2021. Therefore, these changes apply and have been implemented as of June 30, 2022. This implementation had no impact on net income or net position.

NOTE N - SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is October 11, 2022. The financial statements were available to be issued at that time.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
FISCAL YEARS ENDING SEPTEMBER 30

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$564,691	$549,861	$531,969	$473,308	$462,135	$471,507	$437,233	$443,283
Interest	2,073,433	1,987,606	1,891,690	1,787,579	1,761,629	1,609,686	1,463,012	1,370,643
Changes of benefit terms	324,142	0	0	0	0	0	0	0
Differences between expected and actual experience	919,325	(156,067)	82,182	182,049	(833,272)	959,930	763,677	0
Changes of assumptions	1,034,518	0	0	133,133		512,200	0	0
Benefit payments, including refunds of employee contributions	(1,327,593)	(1,205,924)	(1,233,439)	(1,078,761)	(1,028,805)	(875,326)	(785,666)	(532,969)
Transfers among employers	(14,153)	0	(40,504)	81,896	(1,867)	8,371	0	0
Net change in total pension liability	3,574,363	1,175,476	1,231,898	1,579,204	359,820	2,686,368	1,878,256	1,280,957
Total pension liability - beginning	27,591,499	26,416,023	25,184,125	23,604,921	23,245,101	20,558,733	18,680,477	17,399,520
Total pension liability - ending (a)	$31,165,862	$27,591,499	$26,416,023	$25,184,125	$23,604,921	$23,245,101	$20,558,733	$18,680,477
Plan fiduciary net position								
Contributions - employer	$132,789	$160,236	$149,901	$251,146	$244,264	$1,436,819	$414,378	$2,814,637
Contributions - member	354,572	404,603	368,621	333,521	366,329	293,244	285,058	277,908
Net investment income	5,941,000	1,486,545	668,761	2,255,587	2,813,661	2,020,828	224,787	1,744,161
Benefit payments, including refunds of employee contributions	(1,327,593)	(1,205,924)	(1,233,439)	(1,078,761)	(1,028,805)	(875,326)	(785,666)	(532,969)
Transfers among employers	(14,153)	0	(40,504)	81,896	(1,867)	8,371	343,692	203,661
Net change in plan fiduciary net position	5,086,615	845,460	(86,660)	1,843,389	2,393,582	2,883,936	482,249	4,507,398
Plan net position - beginning	27,180,564	26,335,104	26,421,764	24,578,375	22,184,793	19,300,857	18,818,608	14,311,210
Plan net position - ending (b)	$32,267,179	$27,180,564	$26,335,104	$26,421,764	$24,578,375	$22,184,793	$19,300,857	$18,818,608
Net pension liability (asset) - ending (a) - (b)	($1,101,317)	$410,935	$80,919	($1,237,639)	($973,454)	$1,060,308	$1,257,876	($138,131)
Plan fiduciary net position as a percentage of the total pension liability	103.53%	98.51%	99.69%	104.91%	104.12%	95.44%	93.88%	100.74%
Covered payroll *	$6,249,050	$7,091,149	$6,714,790	$6,151,067	$5,755,062	$5,471,941	$5,566,175	$5,572,448
Net pension liability (asset) as a percentage of covered-employee payroll	-17.62%	5.80%	1.21%	-20.12%	-16.91%	19.38%	22.60%	-2.48%

* - Covered payroll during the measurement period is the total covered payroll. For FY2022, the measurement period is October 1, 2020 - September 30, 2021.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$77,747	$143,401	$154,578	$178,153	$244,338	$283,625	$422,710	$398,196
Contributions in relation to the actuarially determined contribution	77,747	143,401	154,578	178,153	244,338	283,625	422,710	398,196
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
Covered-employee payroll	$6,540,266	$6,533,651	$7,068,723	$6,599,039	$6,058,118	$5,701,773	$5,348,659	$5,407,134
Contributions as a percentage of covered-employee payroll	1.19%	2.19%	2.19%	2.70%	4.03%	4.97%	7.90%	7.36%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported.

Contributions for fiscal year 2022 were based on the September 30, 2019 and 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021, to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	30.6 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70% net of pension plan investment expense, including inflation

Methods and assumptions used to determine contribution rates for the period October 1, 2020, to September 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	31.8 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70% net of pension plan investment expense, including inflation

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost at end of year	$89,765	$93,708	$94,587	$89,675	$92,886	$94,562
Interest on the Total OPEB Liability	71,876	68,871	63,769	62,453	60,053	42,556
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	30,756	70,899	139,141	73,132	(82,779)	0
Changes of assumptions or other inputs	223,081	144,658	146,309	30,804	195,764	0
Benefit payments *	(259,284)	(248,824)	(228,990)	(187,879)	(145,834)	(50,184)
Net change in total OPEB liability	156,194	129,312	214,816	68,185	120,090	86,934
Total OPEB liability - beginning	2,914,106	2,784,794	2,569,978	2,501,793	2,381,703	2,294,769
Total OPEB liability - ending (a)	$3,070,300	$2,914,106	$2,784,794	$2,569,978	$2,501,793	$2,381,703
Plan fiduciary net position						
Contributions - employer **	$220,367	$194,644	$178,557	$124,593	$168,138	$55,915
Contributions - member	78,917	79,464	73,555	63,285	48,308	0
Net investment income	(72,547)	(12,010)	44,028	36,282	(6,604)	(9,318)
Benefit payments *	(259,284)	(248,824)	(228,990)	(187,879)	(145,834)	(50,184)
Administrative expense	0	0	0	0	0	0
Other	0	0	0	42,636	0	0
Net change in plan fiduciary net position	(32,547)	13,274	67,150	78,917	64,008	(3,587)
Plan fiduciary net position - beginning	898,738	885,464	818,314	739,397	675,389	678,976
Plan fiduciary net position - ending (b)	$866,191	$898,738	$885,464	$818,314	$739,397	$675,389
Net OPEB liability - ending (a) - (b)	$2,204,109	$2,015,368	$1,899,330	$1,751,664	$1,762,396	$1,706,314

Changes to assumptions or other inputs:

For the June 30, 2020, calculation, the Mortality Table changed from SOA RP-2014 Dataset Mortality adjusted to 2006 and projected with Scale MP-2018 to the following:

Healthy - Pri-2012 Total Dataset Employee Amount-Weighted Mortality Table
Retired - Pri-2012 Total Dataset Retiree Amount-Weighted Mortality Table
Survivor - Pri-2012 Total Dataset Survivor Amount-Weighted Mortality Table
Future Projections - Generational projection from 2012 using Scale MP-2019

For the June 30, 2022, calculation, the Future Projects Mortality Table changed from Generational projection from 2012 using Scale MP-2019 to the following:

Future Projections - Generational projection from 2012 using Scale MP-2021

Beginning with the ADC for June 30, 2018, (from the September 30, 2016, valuation), the funding method was changed from projected unit credit to entry age normal and the amortization method was changed from a level percent of pay to a level dollar method.

The discount rate for determining the ADC was decreased from 5.00% for the June 30, 2017, calculation to 2.50% for the June 30, 2018, calculation.

* - Benefit payments are net of participant contributions. Net benefit payments paid directly from the employer are also included.
** - Employer contributions include amounts paid directly from the employer.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET OPEB LIABILITY
FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability	$3,070,300	$2,914,106	$2,784,794	$2,569,978	$2,501,793	$2,381,703	$2,294,769
Plan fiduciary net position	866,191	898,738	885,464	818,314	739,397	675,389	678,976
Net OPEB liability	$2,204,109	$2,015,368	$1,899,330	$1,751,664	$1,762,396	$1,706,314	$1,615,793
Plan fiduciary net position as a percentage of the total pension liability	28.21%	30.84%	31.80%	31.84%	29.55%	28.36%	29.59%
Covered payroll *	$5,811,066	$6,434,235	$6,990,547	$6,599,161	$5,897,181	$5,596,622	$5,596,622
Net OPEB liability as a percentage of covered payroll	37.93%	31.32%	27.17%	26.54%	29.89%	30.49%	28.87%

Changes to assumptions or other inputs:

Beginning with the ADC for June 30, 2018, (from the September 30, 2016, valuation), the funding method was changed from projected unit credit to entry age normal and the amortization method was changed from a level percent of pay to a level dollar method.

The discount rate for determining the ADC was decreased from 5.00% for the June 30, 2017, calculation to 2.50% for the June 30, 2018, calculation.

The assumed mortality table was updated for the June 30, 2022 and 2020 calculations.

* - For years following the valuation date (when no new valuation is performed), covered payroll was previously set equal to the covered payroll from the most recent valuation.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$192,885	$191,100	$178,557	$168,138	$168,137	$66,919	$66,919
Contributions in relation to the actuarially determined contribution	220,367	194,644	178,557	124,593	168,138	71,430	67,000
Annual contribution deficiency (excess)	($27,482)	($3,544)	$0	$43,545	($1)	($4,511)	($81)
Covered payroll *	$5,811,066	$6,434,235	$6,990,547	$6,599,161	$5,897,181	$5,596,622	$5,596,622
Actual contributions as a percentage of covered payroll	3.79%	3.03%	2.55%	1.89%	2.85%	1.28%	1.20%

Notes to Schedule

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts are calculated with each biennial actuarial valuation. The following actuarial methods and assumptions (from the September 30, 2016, actuarial valuation) were used to determine contributions rates reported for the year ended June 30, 2022.

Actuarial cost method	Entry age normal
Amortization method	Level dollar method
Amortization period	30 years, closed
Asset valuation method	Market value of assets
Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.00% - 5.00%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.50%
Health care cost trends	
Pre-Medicare	5.50% for 2021 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.00% for 2021 decreasing to an ultimate rate of 5.00% by 2023

Changes to assumptions or other inputs:

Beginning with the ADC for June 30, 2018, (from the September 30, 2016, valuation), the funding method was changed from projected unit credit to entry age normal and the amortization method was changed from a level percent of pay to a level dollar method.

The discount rate for determining the ADC was decreased from 5.00% for the June 30, 2017, calculation to 2.50% for the June 30, 2018, calculation.

* - For years following the valuation date (when no new valuation is performed), covered payroll was previously set equal to the covered payroll from the most recent valuation.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB
FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-7.82%	-1.32%	5.51%	4.63%	-1.10%	-1.28%

Changes to assumptions or other inputs:

Beginning with the Actuarially Determined Contribution (ADC) for June 30, 2018, (from the September 30, 2016, valuation), the funding method was changed from projected unit credit to entry age normal and the amortization method was changed from a level percent of pay to a level dollar method.

The discount rate for determining the ADC was decreased from 5.00% for the June 30, 2017, calculation to 2.50% for the June 30, 2018, calculation.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Mercer & Associates, PC

a CPA firm

201 Williams Ave., Suite 280
Huntsville, Alabama 35801
(256) 536 – 4318
Fax (256) 533 - 7193

Jerry Mercer, CPA, owner
Lisa Eaton, CPA
Misty Whiting, CPA
Jordan Gibbs, CPA
Amy Todd, CPA

Members
Alabama Society of C.P.A.s
American Institute C.P.A.s

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Board of Directors
Huntsville-Madison County Airport Authority
Huntsville, Alabama

Our report on our audit of the basic financial statements of the Huntsville-Madison County Airport Authority for June 30, 2022, appears on pages 1 and 2. That audit was made for the purpose of forming opinions on the basic financial statements. The schedules on pages 42 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The schedules on pages 42 and 44 through 47 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the schedule of insurance policies and fidelity bonds in force on page 43, which is of a non-accounting nature, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Mercer & Associates, PC

October 11, 2022

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Statement of Pledged Revenues and Operating Expenses
FOR THE YEAR ENDED JUNE 30, 2022

	GAAP Statement of Revenues and Expenses	Include Interest Income [1]	Remove GAAP Adjustments	Pledged Revenue & Operating Expenses
Pledged Revenues				
Airfield	$ 1,709,349	$ 20,623	$ 0	$ 1,729,972
Public Safety	2,014,598	0	0	2,014,598
Landside	8,810,526	0	0	8,810,526
Terminal	9,867,945	0	0	9,867,945
General Aviation	902,316	0	0	902,316
Intermodal	1,923,187	0	0	1,923,187
Air Cargo	2,658,997	0	0	2,658,997
Loading Bridges	563,700	0	0	563,700
Fuel Farm	405,232	0	0	405,232
Other	(140,283)	0	140,283	0
Total Pledged Revenues	28,715,567	20,623	140,283	28,876,473
Transfers	0	0	0	0
Operating Expenses				
Airfield	2,572,615	0	0	2,572,615
Public Safety	2,100,645	0	0	2,100,645
Landside	2,652,906	0	0	2,652,906
Terminal	5,356,987	0	0	5,356,987
General Aviation	220,259	0	0	220,259
Intermodal	2,126,565	0	0	2,126,565
Air Cargo	650,023	0	0	650,023
Loading Bridges	468,341	0	0	468,341
Fuel Farm	178,819	0	0	178,819
Other	(217,803)	0	217,803	0
Total Operating Expenses	16,109,357	0	217,803	16,327,160
Revenue in Excess of Operating Expenses				12,549,313
Debt Service [2]				2,134,657
Debt Service Ratio				5.88

(1) - Does not include interest earnings on PFC bond construction account.

(2) - Represents principal and interest due in the bond year ending July 1, 2022. Does not include debt service requirements for 2017 PFC bond issue, which is payable solely from PFC charges.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
INSURANCE INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

The primary insurance policies of the Authority for which the policy periods began during the fiscal year are shown below. The coverage amounts shown generally represent the aggregate amount, including coverage-specific policies, general liability policies, and excess policies. This information is provided for a general understanding of the Authority's insurance coverage and should not be relied upon for any specific purpose without contacting the Authority for information that is applicable to a particular situation.

Policy Description	Approximate Coverage ($)
Liability	
Hotel Operators (incl. as contract operator's policy additional insured)	184,000,000
Products & Completed Operations	150,000,000
Non-Owned Aircraft	150,000,000
Hangarkeepers	150,000,000
Airside Auto	150,000,000
Railroad (Intermodal Operations)	110,000,000
Terminal Operations Legal Liability (Intermodal Operations)	2,500,000
Automobile	101,000,000
Employer, including workers compensation	100,500,000
Personal & Advertising Injury	100,000,000
Malpractice	100,000,000
War, Hi-Jacking & Other Perils Annual Aggregate	100,000,000
Liquor	2,000,000
Employee Benefits	1,000,000
Directors & Officers	5,000,000
Employment Practices	5,000,000
Premises Environmental	5,000,000
Fiduciary	1,000,000
Cybersecurity	1,000,000
Property (structures and Authority-owned personal property)	
Cranes and Public Safety Vehicles	10,547,606
Terminal Building including Hotel	115,333,000
Parking Garages	34,954,000
Air Cargo Buildings	25,577,000
General Aviation Hangars	7,141,527
Intermodal Buildings	3,395,511
Other Buildings & Structures	14,423,517
Business Income Loss Protection	16,500,000

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

DEBT SERVICE RESERVE

Balance, July 1, 2021	$ 1,778,551
Deposits	0
Deposits of interest income	518
Disbursements and transfers	(93,274)
Balance, June 30, 2022	$ 1,685,795

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

REBATE FUND

Balance, July 1, 2021	$ 128,201
Deposits of interest income	38
Balance, June 30, 2022	$ 128,239

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

SERIES 2010A BOND FUND

Balance, July 1, 2021	$ 1,046,317
Deposits	1,023,439
Deposits of interest income	223
Payments of matured bonds and interest	(1,002,612)
Balance, June 30, 2022	$ 1,067,367

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

2016 BOND FUND

Balance, July 1, 2021	$ 1,101,623
Deposits	1,141,068
Deposits of interest income	231
Payments of matured bonds and interest	(1,132,044)
Balance, June 30, 2022	$ 1,110,878

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
Notes to the Schedules Included in
Additional Information

NOTE A - PLEDGED REVENUES

Pledged revenues are defined in the trust indenture to include all revenues from the operation, leasing, or sale of the airport. This definition includes certain interest income from various trusts. However, all revenue associated with the Four Points Hotel and Industrial Park is specifically excluded.

NOTE B - OPERATING EXPENSES

Operating expenses are defined in the trust indenture to include costs incurred in operating, maintaining, administering, and repairing the airport. The term excludes from its definition depreciation, cost of capital projects, cash revenues, payment of bonds, and all expenses associated with the Four Points Hotel and Industrial Park.

Mercer & Associates, PC

a CPA firm

201 Williams Ave., Street Suite 280
Huntsville, Alabama 35801
(256) 536 – 4318
Fax (256) 533 – 7193

Jerry Mercer, CPA, owner
Lisa Eaton, CPA
Misty Whiting, CPA
Jordan Gibbs, CPA
Amy Todd, CPA

Members
Alabama Society of C.P.A.s
American Institute C.P.A.s

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Huntsville-Madison County Airport Authority
Huntsville, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type and fiduciary activities of the Huntsville-Madison County Airport Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Huntsville-Madison County Airport Authority's basic financial statements, and have issued our report thereon dated October 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Huntsville-Madison County 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Huntsville-Madison County Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Huntsville-Madison County 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Huntsville-Madison County 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercer & Associates, PC

October 11, 2022

Mercer & Associates, PC

a CPA firm

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND PASSENGER FACILITY CHARGE (PFC) PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Huntsville-Madison County Airport Authority
Huntsville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program and PFC Program
We have audited the Huntsville-Madison County Airport Authority's 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 each of the Huntsville-Madison County Airport Authority's major federal programs, with the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its PFC program, for the year ended June 30, 2022. The Huntsville-Madison County Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Huntsville-Madison County Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its PFC program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and PFC Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, U*niform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Guide. 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 Huntsville-Madison County Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Huntsville-Madison County Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with 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 Huntsville-Madison County Airport Authority's federal programs and its PFC 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 Huntsville-Madison County 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for

that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Huntsville-Madison County Airport Authority's compliance with the requirements of each major federal program and PFC program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Huntsville-Madison County 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 Huntsville-Madison County 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 Huntsville-Madison County 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 or PFC program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or PFC 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 or PFC 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 have not been 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.

Mercer & Associates, PC

October 11, 2022

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Agency	Assistance Listing Number	Agency or Pass-Through Number	Federal Disbursements/ Expenditures
Department of Transportation			
Airport Improvement Programs	20.106	N/A	$ 13,346,452
COVID-19 - Airport Rescue Grant in accordance with the American Rescue Plan Act	20.106	N/A	7,623,660
COVID-19 - Airport Coronavirus Response Grant Program (ARCGP) in accordance with the Coronavirus Response and Relief Appropriations Act (CRRSA)	20.106	N/A	4,014,906
			24,985,018
TOTAL DOT			$ 24,985,018
Department of Homeland Security			
Transportation Security Administration	97.U01	N/A	$ 110,840
COVID-19 - Transportation Security Administration	97.U02	N/A	15,000
Passed through Alabama Emergency Management Agency:			
FEMA	97.036	089-U003D-00	31,683
TOTAL DHS			$ 157,523
TOTAL			$ 25,142,541

See accompanying notes to Schedule of Expenditures of Federal Awards.

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Authority's federal award programs presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Authority did not elect to use the 10% de minimis indirect cost rate.

NOTE B – RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

Transportation Security Administration revenue and expenditures of $110,840 are included in Airport Operations revenue and expenses in the accompanying financial statements.

Federal grants per Statement of Revenue and Expenses	$	25,031,701
TSA revenue and expenditures included in Airport Operations		110,840
Expenditures per the Schedule of Expenditures of Federal Awards	$	25,142,541

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED JUNE 30, 2022

	Unliquidated PFC 6/30/21	PFC Collected	Interest Collected	Expenditures	Unliquidated PFC 6/30/22
Passenger Facility Charges					
Huntsville-Madison County Airport Authority	$ 2,542,399	$ 2,481,794	$ 1,413	$ 1,475,704	$ 3,549,902

HUNTSVILLE-MADISON COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Huntsville-Madison County Airport Authority were prepared in accordance with GAAP.

2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of the Huntsville-Madison County Airport Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and Passenger Facility Charge (PFC) Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for the Huntsville-Madison County Airport Authority expresses an unmodified opinion on all major federal programs.

6. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in Part C of this schedule.

7. The programs tested as major programs include:

Airport Improvement Program	Assistance Listing #20.106
COVID-19 - Airport Rescue Grant in accordance with the American Rescue Plan Act	Assistance Listing #20.106
COVID-19 - Airport Coronavirus Response Grant Program (ARCGP) in accordance with the Coronavirus Response and Relief Appropriations Act (CRRSA)	Assistance Listing #20.106

8. The threshold for distinguishing Types A and B programs was $754,276.

9. The Huntsville-Madison County Airport Authority was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

Leadership

Board of Directors

Pictured from left to right: Mark McDaniel – Chairman; ; Philip W. (Trey) Bentley, III- Vice Chair; Joey Ceci – Secretary/Treasurer; LaFreeda Jordan- Vice-Secretary; Carl J.Gessler, Jr. M.D. – Member

Executive Team

Pictured from left to right: Luther "Butch" Roberts – Chief Executive Officer; Kevin Vandeberg – Chief Operating Officer; Bob Pro – Chief Finance Officer; Amy Murphree – Chief Legal Officer; Barbie Peek – Chief Business Development Officer; Jim Flowers – Chief Design and Construction Officer

Madison County Commission

From left to right: Commissioner Phil Riddick (District 5); Commissioner Craig Hill (District 3); Commissioner Steve Haraway (District 2); Commission Chairman Dale Strong; Commissioner Violet Edwards (District 6); Commissioner Tom Brandon (District1); Commissioner Phil Vandiver (District 4)

Huntsville City Council

Pictured left to right: John Meredith (District 5, Council President). Jennie Robinson (District 3, President Pro Tem); Bill Kling (District 4, Third Presiding Officer); Devyn S. Keith (District 1); Frances Akridge (District 2)