

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2025 AND 2024



**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
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INTRODUCTORY SECTION

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY

LIST OF OFFICIALS
As of September 30, 2025

BOARD OF COMMISSIONERS

Dave Dennis	Commissioner
Brig. Gen. Benjamin J. Spraggins, USAF (Ret.)	Commissioner
Lt. Gen. Mike Peterson, USAF (Ret.)	Commissioner

EXECUTIVE DIRECTOR

Clay Williams

DIRECTOR OF FINANCE AND ADMINISTRATION

Paul Crochet

INDEPENDENT AUDITOR'S REPORT



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

February 13, 2026

Board of Commissioners
Gulfport-Biloxi Regional Airport Authority
Gulfport, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Gulfport-Biloxi Regional Airport Authority (the Authority), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Gulfport-Biloxi Regional Airport Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 15 to the basic financial statements, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information, such as management's discussion and analysis on pages 4 through 11, schedule of the Authority's proportionate share of net pension liability on page 33 and schedule of Authority's contributions on page 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information such as budget to actual comparison schedule, capital projects fund – schedule of revenues & expenditures, schedule of passenger facility charge collections and expenditures, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget to actual comparison schedule, capital projects fund – schedule of revenues & expenditures, schedule of passenger facility charge collections and expenditures, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026 on our consideration of the Gulfport-Biloxi Regional 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 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 Gulfport-Biloxi Regional Airport Authority's internal control over financial reporting and compliance.

Alexander, Van Loon, Sloan, Levens, & Favre, PLLC
ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

Management’s Discussion and Analysis

Our discussion and analysis of the Airport’s financial performance provides an overview of the Airport’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Airport’s financial statements, which are included below.

Using This Annual Report

This annual report consists of a series of financial statements. The Statements of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about the activities of the Airport similar to a for profit private-sector business enterprise with the appropriation and use of economic resources as the measurement focus. The notes to financial statements provide detailed support for individual balances and classes of transactions found in the various statements. The required and other supplemental information provides information about the Airport’s operating activities as compared to its budget, as well as certain other schedules required by *Government Auditing Standards*.

The Statement of Net Position reports the Airport’s net position. You can think of the Airport’s net position (the difference between assets and liabilities), as one way to measure the Airport’s financial health, or financial position. Net position is divided into the following three basic categories: net investment in capital assets; net position restricted for debt covenant and other purposes, and net position unrestricted and available for spending. Over time, increases or decreases in the Airport’s net position are one indicator of whether its financial health is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position measures the annual change in the net position displayed on the Statement of Net Position. The Statement of Cash Flows converts all economic resources and uses to cash and displays them into their basic categories of operating; non-capital financing; capital financing and investing activities.

Terminology

FAA – Federal Aviation Administration

AIP – Federal Airport Improvement Program that provides entitlement and discretionary grants for capital improvements to the Airport

PFC – Passenger Facility Charges are assessments of \$4.50 per enplaning passenger to fund capital improvements to the Airport

GA – General Aviation area of the Airport property

CFC – Customer Facility Charge of \$4.00 for each car rental customer used to fund construction (\$3.00) and operations (\$1.00) of the rental car service facility

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

Financial Summaries and Comparisons

The following are summary presentations of the Statement of Net Position and Statements of Revenues, Expenses and Changes in Net Position for the years ended September 30, 2025 and 2024:

Statements of Net Position
(in Thousands)

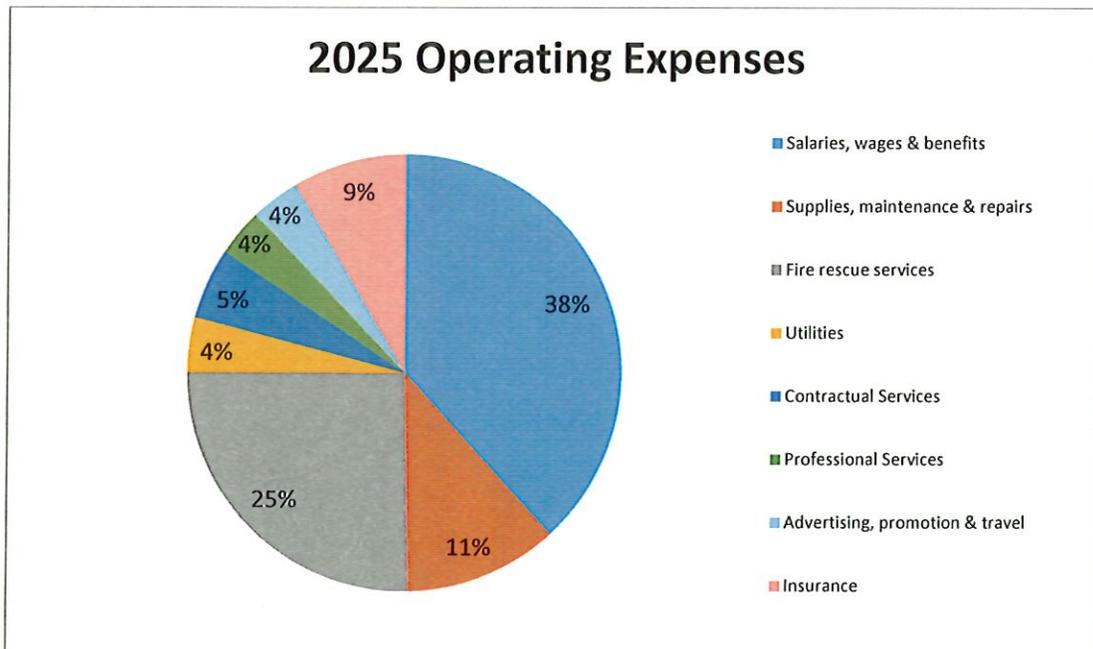
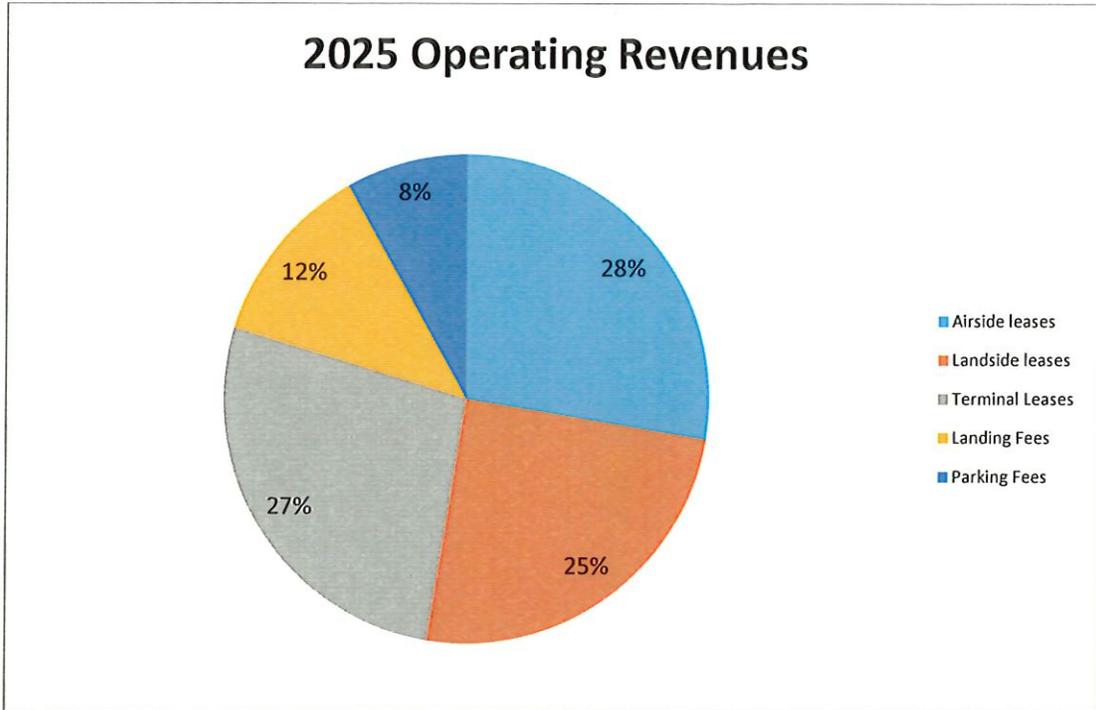
	September 30,	
	2025	2024
Current assets	\$ 39,069	\$ 43,785
Noncurrent Assets	194,939	183,798
Deferred outflows	1,446	1,031
Total assets and deferred outflows	235,454	228,614
Current liabilities from current assets	3,413	1,831
Noncurrent liabilities	8,857	7,808
Deferred inflows	8,760	8,808
Total liabilities and deferred inflows	21,030	18,447
Net position	\$ 214,424	\$ 210,167
Summary of net position		
Net investment in capital assets	\$ 173,188	\$ 173,596
Unrestricted and spendable	41,236	36,571
Totals	\$ 214,424	\$ 210,167

Statements of Revenues, Expenses & Changes in Net Position
(in Thousands)

	Year Ended September 30,	
	2025	2024
Operating revenues	\$ 14,804	\$ 15,022
Operating expenses	(25,744)	(24,795)
Non-operating revenues	3,259	2,653
Non-operating expenses	(1,896)	(1)
Capital grants, PFCs and CFCs	13,869	8,073
Increase (decrease) in net position	\$ 4,292	\$ 952

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

The following pie charts represent actual operating revenues (excluding operating grants and donations) and operating expenses (excluding depreciation) by category for the year ended September 30, 2025.



Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

Financial Highlights

- The Airport’s net position had an increase of \$4.3 million as compared to 2024 which had an increase of \$952 thousand. Unrestricted net position, which represents net position available for operations was at \$41.2 million at the end of 2025.
- Operating revenues decreased by \$218 thousand or 1.5% from 2024 to 2025, compared to 2024, which had an increase of \$1.8 million or 14.0% from 2023.
- Operating expenses net of depreciation increased by \$893 thousand or 7.4% in 2025 as compared to 2024, which had an increase of \$783 thousand or 6.9% from 2023.
- Operating expenses, excluding GASB 68 pension liability expense, depreciation and amortization expenses, and fire and rescue services were approximately \$8.9 million in 2025 compared to \$8.6 million in 2024.
- The Airport had capital grants, PFC, and CFC revenues of \$13.9 million, which was an increase of \$5.8 million over 2024. In 2024, capital grants, PFC and CFC revenues were \$8.1 million, and \$5.3 million in 2023.
- The Airport had non-capital revenue and outlay related to a military construction cooperative agreement where the airport is reimbursed for costs incurred for acting as a construction coordinator to repair and replace certain Mississippi Air National Guard airfield assets.

Budgetary Highlights

The following table summarizes the year 2025 budgets and comparative results.

Year 2025 Budget to Actual Comparison
(in Thousands)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance
Operating revenues	\$ 11,776	\$ 11,776	\$ 11,509	\$ (267)
Operating expenses	(9,380)	(9,380)	(8,875)	505
Operating surplus (deficiency)	2,396	2,396	2,634	238
Other income	862	862	1,729	867
Capital grants, PFCs and CFCs	16,437	21,527	13,869	(7,658)
Capital expenditures	(15,607)	(20,697)	(12,667)	8,030
Non-Capital operating Revenue	5,090	5,090	1,579	(3,511)
Non-Capital operating Outlay	(5,090)	(5,090)	(1,892)	3,198
Surplus (deficiency)	<u>\$ 4,088</u>	<u>\$ 4,088</u>	<u>\$ 5,252</u>	<u>\$ 1,164</u>

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

Generally, operating revenues and expenses were consistent with budgeted amounts. The more significant variances centered on capital grants and construction budgets. Capital expenditures and the related federal and state grants typically have budget variances caused when projects are first budgeted, and they are generally budgeted 100%, but may not be completed by the end of the fiscal year. All incomplete projects at the end of 2025 will carry over to 2026 or beyond and the projects are expected to be completed. Please see the analysis of the capital budget under Capital Assets.

Capital Assets

At the end of 2025, the Airport had \$174 million invested in Airport facilities, infrastructure, and equipment. This amount represents a net increase (including additions and depreciation deductions) of \$200 thousand or 0% from 2024. The Airport had a net decrease of \$6.8 million or about 3.8% in 2024. Most of the Airport’s capital expenditures are funded with Federal AIP grants, Mississippi Department of Environmental Quality grants, State Airport Development grants, PFCs, CFCs, and other local funds. The following is a summary presentation of actual capital expenditures and related funding sources for 2025 and 2024 and the Airport’s capital budget summary for 2026:

Capital Expenditures & Funding Sources

	Budgeted 2026	Actual 2025	Actual 2024
Capital expenditures			
Runway and taxiway expansion	\$ 9,255	\$ 6,189	\$ 980
Long range planning	70	14	69
Terminal improvements	13,662	2,010	650
Software	-	60	190
John Hill site development	-	192	2,026
Rental Car Facility	-	275	-
Runway lighting & signage	-	-	1,408
MRO Hangar	3,000	-	-
Multi-Modal T-Hanger	-	1,176	136
Maintenance equipment	664	-	-
Fleet maintenance facilities	900	2,751	-
Totals	\$ 27,551	\$ 12,667	\$ 5,459
Funding sources			
Federal grants	\$ 22,843	\$ 10,378	\$ 4,585
State grants	851	579	222
County	-	-	567
PFCs	1,636	1,784	1,671
CFCs	959	1,128	1,027
Operating Funds	1,262	(1,202)	(2,613)
Totals	\$ 27,551	\$ 12,667	\$ 5,459

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

Gulfport Biloxi International Airport’s capital budget is focused on a number of airport terminal improvement projects as many infrastructure elements are nearing 22 years old. The airport underwent a major terminal expansion and renovation which began in 2004 and the airport is phasing the replacement of several items including the terminal roof, adding a new elevator for redundancy and replacing an existing one. The airport is also replacing and upgrading plumbing and other electrical infrastructure. Recently a new fleet maintenance facility was opened to allow the airport to more efficiently maintain airport grounds, infrastructure and associated equipment. In addition, the airport is planning to begin the extension of the secondary runway from 4900 ft to 6500 ft.

Economic Factors and Next Year’s Operating Budget

Gulfport-Biloxi International Airport saw an increase in passenger numbers with calendar year 2025 year-end finishing 2.5% ahead of 2024 traffic. Leisure demand and military travel continue to lead the rebound from the pandemic at GPT. Casino resort charter traffic continues to comprise a sizable number of enplanements. The Airport is working with existing airlines to retain and increase seat capacity and frequencies to the respective hubs: Atlanta, Charlotte, Dallas/Ft. Worth and Houston. The Airport continues to focus its efforts on retaining air service, providing excellence in customer service and constantly enhancing the overall passenger experience. The Airport works with local business partners to support low-cost air service routes that are added on a seasonal basis.

Delta Air Lines offers service to its hub in Atlanta, GA. American Airlines provides service to both Charlotte, NC and Dallas, TX. United Airlines serves Houston, TX from GPT and Breeze Airways flies two times per week to Tampa, FL, Orlando, FL and Las Vegas, NV. Sun Country Airlines continues to operate charters on behalf of the gaming industry from a variety of domestic markets as well as providing seasonal scheduled service to and from Minneapolis St. Paul.

Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

The Airport had on average approximately 12-16 daily departures served by American, Delta, United, Sun Country, and Breeze. The airlines utilize a variety of equipment types providing available seats to the community supporting leisure and business flying. The market share by carrier as of December 2025 is as follows:

- American Airlines 29%
- Delta Air Lines 29%
- Sun Country 25%
- United 11%
- Breeze 5%
- Other Charters 1%

GPT has service to markets as represented on the following route map:



Gulfport–Biloxi Regional Airport Authority
Financial Statements
September 30, 2025

The Airport’s total budgeted operating expenses (excluding depreciation expense, GASB 68 pension liability expense, and fire & rescue services) for 2026 is \$9.7 million.

The following table is a summary of the Airport’s operating budget for the fiscal year ending September 30, 2026:

Year 2026 Operating Budget Summary
(in Thousands)

Operating revenues	\$	13,270
Operating expenses (excludes PERS, depreciation & fire and rescue services)		(9,707)
Operating surplus		3,563
Capital grants, PFCs and CFCs		24,562
Debt service		-
Non-Capital operating Revenue		5,090
Non-Capital operating Outlay		(5,090)
Capital expenditures		(25,824)
Surplus (deficiency)	\$	2,301

Contacting the Airport’s Director of Finance and Administration

This financial report is designed to provide the user with a general overview of the Airport’s finances and to show the Airport’s accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Director of Finance and Administration at 228-863-5951 / 14035-L Airport Road, Gulfport, Mississippi 39503.

FINANCIAL STATEMENTS

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,118,290	\$ 11,643,056
Investments, current	14,646,644	26,655,505
Accounts receivable, net	1,202,053	1,411,099
Due from other governments	2,697,312	2,706,277
Lease receivable, current	739,866	722,263
Prepaid expenses	665,242	646,752
Total current assets	39,069,407	43,784,952
NONCURRENT ASSETS		
Capital assets:		
Right to use asset, net of related amortization	125,978	33,029
Other capital assets,		
Airport facilities, net of accumulated depreciation	173,707,483	173,587,992
Total capital assets	173,833,461	173,621,021
Lease receivable, net of current maturities	6,265,470	7,005,530
Investments, net of current maturities	14,839,633	3,171,114
Total noncurrent assets	194,938,564	183,797,665
Total assets	234,007,971	227,582,617
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows for pensions	1,446,203	1,031,323
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 235,454,174	\$ 228,613,940

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

	2025	2024
CURRENT LIABILITIES		
Accounts payable	\$ 2,448,249	\$ 1,468,501
Construction and retainage payable	536,777	-
Accrued salaries and related liabilities	239,941	196,069
Lease liability, current	6,850	6,711
Subscription liability, current	40,965	-
Compensated absences payable	139,635	159,313
Total current liabilities	3,412,417	1,830,594
NONCURRENT LIABILITIES		
Net pension liability	8,709,011	7,790,228
Lease liability, noncurrent	11,453	18,224
Subscription liability, noncurrent	49,198	-
Compensated absences, net of current liability	87,246	-
Total noncurrent liabilities	8,856,908	7,808,452
Total liabilities	12,269,325	9,639,046
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on lease receivables	8,468,148	8,808,180
Deferred inflows for pensions	292,243	-
Total deferred inflows of resources	8,760,391	8,808,180
NET POSITION		
Invested in capital assets, net of related debt	173,188,218	173,596,086
Unrestricted	41,236,240	36,570,628
Total net position	214,424,458	210,166,714
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 235,454,174	\$ 228,613,940

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

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
OPERATING REVENUES		
Airside leases	\$ 4,079,331	\$ 3,527,046
Landside leases	3,668,057	3,455,207
Terminal leases	4,003,740	4,623,562
Landing fees	1,786,926	2,310,175
Parking leases	1,205,870	1,085,608
Operating grants and other income	59,778	20,164
Total operating revenues	14,803,702	15,021,762
OPERATING EXPENSES		
Salaries and wages	2,876,747	2,633,847
Employee taxes and benefits	2,078,036	1,849,129
Fire and rescue services	3,294,069	2,775,440
Operating supplies, maintenance, and repairs	1,376,178	1,325,993
Contracted services	680,797	578,916
Utilities	528,421	610,672
Office expense	106,374	87,925
Professional services	451,639	519,111
Advertising, promotion, training, and travel	468,180	450,727
Insurance	1,105,175	1,240,958
Total operating expenses	12,965,616	12,072,718
INCOME FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION	1,838,086	2,949,044
Depreciation expense	12,735,264	12,684,014
Amortization expense, leases	43,319	38,196
Total depreciation and amortization	12,778,583	12,722,210
LOSS FROM OPERATIONS	(10,940,497)	(9,773,166)

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
NONOPERATING REVENUES (EXPENSES)		
Interest income and other investment income (loss)	1,547,336	1,333,901
Interest income, leases	91,583	87,663
Non-capital operating grant revenue	-	1,231,360
Non-capital operating revenue	1,578,527	-
Non-capital operating outlay	(1,891,705)	-
Gain (loss) on sale of capital assets	42,122	-
Interest expense, leases	(3,795)	(505)
Total nonoperating revenues (expenses)	1,364,068	2,652,419
NET LOSS		
BEFORE CONTRIBUTIONS	(9,576,429)	(7,120,747)
Capital contribution - federal grants	10,377,509	4,585,424
Capital contribution - state grants	578,759	222,546
Capital contribution - passenger facility charges	1,784,285	1,671,295
Capital contribution - customer facility charges	1,128,243	1,027,390
Capital contribution - county	-	566,672
Total capital contributions	13,868,796	8,073,327
CHANGE IN NET POSITION	4,292,367	952,580
TOTAL NET POSITION - BEGINNING, as previously reported	210,166,714	209,214,134
Prior period adjustment - change in accounting principle	(34,623)	-
TOTAL NET POSITION - BEGINNING, as restated	210,132,091	209,214,134
TOTAL NET POSITION - ENDING	\$ 214,424,458	\$ 210,166,714

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

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 15,395,173	\$ 12,211,014
Cash payments for goods and services	(6,966,044)	(4,879,258)
Cash payments for employee services	(4,081,820)	(3,773,916)
Net cash provided by operating activities	4,347,309	3,557,840
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash payments for the benefit of other governments	(1,590,526)	-
Cash received from other governments	1,578,527	1,231,360
Interest paid on lease and subscription payables	(3,795)	(505)
Net cash provided by (used in) noncapital financing activities	(15,794)	1,230,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital grants	13,877,761	6,869,908
Acquisition and construction of capital assets	(12,763,492)	(6,025,188)
Proceeds from sale of assets	50,189	-
Net cash provided by capital and related financing activities	1,164,458	844,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	912,606	(13,208,424)
Interest received	1,066,655	616,926
Net cash provided by (used in) investing activities	1,979,261	(12,591,498)
Net increase (decrease) in cash and cash equivalents	7,475,234	(6,958,083)
Cash and cash equivalents:		
Beginning of year	11,643,056	18,601,139
End of year	\$ 19,118,290	\$ 11,643,056
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 19,118,290	\$ 11,643,056
Total cash and cash equivalents	\$ 19,118,290	\$ 11,643,056

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss from operations	\$ (10,940,497)	\$ (9,773,166)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	12,778,583	12,722,210
Pension expense adjustment	796,146	682,664
Deferred inflows - leases	(340,032)	(849,669)
(Increase) decrease in operating assets:		
Accounts receivable	209,046	12,225
Lease receivable	722,457	705,261
Prepaid expenses	(18,490)	132,926
Increase (decrease) in operating liabilities:		
Accounts payable	979,748	(86,266)
Lease liability	(6,632)	17,578
Subscription liability	90,163	(32,319)
Accrued salaries	43,872	14,160
Compensated absences payable	32,945	12,236
Total adjustments	15,287,806	13,331,006
Net cash provided by operating activities	\$ 4,347,309	\$ 3,557,840

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

NOTES TO FINANCIAL STATEMENTS

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Gulfport-Biloxi Regional Airport Authority (the Authority), complies with accounting principles generally accepted in the United States of America. The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the Authority's financial activities for the fiscal years ended September 30, 2025 and 2024.

Reporting Entity

The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the airport on October 1, 1977. The Authority is comprised of appointees from the local governmental units of the City of Gulfport, the City of Biloxi, and Harrison County, Mississippi. The reporting entity consists of and includes all funds that are covered by the oversight responsibility of the Gulfport-Biloxi Regional Airport Authority. There are no funds excluded from the reporting entity, which are under the control of the Gulfport-Biloxi Regional Airport Authority. The reporting entity is not a component unit of another entity, nor does the reporting entity include any component units. However, the Authority is classified as a jointly governed organization of the City of Biloxi, the City of Gulfport, and Harrison County, Mississippi.

Basis of Reporting

These financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) relative to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority has been identified as an "enterprise fund" as described by GAAP for governmental entities. Enterprise funds utilize accounting principles in a manner similar to private business enterprises and are accounted for on a flow of economic resources measurement focus.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and liabilities associated with the operation of the Authority are included on the statements of net position.

Operating revenues of the Authority include all revenues generated by exchange transactions entered into with any other entity (whether public or private) engaging in business on Authority property. The primary sources of operating revenue are landing fees and terminal rentals paid by the airlines for the use of Authority facilities. Airline rental charges and fees are adjusted annually based on estimates of terminal and airfield expenses the airlines utilize. Annual landing fees and terminal rents paid by the airlines are compared to actual expenses for the year, resulting in an annual settlement between the airlines and the Authority. Operating expenses include all of the expenses necessary to operate, maintain and manage the Authority, as well as depreciation expense. Non-operating revenues include interest income, non-capital grants and support, and investment income. Non-operating expenses include interest expense, investment expenses, investment loss, and non-capital outlay. Capital contributions include capital financing grants from federal and state governments, Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs).

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Cash, Cash Equivalents, and Investments

For the purpose of the statements of cash flows, the Authority considers all highly liquid investments (including funds invested in savings type accounts) purchased with maturities of three months or less to be cash equivalents. All investments are reported at fair value, which is determined using quoted market values with unrealized gain and losses charged or credited to investment income.

Receivables

The Authority reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2025 are recorded as prepaid items.

Advertising costs and inventories of materials and supplies

Advertising costs are expensed when incurred. Inventories of material and supplies are not maintained and purchases of these items are expensed when incurred.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are externally imposed by creditors, contributors, grantors, or laws. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

Capital Assets

The Authority's facilities are recorded at the original cost or assigned cost reported by the municipality that contributed them. Additions to the Authority's facilities are recorded at cost and depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Land and intangible assets identified as noise and navigation easements, having an indefinite useful life, are not depreciated or amortized. Repairs and maintenance, which do not substantially increase capacity or operational efficiency, are expensed as incurred. Donated assets are recorded at their estimated fair value at the date of donation. The estimated useful lives are as follows:

<u>Capital Assets</u>	<u>Useful Life (Years)</u>
Buildings and airfield improvements	20 - 30
Other property and equipment	3 - 10

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and thus will not be recognized as an expense until then. The Authority has one item that meets this criterion, the unamortized changes in investments actual performance, expectations, and projections, and plan assumptions related to the pension plan (see Note 10). In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to future periods and so will not be recognized as inflow of resources (revenue) until that time. The Authority has two items that meet this criterion, lease receivables (see Note 8) and Authority's participation in the pension plan and the difference between projected and actual plan investment earnings (see Note 10).

Pensions

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

Compensated Absences

In the current year, the Authority implemented new accounting standard GASB No. 101 – Compensated Absences (See Note 15). The Authority has two types of compensated absences which are described as follows:

- *Vacation* – Full-time employees who work year round are granted 12 vacation days for service up to 5 years; 18 days for 6 to 10 years; and 24 days for over 10 years of service. Employees may accrue and carryover unused vacation time from year to year. Upon termination of employment, employees are paid up to a maximum of 30 days of unused vacation days. Any excess days may be applied towards days of service upon retirement under the Public Employees Retirement System
- *Sick Leave* – Each full-time employee is entitled to 12 days of sick leave per year. However, sick leave is not reimbursed upon termination. It may however be applied towards days of service upon retirement under the Public Employees Retirement System.

The Authority accrues and recognizes accrued compensated absences when the leave is both earned by the employee and probable of being paid by the Authority in the future. The estimated compensated absence liability is based on historical usage and policy limitations.

Net Position

The Authority classifies net position into three components:

- *Invested in capital assets, net of related debt* – consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- *Restricted for capital activity and debt service* – consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation. The Authority has no restricted net position at year end.
- *Unrestricted net position* – consists of all other net position not limited or restricted in use.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in current year financial statements.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2: DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk. However, all of the Authority's bank balances are entirely insured or collateralized. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code. Under this program, the Authority's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The Authority deposits funds in financial institutions selected by its Board of Commissioners in accordance with Mississippi statutes. At September 30, 2025, deposits (including restricted deposits) were as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	\$ 19,171,156	\$ 19,118,290

Investments

The Authority is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved. At September 30, 2025, investments consisted of the following:

	Yield	Maturity Date	Reported Amount	Fair Value
U.S. Treasury Notes	4.38%	7/31/2026	\$ 3,167,356	\$ 3,167,356
U.S. Treasury Bill	0.00%	6/11/2026	2,154,507	2,154,507
U.S. Treasury Bill	0.00%	3/19/2026	1,131,817	1,131,817
U.S. Treasury Bill	0.00%	1/22/2026	1,017,723	1,017,723
U.S. Treasury Bill	0.00%	11/28/2025	1,060,129	1,060,129
U.S. Treasury Notes	2.75%	4/30/2027	1,396,805	1,396,805
U.S. Treasury Notes	3.38%	9/15/2027	1,079,623	1,079,623
U.S. Treasury Notes	3.88%	5/31/2027	2,149,903	2,149,903
U.S. Treasury Notes	4.13%	10/31/2026	1,131,891	1,131,891
U.S. Treasury Notes	4.25%	11/30/2026	1,043,647	1,043,647
U.S. Treasury Notes	3.75%	4/15/2026	849,618	849,618
U.S. Treasury Notes	4.38%	12/15/2026	1,007,810	1,007,810
U.S. Treasury Bill	0.00%	3/19/2026	1,964,960	1,964,960
U.S. Treasury Notes	4.13%	6/15/2026	1,503,480	1,503,480
U.S. Treasury Notes	4.13%	2/15/2027	854,913	854,913
U.S. Treasury Notes	3.75%	8/31/2026	800,024	800,024
U.S. Treasury Notes	3.88%	10/15/2027	2,512,300	2,512,300
U.S. Treasury Notes	4.25%	11/30/2026	855,015	855,015
U.S. Treasury Notes	4.13%	1/31/2027	1,005,390	1,005,390
U.S. Treasury Notes	3.88%	3/31/2027	802,376	802,376
U.S. Treasury Notes	3.63%	8/31/2027	999,960	999,960
U.S. Treasury Notes	3.75%	8/31/2026	997,030	997,030
Total investments			\$ 29,486,277	\$ 29,486,277

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Investments are reported on the statement of net position as of September 30, 2025, as follows:

	2025	2024
Current Assets:		
Investments	\$ 14,646,644	\$ 26,655,505
Non- Current Assets:		
Investments	14,839,633	3,171,114
Total investments	\$ 29,486,277	\$ 29,826,619

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

All of the Authority’s marketable securities have been valued using Level 1 measurements.

Interest Rate Risk This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk The Authority places no limit on the amount the Authority may invest in any one issuer. All the Authority’s investments are direct obligations of the United States of America.

Credit risk Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. All of the Authority’s investments have been given the AAA rating.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30:

	2025	2024
Accounts receivable	\$ 1,204,301	\$ 1,413,347
Less allowance for doubtful accounts	(2,248)	(2,248)
Total accounts receivable, net	\$ 1,202,053	\$ 1,411,099

The Authority recorded no bad debt expense for the years ended September 30, 2025 and 2024.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4: DUE FROM OTHER GOVERNMENTS

Due from other governments includes the following at September 30:

	<u>2025</u>	<u>2024</u>
FAA - Airport Improvement Program	\$ 680,114	\$ 885,034
MDEQ - Restore Act	381,231	494,148
MDOT - Airport Improvement Program projects	57,439	63,217
MDOT - Multi-Modal projects	-	25,634
National Guard Bureau - Military Construction Cooperative Agreement	1,578,528	-
Harrison County	-	1,238,244
	<u>\$ 2,697,312</u>	<u>\$ 2,706,277</u>

NOTE 5: ACCUMULATED PASSENGER FACILITY CHARGE SHORTFALL

As described in Note 1, the Authority has implemented an FAA endorsed Passenger Facility Charge (PFC) Program to finance airport development costs. The PFC assessments (\$4.50 per enplaning passenger) are collected by the airlines. \$0.11 is retained by the airlines and the remaining \$4.39 is remitted to the Authority monthly. PFC revenues are used to reimburse the Authority for the accumulated shortfall of PFC revenues whereby the Authority has funded the difference between PFC revenues and prior year debt service payments out of operating revenues. The total accumulated shortfall as of September 30, is as follows:

	<u>2025</u>	<u>2024</u>
Accumulated shortfall as of beginning of year	\$ 9,067,204	\$ 10,775,201
Less: current year passenger facility charge receipts - cash basis	1,790,865	1,707,997
Accumulated shortfall as of year end	<u>\$ 7,276,339</u>	<u>\$ 9,067,204</u>

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 6: AIRPORT FACILITIES

A summary of changes in capital assets is as follows:

For the Year Ended September 30, 2025:

	Balance October 1, 2024	Additions	Deletions	Transfers	Balance September 30, 2025
Capital assets, not being depreciated:					
Land, rights of way and easements	\$ 61,011,322	\$ -	\$ -	\$ 2,693,933	\$ 63,705,255
Airport development in progress	5,227,005	14,208,630	(1,842,728)	(9,059,745)	8,533,162
Total capital assets, not being depreciated	<u>66,238,327</u>	<u>14,208,630</u>	<u>(1,842,728)</u>	<u>(6,365,812)</u>	<u>72,238,417</u>
Capital assets, being depreciated					
Buildings	100,805,694	-	-	4,736,986	105,542,680
Runways, taxiways, and other infrastructure	187,314,660	13,996	-	45,518	187,374,174
Equipment	18,009,898	482,462	(285,558)	1,583,308	19,790,110
Right of use assets - leases	29,145	24	-	-	29,169
Right of use assets - subscriptions	93,015	136,706	(93,015)	-	136,706
Total capital assets, being depreciated	<u>306,252,412</u>	<u>633,188</u>	<u>(378,573)</u>	<u>6,365,812</u>	<u>312,872,839</u>
Less accumulated depreciation and amortization for:					
Buildings	59,085,397	3,411,699	-	-	62,497,096
Runways, taxiways, and other infrastructure	127,688,789	8,053,199	-	-	135,741,988
Equipment	12,006,401	1,270,366	(277,491)	-	12,999,276
Right of use assets - leases	3,867	7,091	-	-	10,958
Right of use assets - subscriptions	85,264	36,228	(93,015)	-	28,477
Total accumulated depreciation and amortization	<u>198,869,718</u>	<u>12,778,583</u>	<u>(370,506)</u>	<u>-</u>	<u>211,277,795</u>
Total capital assets being depreciated, net	<u>107,382,694</u>	<u>(12,145,395)</u>	<u>(8,067)</u>	<u>6,365,812</u>	<u>101,595,044</u>
Capital assets, net	<u>\$ 173,621,021</u>	<u>\$ 2,063,235</u>	<u>\$ (1,850,795)</u>	<u>\$ -</u>	<u>\$ 173,833,461</u>

Depreciation and amortization expense for the year ended September 30, 2025 was \$12,735,264 and \$43,319, respectively.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 6: AIRPORT FACILITIES (Continued)

For the Year Ended September 30, 2024:

	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Capital assets, not being depreciated:					
Land, rights of way and easements	\$ 60,987,188	\$ -	\$ -	\$ 24,134	\$ 61,011,322
Airport development in progress	3,357,148	5,487,131	(21,299)	(3,595,975)	5,227,005
Total capital assets, not being depreciated	<u>64,344,336</u>	<u>5,487,131</u>	<u>(21,299)</u>	<u>(3,571,841)</u>	<u>66,238,327</u>
Capital assets, being depreciated					
Buildings	100,746,180	-	-	59,514	100,805,694
Runways, taxiways, and other infrastructure	186,691,684	27,368	-	595,608	187,314,660
Equipment	14,725,638	367,541	-	2,916,719	18,009,898
Right of use assets - leases	28,328	24,837	(24,020)	-	29,145
Right of use assets - subscriptions	93,015	-	-	-	93,015
Total capital assets, being depreciated	<u>302,284,845</u>	<u>419,746</u>	<u>(24,020)</u>	<u>3,571,841</u>	<u>306,252,412</u>
Less accumulated depreciation and amortization for:					
Buildings	55,693,628	3,391,769	-	-	59,085,397
Runways, taxiways, and other infrastructure	119,515,712	8,173,077	-	-	127,688,789
Equipment	10,887,233	1,119,168	-	-	12,006,401
Right of use assets - leases	20,696	7,191	(24,020)	-	3,867
Right of use assets - subscriptions	54,259	31,005	-	-	85,264
Total accumulated depreciation and amortization	<u>186,171,528</u>	<u>12,722,210</u>	<u>(24,020)</u>	<u>-</u>	<u>198,869,718</u>
Total capital assets being depreciated, net	<u>116,113,317</u>	<u>(12,302,464)</u>	<u>-</u>	<u>3,571,841</u>	<u>107,382,694</u>
Capital assets, net	<u>\$ 180,457,653</u>	<u>\$ (6,815,333)</u>	<u>\$ (21,299)</u>	<u>\$ -</u>	<u>\$ 173,621,021</u>

Depreciation and amortization expense for the year ended September 30, 2024 was \$12,684,014 and \$38,196, respectively.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 7: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

For the year ended September 30, 2025:

	Balance October 1, 2024	Additions	Adjustments	Payments/ Reductions	Balance September 30, 2025	Amount due within Twelve Months
Lease liability	\$ 24,935	\$ -	\$ -	\$ (6,632)	\$ 18,303	\$ 6,850
Subscription liability	-	136,706	-	(46,543)	90,163	40,965
Compensated absences	159,313	261,045	(34,623)	(158,854)	226,881	139,635
Net pension liability	7,790,228	-	918,783	-	8,709,011	-
Total	\$ 7,974,476	\$ 397,751	\$ 884,160	\$ (212,029)	\$ 9,044,358	\$ 187,450

For the year ended September 30, 2024:

	Balance October 1, 2023	Additions	Adjustments	Payments/ Reductions	Balance September 30, 2024	Amount due within Twelve Months
Lease liability	\$ 7,357	\$ 24,860	\$ -	\$ (7,282)	\$ 24,935	\$ 6,711
Subscription liability	32,319	-	-	(32,319)	-	-
Compensated absences	147,077	169,085	-	(156,849)	159,313	159,313
Net pension liability	7,790,228	-	-	-	7,790,228	-
Total	\$ 7,976,981	\$ 193,945	\$ -	\$ (196,450)	\$ 7,974,476	\$ 166,024

NOTE 8: LEASING ARRANGEMENTS

Substantially all of the Authority's capital assets are leased to various businesses for periods up to 40 years.

The following is a reconciliation of revenue from leases as of September 30:

For the year ended September 30, 2025:

	Airside	Landside	Terminal	Parking
GASB 87 leases	\$ 189,928	\$ 77,723	\$ 337,260	\$ 249,087
Short term and other leases	3,819,889	1,242,846	740,967	-
Contingent rental fees	69,514	2,347,488	749,329	956,783
Regulated leases	-	-	2,176,184	-
	\$ 4,079,331	\$ 3,668,057	\$ 4,003,740	\$ 1,205,870

For the year ended September 30, 2024:

	Airside	Landside	Terminal	Parking
GASB 87 leases	\$ 189,928	\$ 77,458	\$ 333,056	\$ 249,087
Short term and other leases	3,287,223	866,632	718,405	-
Contingent rental fees	49,895	2,511,117	663,330	836,521
Regulated leases	-	-	2,908,771	-
	\$ 3,527,046	\$ 3,455,207	\$ 4,623,562	\$ 1,085,608

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 8: LEASING ARRANGEMENTS (Continued)

Lessor

At September 30, 2025, the Authority is a lessor under 21 non-cancelable lease arrangements involving the lease of Authority assets. The agreements permit the lessee the right to use the specified asset for the term of the agreement. The terms of the agreements range from 1 to 40 years, expiring between January 2027 and June 2065. Eight of the leases contain variable payment adjustments based on the Consumer Price Index and 17 leases include contingent payments based on revenue of the lessee. These amounts were not included in the lease receivable calculation and related deferred inflows – leases.

The following is a schedule of future minimum rentals and receivables through the end of the lease agreements in effect as of September 30, 2025, not including contingent rentals or consumer price index adjustments:

Year ending September 30,	Lease Receivables			Lease Revenues
	Principal	Interest	Total	
2026	\$ 739,866	\$ 80,966	\$ 820,832	\$ 846,871
2027	740,953	70,105	811,058	830,567
2028	632,094	59,609	691,703	726,399
2029	429,152	53,055	482,207	509,173
2030	441,629	48,135	489,764	509,173
2031 - 2035	2,405,889	161,765	2,567,654	2,545,865
2036 - 2040	1,615,753	19,705	1,635,458	1,650,589
2041 - 2045	-	-	-	291,745
2046 - 2050	-	-	-	184,205
2051 - 2055	-	-	-	127,500
Thereafter	-	-	-	250,750
	<u>\$ 7,005,336</u>	<u>\$ 493,340</u>	<u>\$ 7,498,676</u>	<u>\$ 8,472,837</u>

Seven of the non-cancelable leases were paid in advance and are not included in the lease receivable on the statement of net position.

Lessee

The Authority is the lessee under two non-cancelable lease agreements involving the lease of equipment for use by the Authority. The agreements permit the Authority to use the specified property for the term of the agreement.

The following is a schedule of the Authority's lease liability at September 30, 2025:

Year Ending September 30	Liability Reduction	Interest	Total
2026	\$ 6,850	\$ 645	\$ 7,495
2027	6,397	359	6,756
2028	5,056	76	5,132
	<u>\$ 18,303</u>	<u>\$ 1,080</u>	<u>\$ 19,383</u>

Regulated Leases

In accordance with GASB 87, the Authority does not recognize a lease receivable and deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and carriers and other aeronautical users.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 8: LEASING ARRANGEMENTS (Continued)

Regulated Leases (continued)

The rights, services and privileges, including the leases of preferentially assigned gates, an airline has in connection with the use of the airport and its facilities is addressed in the Gulfport-Biloxi Regional Airport Authority Rules, Regulations & Fees schedule. By definition, these agreements are considered regulated leases and do not recognize receivables and related deferred inflow of resources.

The Authority and participating airlines originally entered into these agreements on June 1, 2011. The agreements are amended and agreed upon on a yearly basis, most recent amendments effective September 18, 2024.

The following is a schedule of regulated revenues as of September 30:

	2025	2024
Exclusive use space rent	\$ 2,176,184	\$ 2,908,771
Variable fees related to actual air travel	1,786,926	2,310,175
	\$ 3,963,110	\$ 5,218,946

Due to the annual amendment of the rates & fees schedule and the variable nature of the above revenues from year-to-year, expected future minimum payments are indeterminable.

Under the agreements with the airlines, they may have exclusive use of certain space and facilities of the terminals, of which are classified as buildings within capital assets, in the airport as summarized below:

Airlines Exclusive Use	Exclusively Used Terminal Area (SQFT)
Delta	4,192
United	3,417
American Airlines	4,312
Sun Country	4,634
Breeze Airways	551
	17,106

NOTE 9: SUBSCRIPTION LIABILITY

The Authority is subject to one non-cancelable agreement involving the use of technology software. The agreement permits the Authority to use the specified software for the term of the agreement.

The following is a schedule of the Authority's subscription liability at September 30, 2025:

Year Ending September 30	Liability Reduction	Interest	Total
2026	\$ 40,965	\$ 3,035	\$ 44,000
2027	49,198	802	50,000
	\$ 90,163	\$ 3,837	\$ 94,000

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan Description.

The Authority's employees are provided pensions through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.pers.ms.gov, by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members before July 1, 2011) plus 2.5 percent for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

Contributions

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate, 17.90% through June 30, 2025, and 18.40% through September 30, 2025. The Authority's contributions to PERS for the year ended September 30, 2025 were \$499,842, equal to the required contributions for that year.

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At September 30, 2025, the Authority recognized \$8,709,011 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of June 30, 2024. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions relative to the projected contributions of all participating members, actuarially determined. At June 30, 2025, the Authority's proportion was 0.034311 percent, which was an increase of 0.001305 from its proportion measured as of June 30, 2024 (0.033006 percent).

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

For the year ended September 30, 2025, the Authority recognized expense of \$1,286,560, which includes \$796,146 adjustment to expense related to increase in net pension liability for GASB 68 calculation. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 418,810	\$ -
Changes of assumptions	204,780	83,199
Net difference between projected and actual earnings on Plan investments	-	209,044
Changes in proportion share	702,792	-
Commission contributions	119,821	-
Total	\$ 1,446,203	\$ 292,243

The Authority's contributions subsequent to the measurement date, \$119,821, will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2026	\$ 918,522
2027	226,992
2028	(16,308)
2029	(95,067)
	\$ 1,034,139

Actuarial Assumptions

The total pension liability as of June 30, 2025 was determined by an actuarial valuation prepared as of June 30, 2024. The following actuarial assumptions are applied to all periods included in the measurement:

Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Projected salary increases	2.65 - 17.90 percent, including inflation
Inflation	2.40 percent

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 107% of all rates. For females, 97% of female rates up to age 82, 100% for ages 83 to 87, and 110% for ages above 87. Mortality rates will be projected generationally using the MP-2021 projection scale to account for future improvements in life expectancy. The actuarial assumptions are based on the actuarial experience study for the four-year period ending June 30, 2024.

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

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025, are summarized as follows:

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

Discount Rate

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

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

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

	Discount Rate	Authority's Proportionate Share of Net Pension Liability
1% decrease	6.00%	\$9,902,052
Current discount rate	7.00%	\$8,709,011
1% increase	8.00%	\$5,736,079

Plan Fiduciary Net Position

Detailed information about the PERS pension plan is available in a separately issued PERS financial report, available at www.pers.ms.gov.

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 11: DEFERRED COMPENSATION PLAN

In addition to PERS, full time employees may also participate in a Section 457 deferred compensation plan funded through a private retirement corporation. All contributions are made by the employees through salary deferral elections. The participants are fully vested in all contributions. The investment of the funds is self-directed by each participant and the retirement corporation through a joint agreement. With respect to the Section 457 plan, the Authority has no unfunded pension liability or fiduciary responsibility.

NOTE 12: NON-CASH TRANSACTIONS

The Authority is required to provide fire and rescue service to commercial air transportation to meet the requirements of the Federal Aviation Regulation Part 139. Since the Authority assumed responsibility for the airport operations in 1977, the fire and rescue function has been provided jointly by the Authority and the Air National Guard (ANG). While the ANG provided the firehouse and fire rescue vehicles, the Authority paid the salaries of Gulfport City Firemen to man the facility 24 hours a day and respond to various civil and military alerts. This joint effort aided both the Authority and the ANG because no resources are duplicated; yet emergency response coverage was conducted in accordance with FAR 139. In April 1995, the ANG accepted responsibility for providing firemen labor, also. This was justified by the military's recognition of its impact on the Authority, and its desire to pay (or assume) its fair share of Authority operating costs.

The non-cash value of crash, fire and rescue services and facilities provided by the ANG in the amount of \$3,294,069 has been included in airside lease income and fire and rescue service expense on the statements of revenues, expenses, and changes in net position.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Outstanding Construction Commitments

The Authority had the following outstanding construction commitments with respect to unfinished capital projects as of September 30, 2025, which will be paid from existing debt proceeds and grants:

Terminal elevator	\$ 412,988
Repair airfield pavement and drainage	3,590,015
Apron mitigation and expansion	560,336
Fleet maintenance program	150,348
Clearing and grubbing	9
Terminal reroofing	4,786,700
	\$ 9,500,396

NOTE 14: RISK MANAGEMENT

Risk Management

The Authority is involved in various legal matters arising during the normal course of business activities. Management, after consulting legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the condition of the Authority.

The Authority is exposed to certain environmental liabilities in the ordinary course of business. The Authority utilizes consultants to adequately evaluate exposures to such liabilities as they arise. The Authority is not aware of any liabilities arising from environmental exposures that management believes will have a material adverse effect on the financial condition of the Authority.

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 14: RISK MANAGEMENT (Continued)

Federal Grants

In the normal course of operations and as a result of the destruction from various natural disasters, the Authority has received grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

NOTE 15: IMPLEMENTATION OF NEW ACCOUNTING STANDARD GASB NO. 101

The implementation of a new accounting standard, GASB No. 101 – Compensated Absences, required the adjustment of compensated absence liability to more appropriately reflect the City’s obligation related to compensated absences for the year ended September 30, 2025. The beginning net position and beginning balances have been restated to reflect the adjustments related to the implementation of this new standard.

The effects of the restatement on the statements of net position and balance sheet are as follows:

	As Previously Stated	As Restated	Effect of Restatement Increase (Decrease)
Compensated absences payable	\$ (159,313)	\$ (193,936)	\$ (34,623)
Beginning net position	\$ (210,166,714)	\$ (210,132,091)	\$ 34,623

NOTE 16: SUBSEQUENT EVENTS

The Authority has evaluated events occurring subsequent to year end through February 13, 2026, which is the date the statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
 SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
 LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Authority's proportionate share of the net pension liability	\$ 8,709,011	\$ 7,790,228	\$ 7,545,394	\$ 6,175,092	\$ 5,874,827	\$ 5,541,647	\$ 5,591,839	\$ 5,644,141	\$ 5,922,132	\$ 5,365,172
Authority's covered employee payroll	\$ 2,703,119	\$ 2,529,341	\$ 2,293,015	\$ 2,091,587	\$ 2,020,758	\$ 2,051,571	\$ 2,146,866	\$ 2,178,088	\$ 2,120,946	\$ 2,168,346
Authority's proportionate share of the net pension liability as a percentage of covered employee payroll	322.18%	307.99%	329.06%	295.23%	290.72%	270.12%	260.47%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of total pension liability	58.38%	56.30%	55.70%	59.93%	70.44%	61.59%	62.54%	61.49%	57.47%	61.70%

See independent auditor's report and notes to required supplementary information.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
 LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 499,842	\$ 444,896	\$ 407,457	\$ 370,496	\$ 360,368	\$ 367,052	\$ 344,038	\$ 334,858	\$ 332,246	\$ 328,794
Contributions in relation to contractually required contribution	499,842	444,896	407,457	370,496	360,368	367,052	344,038	334,858	332,246	328,794
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 2,774,225	\$ 2,540,206	\$ 2,341,709	\$ 2,129,287	\$ 2,071,079	\$ 2,109,493	\$ 2,132,176	\$ 2,126,085	\$ 2,109,501	\$ 2,087,581
Contributions as a percentage of covered employee payroll	18.02%	17.51%	17.40%	17.40%	17.40%	17.40%	16.14%	15.75%	15.75%	15.75%

See independent auditor's report and notes to required supplementary information.

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025 AND 2024

NOTE 1: CHANGES OF ASSUMPTIONS

The changes in assumptions for the years presented are as follows:

2025

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

2023

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

2021

- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2019

- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.

- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025 AND 2024**

NOTE 2: CHANGES IN BENEFIT PROVISIONS

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1.00% and a maximum rate of 5.00%.

NOTE 3: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2023 valuation for the June 30, 2025 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	247.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTAL INFORMATION

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
BUDGET TO ACTUAL COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2025

REVENUES	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final Amended		
From Airport operations				
Airside leases	\$ 757,828	\$ 757,828	\$ 785,262	\$ 27,434
Landside leases	3,403,151	3,403,151	3,668,057	264,906
Terminal leases	4,232,484	4,232,484	4,003,740	(228,744)
Landing fees	2,323,672	2,323,672	1,786,926	(536,746)
Parking fees	1,037,843	1,037,843	1,205,870	168,027
Other administrative income	21,000	21,000	59,778	38,778
Total from Airport operations	<u>11,775,978</u>	<u>11,775,978</u>	<u>11,509,633</u>	<u>(266,345)</u>
EXPENDITURES				
Operating expenditures				
Salaries and wages	2,923,601	2,923,601	2,876,747	46,854
Employee taxes and benefits	1,220,406	1,220,406	1,281,890	(61,484)
Operating supplies, maintenance and repairs	1,530,500	1,530,500	1,376,178	154,322
Contracted services	660,000	660,000	680,797	(20,797)
Utilities	698,074	698,074	528,421	169,653
Office expense	105,522	105,522	106,374	(852)
Professional services	586,000	586,000	451,639	134,361
Advertising, promotion, training and travel	488,567	488,567	468,180	20,387
Insurance	1,167,528	1,167,528	1,105,175	62,353
Total operating expenditures	<u>9,380,198</u>	<u>9,380,198</u>	<u>8,875,401</u>	<u>504,797</u>
Non-operating revenues (expenditures)				
Interest income	862,000	862,000	1,729,262	867,262
Customer facility charges	971,237	971,237	1,128,243	157,006
Passenger facility charges	1,536,500	1,536,500	1,784,285	247,785
Federal grant revenues	13,529,610	13,529,610	10,377,509	(3,152,101)
State grant revenues	400,000	400,000	578,759	178,759
Non-capital operating revenue	5,089,940	5,089,940	1,578,527	(3,511,413)
Non-capital operating outlay	(5,089,940)	(5,089,940)	(1,891,705)	3,198,235
Capital expenditures	<u>(15,606,742)</u>	<u>(15,606,742)</u>	<u>(12,667,081)</u>	<u>2,939,661</u>
Total non-operating revenues (expenses)	<u>1,692,605</u>	<u>1,692,605</u>	<u>2,617,799</u>	<u>925,194</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 4,088,385</u>	<u>\$ 4,088,385</u>	<u>\$ 5,252,031</u>	<u>\$ 1,163,646</u>

See independent auditor's report

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
 BUDGET TO ACTUAL COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 YEAR ENDED SEPTEMBER 30, 2025**

EXCESS OF REVENUES OVER EXPENSES/BUDGET BASIS	\$	5,252,031
Reconciling items		
Depreciation and amortization expense		(12,778,583)
Investment income (loss)		(181,926)
Interest income - leases		91,583
Interest expense - leases		(3,795)
Gain (loss) on sale of capital assets		42,122
Net pension liability adjustment		(796,146)
Capital expenditures added to property and equipment		<u>12,667,081</u>
Change in net position / GAAP basis	\$	<u>4,292,367</u>

See independent auditor's report

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2025**

REVENUES AND OTHER SOURCES

Federal Grants	\$ 10,377,509
State Grants	578,759
Passenger Facility Charges (PFC)	1,784,285
Customer Facility Charges (CFC)	1,128,243
Transfers (to) from Operating Fund	<u>(1,201,715)</u>
 Total revenues & other sources	 <u><u>\$ 12,667,081</u></u>

EXPENDITURES

Terminal improvements	\$ 2,069,506
Runway, taxiway and ramp improvements	6,188,523
Long range planning	2,842,668
Airside improvements	1,291,243
Rental car facility	<u>275,141</u>
 Total expenditures	 <u><u>\$ 12,667,081</u></u>

See independent auditor's report

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2025

Collections	Date Approved	Amount Approved For Use	Cumulative Total - September 30, 2024	Quarter				Year Ended September 30, 2025	Cumulative Total September 30, 2025
				Quarter 1 October - December	Quarter 2 January - March	Quarter 3 April - June	Quarter 4 July - September		
Passenger facility charge collections			\$ 42,202,392	\$ 407,098	\$ 473,089	\$ 456,323	\$ 1,790,855	\$ 43,993,247	
Interest earned			133,184	12	67	9	190	133,374	
Total passenger facility charge collections received			<u>\$ 42,335,576</u>	<u>\$ 407,110</u>	<u>\$ 473,156</u>	<u>\$ 456,332</u>	<u>\$ 1,791,045</u>	<u>\$ 44,126,621</u>	
Application 92-01-C-04-GPT	4/3/1992	\$ 1,312,996	\$ 1,312,996	\$ -	\$ -	\$ -	\$ -	\$ 1,312,996	
Application 93-02-C-03-GPT	11/2/1993	742,224	742,224					742,224	
Application 95-03-C-03-GPT	8/31/1995	4,763,478	4,763,478					4,763,478	
Application 98-04-C-01-GPT	7/14/1998	1,428,501	1,428,501					1,428,501	
Application 02-05-C-01--GPT	3/28/2002	1,031,474	1,031,474					1,031,474	
Application 03-06-C-02-GPT	1/29/2003	45,947,796	\$ 32,591,598	900,000	426,000	459,000	2,249,000	34,840,598	
Total passenger facility collections expended		<u>\$ 55,226,469</u>	<u>\$ 41,870,271</u>	<u>\$ 900,000</u>	<u>\$ 426,000</u>	<u>\$ 464,000</u>	<u>\$ 2,249,000</u>	<u>\$ 44,119,271</u>	

See accompanying notes to schedule

GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES
SEPTEMBER 30, 2025 AND 2024

NOTE 1 – GENERAL

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers.

The Federal Aviation Administration (FAA) has approved six applications and amendments submitted by Gulfport-Biloxi Regional Airport Authority. The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of \$55,226,469. Project expenditures may include amounts used to pay PFC-eligible costs on approved projects.

As of September 30, 2025, the Authority has received \$43,993,247 of PFC revenue and \$133,374 of interest earnings. The Authority has expended \$44,119,271.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of passenger facility charge collections and expenditures has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

**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***

February 13, 2026

Board of Commissioners
Gulfport-Biloxi Regional Airport Authority
Gulfport, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Gulfport-Biloxi Regional Airport Authority (the Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Gulfport-Biloxi Regional Airport Authority's basic financial statements, and have issued our report thereon dated February 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gulfport-Biloxi Regional 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 Gulfport-Biloxi Regional Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Gulfport-Biloxi Regional 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gulfport-Biloxi Regional 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 Gulfport-Biloxi Regional Airport Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulfport-Biloxi Regional Airport Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi



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Certified Public Accountants & Business Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

February 13, 2026

Board of Commissioners
Gulfport-Biloxi Regional Airport Authority
Gulfport, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Gulfport-Biloxi Regional 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 Gulfport-Biloxi Regional Airport Authority's major federal program for the year ended September 30, 2025. Gulfport-Biloxi Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gulfport-Biloxi Regional Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Gulfport-Biloxi Regional Airport Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gulfport-Biloxi Regional 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 Gulfport-Biloxi Regional 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 Gulfport-Biloxi Regional Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Board of Commissioners
Gulfport-Biloxi Regional Airport Authority

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.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing	Identifying Number	Federal Expenditures
<i>U.S. Department of Transportation</i>			
<i>Federal Aviation Administration</i>			
Airport Improvement Program -2024	20.106	3-28-0030-104-2024	\$ 8,709
Airport Improvement Program -2024	20.106	3-28-0030-105-2024	493,057
Airport Improvement Program -2024	20.106	3-28-0030-106-2024	1,901,364
Airport Improvement Program -2024	20.106	3-28-0030-107-2024	3,093,989
Airport Improvement Program -2025	20.106	3-28-0030-108-2025	1,272,211
Airport Improvement Program -2025	20.106	3-28-0030-109-2025	171,962
Airport Improvement Program -2025	20.106	3-28-0030-110-2025	63,162
Airport Improvement Program -2025	20.106	3-28-0030-111-2025	111,538
Airport Improvement Program -2025	20.106	3-28-0030-112-2025	162,387
Airport Infrastructure Grant - 2025	20.106	3-28-0030-113-2025	214,059
Airport Improvement Program -2025	20.106	3-28-0030-114-2025	52,743
<i>Total U.S. Department of Transportation</i>			<u>7,545,181</u>
 <i>U.S. Department of Treasury</i>			
Passed through Mississippi Department of Environmental Quality			
Restore Act	21.015	23-00038	<u>2,832,328</u>
<i>Total U.S. Department of Treasury</i>			<u>2,832,328</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 10,377,509</u></u>

See accompanying notes to the schedule.

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The cost principles are applied based on the period of expenditures.

NOTES 2 – DE MINIMIS COST RATE

The Gulfport-Biloxi Regional Airport Authority has not elected to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Gulfport-Biloxi Regional Airport Authority (Authority) under programs of the federal government for the year ended September 30, 2025 and is 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Gulfport-Biloxi Regional Airport Authority.

NOTE 4 – RECONCILIATION TO FINANCIAL STATEMENTS

The following reconciles the total expenditures of federal awards to federal grants and contributions revenues recognized in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2025:

Total expenditures of federal awards	<u>\$ 10,377,509</u>
Capital contribution - federal	<u>10,377,509</u>
Total federal grants and contributions revenues	<u>\$ 10,377,509</u>

**GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal Control over financial reporting:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?	No

Federal programs identified as major programs:

<u>Assistance Listing</u>	<u>Name of Federal Programs</u>
21.015	<i>Restore Act</i>

Dollar threshold used to distinguish between type A and type B Programs	\$1,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings

None reported.