

Jacksonville Aviation Authority

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Annual Financial Report Fiscal Year 2013

Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2013
of the Jacksonville Aviation Authority
Jacksonville, Florida





Jacksonville Aviation Authority Jacksonville, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2013

**PREPARED BY;
FINANCE DIVISION**

**RICHARD A. ROSSI
CHIEF FINANCIAL OFFICER**

**DIANE PINKERMAN
DIRECTOR OF FINANCE**

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September 30, 2013

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March 13, 2014

To the Board of Directors of the
Jacksonville Aviation Authority:

We present the Annual Financial Report of the Jacksonville Aviation Authority (the Authority) for the fiscal year ended September 30, 2013. The Finance Department prepared this report. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rest with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America.

This annual financial report consists of the following items:

- This Transmittal Letter, which includes a narrative of the Authority's history and background.
- The Report of Independent Certified Public Accountants.
- Management's Discussion and Analysis (MD&A) of the financial condition of the Authority.
- The Authority's Financial Statements (Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and Statements of Cash Flows) and Notes to the Financial Statements.
- The Statistical Section includes selected financial and operational information, generally presented on a multi-year basis.

Reporting Entity and Its Services

The Authority, a public body corporate and politic, was established by the State of Florida on June 5, 2001, to own and operate aviation facilities in Duval County, Florida.

A seven member Board of Directors presently governs the Authority. The Board of Directors establishes Authority policy and appoints an Executive Director to implement it. The Board of Directors annually elects a Chairman, Vice-Chairman, Secretary, and Treasurer. Directors serve a four year term. Directors may serve a maximum of two successive terms. Directors serve as volunteers and do not receive a salary or any other compensation for their services. The Board of Directors appoints an Executive Director who serves at its pleasure.

Steven Grossman, Executive Director/CEO of the Authority, plans and directs all the programs and activities of the Authority, focusing on the future and the development of long-term business strategies.

The Authority airport system consists of Jacksonville International Airport, Jacksonville Executive at Craig Airport, Herlong Recreational Airport, and Cecil Airport.

The Authority is no longer considered a component unit of the City of Jacksonville, Florida under the criteria set forth by the Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The Authority does not have any component units and is not involved in any joint ventures.

Economic Condition and Outlook

Situated in the corner of Northeast Florida, Jacksonville is considered the metropolitan market for over ten Florida and South Georgia counties. The City of Jacksonville is the hub of an array of services that include an international airport, three general aviation airports, a deep-water port, travel and tourism, recreational and sports activities, medical and health, higher education and cultural amenities. With a Metropolitan Statistical Area (MSA) population of over one million, Jacksonville is on the verge of being classified as a first-tier city. The Jacksonville MSA consists of Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties.

The strength of Jacksonville's economy lies in its uniquely diversified structure, not heavily dependent on any one major employer or employment sector. The community enjoys a natural location for distribution and warehousing activities. Quality lifestyle, labor force, and cultural/educational/medical facilities are considered key resources in the market's ability to sustain future growth.

Long-term Financial Planning

The Authority maintains a five year financial planning horizon. The controlling documents are a five year plan of operating and capital.

The Authority is maintaining, at a minimum, over twelve months of operating cash on hand to guard against significant economic downturn. In an effort to provide revenue diversification the Authority is currently pursuing various options in real estate development and sources of non-aviation revenue.

In regards to the Authority's long-term debt obligations, the Authority had \$55.89 million outstanding in revenue bonds and \$101.15 million outstanding in revenue notes, for a total of \$157.04 million in long-term debt outstanding as of September 30, 2013. For the same period the Authority's debt service coverage was 1.71 which exceeds the required 1.25.

Accounting Systems

The management of the Authority is responsible for establishing and maintaining internal control designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible for ensuring that adequate internal control is in place to ensure

compliance with laws and regulations related to the Airport Improvement Program (AIP) and the Aviation Safety and Capacity Expansion Act.

The objectives of internal control are to provide management with reasonable assurance that the resources are safeguarded against waste, loss and misuse, and reliable data are recorded, maintained and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable financial records from which financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual basis of accounting. The Authority is a local government proprietary fund, and therefore the activities are reported in conformity with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB).

Budgetary Control

The Authority's annual budget is a financial planning tool outlining the estimated revenues and expenses for the Authority. Prior to July 1 of each year, the Authority prepares and submits its budget to the City Council of the City of Jacksonville for the ensuing fiscal year. Budgetary control and evaluation are affected by comparing actual interim and annual results with budget. The Authority conducts periodic reviews to ensure compliance with the provisions of the annual operating budget approved by the Board of Directors and the City Council of the City of Jacksonville. Certain assumptions are made in determining the annual budget and accordingly subsequent results could differ substantially from those projected. In keeping with the requirements of a proprietary fund, budgetary comparisons have not been included in the financial section of this report; however, a narrative on the budget is included in the Notes to the Financial Statements.

Independent Audit

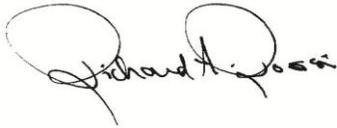
A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Authority in accordance with auditing standards generally accepted in the United States and to meet the requirements of the Federal Single Audit Act of 1984, as amended. The Authority selected the firm of Ernst & Young LLP to perform these services. Their opinion is presented with this report. The reports required under the Single Audit Act are presented under separate cover. Each year, the independent certified public accountants meet with the Audit and Finance Committee of the Board of Directors to review the results of the audit.

Acknowledgements

The publication of this annual financial report is the culmination of a year of hard work by the Authority's Finance Department. I appreciate the commitment, effort, and perseverance of the Finance Department staff in the preparation of this report and for our annual accomplishments.

I also thank the Executive Director, Senior Management, and the Board of Directors for their leadership and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard A. Rossi". The signature is fluid and cursive, with a large initial "R" and "A".

Richard A. Rossi
Chief Financial Officer



Jacksonville, Florida

Board of Directors

Teresa H. Davlantes..... Chairwoman

Frank Macksey..... Vice Chairman

Ernest Isaac, Jr Secretary

Frank Macksey..... Treasurer

Ron Weaver..... Member

A.L. KellyMember

Edward Booth, Jr..... Member

Executive Staff

Steven Grossman Executive Director/CEO

Tony Cugno Chief Operating Officer

Richard A. Rossi Chief Financial Officer

Rosa Beckett Chief Administrative Officer

Debra Braga Chief Legal Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

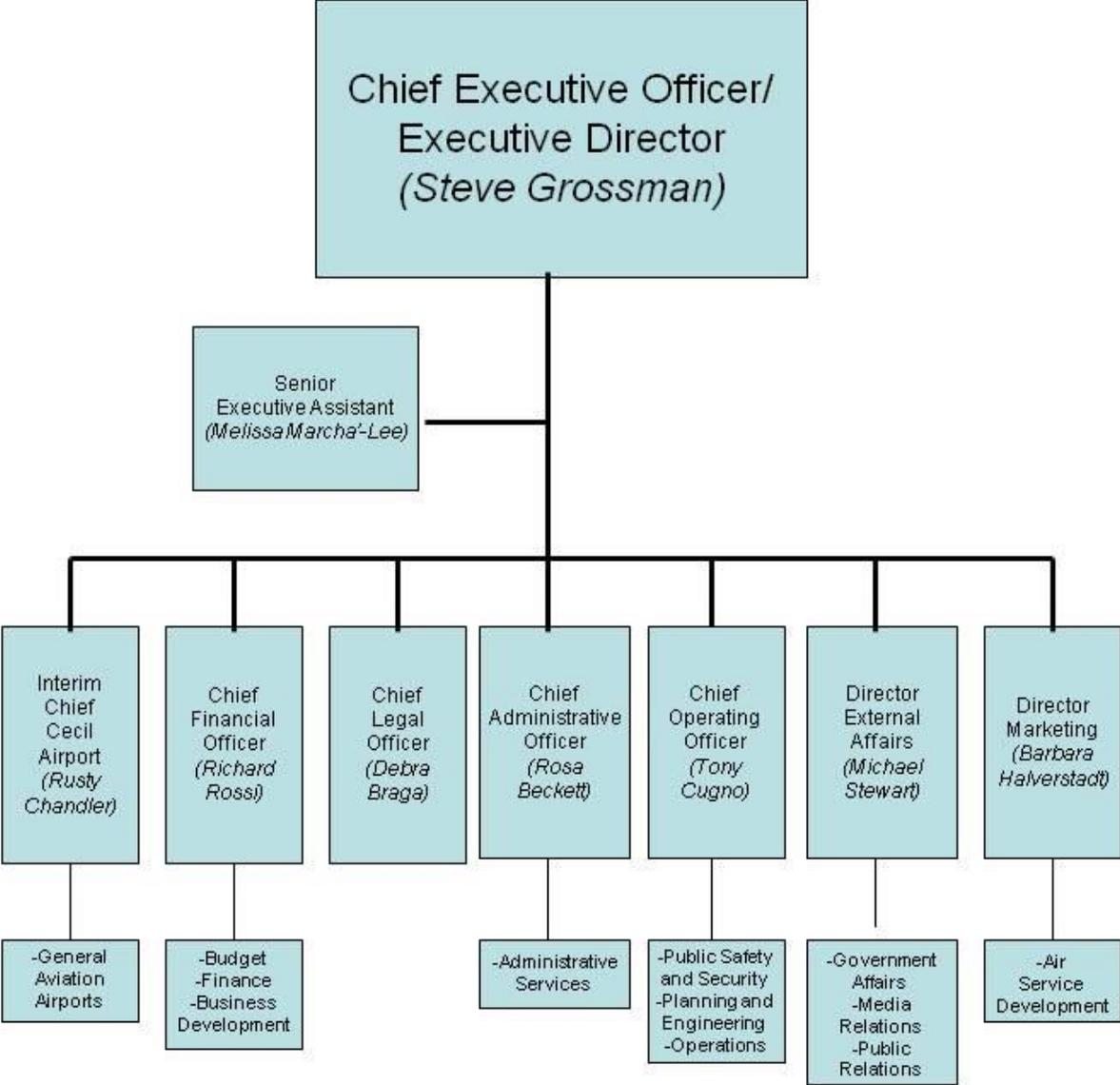
Jacksonville Aviation Authority Florida

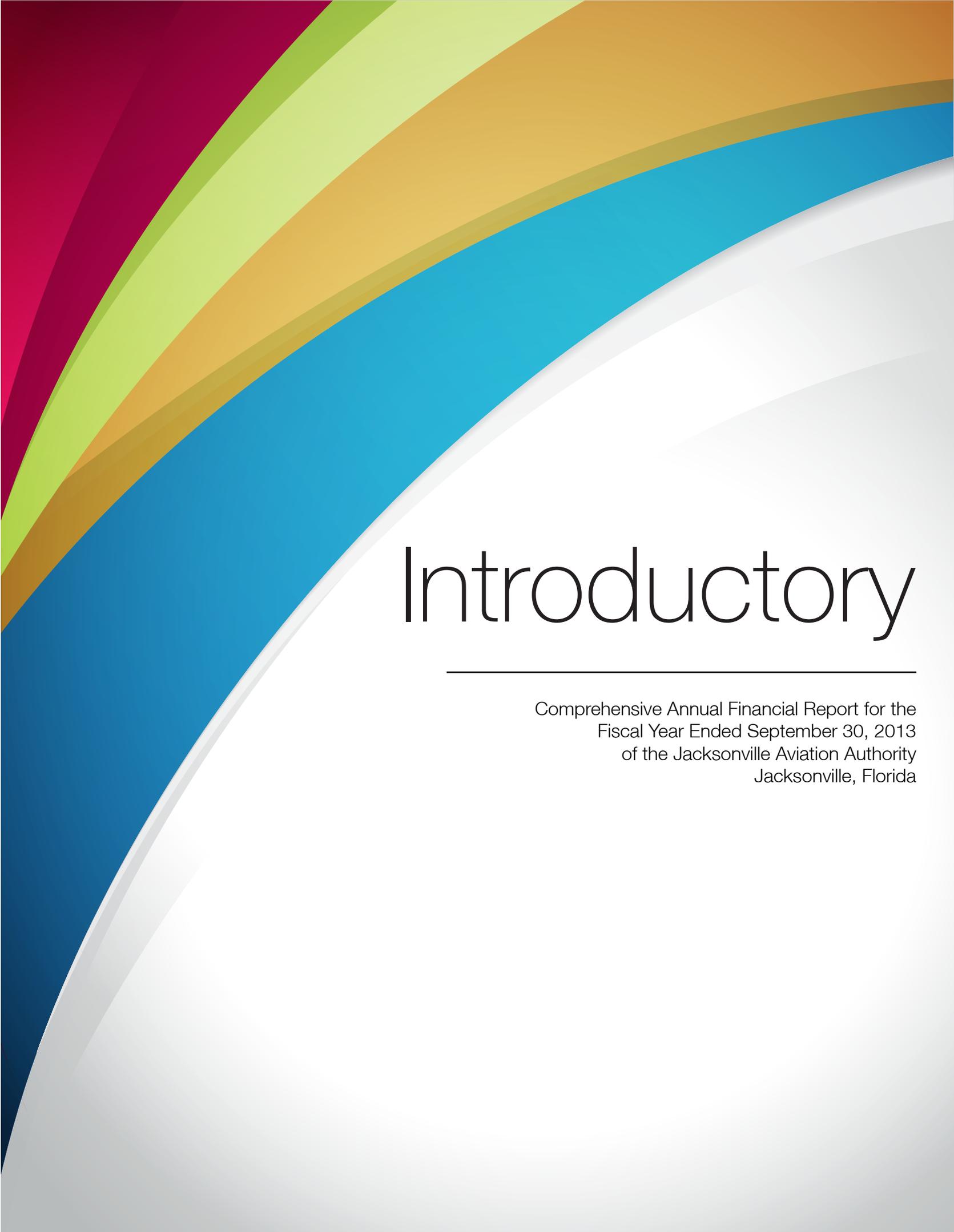
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

JAA ORGANIZATIONAL STRUCTURE





Introductory

Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2013
of the Jacksonville Aviation Authority
Jacksonville, Florida

Introductory



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Report of Independent Certified Public Accountants

The Board of Directors of Jacksonville Aviation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Jacksonville Aviation Authority (the Authority), as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jacksonville Aviation Authority as of September 30, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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, 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.

Other 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 introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 13, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

March 13, 2014

Jacksonville Aviation Authority

Management's Discussion and Analysis

September 30, 2013 and 2012

Introduction

The following discussion and analysis of the financial performance and activity of the Jacksonville Aviation Authority (the Authority) is meant to provide an introduction to and understanding of the Authority's basic financial statements for fiscal years ended September 30, 2013 and 2012. The discussion has been prepared by management and is unaudited and should be read in conjunction with the financial statements and associated notes thereto, which follow this section.

The Authority is a body corporate and politic, established by the state of Florida on June 5, 2001, pursuant to the provisions of Chapter 2001-319 of the Laws of Florida, to own and operate aviation facilities in Duval County, Florida. Prior to October 1, 2001, the Authority operated as a division of the Jacksonville Port Authority. Pursuant to the provisions of Chapter 2005-328 of the Laws of Florida, the Authority changed its name from Jacksonville Airport Authority to Jacksonville Aviation Authority effective June 10, 2005.

The Authority consists of a seven member board, four members appointed by the Governor of the State of Florida and confirmed by the State Senate, and three members appointed by the Mayor of the City of Jacksonville and confirmed by the City Council of the City of Jacksonville.

The Authority operates an airport system that consists of four airports: Jacksonville International Airport (JIA), Jacksonville Executive at Craig Airport, Herlong Recreational Airport and Cecil Airport. The organization consists of approximately 249 full-time employees in a structure that includes administration, airport management and operations, and police.

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. The Authority is not taxpayer funded. The capital construction program is funded by bonds issued by the Authority, federal and state grants, passenger facility charges (PFCs) and Authority revenues.

The accompanying financial statements present the financial position of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

Using the Financial Statements

The Authority's financial report includes three financial statements: the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital asset related costs are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. Certain components of net position are restricted for debt service and, where applicable, for construction activities.

The statements of net position each present the Authority's financial position as of one point in time, September 30, 2013 and 2012, and include all assets and liabilities of the Authority. The statements of net position demonstrate that the Authority's assets and deferred outflows of resources equal liabilities plus net position. Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities are deducted. Net position is displayed in three components: invested in capital assets, restricted, and unrestricted.

The statements of revenues, expenses, and changes in net position report total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net position. Revenues and expenses are categorized as either operating or non-operating based upon management's policy as established and disclosed in the notes to the financial statements. Significant recurring sources of the Authority's revenues, including PFC's, investment income and federal, state and local grants, are reported as non-operating revenues. The Authority's interest expense is reported as non-operating expense.

The statements of cash flows present information about how the Authority's cash and cash equivalents position changed during the fiscal years. The statements of cash flows classify cash receipts and cash payments as resulting from operating activities, financing activities and investing activities.

Authority's Activity Highlights

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of an airport's air trade area (i.e., the geographical area served by an airport). This relationship is particularly true for origin-destination (O&D) passenger traffic, which has been the primary component of demand at JIA. The major portion of demand for air travel at the JIA is largely influenced more by the local characteristics of the area served than by individual air carrier decisions regarding hub and service patterns in support of connecting activity. JIA is classified by the Federal Aviation Administration (FAA) as a medium hub facility based on its percentage of nationwide enplanements.

Passenger enplanements at JIA for the fiscal year ended September 30, 2013 totaled 2.56 million, a decrease of 3.04% from the prior fiscal year. The decrease is due to airlines reducing capacity in order to cut costs. In fiscal year 2012, JIA had enplanements of 2.64 million, a decrease of 5.02% from fiscal year 2011.

Authority's Activity Highlights (continued)

Landed weight totaled 3.59 million for fiscal year 2013, a decrease of 1.97% from the prior year. In fiscal year 2012, JIA had landed weight of 3.66 million, a decrease of 8.06% from fiscal year 2011.

As in 2012, Delta Airlines and Southwest Airlines dominated 2013 in both enplanements activity and landed weight. American, JetBlue, United and US Airways, comprise the remainder of the signatory airlines serving JIA and generated the majority of the enplanements.

Passengers, enplanements and landed weights for the fiscal years ending September 30, were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total passengers	5,125,916	5,284,417	5,566,207
% (decrease) increase	(3.00) %	(5.06) %	0.18 %
Enplanements	2,563,570	2,644,059	2,783,809
% (decrease) increase	(3.04) %	(5.02) %	0.22 %
Landed weight	3,592,920	3,664,976	3,986,137
% (decrease) increase	(1.97) %	(8.06) %	2.84 %

For fiscal year 2013, the Jacksonville International Airport average daily air carrier departures were 86 compared to 86 and 96 departures in 2012 and 2011, respectively.

Financial Highlights

The Authority's assets and deferred outflows exceeded liabilities for fiscal year 2013 by approximately \$453.35 million compared to \$441.59 million and \$439.29 million in fiscal years 2012 and 2011, respectively. Unrestricted net position as of the end of fiscal years 2013, 2012 and 2011 was approximately \$44.40 million, \$47.25 million and \$49.73 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased slightly as indicated by this fiscal year's increase in total net position. The improving trend for fiscal years 2013 and 2012 is due primarily to earnings from continuing operations and grants-in-aid of construction.

The Authority's total debt decreased by \$26.83 million and \$16.62 million in fiscal years 2013 and 2012, respectively. During fiscal year 2013 the Authority made normal scheduled debt service payments of \$10.22 million. Additional payments in the amount of \$85.07 million were made as a result of debt refinancing. Payments made in fiscal year 2012 were a result of scheduled debt service payments.

Operating Revenues

In fiscal year 2013 operating revenues increased by 10.68% from 2012. The primary factor was an increase in space and facility rentals of 51.48% due to the signatory airline agreement.

In fiscal year 2012 operating revenues decreased by 3.30% from 2011. The primary factor was a decrease in space and facility rentals of 17.23% due to the revenue sharing agreement with the airlines.

Operating Expenses

In fiscal year 2013 operating expenses before depreciation and amortization increased by 3.37% over 2012. Wages and Benefits increased 5.91% due to normal wage and benefit increases; Repairs and Maintenance decreased by (8.44%); and Promotions, advertising, and dues increased by 60.11% due to the airline incentive agreement with Silver Airlines.

In fiscal year 2012 operating expenses before depreciation and amortization increased by 2.61% over 2011. Travel and registration increased by 36.14% as a result of increased training throughout the organization. Promotions, advertising, and dues increased 6.80% from 2011 due to the Authority's 10th Anniversary celebrations.

Operating Margin

In fiscal year 2013 the operating margin increased 4.71% from 28.62% in 2012 to 33.33% in 2013. The primary reason for the increase was due to the new signatory airline agreement, which resulted in an increase in space and facility rentals and Per Use Fees and Remain Overnight Night fees (RON's) of \$7.30 million. In fiscal year 2012 the operating margin decreased 4.11% from 32.73% in 2011 to 28.62% in 2012.

Non-operating Revenues

Non-operating revenues in fiscal year 2013 decreased 3.11% from 2012. This was result of net change in fair value of investments, and Federal contributions.

Non-operating revenues in fiscal year 2012 increased 2.39% from 2011. This was result of an easement to install a pipe on the Authority's property and income received from an expired lease option.

Non-operating Expenses

Non-operating expenses decreased by 16.71% in fiscal year 2013. This decrease was a result of a decrease in interest expense.

Non-operating expenses decreased by 5.03% in fiscal year 2012. This decrease was a result of a decrease in interest expense.

Capital Contributions

Capital contributions increased by 43.63% in 2013. Capital contributions in fiscal year 2012 decreased by 12.17% over 2011. These fluctuations are influenced by factors such as grant availability and project timing.

Summary Statement of Net Position

The summary statement of net position presents the financial position of the Authority at the end of each fiscal year. The summary statement of net position includes all assets and deferred outflows of resources, liabilities and deferred inflow of resources, and net position of the Authority. Financial position is the difference between total assets and deferred outflows of resources and liabilities and are an indicator of the current fiscal health of the Authority.

Summary Statement of Net Position (continued)

	2013	2012	Increase/ (Decrease) from 2012	% Increase/ (Decrease) from 2012
Assets				
<i>(dollar amounts in thousands)</i>				
Current	\$ 66,680	\$ 67,857	\$ (1,177)	(1.73) %
Noncurrent (restricted/other)	30,066	36,413	\$ (6,347)	(17.43)
Capital assets, net	536,478	537,609	\$ (1,131)	(0.21)
Total Assets	633,224	641,879	(8,655)	(1.35)
Deferred outflow of resources	2,617	4,210	(1,593)	(37.84)
Liabilities				
Current	22,057	13,779	8,275	60.06 %
Restricted	8,330	13,884	(5,554)	(40.00)
Long-term	152,109	176,834	(29,473)	(16.67)
Total liabilities	182,496	204,497	(26,752)	(13.08)
Net Position				
Net investment in capital assets	381,529	355,251	26,278	7.40 %
Restricted	27,413	39,093	(11,680)	(29.88)
Unrestricted	44,403	47,248	(820)	(1.74)
Total net position	\$ 453,345	\$ 441,592	\$ 13,778	3.12
Unrestricted working capital				
Current assets	\$ 66,680	\$ 67,857	\$ (1,177)	(1.73) %
Current liabilities	(30,387)	(27,663)	(2,721)	9.84
Working capital	\$ 36,293	\$ 40,194	\$ (4,006)	(9.97)
Current ratio	2.19	2.45		

Total assets decreased by 1.35% and deferred outflow of resources decreased by 37.84% during 2013 while total liabilities decreased by 13.08%. These changes resulted in an increase in net position by 3.12%.

Summary Statement of Net Position (continued)

	2012	2011	Increase/ (Decrease) from 2011	% Increase/ (Decrease) from 2011
<i>(dollar amounts in thousands)</i>				
Assets				
Current	\$ 67,857	\$ 65,837	\$ 2,020	3.07 %
Noncurrent (restricted/other)	36,413	45,499	(9,086)	(19.97)
Capital assets, net	537,609	541,003	(3,394)	(0.63)
Total Assets	641,879	652,339	(10,460)	(1.60)
Deferred outflow of resources	4,210	3,951	\$ 259	6.56 %
Liabilities				
Current	13,779	10,317	\$ 3,462	33.56 %
Restricted	13,884	13,798	86	0.62
Long-term	176,834	192,882	(16,048)	(8.32)
Total liabilities	204,497	216,997	(12,500)	(5.76)
Net Position				
Invested in capital assets, net of related debt	355,251	349,691	\$ 5,560	1.59 %
Restricted	39,093	39,875	(782)	(1.96)
Unrestricted	47,248	49,727	(2,479)	(4.99)
Total net position	\$ 441,592	\$ 439,293	\$ 2,299	0.52
Unrestricted working capital				
Current assets	\$ 67,857	\$ 65,837	\$ 2,020	3.07 %
Current liabilities	(27,663)	(24,115)	(3,548)	14.71
Working capital	\$ 40,194	\$ 41,722	\$ (1,528)	3.66%
Current ratio	2.45	2.73		

Total assets decreased by 1.60% and deferred outflow of resources increased by 6.56% during 2012 while total liabilities decreased by 5.76%. These changes resulted in an increase in net position of .52%.

Signatory Airline Rates and Charges

The Authority entered into a new airline use and lease agreement (the agreement) effective October 1, 2012. This is a five year agreement that terminates on September 30, 2017. Airlines that have entered into the agreement are considered signatory airlines. The signatory airlines are responsible for their affiliates. The affiliates claimed by the signatory airlines receive the signatory rate. All other airlines will be assessed at 125 percent of the signatory rates.

In the 2013 agreement the terminal and airfield are residual. Under the residual method the Airlines agree to pay the cost of running the terminal and airfield that are not allocated to other airport users or covered by nonairline sources of revenue. The cost less the revenue associated with the terminal is divided by the airline terminal leased square footage to determine the average rental rate. The residual method guarantees the Authority will break even on the airfield and terminal cost centers.

In fiscal years prior to 2013, the Authority and certain airlines negotiated an airline use and lease agreement (the agreement) with an effective date of October 1, 2007 for a five year term, which in part establishes how the airlines that signed the agreement were assessed annual rates and charges for their use of JIA. Landing fees and terminal rates for non-signatory airlines were assessed at 125 percent of the signatory rates.

The agreement with the signatory airlines was hybrid in nature, with a residual rate-making methodology for the airfield and a compensatory methodology for the terminal. The Authority also had the ability under the agreement to adjust airlines rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2013, 2012, and 2011.

The rates and charges for the signatory airlines at September 30 were as follows:

	2013	2012	2011
Landing fees (per 1,000 lbs. MGLW)	\$ 2.65	\$ 2.37	\$ 2.06
Apron fee rental (per linear foot)	-	346.15	345.96
Average terminal rental rate (per square foot)	143.29	46.52	39.29
Ticket counter (per square foot)	64.30	62.04	52.45
Bag claim (per square foot)	183.70	49.63	41.96

Note: 2013 rates are estimates

Operating Revenues

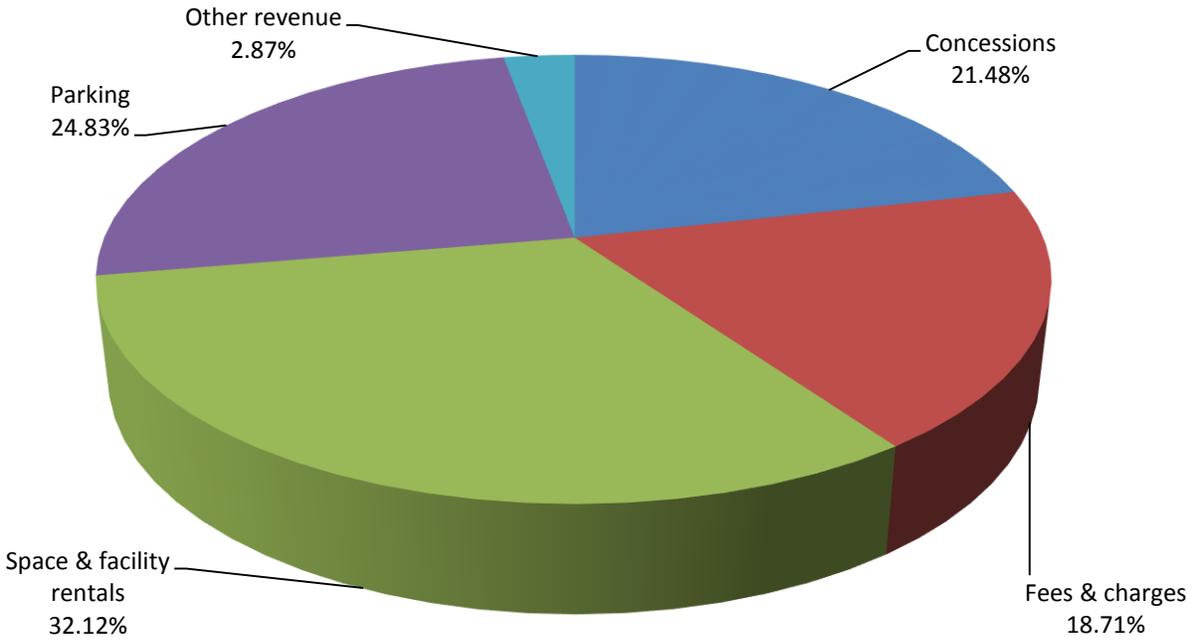
	2013	2012	2011
Operating revenues:	<i>(dollars amounts in thousands)</i>		
Concessions	\$ 14,361	\$ 14,482	\$ 14,134
Fees & charges	12,513	13,272	12,485
Space & facility rentals	21,478	14,179	17,131
Parking	16,601	16,171	16,398
Other revenue	1,919	2,313	2,334
Total operating revenues	<u>66,872</u>	<u>60,417</u>	<u>62,482</u>
Operating expenses:			
Wages & benefits	20,138	19,014	18,390
Services & supplies	14,054	13,755	13,355
Repairs & maintenance	1,811	1,978	1,981
Promotion, advertising & dues	1,409	880	824
Registration & travel	248	275	202
Utilities & taxes	5,256	5,425	5,534
Other operating expenses	1,661	1,797	1,743
Depreciation and amortization	27,812	27,525	30,753
Total operating expenses	<u>72,389</u>	<u>70,649</u>	<u>72,782</u>
Operating (loss)/income	(5,517)	(10,232)	(10,300)
Nonoperating revenues:			
Passenger facility charges	10,310	10,743	11,195
Investment income	659	1,036	981
Payments from primary government	31	-	1
Payments from federal & state agencies	392	243	201
Other revenues	1,400	1,180	516
Total nonoperating revenues	<u>12,792</u>	<u>13,202</u>	<u>12,894</u>
Nonoperating expenses:			
Interest expense	7,273	8,874	9,330
Other expenses	238	144	166
Total nonoperating expenses	<u>7,511</u>	<u>9,018</u>	<u>9,496</u>
Capital contributions	<u>11,989</u>	<u>8,347</u>	<u>9,502</u>
Change in net position	<u>\$ 11,753</u>	<u>\$ 2,299</u>	<u>\$ 2,600</u>

The following charts and tables show the major sources and the percentage of operating revenues for fiscal years 2013, 2012 and 2011.

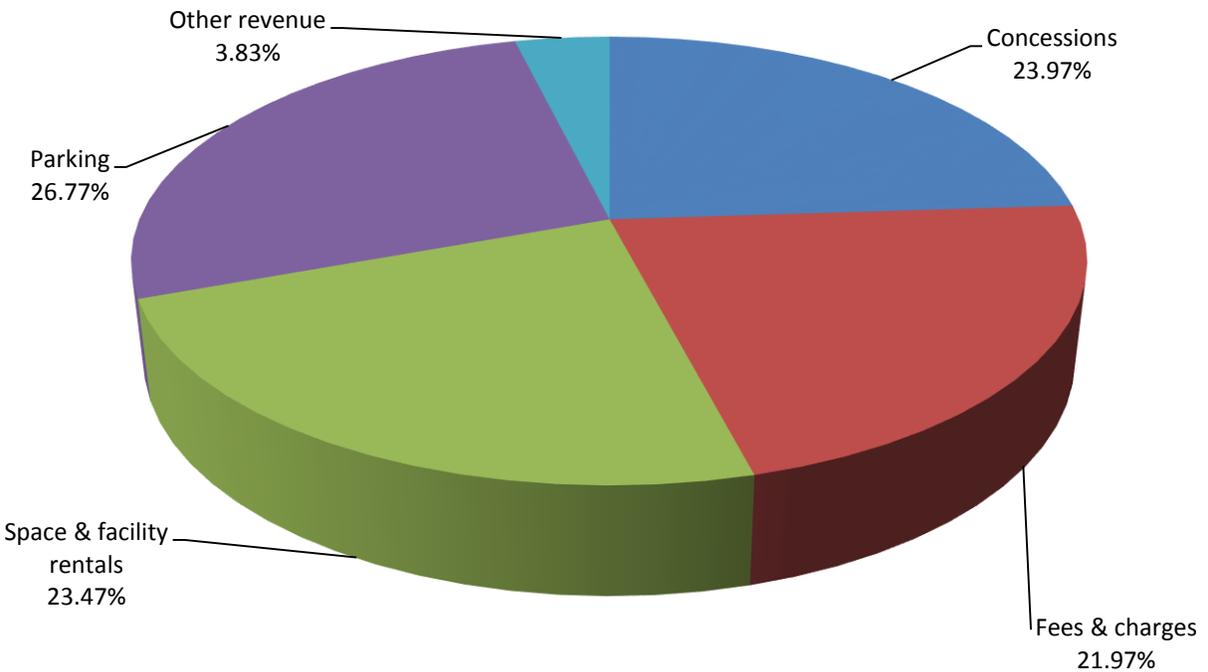
Operating revenue for fiscal year 2013 increased by 10.68% over 2012. Operating revenue for fiscal year 2012 decreased by 3.30% over 2011.

Refer to the changes in net position section of this MD&A for additional information related to operating revenues.

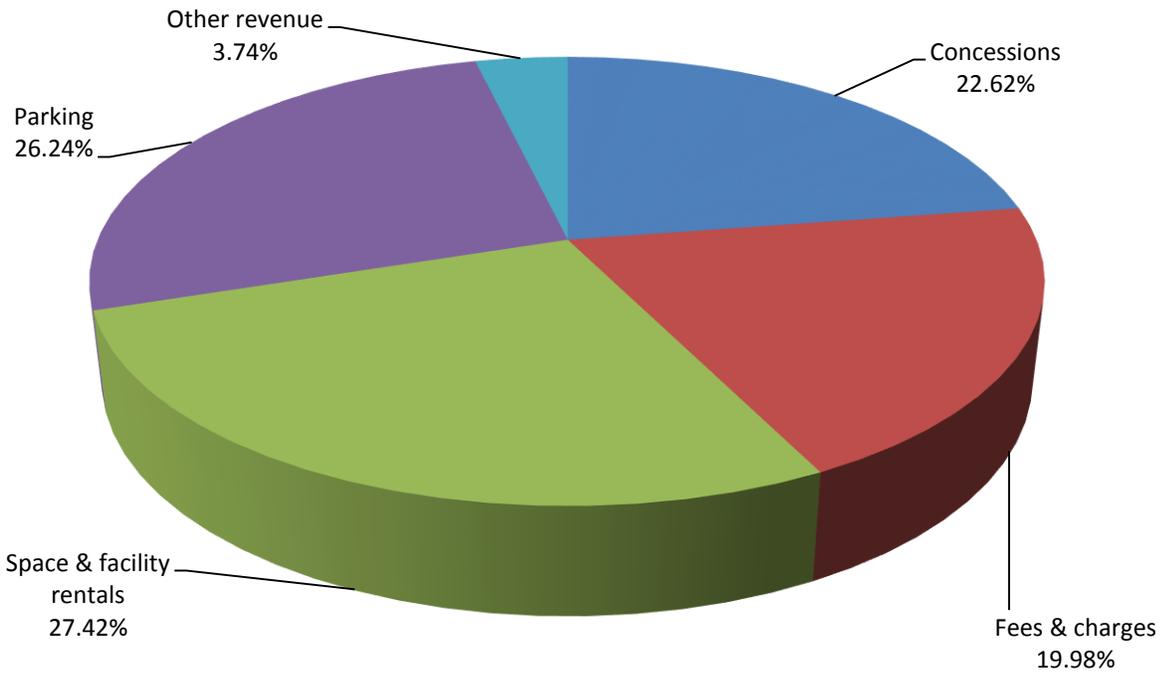
2013 Operating Revenue



2012 Operating Revenue



2011 Operating Revenue



Operating Revenues by Major Source

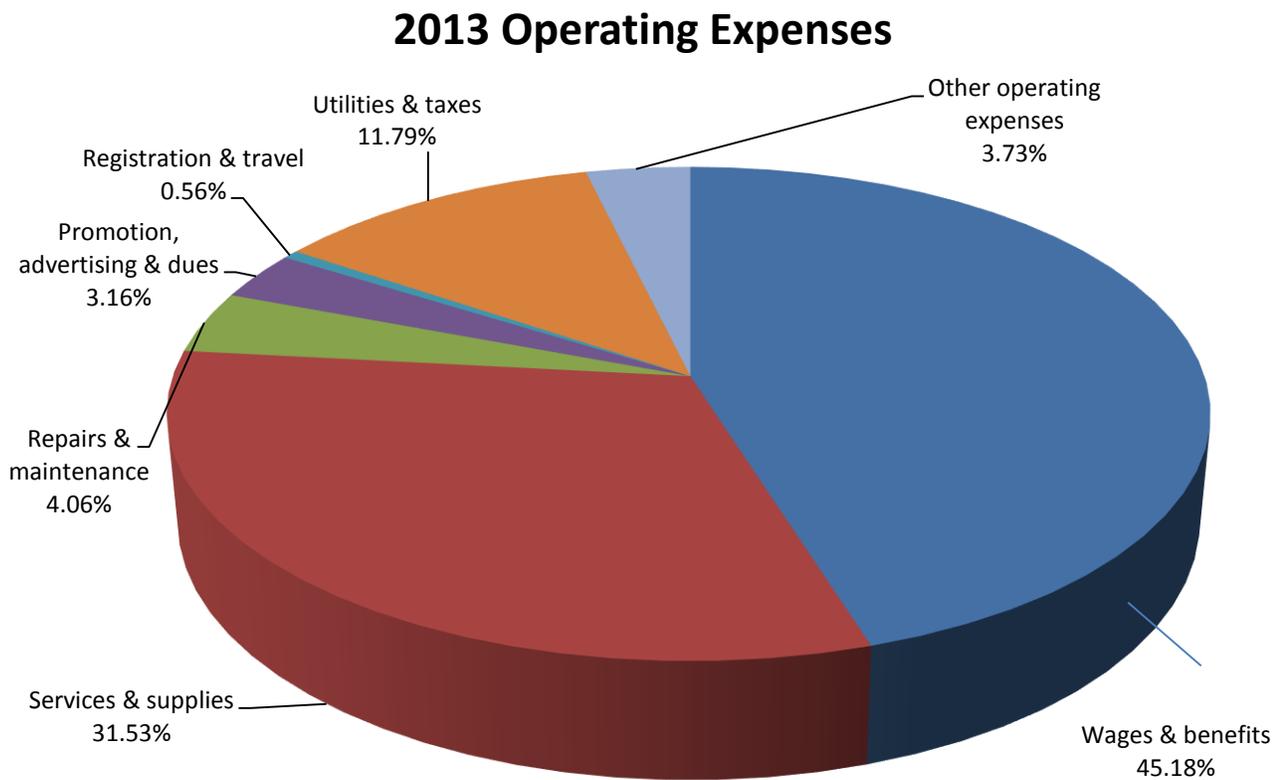
	2013	2012	Increase/ (Decrease) from 2012	% Increase/ (Decrease) from 2012
<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,361	\$ 14,482	\$ (121)	(0.84) %
Fees & charges	12,513	13,272	(759)	(5.72)
Space & facility rentals	21,478	14,179	7,299	51.48
Parking	16,601	16,171	430	2.66
Other revenue	1,919	2,313	(394)	(17.03)
Total operating revenues	\$ 66,872	\$ 60,417	\$ 6,455	10.68 %

	2012	2011	Increase/ (Decrease) from 2011	% Increase/ (Decrease) from 2011
<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,482	\$ 14,134	\$ 348	2.46 %
Fees & charges	13,272	12,485	787	6.30
Space & facility rentals	14,179	17,131	(2,952)	(17.23)
Parking	16,171	16,398	(227)	(1.38)
Other revenue	2,313	2,334	(21)	(0.90)
Total operating revenues	\$ 60,417	\$ 62,482	\$ (2,065)	(3.30) %

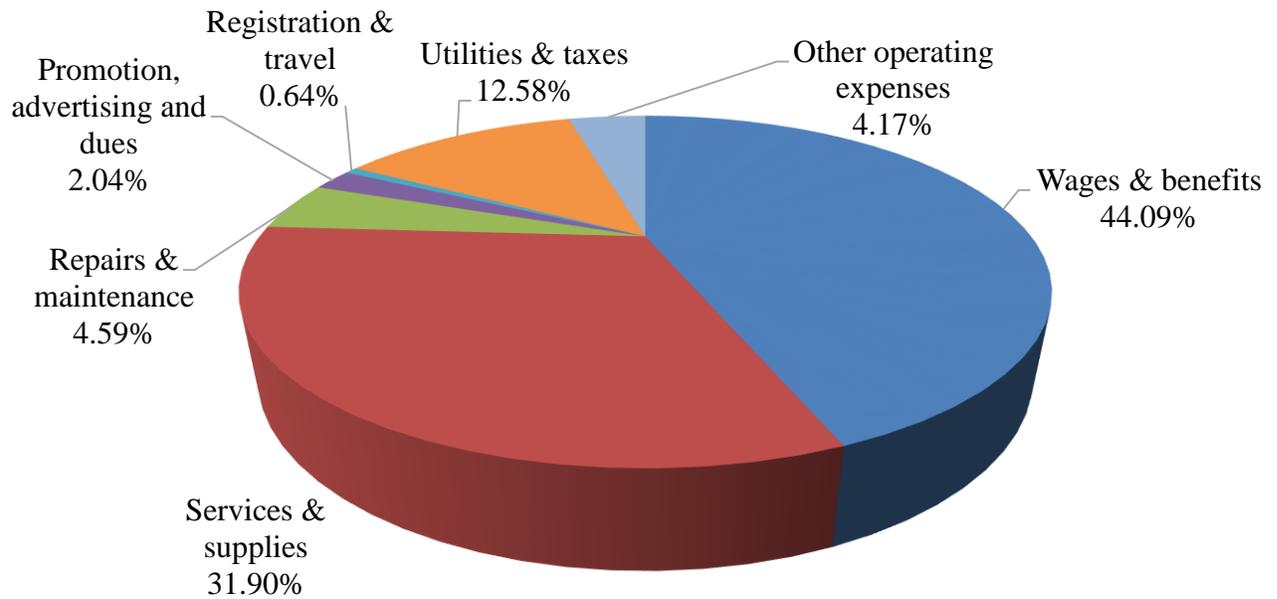
Operating Expenses

The following charts show the major cost categories for the Authority for fiscal years 2013, 2012 and 2011.

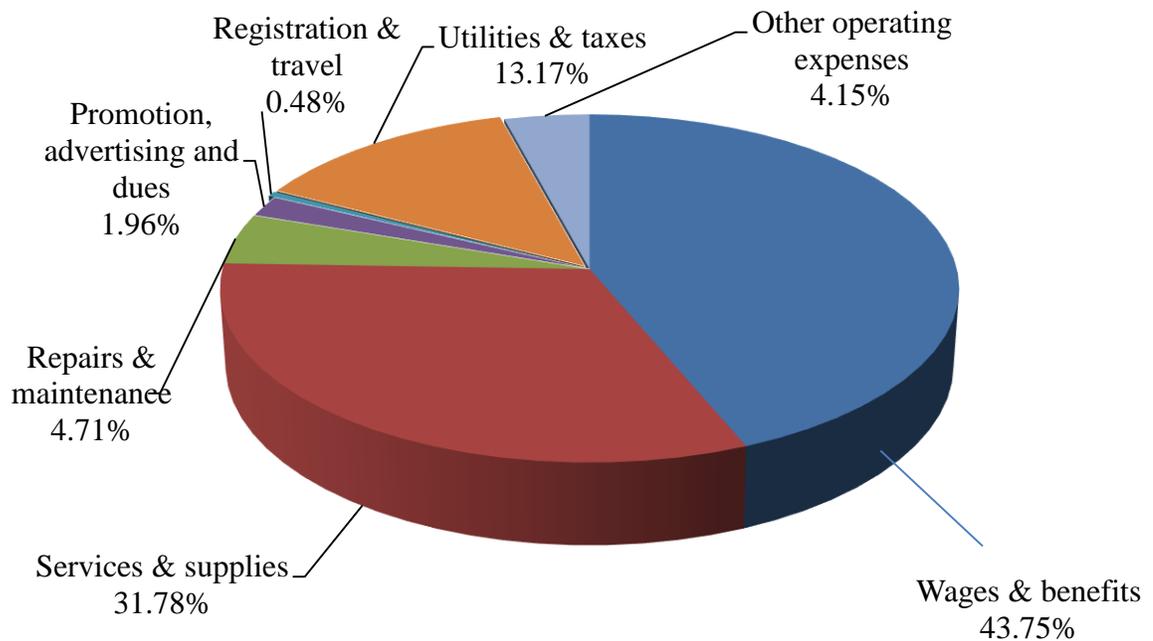
Operating expenses, before depreciation and amortization, increased 3.37% and 2.61% in fiscal years 2013 and 2012, respectively. Refer to the changes in net positions section of this MD&A for additional information related to operating expenses.



2012 Operating Expenses



2011 Operating Expenses



Operating Expenses by Major Source

	2013	2012	Increase/ (Decrease) from 2012	% Increase/ (Decrease) from 2012
<i>(dollar amounts in thousands)</i>				
Wages & benefits	\$ 20,138	\$ 19,014	\$ 1,124	5.91 %
Services & supplies	14,054	13,755	299	2.17
Repairs & maintenance	1,811	1,978	(167)	(8.44)
Promotion, advertising and dues	1,409	880	529	60.11
Registration & travel	248	275	(27)	(9.82)
Utilities & taxes	5,256	5,425	(169)	(3.12)
Other operating expenses	1,661	1,797	(136)	(7.57)
Total operating expenses	\$ 44,577	\$ 43,124	\$ 1,453	3.37 %

	2012	2011	Increase/ (Decrease) from 2011	% Increase/ (Decrease) from 2011
<i>(dollar amounts in thousands)</i>				
Wages & benefits	\$ 19,014	\$ 18,390	\$ 624	3.39 %
Services & supplies	13,755	13,355	400	3.00
Repairs & maintenance	1,978	1,981	(3)	(0.15)
Promotion, advertising and dues	880	824	56	6.80
Registration & travel	275	202	73	36.14
Utilities & taxes	5,425	5,534	(109)	(1.97)
Other operating expenses	1,797	1,743	54	3.10
Total operating expenses	\$ 43,124	\$ 42,029	\$ 1,095	2.61 %

Debt Activity

The Authority issued new debt in fiscal year 2013 of \$68.47 million. In 2013 the debt service payments reduced the overall debt by \$26.83 million. Normal debt service payments were \$10.22 million. Additional payments were made in the amount of \$85.07 million. In December 2012, the Authority defeased a portion of the 2006 airport revenue bond in the amount of \$54.25 million. In July 2013, the Authority defeased all of the 2003 airport revenue refunding bonds, Series A-1 & A-2 in the amounts of \$8.73 and \$17.62 million. In 2012 the debt service payments reduced the overall debt by \$16.62 million. Normal debt service payments were \$9.78 million. Additional payments were made in the amount of \$6.84 million. There were mandatory bond calls in May 2012 in the amount of \$105 thousand, relating to excess funds in the construction account.

Refer to note 10 for a more detailed explanation of long-term debt activity.

Debt Service Coverage

Debt service coverage is a covenant of the bond resolutions requiring that a surplus of funds be available in the amount of 125% of principal and interest due in the subsequent year. This coverage serves as an indicator to bond holders that funds are available for timely debt service payments. Historically, the Authority has maintained a coverage ratio higher than its requirement. The actual debt service coverage ratio for the fiscal years 2013, 2012 and 2011 was 1.71, 1.61 and 1.83 respectively.

Cash and Investment Management

The Authority's cash and cash equivalents decreased \$9.15 million for fiscal year 2013 over 2012. This was primarily due to refinance of 2006 and 2003 A-1 & A-2 bonds. Cash and cash equivalents, unrestricted, decreased by \$1.78 million and restricted cash and cash equivalents decreased by \$7.37 million.

The Authority's cash and cash equivalents decreased \$9.10 million for fiscal year 2012 over 2011. This was primarily due to mandatory bond calls in November 2011 and May 2012 in the amount of \$6.84 million. Cash and cash equivalents, unrestricted, increased by \$441 thousand and restricted cash and cash equivalents decreased by \$9.54 million.

Capital Construction

During 2013, the Authority expended approximately \$28.34 million on capital activities. Major projects in 2013 at JIA and Cecil Airport were the taxiways, roadway study implementation, airfield lighting, hanger 915 and federal inspection station modifications.

During 2012, the Authority expended approximately \$24.54 million on capital activities. Major projects in 2012 at JIA and Cecil Airport were the taxiways, terminal terrazzo, federal inspection station modifications, electric substations, and roof rehab.

Average monthly capital construction spending was \$2.36 million, \$2.05 million and \$1.98 million for fiscal years 2013, 2012 and 2011, respectively.

Refer to note 6 for a more detailed discussion of capital activity.

Economic Factors and Next Years' Budget

The Authority projected flat enplanements for fiscal year 2014 in relation to the prior year. Revenues for fiscal year 2014 are forecasted to be approximately \$67.53 million or 1.2% above fiscal year 2013. Operating expenses before depreciation and amortization for fiscal year 2014 are forecasted to be approximately \$47.20 million or 5.0% above fiscal year 2013.

The Authority expects to face continued challenges in fiscal year 2014 because: enplanements continue to decrease slightly and airline mergers continue; the troubled financial condition of the nation's airlines; and reduced federal resources. Cost for security and other operational issues remain on the increase. The Authority continues to seek opportunities to diversify its revenues.

Contacting the Authority's Financial Management

The financial report is designed to provide the Authority's board of directors, management, investors, creditors and customers with a general view of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. For additional information about this report, or if you need additional financial information, please contact Chief Financial Officer, 14201 Pecan Park Road, Jacksonville, Florida 32218.

Jacksonville Aviation Authority

Statements of Net Position

	September 30,	
	2013	2012
	<i>(dollar amounts in thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,903	\$ 11,675
Investments	31,751	35,475
Cash and cash equivalents - restricted	3,997	12,018
Accounts receivable, net of allowance of \$25 in 2013 and \$39 in 2012	5,015	4,399
Grants receivable	2,313	2,810
Interest receivable	157	173
Notes receivable	193	184
Inventory and other assets	1,351	1,123
Total current assets	<u>66,680</u>	<u>67,857</u>
Noncurrent assets:		
Restricted cash and cash equivalents	10,307	9,653
Restricted investments	15,024	21,028
Notes receivable	3,789	3,982
Other noncurrent assets	946	1,750
Total noncurrent assets	<u>30,066</u>	<u>36,413</u>
Capital assets:		
Land	71,120	71,138
Construction in progress	16,138	17,241
Property, plant and equipment	827,975	801,137
Less: accumulated depreciation	(380,737)	(353,976)
Other capital assets, net of amortization	1,982	2,069
Total capital assets	<u>536,478</u>	<u>537,609</u>
Total noncurrent assets	<u>566,544</u>	<u>574,022</u>
Total assets	633,224	641,879
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging instrument	2,617	4,210
Total assets and deferred outflows of resources	<u>\$ 635,841</u>	<u>\$ 646,089</u>

Jacksonville Aviation Authority

Statements of Net Position (continued)

	September 30,	
	2013	2012
	<i>(dollar amounts in thousands)</i>	
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 4,097	\$ 3,506
Accrued expenses	15,815	7,311
Construction contracts and retainage payable	<u>2,145</u>	<u>2,962</u>
Total current liabilities payable from unrestricted assets	22,057	13,779
Current liabilities payable from restricted assets:		
Bonds and notes payable - current portion	6,390	10,220
Accrued interest payable	<u>1,940</u>	<u>3,664</u>
Total current liabilities payable from restricted assets	8,330	13,884
Total current liabilities	<u>30,387</u>	<u>27,663</u>
Long-term liabilities		
OPEB liability	2,133	1,697
Bonds and notes payable	147,359	170,927
Derivative instrument - swap	<u>2,617</u>	<u>4,210</u>
Total long-term liabilities	152,109	176,834
Total liabilities	<u>182,496</u>	<u>204,497</u>
Net Position		
Net investment in capital assets	381,529	355,251
Restricted for debt service	8,985	23,112
Restricted for capital acquisition and construction	8,086	5,599
Restricted other	10,342	10,382
Unrestricted	<u>44,403</u>	<u>47,248</u>
Total net position	453,345	441,592
Total liabilities and net position	<u>\$ 635,841</u>	<u>\$ 646,089</u>

See accompanying notes.

Jacksonville Aviation Authority

Statements of Revenues, Expenses, and Changes in Net Position

	For the Year Ended September 30,	
	2013	2012
	<i>(dollar amounts in thousands)</i>	
Operating revenues:		
Concessions	\$ 14,361	\$ 14,482
Fees & charges	12,513	13,272
Space & facility rentals	21,478	14,179
Parking	16,601	16,171
Other revenue	1,919	2,313
Total operating revenues	<u>66,872</u>	<u>60,417</u>
Operating expenses:		
Wages & benefits	20,138	19,014
Services & supplies	14,054	13,755
Repairs & maintenance	1,811	1,978
Promotions, advertising and dues	1,409	880
Registration & travel	248	275
Utilities & taxes	5,256	5,425
Other operating expenses	1,661	1,797
Operating expenses before depreciation and amortization	<u>44,577</u>	<u>43,124</u>
Operating income before depreciation and amortization	22,295	17,293
Depreciation and amortization	27,812	27,525
Operating loss	<u>(5,517)</u>	<u>(10,232)</u>
Nonoperating revenues:		
Passenger facility charges	10,310	10,743
Investment income	659	1,036
Payments from primary government	31	-
Payments from federal and state agencies	392	243
Other revenues	1,400	1,180
Total nonoperating revenues	<u>12,792</u>	<u>13,202</u>
Nonoperating expenses:		
Interest expense	7,273	8,874
Other expenses	238	144
Total nonoperating expenses	<u>7,511</u>	<u>9,018</u>
(Loss) before capital contributions	(236)	(6,048)
Capital contributions	<u>11,989</u>	<u>8,347</u>
Change in net position	<u>11,753</u>	<u>2,299</u>
Net position, beginning of year	441,592	439,293
Net position, end of year	<u>\$ 453,345</u>	<u>\$ 441,592</u>

See accompanying notes.

Jacksonville Aviation Authority

Statements of Cash Flows

	2013	2012
	<i>(dollar amounts in thousands)</i>	
Cash flows from operating activities		
Receipts from customers and tenants	\$ 66,255	\$ 60,557
Payments to suppliers for goods and services	(15,655)	(20,728)
Payments to employees for services	(19,620)	(18,627)
Other revenue	915	537
Net cash provided by operating activities	31,895	21,739
Cash flows from non-capital and related financing activities		
Nonoperating grants received	242	243
Net cash provided by non-capital financing activities	242	243
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(28,344)	(24,541)
Principal paid on capital debt	(95,290)	(16,620)
Interest paid on capital debt	(7,960)	(8,733)
Proceeds on new debt	68,465	-
Proceeds from sale of equipment	469	868
Contributions-in-aid of construction	12,486	8,988
Passenger facility charges received	10,310	10,743
Net cash used in capital and related financing activities	(39,864)	(29,295)
Cash flows from investing activities		
Collections on notes receivable	184	177
Interest on investments	1,081	1,232
Purchase of investment securities	(38,649)	(73,431)
Proceeds from sale and maturities of investment securities	47,972	70,236
Net cash provided by (used in) investing activities	10,588	(1,786)
Net change in cash and cash equivalents	2,861	(9,099)
Cash and equivalents, beginning of year	33,346	42,445
Cash and equivalents, end of year	\$ 36,207	\$ 33,346

See accompanying notes.

Jacksonville Aviation Authority

Statements of Cash Flows (continued)

	2013	2012
	<i>(dollar amounts in thousands)</i>	
Reconciliation of operating (loss) to net cash provided by operating activities		
Operating loss	\$ (5,517)	\$ (10,232)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	27,812	27,525
(Increase) decrease in accounts receivable	(617)	139
Increase in inventory and other assets	(229)	(134)
Increase in accounts payable	590	458
Increase in accrued expenses	8,941	3,446
Increase in other revenue	915	537
Net cash provided by operating activities	<u>\$ 31,895</u>	<u>\$ 21,739</u>
Non-cash investing, capital and financing activities:		
Change in fair market value of investments	<u>\$ (404)</u>	<u>\$ (156)</u>

See accompanying notes.

Notes to the Financial Statements

Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2013
of the Jacksonville Aviation Authority
Jacksonville, Florida

Jacksonville Aviation Authority

Notes to Financial Statements

September 30, 2013 and 2012

1. Organization and Reporting Entity

Organization

The Jacksonville Aviation Authority (the Authority), a body corporate and politic, was established by the State of Florida (State) on June 5, 2001, pursuant to the provisions of Chapter 2001-319 which was amended on June 17, 2004 by Chapter 2004-464, of the Laws of Florida to own and operate aviation facilities in Duval County, Florida. The Authority is independent, distinct from, and not an agent of the State or any other of the State's political subdivisions, including the County of Duval (County). Prior to October 1, 2001, the Authority operated as a division of the Jacksonville Port Authority. Pursuant to the provisions of Chapter 2005-328 of the Laws of Florida, the Authority changed its name from Jacksonville Airport Authority to Jacksonville Aviation Authority effective June 10, 2005.

The Authority's Board of Directors consists of seven members, four appointed by the Governor of the State of Florida and confirmed by the State Senate and three appointed by the Mayor of the City of Jacksonville and confirmed by the City Council. The Authority is not subject to Federal, State or local income or sales taxes.

Reporting Entity

The Authority follows the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB). The accompanying financial statements present the financial activities of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Reclassifications

Certain fiscal year 2012 amounts have been reclassified to conform to the fiscal year 2013 presentation.

New Accounting Guidance

GASB 61: The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34

The objective of this statement is to improve financial reporting for a government financial reporting entity. Specifically, this statement modifies certain requirements for inclusion of component units in the financial reporting entity. Statement No. 61 also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This statement also clarifies the reporting of equity interests in legally separate organizations. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete) presentation, and certain disclosure requirements. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012, the Authority's fiscal year 2013. The Authority is no longer considered a component unit of the City of Jacksonville.

GASB 62: Codification of Accounting and Financial Reporting Guidelines Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

This statement contributes to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so they are derived from a single source. This Statement also codifies into GASB accounting and financial reporting standards the "legacy" standards from the private-sector. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011, the Authority's fiscal year 2013. The provisions of this statement generally are required to be applied retroactively for all periods presented. The implementation of this statement did not have a material impact on the Authority's financial statements.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

GASB 63: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position. This Statement establishes standards for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of net position and also requires related disclosures. Amounts that are required to be reported as deferred outflows of resources should be reported in a statement of net position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets or equity. The provisions of Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011, the Authority's fiscal year 2013. To comply with this statement the Authority created a new line in the Statement of Net Position for the asset named Deferred Outflow of Resources and removed this item from the Capital Assets section. The implementation of this statement did not have a material impact on the Authority's financial statements.

GASB 65: Items Previously Reported as Assets and Liabilities

The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of Statement No. 65 are effective for financial statements for periods beginning after December 15, 2012, the Authority's fiscal year 2014. The Authority is still evaluating the impact of this statement on the financial statements.

GASB 66: Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62

The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012, the Authority's fiscal year 2014. The Authority currently does not expect the Statement to materially impact its financial reporting.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

GASB 67: Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25

The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013, which is the Authority's fiscal year 2014. The Authority is still evaluating the impact of this statement on the financial statements.

GASB 68: Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27

This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governmental employers about the financial support for pensions that is provided by other entities. It is a result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing useful decision making information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this statement are effective for fiscal years beginning after June 15, 2014, which is the Authority's fiscal year 2015. The Authority is still evaluating the impact of this statement on the financial statements.

GASB 69: Government Combinations and Disposals of Government Operations

The objective of Statement No. 69 is to provide specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposal of government operations. The provisions of Statement No. 69 are effective for fiscal years beginning after December 15, 2013 which is the Authority's fiscal year 2015. The implementation of this statement is not expected to have a material effect on the Authority's financial statements.

GASB 70: Accounting and Financial Reporting for Nonexchange Financial Guarantees

The objective of Statement No. 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of Statement No. 70 are effective for fiscal years beginning after June 15, 2013 which is the Authority's fiscal year 2015. The implementation of this statement is not expected to have a material effect on the Authority's financial statements.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

GASB 71: Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68

The objective of Statement No. 71 is to eliminate a potential source of understatement of restated beginning net position and expense in a government's first year of implementing the statement. This statement requires state and local governments, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014, which is the Authority's fiscal year 2015. The Authority is still evaluating the impact of this statement on the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis. The Authority reports as a business type activity, as defined by the GASB. Business type activities are those that are financed in whole or in part by fees charges to external parties for goods or services.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets.

Revenues from airlines, rental cars, parking and concessions are reported as operating revenues. Capital grants, financing or investment related transactions are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

The Authority's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt net of debt service reserves. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The Authority's restricted net position is expendable.

In certain cases, the Authority may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position.

Proprietary Accounting and Financial Reporting

The accompanying financial statements have been prepared in conformity with GAAP as applied to governmental units. The GASB is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

Budgeting Requirements

The Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for the Authority. The annual budget is developed after reviewing revenue forecasts, the impact of funding increases on landing fees, rental rates and other rates and charges, prior year actual, current program levels, new operating requirements, and the overall economic climate of the region and airline industry. The budget to actual results are periodically reviewed throughout the year to ensure compliance with the provisions of the Authority's entity-wide annual operating budget, which is approved by the Board of Directors and the City Council of the City.

Prior to July 1 of each year, the Authority prepares and submits its budget to the City Council for the ensuing fiscal year. The City Council may increase or decrease the appropriation requested by the Authority on a total basis or a line-by-line basis. The Authority's Executive Director has been delegated the authority to approve budgetary changes to the budget within all categories, subject to the following limitations: once adopted, the total budget may only be increased through action of the City Council; operating budget item transfers may be made with the approval to the Executive Director or his designee, line-to-line capital budget transfers may be made with the approval of the Executive Director or his designee if it is cumulatively less than or equal to \$100,000 or with the approval of the Board if over \$100,000. In keeping with the requirements of a proprietary fund budget, budget comparisons have not been included in the financial section of this report.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Airfield Landing Fee Charges – Landing fees are principally generated from scheduled airlines, cargo carriers and non-scheduled commercial aviation and are based on the landed weight of the aircraft. The estimated landing fee structure is determined annually based on the full cost recovery, pursuant to an agreement between the Authority and the signatory airlines based on the operating budget of the Authority, and it is adjusted at year-end for the actual landed weight of all aircraft. Landing fees are recognized as a component of operating revenue when the related facilities are utilized.

Terminal Rents, Concession and Ground Transportation – Rentals and concession fees are generated from airlines, parking structures and lots, rental cars, fixed based operators, food and beverage, retail, advertising and other commercial tenants. Leases with the airlines are based on compensatory in 2012 cost recovery, through rates and charges pursuant to an agreement. Leases are typically residual in 2013 for terms from one or more years and generally require rentals based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective leases and concession revenue is recognized based on reported concession revenue and typically based on a minimum rental guarantee. Rental revenue and concession revenue are recognized as operating revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

Other – All other types of operating revenue are recognized when earned.

Cash, Cash Equivalents and Investments

The deposit and investment of Authority monies is governed by provisions of its enabling legislation and by an investment policy adopted by the Authority. The Governing Body has authorized the Authority to establish bank accounts with a qualified depository pursuant to Chapter 280 of the Florida Statutes. Accordingly, all of the Authority's deposits are considered fully insured.

For purposes of reporting cash flows, the Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less to be cash equivalents. Cash equivalents, which are stated at cost, consist of money market funds and cash investment pools payable on demand. The Governing Body has authorized the Authority to invest in obligations of the U.S. Government and certain of its agencies, repurchase agreements, investment grade commercial paper, money market funds, corporate bonds, time deposits, bankers' acceptances, state and/or local debt, and the Florida State Board of Administration Investment Pool. Restricted bond proceeds are invested in accordance with the bond indenture agreements. Investments are stated at fair value using quoted market prices.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on collection history, aviation industry trends and current information regarding the credit worthiness of the tenants and others doing business with the Authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

Inventory

Inventory consists of spare parts and fuel and is stated at cost on a weighted average and FIFO basis, respectively.

Restricted Assets

Restricted assets consist of monies and other resources, which are legally restricted. Major classes of restricted assets are discussed below.

Construction funds – These assets represent capital debt proceeds that are restricted for designated capital projects and cannot be expended for any other purpose.

Operations and maintenance fund – These assets represent proceeds restricted to pay the next succeeding two months of budgeted operations and maintenance expenses.

Passenger facility charges (PFC) funds – These assets represent PFC collections based on an approved Federal Aviation Administration (FAA) application to “impose” such charges on enplaned passengers at JIA. These funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects. The Authority recognizes and reports PFCs as non-operating revenue when all conditions have been met that entitle the Authority to retain the PFCs.

Debt service and Pool bond reserve – These assets represent 2003A1 A2 and 2006 airport bond debt service and reserve accounts. The debt service funds represent the principal amounts required for the annual October bond payment and the interest amounts required for the semi-annual interest payments. The reserve funds contain the maximum amount of required principal and interest payments for the bond scheduled to come due in one year.

Renewal and replacement fund – This fund is deemed to be fully funded when the balance therein is one million dollars. The assets are to be used only to make unusual or extraordinary repairs to facilities included as a part of the airport system, to make required deposits to the debt service fund if available amounts in other funds are not sufficient for such purposes and to make required deposits to the reserve fund and rebate fund if amounts in other funds are not sufficient for such purposes.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are stated at historical cost, net of accumulated depreciation. The Authority's capitalization threshold is \$5,000. The costs for property and facilities include net interest cost incurred from the date of issuance of the debt to finance construction until completion of the capital project (see Note 6). Tenants have funded some construction and improvements of airport facilities from their own working capital. Under agreements with the Authority, the property reverts to the Authority upon termination or expiration of the agreement. These assets, when obtained by the Authority, are recorded at fair market value as of date of transfer. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed as incurred.

When properties are disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is reflected in current operations.

Depreciation of capital assets is computed using the straight-line method at various rates considered adequate to allocate costs over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

<u>Asset Class</u>	<u>Life in Years</u>
Buildings	5-50
Other improvements	3-50
Equipment	3-20
Intangibles	5-10

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Capitalization of Interest

Interest costs incurred during the construction of capital assets are capitalized. The amount of interest to be capitalized is calculated by offsetting the interest cost incurred from accumulated expenditures from the date of the construction until completion of the project, with interest earned on invested debt proceeds over the same period.

Bond Issuance Costs

Bond issuance costs represent costs incurred in the process of issuing bonds and are amortized over the life of the respective issue on a straight-line basis.

Compensated Absences

Employees accrue annual leave in varying amounts based on length of service combined with position level, up to a maximum of 320 hours.

Employees who will accrue more than 320 hours of annual leave by December 31 will be paid for the excess hours on the last pay period of the calendar year.

The liability for compensated absences earned through year-end, but not yet taken, is accrued by charging the expense for the change in the liability from the period year.

Pension Plan

The provision for retirement pension cost is recorded when the related payroll is accrued and the obligation is incurred.

Capital Contributions: Federal and State Grants

The Authority receives federal and state grants in support of its capital construction program. The federal program provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airways Trust Funds in the form of both entitlement and discretionary grants for eligible projects. The State of Florida and individual tenants also provide funds for capital programs.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Certain expenditures for airport capital improvements are funded through the airport improvement program (AIP) of the FAA, with certain matching funds provided by the State of Florida's Department of Transportation and the Authority, or from various state allocations or grant programs. Capital funding provided under government grants is considered earned as the allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studies are reported in the statement of revenues, expenses and changes in net position, after non-operating revenues and expenses, as capital contributions.

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system, reduce noise or mitigate noise impacts resulting from an airport, or furnish opportunities for enhanced competition between or among carriers.

PFC charges at the rate of \$3.00 per enplaned passenger have been levied by the Authority since April 1, 1994, under an FAA approved application to impose \$12.26 million in PFC fees. Since this first record of decision the Authority has submitted and received approval to collect \$349.92 million since inception through July 1, 2024. In February 2003, with an earliest charge effective date of May 1, 2003, the FAA approved an amendment to impose and use passenger facility charges, at JIA at a new rate of \$4.50. This amendment also permits the Authority to finance certain projects with PFC revenues. Through September 30, 2013, the Authority has collected, including interest earnings, PFCs totaling approximately \$181.15 million. PFCs, along with related interest earnings are recognized and recorded as non-operating revenue in the year collected by the air carriers.

The Authority has expended approximately \$174.25 million of PFCs on projects funded on a pay-as-you-go and financing basis.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Arbitrage Rebate Liability

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Authority temporarily invests the proceeds of tax-exempt debt in securities with higher yields. As of September 30, 2013 and 2012 the Authority did not have an arbitrage liability.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, through subsequent events, actual results could differ from those estimated.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments

Credit Risk

The primary objectives of the Authority's investment policy are the safety of capital, the liquidity of the portfolio, and the yield of the investments. Bond proceeds may be invested in securities as permitted in the bond indentures. Otherwise, assets of the Authority may be invested in: (a) the Florida Local Government Surplus Funds Trust Fund (Florida PRIME); (b) United States government securities; (c) United States government agencies, federal instruments; (d) federal instrumentalities; (e) interest bearing time deposit or savings accounts, provided that any such deposits are secured by the Security for Public Deposits Act, Chapter 280, Florida Statutes; (f) repurchase agreements; (g) commercial paper at the time of purchase rated "A-1" by Standard & Poor's (S&P) and "P-1" by Moody's Investor Services (Moody's); (h) corporate notes that have a long-term debt rating at the time of purchase, at a minimum "AA" by S&P and "Aa" by Moody's; (i) bankers' acceptances rated, at a minimum, "A-1" by S&P and "P-1" by Moody's; (j) state and/or local government taxable and/or tax-exempt debt rated at least "AA" by S&P and "Aa" by Moody's or rated at least "SP-1" by S&P or "MIG-1" by Moody's for short term debt; (k) registered investment companies (money market mutual funds) registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7; (l) mortgage-backed securities; (m) asset-backed securities; and (n) short term bond funds.

Consistent with the Authority's investment policy bond resolutions: 1) all of the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency of the United States of America and at the time of their purchase were rated AA+ by S&P; 2) the Local Government Surplus Funds Trust Fund is rated AAAM by S&P; it is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The value of the Authority's investment is the same as the value of the pool shares; 3) the money market mutual funds are each rated AAA by S&P. The investments in the Local Government Surplus Funds Trust Fund and the money market mutual funds are classified as cash equivalents on the accompanying statements of net position.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. The Authority's investment policy also limits investments in commercial paper to maturities not to exceed 270 days.

Investment Maturity Distribution

Type of investments	Less than One Year from 9/30/2013	One to Five Years	Total
	<i>(dollar amounts in thousands)</i>		
US Treasury and government agency securities	\$ 4,021	\$ 37,002	\$ 41,023
Local Government surplus trust fund*	98	-	98
Money market mutual funds*	23,036	-	23,036
Commercial Paper	100	-	100
Corporate Bonds	51	5,601	5,652
Total investments	\$ 27,306	\$ 42,603	\$ 69,909

Type of investments	Less than One Year from 9/30/2012	One to Five Years	Total
	<i>(dollar amounts in thousands)</i>		
US Treasury and government agency securities	\$ 4,381	\$ 44,860	\$ 49,241
Local Government surplus trust fund*	203	-	203
Money market mutual funds*	16,675	-	16,675
Commercial Paper	4,270	-	4,270
Corporate Bonds	2,992	-	2,992
Total investments	\$ 28,521	\$ 44,860	\$ 73,381

*Reported as cash equivalents on the statements of net position

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Custodial Credit Risk

All securities purchased by, and all collateral obtained by, the Authority under its investment policy shall be properly designated as assets of the Authority and may be held in safekeeping by a third party custodial bank or other third party custodial institution. As of September 30, 2013, all investments of the Authority are held with an appropriated custodian or trustee or are held in accounts in the name of, and belonging to, the Authority.

Concentration of Credit Risk

Exclusive of restricted funds, the following are the Authority's investment percentages allocations. The Authority's investment in the Florida Local Government Surplus Funds Trust Fund and the United States Government Securities shall not exceed 100% of the total investment portfolio. The Authority shall not exceed 80% of its portfolio value invested in Federal Instrumentalities. Total United States Government Agencies, Repurchase Agreements, and Registered Investment Companies held by the Authority shall each not exceed 50% of the total value of the investment portfolio. The Authorities investment in Commercial Paper and Bankers Acceptance shall not exceed 35% of the total investment portfolio. Maximum exposure to any Interest Bearing Time Deposits or Savings Accounts, Corporate Notes or Short Term Bond Funds shall be limited to 25% of the total investment portfolio. Maximum exposure to Mortgage-Backed Securities and State and/or Local Government Taxable and /or Tax-Exempt Debt shall not exceed 20% of the total investment portfolio. The Authority shall not exceed 10% of its portfolio value for Asset-Backed Securities.

As of September 30, 2013, all investment holdings of the Authority are in compliance with these policies. Investments in any one issuer representing 5% of more of the Authority's total investments as of September 30, 2013 are as follows: \$12.37 million (17.70%) invested in issues of the Federal National Mortgage Association.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

	Unrestricted	Restricted	Fair Value
September 30, 2013	<i>(dollar amounts in thousands)</i>		
Investments:			
US Treasury and government agency securities	\$ 25,999	\$ 15,024	\$ 41,023
Local Government surplus trust fund*	5	93	98
Money market mutual funds*	16,995	6,041	23,036
Commercial Paper	100	-	100
Corporate Bonds	5,652	-	5,652
Total investments	<u>\$ 48,751</u>	<u>\$ 21,158</u>	<u>\$ 69,909</u>

	Unrestricted	Restricted	Fair Value
September 30, 2012	<i>(dollar amounts in thousands)</i>		
Investments:			
US Treasury and government agency securities	\$ 31,486	\$ 17,755	\$ 49,241
Local Government surplus trust fund*	11	192	203
Money market mutual funds*	856	15,819	16,675
Commercial Paper	997	3,273	4,270
Corporate Bonds	2,992	-	2,992
Total investments	<u>\$ 36,342</u>	<u>\$ 37,039</u>	<u>\$ 73,381</u>

*Reported as cash equivalents on the statements of net position

The Authority follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustment of the carrying value of investments to fair value to be represented as a component of investment income. Investments are presented at fair value, which is based on available or equivalent market values. The Local Government Surplus Funds Trust Fund Investment Pool (the "Pool"), created by Section 218.405, Florida Statutes, is operated by the Florida State Board of Administration and is a "2a-7 like" pool in accordance with GASB No 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. A 2a-7 like pool is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The Local Government Surplus Funds Trust Fund is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The money market mutual funds are 2a-7 funds registered with the SEC.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

The following shows a reconciliation of the investment categories to the statements of net position for cash equivalents and investments for the fiscal years September 30, 2013 and 2012.

Cash & Investments as of September 30, 2013

	Cash	Local			Total Investments	Total Cash & Investments
		Government Surplus Fund	Money Market Mutual Funds	Investment Securities		
Current assets:						
Cash and cash equivalents	\$ 4,903	\$ 5	\$ 16,995	\$ -	\$ 17,000	\$ 21,903
Investments	-	-	-	31,751	31,751	31,751
Restricted cash and cash equivalents	-	-	3,997	-	3,997	3,997
Noncurrent assets:						
Restricted cash and cash equivalents	8,170	93	2,044	-	2,137	10,307
Restricted investments	-	-	-	15,024	15,024	15,024
	\$ 13,073	\$ 98	\$ 23,036	\$ 46,775	\$ 69,909	\$ 82,982

Cash & Investments as of September 30, 2012

	Cash	Local			Total Investments	Total Cash & Investments
		Government Surplus Fund	Money Market Mutual Funds	Investment Securities		
Current assets:						
Cash and cash equivalents	\$ 10,808	\$ 11	\$ 856	\$ -	\$ 867	\$ 11,675
Investments	-	-	-	35,475	35,475	35,475
Restricted cash and cash equivalents	-	-	12,018	-	12,018	12,018
Noncurrent assets:						
Restricted cash and cash equivalents	5,660	192	3,801	-	3,993	9,653
Restricted investments	-	-	-	21,028	21,028	21,028
	\$ 16,468	\$ 203	\$ 16,675	\$ 56,503	\$ 73,381	\$ 89,849

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

4. Receivables

Accounts receivable are recorded net of allowances for uncollectible accounts of \$25 thousand and \$39 thousand at September 30, 2013 and 2012, respectively. Accounts receivable at year-end are comprised of the following:

	Percent of Balance September 30,	
	2013	2012
Receivable from:		
Airlines	71.68%	61.02%
Concessionaires/non-aviation	20.48%	29.02%
Parking customers	7.84%	9.96%

The Authority and one of its tenants entered into an operating and lease agreement on February 25, 2005 wherein the Authority renovated and expanded Hangar 815. In consideration for this renovation, a note receivable was issued for \$4.63 million to the tenant and the receivable is being repaid over twenty-five years at a rate of interest between 6% and 9%. The current rate of interest for 2013 is 7%.

The Authority and one of its tenants entered into an operating and lease agreement wherein the tenant agreed to retroactive rental and improvement payments. In consideration for these payments, a note receivable was issued on April 1, 2009 for \$465,171 to the tenant and the receivable is being repaid over 83 months. The current rate of interest for 2013 on the retroactive rental payment is 3.5%.

October 1, 2012		Increases	Decreases	September 30, 2013	Amounts Due Within One Year
Balance				Balance	
<i>(dollar amounts in thousands)</i>					
\$ 4,166	\$	-	\$ (184)	\$ 3,982	\$ 193

October 1, 2011		Increases	Decreases	September 30, 2012	Amounts Due Within One Year
Balance				Balance	
<i>(dollar amounts in thousands)</i>					
\$ 4,344	\$	-	\$ (178)	\$ 4,166	\$ 184

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

5. Restricted Assets

Restricted assets, as of September 30, are as follows:

	2013	2012
	<i>(dollar amounts in thousands)</i>	
Current restricted cash and cash equivalents		
2006 Debt service	\$ 3,997	\$ 5,508
2003 A-1 & A-2 Debt service	-	6,510
Total current restricted cash and cash equivalents	<u>\$ 3,997</u>	<u>\$ 12,018</u>
Non current restricted cash and cash equivalents		
State forfeiture	\$ 47	\$ 59
Federal forfeiture	26	9
Flexible spending	18	7
PFC	6,896	5,600
Operating and maintenance	125	214
Pooled bond reserve	1,975	3,752
Capital Recovery	1,189	-
Renewal and replacement	31	12
Total non current restricted cash and cash equivalents	<u>\$ 10,307</u>	<u>\$ 9,653</u>
Restricted investments		
Pooled bond reserve	\$ 4,929	\$ 10,947
Renewal and replacement	1,002	1,018
Operating and maintenance	9,093	9,063
Total restricted investments	<u>\$ 15,024</u>	<u>\$ 21,028</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Capital Assets

Capital asset activity for the years ended September 30, 2013 and 2012 follows:

	Beginning Balance October 1, 2012	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2013
<i>(dollar amounts in thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 71,138	\$ -	\$ (18)	\$ 71,120
Construction in progress	17,241	26,722	(27,825)	16,138
Total capital assets not being depreciated	88,379	26,722	(27,843)	87,258
Other capital assets:				
Buildings	116,465	5,692	-	122,157
Other improvements	636,932	19,200	-	656,132
Equipment	47,740	2,337	(391)	49,686
Total other capital assets	801,137	27,229	(391)	827,975
Intangible capital assets	6,639	596	-	7,235
Less amortization	(4,570)	(683)	-	(5,253)
Total intangible assets	2,069	(87)	-	1,982
Total assets being depreciated	803,206	27,142	(391)	829,957
Total capital assets	891,585	53,864	(28,234)	917,215
Less: Accumulated depreciation				
Buildings	58,169	3,284	-	61,453
Other improvements	264,913	21,329	-	286,242
Equipment	30,894	2,516	(368)	33,042
Total accumulated depreciation	353,976	27,129	(368)	380,737
	<u>\$ 537,609</u>	<u>\$ 26,735</u>	<u>\$ (27,866)</u>	<u>\$ 536,478</u>

Depreciation expense for the years ended September 30, 2013 and 2012 was \$27.13 million and \$26.81 million, respectively. During the fiscal year ended September 30, 2013 and 2012 there was not any capitalized interest.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Capital Assets (continued)

	Beginning Balance October 1, 2011	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2012
<i>(dollar amounts in thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 71,504	\$ -	\$ (366)	\$ 71,138
Construction in progress	12,226	24,500	(19,485)	17,241
Total capital assets not being depreciated	83,730	24,500	(19,851)	88,379
Other capital assets:				
Buildings	116,464	1	-	116,465
Other improvements	622,073	14,859	-	636,932
Equipment	44,227	3,870	(357)	47,740
Total other capital assets	782,764	18,730	(357)	801,137
Intangible capital assets	5,884	755	-	6,639
Less amortization	(3,852)	(718)	-	(4,570)
Total intangible assets	2,032	37	-	2,069
Total assets being depreciated	784,796	18,767	(357)	803,206
Total Capital Assets	868,526	43,267	(20,208)	891,585
Less: Accumulated depreciation				
Buildings	54,915	3,254	-	58,169
Other improvements	244,023	20,890	-	264,913
Equipment	28,585	2,663	(354)	30,894
Total accumulated depreciation	327,523	26,807	(354)	353,976
	<u>\$ 541,003</u>	<u>\$ 16,460</u>	<u>\$ (19,854)</u>	<u>\$ 537,609</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans

Plan Description

Florida Retirement System

All the full-time employees of the Authority participate in the Florida Retirement System (the FRS), a cost sharing multiple-employer defined benefit plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida Legislature. The FRS is administered by the State of Florida, Division of Retirement.

The Florida Legislature passed Senate Bill 2100 effective July 1, 2011. This bill changed eligibility requirements and created a mandatory employee contribution of 3%. Because of this bill, there are now two groups of employees participating in the FRS program. These groups are defined by their date of employment; those who began employment before July 1, 2011 and those who began on or after July 1, 2011.

For those employees who began employment before July 1, 2011 the following applies:

The FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) six years of service and age 62, or the age after age 62 that the member becomes vested, or thirty years of service regardless of age (may include four years military), whichever comes first; or (2) six years of special risk service and age 55, or twenty-five total years of special risk services and age 52 (may include four years wartime military service), or twenty-five total years special risk service, regardless of age, or thirty years of any creditable service, regardless of age (may include four years wartime military service). Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement age. Benefits are computed on the basis of age, average final compensation, and years of service. Average final compensation is the average of the five highest fiscal years of earnings. The FRS also provides death and disability benefits. Benefits are established by Florida Statutes.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

For those employees who began employment on or after July 1, 2011 the following applies:

The FRS provides vesting of benefits after eight years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) eight years of service and age 65, or the age after age 65 that the member becomes vested, or thirty three years of service regardless of age (may include four years military), whichever comes first; or (2) eight years of special risk service and age 60, or thirty total years of special risk services and age 57 (may include four years wartime military service), or thirty total years special risk service, regardless of age, or thirty years of any creditable service, regardless of age (may include four years wartime military service). Early retirement may be taken any time after completing eight years of service; however, there is a 5% benefit reduction for each year prior to normal retirement age. Benefits are computed on the basis of age, average final compensation, and years of service. Average final compensation is the average of the eight highest fiscal years of earnings. The FRS also provides death and disability benefits. Benefits are established by Florida Statutes.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Florida State Retirement System, Division of Policy, Cedars Executive Center Building C, 2639 North Monroe Street, Tallahassee, Florida, 32399-1560, attention Research and Education; or by contacting Research & Education by email at rep@frs.state.fl.us, or by phone at (850) 488-5706.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

Funding Policy

Florida Retirement System

The Authority is required by Florida Statute to contribute monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level-percentage-of-payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, as a result of future plan benefit changes, assumption changes, or methodology changes it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount. The Senate Bill 2100 enacted in July 2011 created a 3% mandatory pre-tax employee contribution, as well as, a reduction in contribution rates for the employer.

The following table shows the required contributions for the different classes of employee participants:

Year		Special risks participants	Deferred retirement option participants	Senior management participants	Regular participants
07/01/2013- 06/30/2014	Employer	19.06%	12.84%	18.31%	6.95%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	22.06%	12.84%	21.31%	9.95%
07/01/2012 - 06/30/2013	Employer	14.90%	5.44%	6.30%	5.18%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	17.90%	5.44%	9.30%	8.18%
07/01/2011 - 06/30/2012	Employer	14.10%	4.42%	6.27%	4.91%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	17.10%	4.42%	9.27%	7.91%

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

Contributions made to the FRS were equal to the required amount, as of September 30, are as follows:

	2013	2012	2011
	<i>(dollar amounts in thousands)</i>		
Employer	\$ 1,144	\$ 925	\$ 1,662
Employee	423	408	110
Total	<u>\$ 1,567</u>	<u>\$ 1,333</u>	<u>\$ 1,772</u>

8. Deferred Compensation Plans

The Authority offers its employees a deferred compensation plan (the 457 Plan) created in accordance with IRS Code Section 457. The 457 Plan, which is available to all full-time employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the 457 Plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participant.

All 457 Plan assets are held by trustees for the exclusive benefits of participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's statements of net position. The fair value of the 457 Plan's investments were \$6.30 million and \$5.30 million respectively, as of September 30, 2013 and 2012.

The Authority also offers its employees a deferred compensation plan (the 401(a) Plan), created in accordance with the IRS Code Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 401(a) Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. The fair value of the 401(a) Plan's investments were \$2.22 million and \$1.92 million respectively, as of September 30, 2013 and 2012.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits

Plan Description

The Authority provides medical, pharmacy, dental, vision and life insurance benefits for eligible retirees and their dependents under a single-employer defined benefit healthcare plan administered by the Authority. An employee is eligible to receive benefits from the plan upon retirement under FRS plan provisions. To be eligible for retiree benefits, the employee must be covered under the medical plan as an active participant immediately prior to retirement. Participants who are not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Retirees opting to participate are asked to pay a premium amount that is equal to the cost to provide insurance coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an “implicit rate subsidy” by the Authority, which gives rise to the benefit.

Retiree and spousal coverage is provided for the lifetime of the participants. However, benefits are valued as payable only until age 65, as the option of enrolling in Medicare is a much more attractive option at a lower cost.

The Authority is required to value their postretirement health and other benefits biennially. The most recent actuarial valuation date was fiscal year ended September 30, 2012. The Authority implemented GASB Statement 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, in fiscal year 2008, for certain postemployment healthcare benefits provided by the Authority. Due to the small amounts involved, vision benefits are not included in the valuation. Life insurance benefits are provided on a fully insured basis and are provided by unsubsidized retiree contributions. As such, life insurance benefits are not included in the valuation.

Funding Policy

The contribution requirements of plan members and the Authority are established by the Authority. The required contribution is based on a projected pay-as-you-go financing requirement. The Authority has not established an OPEB trust fund to accumulate assets to fund Plan obligations and has no statutory or contractual obligation to fund the Plan. Plan members are required to pay 100% of the premium for the plans selected. Monthly premium amounts vary depending on the plans selected and choice of coverage for employee only or employee plus spouse.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

The Authority's OPEB cost is calculated based on the annual required contribution of the employer, (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability, or funding excess, over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the fiscal years 2013 and 2012, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation. The liability of \$2.13 and \$1.70 million is recorded as a long-term liability on the statements of net position for fiscal years 2013 and 2012, respectively.

	<u>2013</u>	<u>2012</u>
	<i>(dollar amounts in thousands)</i>	
Determination of Annual Required Contribution		
Normal cost at year end	\$ 308	\$ 296
Amortization of UAAL	193	172
Annual required contribution (ARC)	<u>\$ 501</u>	<u>\$ 468</u>
Determination of net OPEB obligation		
Annual required contribution	\$ 501	\$ 468
Interest on prior year net OPEB obligation	68	52
Adjustment to ARC	(75)	(75)
Annual OPEB cost	<u>\$ 494</u>	<u>\$ 445</u>
Contributions made*	58	45
Increase in net OPEB obligation	<u>\$ 436</u>	<u>\$ 400</u>
Net OPEB obligation - beginning of year	<u>1,697</u>	<u>1,297</u>
Net OPEB obligation - end of year	<u>\$ 2,133</u>	<u>\$ 1,697</u>

*Assuming no additional funding, employer contributions will be equal to the net expected employer benefit payments (gross benefit cost offset by the retiree's contributions) during the 2012-2013 and 2011-2012 fiscal year. GASB 45 defines contributions for this purpose to be actual benefit payments during the year plus contributions, if any, made to a separate, irrevocable trust.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

The following table shows the annual OPEB cost and net OPEB obligation at September 30, 2013, 2012 and 2011.

Fiscal Year Ended	Annual OPEB Cost	Authority Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<i>(dollar amounts in thousands)</i>				
9/30/2013	\$ 494	\$ 58	11.73%	\$ 2,133
9/30/2012	445	45	10.14%	1,697
9/30/2011	378	72	19.10%	1,297

Funded Status and Funding Progress

As of September 30, 2013 and September 30, 2012 the plan was not funded. The actuarial accrued liability (AAL) for benefits was \$3.72 and \$2.97 million for 2013 and 2012, respectively. The actuarial value of assets for both 2013 and 2012 was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.72 and \$2.97 million in 2013 and 2012. For fiscal years 2013 and 2012 the covered payroll (annual payroll of active employees covered by the plan) was \$14.79 and \$14.01 million, respectively. The ratio of the UAAL to the covered payroll was 25.13% for 2013 and 21.18% for 2012.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents the most recent actuarial valuation date of September 30, 2013 and September 30, 2012 relating to the actuarial accrued liability.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with long-term perspective of the calculations.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

The fiscal year 2013 and 2012 actuarial valuations were computed using the projected unit credit actuarial cost method, which consists of the following components: (1) the normal cost is the actuarial present value of benefits allocated to the valuation year (with the allocation period being from date of hire to date of retirement); (2) the actuarial liability is the actuarial present value of benefits accrued as of the valuation date; (3) the amortization of the actuarial liability is a level dollar amount over a closed period of 30 years; (4) valuation assets are equal to the market value of assets as of the valuation date, if any; and (5) unfunded actuarial liability is the difference between the actuarial liability and the valuation assets. Since the plan is unfunded there is no assumption of investment return. The actuarial liability is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. The Authority elected the unit credit actuarial cost method because it is generally easy to understand and is widely used for the valuation of postemployment benefits other than pensions. Other methods used do not change the ultimate liability, but do allocate it differently between what has been earned in the past and what will be earned in the future.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. The Authority used demographic assumptions provided by the pension actuary for the Florida Retirement System under which employees are covered.

The September 30, 2013 and 2012 cost and liabilities were determined using the following assumptions: (1) discount rate of 4.0% per annum, compounded annually; (2) pre-retirement mortality rates and post-retirement mortality rates were based on the sex-distinct RP-2000 generational mortality table; (3) assumptions regarding withdrawal rates, retirement rates, disability, marriage assumptions, participation levels and retiree claim costs can be found in the detailed actuarial valuation report; (4) assumed medical care cost trend rates of 7.90% and 7.90%, for fiscal year 2013 and 2012. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend, resulting in an ultimate rate of 4.7% for fiscal year 2013 assumptions and 4.7% for fiscal year 2012 assumptions; (5) as the plan is unfunded, no assumptions have been made regarding investment returns; (6) the plan is not related to salaries, therefore no assumptions have been made regarding projected salary increases.

The Authority does not have a separate audited GAAP-basis postemployment benefit plan report available for the defined benefit plan. The Authority does have an Actuarial Valuation of Postretirement Benefits under GASB 45 report. For additional information about this report, or if you need additional information, please contact Chief Financial Officer, 14201 Pecan Park Road, Jacksonville, FL 32218.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness

A summary of changes to long-term indebtedness follows:

	2012			2013		Due Within
	Balance	Increases	Decreases	Balance		One Year
	<i>(dollar amounts in thousands)</i>					
Revenue bonds	\$ 111,950	\$ -	\$ 56,065	\$ 55,885	\$	2,620
Revenue refunding bonds	37,055	-	37,055	-	-	-
Revenue notes	34,855	68,465	2,170	101,150		3,770
Total	183,860	68,465	95,290	157,035	\$	6,390
Less amounts due within one year	(10,220)			(6,390)		
Total long term portion	173,640			150,645		
Unamortized deferred loss on bond refunding	(6,759)	4,140	(6,636)	(4,264)		
Unamortized bond discount	(43)	-	(43)	-		
Unamortized bond premium	4,089	-	3,111	978		
Total long term bonds and notes payable	\$ 170,927	\$ 72,605	\$ 91,722	\$ 147,359		

	October 1, 2011			September 30, 2012		Amounts
	Balance	Increases	Decreases	Balance		Due Within
	<i>(dollar amounts in thousands)</i>					
Revenue bonds	\$ 121,095	\$ -	\$ 9,145	\$ 111,950	\$	2,440
Revenue refunding bonds	42,430	-	5,375	37,055		5,610
Revenue note	36,955	-	2,100	34,855		2,170
Total	200,480	-	16,620	183,860	\$	10,220
Less amounts due within one year	(9,775)			(10,220)		
Total long term portion	190,705			173,640		
Unamortized deferred loss on bond refunding	(7,622)	-	(863)	(6,759)		
Unamortized bond discount	(46)	-	(3)	(43)		
Unamortized bond premium	4,597	-	508	4,089		
Total long term bonds and notes payable	\$ 187,634	\$ -	\$ 16,262	\$ 170,927		

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2003 Airport Revenue Refunding Bonds, Series A-1 & A-2

In 2003, the Authority issued \$75.07 million of airport revenue refunding bonds, with interest rates ranging from 2.0% to 5.25%, and principal maturing in varying amounts through October 1, 2017. The proceeds of the Series 2003 A-1 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1993, fund the reserve requirement for the bonds and pay the cost of issuance of the bonds. The proceeds of the Series 2003 A-2 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1998, fund the reserve requirement of the bonds and pay the cost of issuance of the bonds. The 2003 A-1 and A-2 bonds are insured by Financial Guaranty insurance Company. The 2003 A-1 and A-2 bonds were assigned an underlying rating “A” by S&P and “A” by Fitch.

On July 10, 2013 the Authority defeased the remaining balance on the 2003 A-1 and A-2 bonds, in the principal amounts of \$8.49 and \$17.09 million and interest amounts of \$242.17 and \$530.94 thousand respectively. Proceeds to pay off the bonds came from the 2013 revenue notes A-1 and A-2 and Authority funds. The defeasance resulted in a net present value savings of over \$810 thousand on the 2003 A-1 bond and \$1.65 million on the 2003 A-2 bond.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2006 Airport Revenue Bonds

On October 11, 2006, revenue bonds Series 2006 (AMT) were issued in the amount \$129.19 million. They were issued in fully registered form in initial denominations of \$5,000 or any integral multiple thereof at a fixed rate of interest between 4.4% and 5%. The purpose of the 2006 bonds are for financing the costs of acquisition, construction and installation of capital improvements to JIA, paying the cost of a municipal bond insurance policy, funding a portion of the reserve requirement and paying issuance costs.

Concurrently with the issuance of the 2006 bonds, Ambac Assurance Company issued its municipal bond insurance policy for the 2006 bonds. The policy guarantees the scheduled principal payment and interest on the 2006 bonds when due.

Moody's, S&P and Fitch have assigned underlying ratings of "A2", "A" and "A", respectively, to the 2006 bonds.

On December 4, 2012 the Authority defeased series 2031, 2033 and 2036 of the 2006 Airport Revenue Bond. Principal and interest defeased were \$53.63 million and \$622 thousand, respectively. Original maturity date of October 2036 was shortened due to the refinancing of the bond. This refunding resulted in a present value economic gain of \$24.15 million on the 2006 Airport Revenue bonds. The new maturity date is October of 2027.

Maturities of the long-term outstanding 2006 revenue bond issuance will require the following principal and interest payments based on the amounts outstanding at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2014	\$ 2,620	\$ 2,688	\$ 5,308
2015	2,735	2,554	5,289
2016	2,910	2,413	5,323
2017	3,070	2,264	5,334
2018	4,045	2,106	6,152
2019 - 2023	23,115	6,758	29,873
2024 - 2027	17,390	1,792	19,182
Total	\$ 55,885	\$ 20,575	\$ 76,460

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2008 Compass Note

On April 1, 2008 a note was issued from Compass Bank (Compass) in the amount of \$41.49 million. The purpose of the note was to refund the 2005 airport revenue refunding bonds, pay a portion of the 2005 swap termination fee and pay issue costs. The note has a variable interest rate of 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The annual interest rate at September 30, 2013 was .762%.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2014	\$ 2,245	\$ 1,077	\$ 3,322
2015	2,325	999	3,324
2016	2,405	918	3,323
2017	2,485	835	3,320
2018	2,570	749	3,319
2019 - 2023	14,245	2,341	16,586
2024 - 2025	6,410	221	6,631
Total	\$ 32,685	\$ 7,140	\$ 39,825

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2012 Revenue Refunding Note

On December 4, 2012 a revenue refunded note was issued from TD bank, National Association in the amount of \$48.47 million. The purpose of the note was a partial refunding of the 2006 bonds, series 2031, 2033 and 2036. The Authority refunded a portion of the bonds in order to take advantage of favorable interest rates and reduce interest expense. This refunding resulted in a present value economic gain of \$24.15 million. The note has a fixed interest rate of 1.73%. The Authority paid \$167 thousand of issuance cost for the 2012 revenue refunding note.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2014	\$ 1,525	\$ 825	\$ 2,350
2015	1,525	798	2,323
2016	1,525	771	2,296
2017	1,525	746	2,271
2018	1,525	721	2,246
2019 - 2023	40,840	2,917	43,757
Total	<u>\$ 48,465</u>	<u>\$ 6,778</u>	<u>\$ 55,243</u>

2013 Revenue Refunding Note

On July 10, 2013 a revenue refunding note was issued from Sabadell United Bank, N.A. (Sabadell) in the amount of \$20.00 million. The purpose of the note was to refund the 2003 A-1 and A-2 bonds. The note has a fixed rate of .85%. The net proceeds of \$20.00 million, plus an additional \$6.22 million, for a total of \$26.22 million, were deposited in an irrevocable escrow account to provide for the full defeasance of the 2003 A-1 and A-2 revenue bonds. The result was an in-substance defeasance of the 2003 A-1 and A-2 bonds. The outstanding balances on September 30, 2013 for the 2003 A-1 and A-2 were principal amounts of \$8.49 and \$17.09 million and interest amounts of \$242.17 and \$530.94 thousand, respectively.

The Authority refunded the 2003 A-1 and A-2 bonds in order to take advantage of favorable interest rates and reduce interest expense. This refunding resulted in a present value economic gain of \$810 thousand on 2003 A-1 bond and \$1.65 million on 2003 A-2 bond.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2013 Revenue Refunding Note

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2014	\$ -	\$ 123	\$ 123
2015	5,180	148	5,328
2016	5,180	104	5,284
2017	5,065	61	5,126
2018	4,575	19	4,594
Total	<u>\$ 20,000</u>	<u>\$ 455</u>	<u>\$ 20,455</u>

Annual Requirements

Annual requirements to repay all outstanding long-term debt as of September 30, 2013 are as follows:

Year Ending September 30,	2006 Revenue Bonds	2008 Note	2012 Revenue Refunding Note	2013 Revenue Refunding Note	Total Principal and Interest	Total Principal	Total Interest
	<i>(dollar amounts in thousands)</i>						
2014	\$ 5,308	\$ 3,322	\$ 2,350	\$ 123	\$ 11,103	\$ 6,390	\$ 4,713
2015	5,289	3,324	2,323	5,328	16,264	11,765	4,499
2016	5,323	3,323	2,296	5,284	16,226	12,020	4,206
2017	5,334	3,320	2,271	5,126	16,051	12,145	3,906
2018	6,151	3,319	2,246	4,594	16,310	12,715	3,595
2019 - 2023	29,873	16,586	43,757	-	90,216	78,200	12,016
2024 - 2028	19,182	6,631	-	-	25,813	23,800	2,013
	<u>\$ 76,460</u>	<u>\$ 39,825</u>	<u>\$ 55,243</u>	<u>\$ 20,455</u>	<u>\$ 191,983</u>	<u>\$ 157,035</u>	<u>\$ 34,948</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

Interest Rate Swap Agreement between Compass Bank and the Jacksonville Aviation Authority

On March 18, 2008 the Authority entered into an interest rate swap with Compass as part of a refunding of the Authority's outstanding series 2005 revenue refunding bonds and issuance of the 2008 Compass note. The objective of the swap is to synthetically create a fixed-rate debt.

The executed transactions consisted of a new \$41.49 million floating-to-fixed "matched rate" swap effective April 1, 2008 whereby the Authority pays to Compass a fixed rate of 3.4116% and received from Compass 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The fixed rate interest paid and the interest received from Compass are recorded in interest expense on the statements of revenues, expenses and changes in net position. The swap's notional amount of \$41.49 million matches the \$41.49 million Compass note. The note and the related swap agreement mature on October 1, 2024.

The Authority received no upfront fees related to the swap transaction executed on March 18, 2008. As per the terms of the swap, on behalf of the Authority, an advisory fee of approximately \$25 thousand was paid by the Authority to the Financial Advisor, Public Financial Management. This fee was contingent upon completion of the swap transaction.

As of September 30, 2013 and 2012 the fair value of the swap was (\$2.62) million and (\$4.21) million respectively, which represent the amount the Authority would pay to exit the swap transaction as of that date based on prevailing interest rates.

The fair value of the interest rate swap agreement and related hedging instrument is reported in the long-term debt section of the statements of net position. The Authority adopted GASB Statement No. 53, therefore, for effective hedging instruments; hedge accounting is applied where fair market value changes are recorded on the statements of net position as either a deferred outflow or a deferred inflow.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

The terms of the floating to fixed rate swap agreement outstanding at September 30, 2013, are as follows:

Effective date	4/1/2008
Maturity date	10/1/2024
Swap fixed rate	3.4116% (monthly, Act/360)
Swap variable rate	65%*1-Mo LIBOR (monthly, Act/360)
Margin	64.35 basis points (0.6435%)
Counterparty	Compass

The following table includes fiscal year 2013 and 2012 summary information for the Authority's effective cash flow hedge related to the outstanding floating to fixed interest swap agreement.

2008 Compass Note	Changes in Fair Value		Fair Market Value		Notional Amount Outstanding
	Classification	Amount	Classification	Amount	
September 30, 2013	Deferred outflow of resources	\$ 2,617	Derivative instrument - swap	\$ (2,617)	\$ 32,685
September 30, 2012	Deferred outflow of resources	\$ 4,210	Derivative instrument - swap	\$ (4,210)	\$ 34,855

(dollar amounts in thousands)

Fair value amounts were calculated using market rates as of September 30, 2013 and 2012, respectively, and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2013 and 2012, the weighted average rates of interest for floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2013	2012
	<i>(dollar amounts in thousands)</i>	
65% of LIBOR Index:		
Notional amount outstanding	\$ 32,685	\$ 34,855
Variable rate received (weighted average)	0.76%	0.79%
Fixed rate paid (weighted average)	3.4116%	3.4116%

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

Risks

Credit Risk:

As of September 30, 2013 the Authority is not exposed to credit risk or the risk of economic loss due to a counterparty default on its outstanding swap because the swap had a negative fair value. However, should the interest rates change and the fair values of the swap become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value. Moody's, S&P and Fitch have assigned ratings of Baa2, BBB and BBB, respectively, to Compass. The swap agreement contains varying collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

Interest Rate Risk:

The Authority has no interest rate risk associated with the outstanding swap that would adversely affect the Authority's cash flow, since interest paid and received on the swap are based on the same index. The Authority is exposed to interest rate risk as it relates to the fair value of the swap in the event of termination.

Basis Risk:

The Authority has no basis risk associated with the outstanding swap. The interest rate for the swap interest expense is based on the same index as the interest received from the swap, 65% of the one monthly LIBOR rate plus .6435 basis points.

Termination Risk:

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. As of September 30, 2013 the swap termination fee had a negative fair value, therefore the Authority would incur additional expenses relating to termination.

Market Access Risk:

The Authority is exposed to market access risk due to recent market disruptions in the municipal bond market that could inhibit the issuing of bonds and relating hedging instruments.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

Swap Payments and Associated Debt

Using rates as of September 30, 2013, the following table summarizes the anticipated net cash flows of the debt service requirements of the Compass note and net swap payments, assuming current interest rates remain the same. As rates vary, bond interest payments and swap payments will vary.

Year Ending September 30,	Principal	Interest	Swap, Net	Total
	<i>(dollar amounts in thousands)</i>			
2014	\$ 2,245	\$ 241	\$ 836	\$ 3,322
2015	2,325	223	\$ 776	3,324
2016	2,405	205	\$ 713	3,323
2017	2,485	186	\$ 650	3,321
2018	2,570	167	\$ 582	3,319
2019 - 2023	14,245	522	\$ 1,821	16,588
2024 - 2025	6,410	49	\$ 172	6,631
Total	\$ 32,685	\$ 1,593	\$ 5,550	\$ 39,828

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Airline Lease and Use Agreements

The Airline Agreements provide for the lease to signatory airlines of exclusive use of certain premises, non-exclusive use of certain public use premises in the terminal and in the ramp area and non-exclusive use of the landing area at JIA. During fiscal year 2012 the Authority operated under an Airline Lease and Use Agreement that had a 5 year term and an expiration date of September 2012. During fiscal year 2013 the Authority operated under a new agreement that was executed by the Airlines effective October 1. This is a five year agreement that terminates on September 30, 2017.

For the purposes of accounting for costs, expenses and revenues and establishing signatory airline rentals, fees and charges, both the airline agreements provide for dividing the airport system into separate cost centers. Certain cost centers are designated direct cost centers and other are designated indirect cost centers. The indirect cost centers are used to accumulate indirect costs which are then allocated to the direct cost centers. Two direct cost centers, the terminal and the airfield are included in the establishment of rentals, fees and charges for signatory airlines. The remaining cost centers (excluded cost centers) of the airport system are ground transportation, non-aviation, JAX Executive at Craig Airport, Herlong Airport, aviation and Cecil Airport. The signatory airlines have no responsibility under the airline agreements for the payments of any costs incurred by the Authority and attributable to the excluded cost centers.

Both the airline agreements provide that the aggregate of rentals, fees and charges of all signatory airlines will be sufficient to pay for the net costs attributable to the airfield. In both agreements the airfield is a residual agreement. Under the 2012 agreement approximately 90% of the net costs attributable to the airfield are allocated among the signatory airlines on the basis of landed weight of aircraft and paid as landing fees. The net costs of the ramp area are deemed to be approximately 10% of the net costs attributable to the airfield and are allocated among the signatory airlines on the basis of linear footage of aircraft parking positions and paid as aircraft parking position fees. The 2013 agreement eliminated the aircraft parking position fees; consequently 100% of the net costs attributable to the airfield are allocated among the signatory airlines on the basis of landed weight of aircraft and are paid as landing fees.

In fiscal year 2012 the Authority operated under a compensatory agreement as it related to the terminal. A compensatory agreement provides that the a percentage of the terminal space derived by dividing the aggregate number of square feet of rentable space in the terminal rented to signatory airlines as exclusive use premises and joint use premises by the total aggregate number of square feet of rentable space in the terminal. This accounts for approximately 60% of all costs relating to the terminal.

The new agreement in fiscal year 2013 changed the terminal to a residual agreement. Under the residual method the Airlines agree to pay the cost of running the terminal that are not allocated to other airport users or covered by nonairline sources of revenue. The cost less the revenue associated with the terminal is divided by the airline terminal leased square footage to determine the average rental rate. The residual method guaranteed the Authority will break even on the terminal cost center.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Airline Lease and Use Agreements (continued)

Under both the compensatory and residual method the costs include the satisfaction of all the Authority's obligations to make deposits and payments under the bond resolution which are properly attributable to such areas.

During fiscal year 2012 the Authority was obligated under the airline agreement to make transfers for 40% of the prior fiscal year's portion of any excess net operating revenues plus the required transfer for the prior fiscal year over payments necessary to establish and maintain the operation and maintenance reserve requirement, capital charges, capital charge coverage attributable to terminal equipment and any required deposits to the reserve funds for such fiscal year. The final year of the agreement, fiscal year 2012, required that the transfer to the airlines be paid to them directly rather than reducing the rentals of the next fiscal year as has been done in the past.

The agreement in effect for fiscal year 2013 eliminated the requirement for a 40% transfer of excess net operating revenues, and replaced it with an annual guaranteed transfer to the signatory airlines of \$11.28 million for each year of the agreement. This transfer is distributed to the airlines based on individual airline's percentage of enplanements over total enplanements.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

12. Airport Tenant Agreements

The Authority has entered into concession agreements with tenants for the use of certain airport facilities including, but not limited to, ready/return rental car parking areas, buildings, terminals, customer service areas, advertising, food and beverage, retail, and on-airport rental cars. Normally, the terms of the agreement include a fixed minimum annual guarantee (MAG) payment to the airport as well as additional contingent payments based on the tenants' annual sales volume of business. Revenues exceeded the MAG amounts due in 2013 of \$13.67 million by \$2.05 million. Some of the agreements provide for a periodic review and re-determination of the payment amounts.

Minimum future rental income for each of the next five years and thereafter, excluding contingent amounts on non-cancelable operating leases at September 30, 2013, is as follows:

Year	<i>(in thousands)</i>
2014	\$ 14,805
2015	12,790
2016	12,227
2017	11,368
2018	9,902
2019 - 2023	21,688
2024 - 2028	11,849
2029 - 2033	11,447
2034 - Thereafter	15,050
	\$ 121,126

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

13. Capital Contributions

The Authority receives, on a reimbursement basis, grants from the State of Florida and the U.S. Government for certain capital construction projects through the Airline Improvement Program. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. This program is subject to federal and state audit. Total federal and state grant work performed was \$11.99 million and \$8.35 million respectively, for the years ended September 30, 2013 and 2012. The Authority estimates that no material disallowances will result from such audits.

The Authority received federal and state grants for the capital programs for the years ended September 30, 2013 and 2012 as summarized in the table below.

	2013	2012
Capital programs:	<i>(dollar amounts in thousands)</i>	
State grants for construction	\$ 4,456	\$ 2,469
Federal grants for construction	7,052	4,819
TSA grants for construction	359	-
Other contributions for construction	122	1,059
	\$ 11,989	\$ 8,347

The Authority receives federal and state grants in support of its capital construction program. The federal program provides funding for airport development, airport planning and other eligible programs for the airports and airways trust funds in the form of entitlement and discretionary grants for eligible projects. The State also provided discretionary funds for capital programs. Funds approval and payment are contingent upon annual legislative appropriation.

Grants for capital asset acquisition, facility development, rehabilitation of facilities and long-term planning are reported in the statements of revenues, expense and changes in net position as capital contributions.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

14. Operating Grants

The Authority received TSA funds for the operating programs for years ended September 30, 2013 and 2012 as summarized in the tables below

	Year ended September 30	
	2013	2012
Operating programs:	<i>(dollar amounts in thousands)</i>	
TSA K-9 & Federal programs	\$ 392	\$ 243

The TSA K-9 program funds are awarded based on expenses of training, caring for and working with the explosive device detection dogs.

Grants for operating programs for the year ended September 30, 2013 and 2012 are reported in the statements of revenues, expenses and changes in net position as non-operating revenue.

15. Payments to City of Jacksonville

During fiscal years 2013 and 2012, the Authority paid approximately \$4.29 million and \$2.50 million to the City for expenses relating to legal, insurance, firefighting and miscellaneous services. Fiscal Year 2012 included larger refunds for General Liability and Worker's Compensation insurance than in fiscal year 2013.

16. Commitments and Contingencies

Terminal and Capital Improvement Program

As of September 30, 2013 and 2012, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$20.35 million and \$18.95 million of which an estimated \$2.24 million and \$6.90 million is eligible for partial reimbursement, respectively, for both the FAA and the State of Florida. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

Concentration of Credit Risk

The Authority leases facilities to the airlines under certain leases and/or use agreements and to other businesses under agreements to operate concessions with the airport system. Amounts due from airlines represent approximately 71.68% and 61.02% of accounts receivable for 2013 and 2012, respectively. Airline operating revenues represent approximately 32.67 and 27.71% of total operating revenues for 2013 and 2012, respectively.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

16. Commitments and Contingencies (continued)

Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government or agency. An independent audit of these programs has been performed for the year ended September 30, 2012 in compliance with the Single Audit Act of 1984 and OMB Circular A-133 and is currently being conducted for the year ended September 30, 2013. The amount, if any, of expenditures which may be disallowed by the granting government or agency is expected to be immaterial.

Litigation

The Authority is a defendant in three minor lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's attorney the resolution of these matters will not have a material adverse effect on the financial position of the Authority.

17. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees, and natural disasters. The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability, and workers' compensation coverage. The Authority's expense is the premium charge by the City's self-insurance plan. The Authority has excess coverage for individual workers' compensation claims above \$1.20 million.

Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis depending on the claims experience of the Authority and other participants in the City's self-insurance programs. The Authority's workers' compensation expense is the premium charged by the City's self-insurance plan. Premium expense in 2013 amounted to \$9.38 thousand which included a credit refund of \$153 thousand for excess premiums for the prior year. In 2012 the premium was \$143.84 thousand which included a credit refund of \$45 thousand excess premiums from the prior year.

The Authority's property insurance premium expenses amounted to \$793.64 thousand and \$749.08 thousand for the years ended September 30, 2013 and 2012, respectively. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$51.05 thousand and \$38.08 thousand for the years ended September 30, 2013 and 2012.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

17. Risk Management (continued)

As a part of the Authority's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. During the last three years the amounts of settlements did not exceed the insurance coverage. In addition, all tenants and businesses accessing the airport system are required to have commercial insurance coverage naming the Authority as additional insured.

Jacksonville Aviation Authority
 Required Supplementary Information
 September 30, 2013

Schedule of Funding Progress - Postretirement Healthcare Benefits

Valuation Date	AAL	Actuarial Value of Assets	UAAL	Percent Funded	Annual Covered Payroll	UAAL as a Percent of Payroll
<i>(dollar amounts in thousands)</i>						
9/30/2013	\$ 3,718	\$ -	\$ 3,718	0.00%	\$ 14,794	25.13%
9/30/2012	\$ 2,967	\$ -	\$ 2,967	0.00%	\$ 14,008	21.18%
9/30/2011	\$ 2,735	\$ -	\$ 2,735	0.00%	\$ 13,251	20.64%
9/30/2010	\$ 2,471	\$ -	\$ 2,471	0.00%	\$ 12,127	20.38%

Actuarial liability determined under the projected unit credit cost method

AAL - Actuarial accrued liability

UAAL - Unfunded actuarial accrued liability

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Statistical

Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2013
of the Jacksonville Aviation Authority
Jacksonville, Florida

Jacksonville Aviation Authority

The objectives of the Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the Authority's economic condition.

Statistical information is presented in the following five categories:

Financial Trend Information

Assists users in understanding and assessing how the Authority's financial position has changed over time.

Revenue Capacity Information

Assists users in understanding and assessing the factors affecting the Authority's ability to generate its own source revenue.

Debt Capacity Information

Assists users in understanding and assessing the Authority's debt burden and its ability to issue additional debt.

Demographic and Economic Information

Assists users in understanding and assessing the Authority's socioeconomic environment within which it operates and to provide information that facilitates comparisons of financial statement information over time among other airports.

Operating Information

Provides contextual information about the Authority's operations and resources to assist readers in using financial statement information to understand and assess the Authority's economic condition.

Jacksonville Aviation Authority
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years
(unaudited)

	2013	2012	2011	2010
	<i>(dollar amounts in thousands)</i>			
Cash flows from operating activities	\$ 31,895	\$ 21,739	\$ 20,621	\$ 20,849
Cash flows from non-capital financing Activities	242	243	201	1,031
Cash flows from capital and related financing Activities	(39,864)	(29,295)	(18,022)	(21,141)
Cash flows from investing activities	<u>10,588</u>	<u>(1,786)</u>	<u>5,727</u>	<u>(16,776)</u>
Net change in cash and cash equivalents	2,861	(9,099)	8,527	(16,037)
Cash and equivalents, beginning of year	<u>33,346</u>	<u>42,445</u>	<u>33,918</u>	<u>49,955</u>
Cash and equivalents, end of year	<u><u>\$ 36,207</u></u>	<u><u>\$ 33,346</u></u>	<u><u>\$ 42,445</u></u>	<u><u>\$ 33,918</u></u>
Non-cash investing, capital and financing activities				
Changes in FMV of Investments	<u>\$ (404)</u>	<u>\$ (156)</u>	<u>\$ (254)</u>	<u>\$ 41</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ (84)</u>

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2004-2005) unaudited financial statements

Jacksonville Aviation Authority
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years
(unaudited)

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
		<i>(dollar amounts in thousands)</i>			
\$ 13,512	\$ 22,561	\$ 29,600	\$ 18,795	\$ 23,375	\$ 19,167
276	256	(9,782)	301	434	204
(32,593)	(82,103)	35,705	(6,638)	(28,870)	20,850
<u>(4,723)</u>	<u>746</u>	<u>11,194</u>	<u>3,536</u>	<u>1,024</u>	<u>(7,742)</u>
(23,528)	(58,540)	66,717	15,994	(4,037)	32,479
<u>73,483</u>	<u>132,023</u>	<u>65,306</u>	<u>49,312</u>	<u>53,349</u>	<u>20,870</u>
<u>\$ 49,955</u>	<u>\$ 73,483</u>	<u>\$132,023</u>	<u>\$ 65,306</u>	<u>\$ 49,312</u>	<u>\$ 53,349</u>
<u>\$ 76</u>	<u>\$ (265)</u>	<u>\$ (243)</u>	<u>\$ (351)</u>	<u>\$ 157</u>	<u>\$ 279</u>
<u>\$ (393)</u>	<u>\$ (1,664)</u>	<u>\$ (230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Jacksonville Aviation Authority
Principal Operating Revenues, Airline Rates and
Charges and Cost Per Enplaned Passenger
Years Ended September 30,
(unaudited)

	2013	2012	2011	2010	2009
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 8,929	\$ 9,041	\$ 9,053	\$ 8,815	\$ 9,252
Food & beverage	1,972	1,808	1,776	1,619	1,618
Retail	1,679	1,771	1,731	1,820	1,752
Fuel flowage fees	547	704	689	622	673
Other concessions	1,234	1,158	885	892	1,128
Total concessions	14,361	14,482	14,134	13,768	14,423
Fees & charges					
Landing fees - signatory	8,836	6,028	5,431	4,357	2,548
Landing fees - non-signatory	25	1,553	1,320	784	709
Passenger screening - signatory	-	1,440	1,408	1,185	1,269
Passenger screening - non-signatory	1	429	399	260	256
Security user fees	1,078	1,005	983	3,415	4,289
Other fees	2,573	2,817	2,944	2,282	2,393
Total Fees & charges	12,513	13,272	12,485	12,283	11,464
Space & facility rentals					
Air cargo building	872	855	849	865	879
Ramp use - signatory	3	874	852	674	510
Ramp use - non-signatory	927	198	136	170	56
Hangar spaces	3,423	2,805	2,726	2,458	2,736
Terminal space rentals - signatory	8,975	2,826	6,200	5,219	6,851
Terminal space rentals -non-signatory	564	696	627	499	571
Other lease rentals	6,714	5,925	5,741	5,833	4,921
Total space & facility rentals	21,478	14,179	17,131	15,718	16,524
Parking					
Economy lots 1, 2 & 3	2,911	2,808	2,793	3,412	3,779
Garages & daily surface lot	13,096	13,016	13,318	11,805	11,964
Other parking	594	347	287	190	243
Total parking	16,601	16,171	16,398	15,406	15,985
Other revenue					
Electric	838	956	966	833	639
Fuel sales	798	843	847	748	681
Gas & oil commissions	-	-	-	-	-
Passenger screening - signatory	-	-	-	-	-
Passenger screen - non-signatory	-	-	-	-	-
Other revenue	283	514	521	523	193
Total other revenues	1,919	2,313	2,334	2,104	1,513
Total operating revenue	<u>\$ 66,872</u>	<u>\$ 60,417</u>	<u>\$ 62,482</u>	<u>\$ 59,279</u>	<u>\$ 59,909</u>
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 2.65	\$ 2.37	\$ 2.06	\$ 1.42	\$ 1.41
Average annual terminal rent (per sq. ft.)	\$ 143.29	\$ 46.52	\$ 39.29	\$ 40.18	\$ 45.21
Enplaned passengers	2,563,570	2,644,059	2,783,809	2,777,807	2,813,208
Cost per enplaned passenger	\$ 6.82	\$ 7.46	\$ 6.46	\$ 5.30	\$ 5.72

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority
Principal Operating Revenues, Airline Rates and
Charges and Cost Per Enplaned Passenger
Years Ended September 30,
(unaudited)

	2008	2007	2006	2005	2004
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 9,456	\$ 9,469	\$ 8,091	\$ 7,826	\$ 7,420
Food & beverage	1,850	1,751	1,486	1,553	1,298
Retail	1,442	1,415	1,095	1,384	1,145
Fuel flowage fees	758	776	725	684	-
Other concessions	1,282	1,329	1,444	1,397	1,406
Total concessions	14,788	14,740	12,841	12,844	11,268
Fees & charges					
Landing fees - signatory	2,310	4,806	4,752	4,338	4,211
Landing fees - non-signatory	471	1,081	943	780	1,827
Passenger screening - signatory	1,416	1,337	1,071	1,312	-
Passenger screening - non-signatory	142	236	244	230	-
Security user fees	4,600	4,693	4,225	4,074	3,046
Other fees	3,178	3,023	2,708	2,889	2,224
Total Fees & charges	12,117	15,176	13,943	13,623	11,308
Space & facility rentals					
Air cargo building	950	931	931	943	977
Ramp use - signatory	798	745	781	652	-
Ramp use - non-signatory	100	53	68	69	-
Hangar spaces	2,230	2,108	1,716	252	-
Terminal space rentals - signatory	3,313	5,493	5,954	6,880	4,421
Terminal space rentals -non-signatory	553	876	955	1,226	2,340
Other lease rentals	4,825	4,486	4,588	6,020	5,169
Total space & facility rentals	12,769	14,692	14,993	16,042	12,907
Parking					
Economy lots 1, 2 & 3	4,238	3,538	3,057	2,865	2,598
Garages & daily surface lot	13,447	13,254	11,461	10,582	8,996
Other parking	271	267	196	159	684
Total parking	17,956	17,058	14,713	13,606	12,278
Other revenue					
Electric	998	890	948	812	-
Fuel sales	499	474	529	353	548
Gas & oil commissions	-	-	-	-	1,426
Passenger screening - signatory	-	-	-	-	1,146
Passenger screen - non-signatory	-	-	-	-	411
Other revenue	219	813	390	521	938
Total other revenues	1,716	2,177	1,867	1,686	4,469
Total operating revenue	<u>\$ 59,346</u>	<u>\$ 63,843</u>	<u>\$ 58,357</u>	<u>\$ 57,801</u>	<u>\$ 52,230</u>
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 1.07	\$ 1.50	\$ 1.46	\$ 1.46	\$ 1.62
Average annual terminal rent (per sq. ft.)	\$ 22.15	\$ 43.41	\$ 54.54	\$ 65.17	\$ 55.25
Enplaned passengers	3,058,006	3,167,664	2,924,527	2,848,830	2,567,586
Cost per enplaned passenger	\$ 5.68	\$ 4.88	\$ 4.93	\$ 5.74	\$ 6.34

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority
Total Revenues, Expenses and Changes in Net Position
Years Ended September 30,
(unaudited)

	2013	2012	2011	2010	2009
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,361	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423
Fees & charges	12,513	13,272	12,485	12,283	11,464
Space & facility rentals	21,478	14,179	17,131	15,718	16,524
Parking	16,601	16,171	16,398	15,406	15,985
Other revenue	1,919	2,313	2,334	2,104	1,513
Total operating revenues	66,872	60,417	62,482	59,279	59,909
Operating expenses:					
Wages & benefits	20,138	19,014	18,390	16,862	16,833
Services & supplies	14,054	13,755	13,355	12,332	11,671
Repairs & maintenance	1,811	1,978	1,981	2,200	2,085
Promotion, advertising & dues	1,409	880	824	486	563
Registration & travel	248	275	202	237	254
Utilities & taxes	5,256	5,425	5,534	5,259	5,973
Other operating expenses	1,661	1,797	1,743	1,549	1,833
Depreciation and amortization	27,812	27,525	30,753	30,394	30,284
Total operating expenses	72,389	70,649	72,782	69,319	69,496
Operating (loss)/income	(5,517)	(10,232)	(10,300)	(10,040)	(9,587)
Nonoperating revenues:					
Passenger facility charges	10,310	10,743	11,195	11,329	11,506
Investment income	659	1,036	981	1,549	2,773
Payments from primary government	31	-	1	1	31
Payments from federal & state agencies	392	243	201	280	245
Contributions from other governments	-	-	-	750	-
Other revenues	1,400	1,180	516	539	-
Total nonoperating revenues	12,792	13,202	12,894	14,448	3,049
Nonoperating expenses:					
Interest expense	7,273	8,874	9,330	9,369	9,652
Contributions to other governments	-	-	-	-	10,000
Other expenses	238	144	166	228	1,463
Total nonoperating expenses	7,511	9,018	9,496	9,597	21,115
Capital contributions	11,989	8,347	9,502	10,011	16,132
Change in net position	\$ 11,753	\$ 2,299	\$ 2,600	\$ 4,822	\$ (11,521)
Net position at end of year:					
Net investment in capital assets of related debt	\$ 381,529	\$ 355,251	\$ 349,691	\$ 352,264	\$ 359,245
Restricted	27,413	39,093	39,875	39,495	34,406
Unrestricted	44,403	47,248	49,727	44,934	38,221
Total net position	\$ 453,345	\$ 441,592	\$ 439,293	\$ 436,693	\$ 431,872

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority
Total Revenues, Expenses and Changes in Net Position
Years Ended September 30,
(unaudited)

	2008	2007	2006	2005	2004
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,788	\$ 14,740	\$ 12,841	\$ 12,844	\$ 11,268
Fees & charges	12,117	15,176	13,943	13,623	11,308
Space & facility rentals	12,769	14,692	14,993	16,042	12,907
Parking	17,956	17,058	14,713	13,606	12,278
Other revenue	1,716	2,177	1,867	1,686	4,469
Total operating revenues	59,346	63,843	58,357	57,801	52,230
Operating expenses:					
Wages & benefits	17,405	16,336	16,840	16,598	14,824
Services & supplies	12,438	12,000	11,641	11,728	12,056
Repairs & maintenance	2,590	2,454	1,979	1,950	2,878
Promotion, advertising & dues	525	448	477	1,260	774
Registration & travel	409	340	377	332	286
Utilities & taxes	4,723	3,571	3,646	3,038	2,088
Other operating expenses	2,788	2,287	2,245	1,658	996
Depreciation and amortization	26,273	23,880	21,922	21,726	19,796
Total operating expenses	67,151	61,316	59,127	58,290	53,698
Operating (loss)/income	(7,805)	2,527	(770)	(489)	(1,468)
Nonoperating revenues:					
Passenger facility charges	12,398	13,130	12,450	12,060	10,668
Investment income	6,037	10,992	5,639	1,784	616
Payments from primary government	8	12	60	79	2
Payments from federal & state agencies	226	206	233	239	136
Contributions from other governments	1,089	697	-	-	-
Other revenues	-	84	9	63	177
Total nonoperating revenues	18,691	24,341	18,391	14,225	11,599
Nonoperating expenses:					
Interest expense	10,226	13,569	8,012	6,989	6,316
Contributions to other governments	-	-	-	340	123
Other expenses	1,888	226	334	185	144
Total nonoperating expenses	12,114	13,795	8,346	7,514	6,583
Capital contributions	20,442	23,600	13,080	17,172	13,050
Change in net position	\$ 19,214	\$ 36,673	\$ 22,355	\$ 23,394	\$ 16,598
Net position at end of year:					
Investments in capital assets of related debt	\$ 358,313	\$ 336,911	\$ 302,987	\$ 289,098	\$ 280,513
Restricted	32,793	38,323	49,805	37,668	28,152
Unrestricted	40,781	37,439	23,208	26,879	21,586
Total net position	\$ 431,887	\$ 412,673	\$ 376,000	\$ 353,645	\$ 330,251

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority
Principal Revenue Payers
Year Ended September 30,
(unaudited)

	2013 Amount	% Of Revenue	2012 Amount	% Of Revenue	2011 Amount	% Of Revenue
	<i>(dollar amounts in thousands)</i>					
Delta Air Lines	\$ 11,451	17.12%	\$ 8,044	13.31%	\$ 7,683	16.03%
Southwest Airlines Co.	9,358	13.99%	6,491	10.74%	5,916	12.34%
US Airways Group, Inc.	6,323	9.46%	4,152	6.87%	4,231	8.83%
American Airlines	4,113	6.15%	2,333	-	2,426	-
Hertz Corporation, The	2,354	3.52%	2,292	3.79%	2,334	4.87%
HMS Host Corporation	2,402	3.59%	2,249	3.72%	1,748	3.65%
Vanguard Car Rental USA Inc.	-	-	2,225	3.68%	2,179	4.55%
JetBlue	2,864	4.28%	2,026	3.35%	-	-
Avis Rent A Car	1,910	2.86%	1,908	3.16%	1,915	3.99%
Paradies Shops	1,668	2.49%	1,767	2.92%	-	-
DTG Operations	1,597	2.39%	-	0.00%	1,621	3.38%
Enterprise Leasing Company	-	-	-	0.00%	1,592	3.32%
Federal Express Corporation	-	-	-	-	-	-
Budget Rent a Car System, Inc	-	-	-	-	-	-
Continental Airlines	-	-	-	-	-	-
Atlantic Coast Airlines	-	-	-	-	-	-
Signature Flight Support Corp	-	-	-	-	-	-
Total Principal Revenue Payers	\$ 44,040	65.86%	\$ 33,487	55.43%	\$ 31,645	50.65%
Total operating revenues	\$ 66,872	100.00%	\$ 60,417	100.00%	\$ 62,482	100.00%

Source: Authority Records

Jacksonville Aviation Authority
Principal Revenue Payers
Year Ended September 30,
(unaudited)

	2010 Amount	% Of Revenue	2009 Amount	% Of Revenue	2008 Amount	% Of Revenue
	<i>(dollar amounts in thousands)</i>					
Delta Air Lines	\$ 3,959	6.68%	\$ 3,489	5.82%	\$ 3,519	5.93%
Southwest Airlines Co.	3,163	5.34%	2,984	4.98%	3,042	5.13%
US Airways Group, Inc.	2,334	3.94%	2,300	3.84%	2,489	4.19%
American Airlines	-	-	-	-	1,158	1.95%
Hertz Corporation, The	2,332	3.93%	2,337	3.90%	2,519	4.24%
HMS Host Corporation	1,933	3.26%	2,027	3.38%	2,197	3.70%
Vanguard Car Rental USA Inc.	2,251	3.80%	2,358	3.94%	2,438	4.11%
JetBlue	-	-	-	-	-	-
Avis Rent A Car	2,000	3.37%	2,247	3.75%	2,347	3.95%
Paradies Shops	1,721	2.90%	1,687	2.82%	1,301	2.19%
DTG Operations	-	-	-	-	-	-
Enterprise Leasing Company	-	-	-	-	-	-
Federal Express Corporation	1,732	2.92%	2,147	3.58%	2,204	3.71%
Budget Rent a Car System, Inc	1,614	2.72%	-	-	1,629	2.74%
Continental Airlines	-	-	1,339	2.24%	1,528	2.57%
Atlantic Coast Airlines	-	-	-	-	-	-
Signature Flight Support Corp	-	-	-	-	757	1.28%
Total Principal Revenue Payers	<u>\$ 23,039</u>	<u>38.87%</u>	<u>\$ 22,915</u>	<u>38.25%</u>	<u>\$ 27,128</u>	<u>45.71%</u>
Total operating revenues	\$ 59,279	100.00%	\$ 59,909	100.00%	\$ 59,346	100.00%

Source: Authority Records

Jacksonville Aviation Authority
Principal Revenue Payers
Year Ended September 30,
(unaudited)

	2007	% Of	2006	% Of	2005	% Of	2004	% Of
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
	<i>(dollar amounts in thousands)</i>							
Delta Air Lines	\$ 3,857	6.04%	\$ 2,737	4.69%	\$ 4,292	7.43%	\$ 3,734	7.15%
Southwest Airlines Co.	3,128	4.90%	2,986	5.12%	2,900	5.02%	3,001	5.74%
US Airways Group, Inc.	2,812	4.40%	2,617	4.49%	2,391	4.14%	2,169	4.15%
American Airlines	-	-	1,330	2.28%	-	-	-	-
Hertz Corporation, The	2,522	3.95%	2,852	4.89%	2,612	4.52%	2,692	5.15%
HMS Host Corporation	2,017	3.16%	1,671	2.86%	1,676	2.90%	1,441	2.76%
Vanguard Car Rental USA Inc.	2,448	3.83%	2,015	3.45%	1,899	3.28%	1,854	3.55%
JetBlue	-	-	-	-	-	-	-	-
Avis Rent A Car	2,368	3.71%	2,093	3.59%	2,160	3.74%	1,979	3.79%
Paradies Shops	-	-	-	-	1,373	2.37%	-	-
DTG Operations	-	-	-	-	-	-	-	-
Enterprise Leasing Company	-	-	-	-	-	-	-	-
Federal Express Corporation	2,259	3.54%	-	-	-	-	-	-
Budget Rent a Car System, Inc	1,573	2.46%	1,291	2.21%	1,323	2.29%	-	-
Continental Airlines	1,752	2.74%	1,607	2.75%	1,716	2.97%	1,448	2.77%
Atlantic Coast Airlines	-	-	-	-	-	-	1,430	2.74%
Signature Flight Support Corp	-	-	-	-	-	-	1,327	2.54%
Total Principal Revenue Payers	\$ 24,736	38.75%	\$ 21,199	36.33%	\$ 22,342	38.65%	\$ 21,075	40.35%
Total operating revenues	\$ 63,843	100.00%	\$ 58,357	100.00%	\$ 57,801	100.00%	\$ 52,230	100.00%

Source: Authority Records

Jacksonville Aviation Authority
Ratio of Annual Bond Debt Service to
Total Expenses Excluding Depreciation
Years Ended September 30,
(unaudited)

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Expenses Other than Depreciation</u>	<u>Ratio of Debt Service to Expenditures</u>
		<i>(dollar amounts in thousands)</i>			
2013	\$ 10,220	\$ 7,273	\$ 17,493	\$ 44,577	39.24
2012	9,775	8,733	18,508	43,124	42.92
2011	9,400	6,528	15,928	32,450	49.08
2010	9,005	9,369	18,374	38,925	47.20
2009	7,335	9,396	16,731	39,212	42.67
2008	7,475	11,911	19,386	40,878	47.42
2007	7,228	13,060	20,288	37,436	54.19
2006	6,021	7,837	13,858	37,205	37.25
2005	7,029	6,906	13,935	36,564	38.11
2004	3,788	6,459	10,247	33,902	30.23

Note 1: The principal amounts reflect the normal debt service requirements for the year.

Source: Authority Records

Jacksonville Aviation Authority
Debt Service Coverage
Last Ten Fiscal Years
(unaudited)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:				
		<i>(dollar amounts in thousands)</i>		
Concessions	\$ 14,361	\$ 14,482	\$ 14,134	\$ 13,768
Fees & charges	12,513	13,272	12,485	12,283
Space & facility rentals	21,478	14,179	17,131	15,718
Parking	16,601	16,171	16,398	15,406
Other revenue	1,919	2,313	2,334	2,104
Interest income	659	1,036	981	1,549
Other, net	-	-	-	-
Transfers – signatory airline agreement	-	3,750	4,667	5,041
Transfers – PFC Series 2006, 2012	<u>6,124</u>	<u>7,175</u>	<u>7,541</u>	<u>7,548</u>
Total revenues and transfers	<u>73,655</u>	<u>72,378</u>	<u>75,671</u>	<u>73,417</u>
Less: Operating and maintenance expenses (excluding depreciation and expenses asso- ciated with payments from other governments)	<u>44,577</u>	<u>43,124</u>	<u>42,029</u>	<u>38,925</u>
Net operating revenues	<u>29,078</u>	<u>29,254</u>	<u>33,642</u>	<u>34,492</u>
Revenue bond service charges for:				
Series 2013 note	38	-	-	-
Series 2012 note (PFC backed)	692	-	-	-
Series 2008 note	3,301	3,302	3,319	3,317
Series 2006 bonds (PFC backed)	5,843	7,673	7,875	7,815
Series 2005 RR bonds	-	-	-	-
Series 2003B-1 bonds (PFC backed)	-	-	-	-
Series 2003B-2 bonds	-	-	-	-
Series 2003A bonds	7,156	7,174	7,182	7,238
Series 2000 bonds	-	-	-	-
Total revenue bond service charges	<u>\$ 17,030</u>	<u>\$ 18,149</u>	<u>\$ 18,376</u>	<u>\$ 18,370</u>
Revenue bond service coverage	1.71	1.61	1.83	1.88
Required bond service coverage	1.25	1.25	1.25	1.25
Total enplanements	<u>2,564</u>	<u>2,644</u>	<u>2,784</u>	<u>2,778</u>
Debt per enplanement	<u>\$ 6.64</u>	<u>\$ 6.86</u>	<u>\$ 6.60</u>	<u>\$ 6.61</u>

Source: Aviation Records

Jacksonville Aviation Authority
Debt Service Coverage
Last Ten Fiscal Years
(*unaudited*)

2009	2008	2007	2006	2005	2004
<i>(dollar amounts in thousands)</i>					
\$ 14,423	\$ 14,788	\$ 14,740	\$ 12,841	\$ 12,844	\$ 11,268
11,464	12,117	15,176	13,943	13,623	11,308
16,524	12,769	14,692	14,993	16,042	12,907
15,985	17,956	17,058	14,713	13,606	12,278
1,513	1,716	2,177	1,867	1,686	4,469
2,773	6,037	10,992	5,639	1,483	779
-	-	-	-	41	33
4,397	8,872	5,984	4,030	2,258	2,143
7,334	7,861	41,264	1,966	2,302	2,210
74,413	82,116	122,083	69,992	63,885	57,395
39,212	40,878	37,436	37,205	36,246	33,764
35,201	41,238	84,647	32,787	27,639	23,631
-	-	-	-	-	-
-	-	-	-	-	-
1,960	1,209	-	-	-	-
7,554	7,861	5,737	-	-	-
-	1,945	4,148	3,228	300	-
-	-	26,561	865	2,283	1,768
-	-	8,966	291	205	88
7,217	7,231	7,262	7,294	7,367	7,410
-	-	192	982	3,455	3,471
<u>\$ 16,731</u>	<u>\$ 18,246</u>	<u>\$ 52,866</u>	<u>\$ 12,660</u>	<u>\$ 13,610</u>	<u>\$ 12,737</u>
2.10	2.26	1.60	2.59	2.03	1.86
1.25	1.25	1.25	1.25	1.25	1.25
2,813	3,058	3,168	2,925	2,849	2,568
<u>\$ 6.14</u>	<u>\$ 5.97</u>	<u>\$ 16.69</u>	<u>\$ 4.33</u>	<u>\$ 4.78</u>	<u>\$ 4.96</u>

Source: Aviation Records

Jacksonville Aviation Authority
Debt Service
As of September 30, 2013
(unaudited)

Bond Year	Date	Fiscal Year	Series 2006 Revenue Bonds			
			Principal	Coupon	Interest	Debt Svs. Yr
2013	10/01/13	2014	2,620,000	5.000%	1,376,900	5,308,300
2014	04/01/14	2014	-		1,311,400	
2014	10/01/14	2015	2,735,000	5.000%	1,311,400	5,289,425
2015	04/01/15	2015	-		1,243,025	
2015	10/01/15	2016	2,910,000	5.000%	1,243,025	5,323,300
2016	04/01/16	2016	-		1,170,275	
2016	10/01/16	2017	3,070,000	5.000%	1,170,275	5,333,800
2017	04/01/17	2017	-		1,093,525	
2017	10/01/17	2018	4,045,000	5.000%	1,093,525	6,151,150
2018	04/01/18	2018	-		1,012,625	
2018	10/01/18	2019	8,810,000	5.000%	1,012,625	10,615,000
2019	04/01/19	2019	-		792,375	
2019	10/01/19	2020	3,320,000	5.000%	792,375	4,821,750
2020	04/01/20	2020	-		709,375	
2020	10/01/20	2021	3,485,000	5.000%	709,375	4,816,625
2021	04/01/21	2021	-		622,250	
2021	10/01/21	2022	3,660,000	5.000%	622,250	4,813,000
2022	04/01/22	2022	-		530,750	
2022	10/01/22	2023	3,840,000	5.000%	530,750	4,805,500
2023	04/01/23	2023	-		434,750	
2023	10/01/23	2024	4,035,000	5.000%	434,750	4,803,625
2024	04/01/24	2024	-		333,875	
2024	10/01/24	2025	4,235,000	5.000%	333,875	4,796,875
2025	04/01/25	2025			228,000	
2025	10/01/25	2026	4,450,000	5.000%	228,000	4,794,750
2026	04/01/26	2026			116,750	
2026	10/01/26	2027	4,670,000	5.000%	116,750	4,786,750
	TOTAL		55,885,000		20,574,850	76,459,850
	Call Feature					
	Purpose		100% New Money			
	Refunding Eligibility					

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority
Debt Service
As of September 30, 2013
(unaudited)

Bond Year	Date	Fiscal Year	2008 swap variable interest income/expense				2008 swap fixed interest expense			
			Principal	Coupon	Interest	Debt Svs. Yr	Principal	Coupon	Interest	Debt Svs. Yr
2013	10/01/13	2014	2,245,000	0.762%	124,530	2,485,506	2,245,000	3.412%	557,606	3,321,913
2014	04/01/14	2014	-		115,976		-		519,306	
2014	10/01/14	2015	2,325,000	0.762%	115,976	2,548,095	2,325,000	3.412%	519,306	3,323,948
2015	04/01/15	2015	-		107,118		-		479,642	
2015	10/01/15	2016	2,405,000	0.762%	107,118	2,610,073	2,405,000	3.412%	479,642	3,323,255
2016	04/01/16	2016	-		97,955		-		438,613	
2016	10/01/16	2017	2,485,000	0.762%	97,955	2,671,442	2,485,000	3.412%	438,613	3,319,831
2017	04/01/17	2017	-		88,487		-		396,219	
2017	10/01/17	2018	2,570,000	0.762%	88,487	2,737,183	2,570,000	3.412%	396,219	3,318,593
2018	04/01/18	2018	-		78,696		-		352,374	
2018	10/01/18	2019	2,660,000	0.762%	78,696	2,807,257	2,660,000	3.412%	352,374	3,319,369
2019	04/01/19	2019	-		68,561		-		306,995	
2019	10/01/19	2020	2,750,000	0.762%	68,561	2,876,644	2,750,000	3.412%	306,995	3,317,074
2020	04/01/20	2020	-		58,083		-		260,080	
2020	10/01/20	2021	2,845,000	0.762%	58,083	2,950,327	2,845,000	3.412%	260,080	3,316,624
2021	04/01/21	2021	-		47,244		-		211,544	
2021	10/01/21	2022	2,945,000	0.762%	47,244	3,028,268	2,945,000	3.412%	211,544	3,317,846
2022	04/01/22	2022	-		36,024		-		161,302	
2022	10/01/22	2023	3,045,000	0.762%	36,024	3,105,446	3,045,000	3.412%	161,302	3,315,657
2023	04/01/23	2023	-		24,422		-		109,355	
2023	10/01/23	2024	3,150,000	0.762%	24,422	3,186,843	3,150,000	3.412%	109,355	3,314,970
2024	04/01/24	2024	-		12,421		-		55,616	
2024	10/01/24	2025	3,260,000	0.762%	12,421	3,272,421	3,260,000	3.412%	55,616	3,315,616
2025	04/01/25	2025	-		-		-		-	
2025	10/01/25	2026	-		-	-	-		-	-
2026	04/01/26	2026	-		-		-		-	
2026	10/01/26	2027	-		-	-	-		-	-
	TOTAL		32,685,000		1,594,504	34,279,504	32,685,000		7,139,695	39,824,695
	Call Feature									
	Purpose		100% New Money				100% New Money			
	Refunding Eligibility									

Jacksonville Aviation Authority
Debt Service
As of September 30, 2013
(unaudited)

Bond Year	Date	Fiscal Year	Series 2012 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2013	10/01/13	2014	1,525,000	1.730%	419,222	
2014	04/01/14	2014	-		406,031	2,350,253
2014	10/01/14	2015	1,525,000	1.730%	406,031	
2015	04/01/15	2015			392,840	2,323,871
2015	10/01/15	2016	1,525,000	1.730%	392,840	
2016	04/01/16	2016			379,649	2,297,489
2016	10/01/16	2017	1,525,000	1.730%	379,649	
2017	04/01/17	2017			366,457	2,271,106
2017	10/01/17	2018	1,525,000	1.730%	366,457	
2018	04/01/18	2018			353,266	2,244,723
2018	10/01/18	2019	1,525,000	1.730%	353,266	
2019	04/01/19	2019			340,075	2,218,341
2019	10/01/19	2020	1,525,000	1.730%	340,075	
2020	04/01/20	2020			326,884	2,191,959
2020	10/01/20	2021	1,525,000	1.730%	326,884	
2021	04/01/21	2021			313,692	2,165,576
2021	10/01/21	2022	1,525,000	1.730%	313,692	
2022	04/01/22	2022			300,501	2,139,193
2022	10/01/22	2023	34,740,000	1.730%	300,501	
2023	04/01/23	2023			-	35,040,501
2023	10/01/23	2024	-		-	
2024	04/01/24	2024			-	-
2024	10/01/24	2025	-		-	
2025	04/01/25	2025			-	-
2025	10/01/25	2026	-		-	
2026	04/01/26	2026			-	-
2026	10/01/26	2027	-		-	
	TOTAL		48,465,000		6,778,012	55,243,012
	Call Feature					
	Purpose		2006 Bond Partial Refinance			
	Refunding Eligibility					

Source: Jacksonville Aviation Authority

*Jacksonville Aviation Authority
Debt Service
As of September 30, 2013
(unaudited)*

Bond Year	Date	Fiscal Year	Series 2013 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2013	10/01/13	2014	-	0.850%	38,250	38,250
2014	04/01/14	2014			85,001	
2014	10/01/14	2015	5,180,000	0.850%	85,001	5,350,002
2015	04/01/15	2015			62,986	
2015	10/01/15	2016	5,180,000	0.850%	62,986	5,305,972
2016	04/01/16	2016			40,971	
2016	10/01/16	2017	5,065,000	0.850%	40,971	5,146,942
2017	04/01/17	2017			19,444	
2017	10/01/17	2018	4,575,000	0.850%	19,444	4,613,888
2018	04/01/18	2018			-	
2018	10/01/18	2019	-		-	-
2019	04/01/19	2019			-	
2019	10/01/19	2020	-		-	-
2020	04/01/20	2020			-	
2020	10/01/20	2021	-		-	-
2021	04/01/21	2021			-	
2021	10/01/21	2022	-		-	-
2022	04/01/22	2022			-	
2022	10/01/22	2023	-		-	-
2023	04/01/23	2023			-	
2023	10/01/23	2024	-		-	-
2024	04/01/24	2024			-	
2024	10/01/24	2025	-		-	-
2025	04/01/25	2025			-	
2025	10/01/25	2026	-		-	-
2026	04/01/26	2026			-	
2026	10/01/26	2027	-		-	-
TOTAL			20,000,000		455,054	20,455,054
Call Feature						
Purpose			Payoff 2003A-1&A-2 Bonds			
Refunding Eligibility						

Source: Jacksonville Aviation Authority

*Jacksonville Aviation Authority
Debt Service
As of September 30, 2013
(unaudited)*

Bond Year	Date	Fiscal Year	TOTAL		
			Principal	Interest	Debt Svs. Yr
2013	10/01/13	2014	6,390,000	2,391,978	
2014	04/01/14	2014	-	2,321,738	11,103,716
2014	10/01/14	2015	11,765,000	2,321,738	
2015	04/01/15	2015	-	2,178,493	16,265,231
2015	10/01/15	2016	12,020,000	2,178,493	
2016	04/01/16	2016	-	2,029,508	16,228,001
2016	10/01/16	2017	12,145,000	2,029,508	
2017	04/01/17	2017	-	1,875,645	16,050,153
2017	10/01/17	2018	12,715,000	1,875,645	
2018	04/01/18	2018	-	1,718,265	16,308,910
2018	10/01/18	2019	12,995,000	1,718,265	
2019	04/01/19	2019	-	1,439,445	16,152,710
2019	10/01/19	2020	7,595,000	1,439,445	
2020	04/01/20	2020	-	1,296,339	10,330,784
2020	10/01/20	2021	7,855,000	1,296,339	
2021	04/01/21	2021	-	1,147,486	10,298,825
2021	10/01/21	2022	8,130,000	1,147,486	
2022	04/01/22	2022	-	992,553	10,270,039
2022	10/01/22	2023	41,625,000	992,553	
2023	04/01/23	2023	-	544,105	43,161,658
2023	10/01/23	2024	7,185,000	544,105	
2024	04/01/24	2024		389,491	8,118,596
2024	10/01/24	2025	7,495,000	389,491	
2025	04/01/25	2025		228,000	8,112,491
2025	10/01/25	2026	4,450,000	228,000	
2026	04/01/26	2026		116,750	4,794,750
2026	10/01/26	2027	4,670,000	116,750	4,786,750
	TOTAL		157,035,000	34,947,614	191,982,614

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority
Top 10 Employers of Jacksonville
(unaudited)

Employer	2013	2012	2011	2010	2009	2008	2007
Naval Air Station Jacksonville	25,240	25,240	25,240	25,245	19,500	22,245	25,245
Duval County Public Schools	14,480	14,480	14,480	14,489	14,489	14,489	14,284
Naval Station Mayport	9,000	9,000	12,670	12,677	15,293	15,293	15,293
City of Jacksonville	8,820	8,820	8,820	8,828	8,828	8,828	8,828
Baptist Health	8,270	8,270	8,270	8,276	5,600	7,000	7,000
Bank of America Merrill Lynch	8,000	8,000	6,400	3,800	-	4,000	-
Florida Blue	6,500	6,500	6,000	6,000	9,000	7,000	7,000
Mayo Clinic	4,970	4,970	4,970	4,978	5,000	5,000	-
Citi	4,200	4,200	5,000	4,863	5,000	4,200	-
J P Morgan Chase	4,200	4,200	-	-	-	-	-
United Parcel Service	-	-	4,100	4,100	-	-	-
CSX	-	-	-	-	-	4,400	-
Winn-Dixie	-	-	-	-	6,200	-	6,200
Publix Distribution Center	-	-	-	-	6,615	-	6,615
Wal-Mart	-	-	-	-	-	-	5,800
State of Florida	-	-	-	-	-	-	7,056
Total	93,680	93,680	95,950	93,256	95,525	92,455	103,321

Each employer's percentage of total employment is unavailable.

*Source: 2013 About.com Jacksonville , 2012 Jacksonville Economic Development, 2011 and 2010 Jacksonville Cornerstone Regional Development Partnership, 2009 Jacksonville Economic Development, 2008 Jacksonville Cornerstone, 2007 and 2006 Data The Florida Times-Union, Largest Employers in Jacksonville Area
Information was not available for the prior 3 years*

Jacksonville Aviation Authority
Demographic and Economic Statistics
Metropolitan Statistical Area of Jacksonville
(unaudited)

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2012	1,377,850	\$ 57,731,463	\$ 41,900	6.0% (1)
2011	1,360,998	55,394,044	40,701	10.6%
2010	1,349,103	53,308,761	39,514	10.6%
2009	1,328,144	52,297,000	39,175	11.7%
2008	1,316,528	53,381,000	40,357	10.1%
2007	1,304,199	48,931,673	40,633	4.3%
2006	1,278,626	47,972,228	37,519	3.3%
2005	1,247,828	42,785,474	34,288	3.8%
2004	1,222,134	40,347,961	33,014	4.6%
2003	1,194,785	37,185,391	31,123	5.0%

(1) Projected amounts from the Bureau of Economic Analysis; US Dept of Labor - Bureau of Labor Statistics

Note: Population for 2012 is estimated.

Sources: Bureau of Economic Analysis: Regional Economic Accounts - Jacksonville, FL
2006 Population Estimate from US Census Bureau

Jacksonville Aviation Authority
Jacksonville, Florida
Jacksonville International Airport
Enplanements
(unaudited)

	Market Share		Market Share	
	2013	2013	2012	2012
DELTA AIR LINES INC	766,754	29.91%	626,376	23.69%
SOUTHWEST AIRLINES CO	652,585	25.46%	594,816	22.50%
US AIRWAYS INC	448,580	17.50%	291,616	11.03%
AMERICAN AIRLINES CORPORATION	251,578	9.81%	153,084	5.79%
UNITED AIRLINES	249,782	9.74%	33,872	1.28%
JETBLUE AIRWAYS CORPORATION	186,118	7.26%	187,189	7.08%
SILVER AIRWAYS CORP	6,119	0.24%	2,927	0.11%
AIR GROUND LOGISTICS INC	2,054	0.08%	4,416	0.17%
AIRTRAN AIRLINES INC	-	0.00%	127,231	4.81%
REPUBLIC AIRLINES INC	-	0.00%	116,842	4.42%
AMERICAN EAGLE AIRLINES	-	0.00%	103,958	3.93%
CONTINENTAL EXPRESS	-	0.00%	92,771	3.51%
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	0.00%	51,446	1.95%
SHUTTLE AMERICA CORPORATION	-	0.00%	35,691	1.35%
PINNACLE AIRLINES	-	0.00%	34,525	1.31%
GOJET AIRLINES	-	0.00%	32,552	1.23%
COMPASS AIRLINES INC	-	0.00%	30,232	1.14%
UNITED EXPRESS	-	0.00%	26,366	1.00%
ATLANTIC SOUTHEAST AIRLINES	-	0.00%	23,425	0.89%
US AIRWAYS EXPRESS MESA	-	0.00%	19,835	0.75%
SHUTTLE AMERICA CORPORATION (UNITED)	-	0.00%	13,033	0.49%
COMAIR INC	-	0.00%	11,532	0.44%
CHAUTAQUA AIRLINES INC	-	0.00%	7,901	0.30%
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	0.00%	6,217	0.24%
CONTINENTAL AIRLINES	-	0.00%	6,048	0.23%
GOJET AIRLINES (DELTA AIRLINES)	-	0.00%	4,035	0.15%
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	0.00%	3,702	0.14%
PSA AIRLINES INC	-	0.00%	1,268	0.05%
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	0.00%	918	0.03%
MESABA AIRLINES	-	0.00%	235	0.01%
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	0.00%	-	0.00%
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	0.00%	-	0.00%
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	0.00%	-	0.00%
AIR TRAN EXPRESS (AIR WISCONSIN)	-	0.00%	-	0.00%
DELTA CONNECTION (ATLANTIC SE)	-	0.00%	-	0.00%
EXPRESS JET	-	0.00%	-	0.00%
FLORIDA GULF (MESA)	-	0.00%	-	0.00%
FRONTIER	-	0.00%	-	0.00%
GULFSTREAM (CONTINENTAL CONN.)	-	0.00%	-	0.00%
INDEPENDENCE AIR	-	0.00%	-	0.00%
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%
MIDWAY AIRLINES (US AIRWAYS)	-	0.00%	-	0.00%
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%
TRANS STATES (AMERICAN)	-	0.00%	-	0.00%
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%
TOTAL ENPLANEMENTS	2,563,570	100.00%	2,644,059	100.00%

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)
FY2013 Note: Under new agreement Signatory Airlines are reporting for their affiliates

Jacksonville Aviation Authority
Jacksonville, Florida
Jacksonville International Airport
Enplanements
(unaudited)

	2011	2010	2009	2008
DELTA AIR LINES INC	609,465	659,530	566,209	563,394
SOUTHWEST AIRLINES CO	629,020	609,766	653,444	624,289
US AIRWAYS INC	355,870	400,453	408,943	460,583
AMERICAN AIRLINES CORPORATION	166,969	163,434	139,687	153,956
UNITED AIRLINES	45,072	53,003	49,205	88,149
JETBLUE AIRWAYS CORPORATION	147,195	118,761	103,559	114,510
SILVER AIRWAYS CORP	-	-	-	-
AIR GROUND LOGISTICS INC	4,543	4,191	3,258	3,792
AIRTRAN AIRLINES INC	146,138	166,504	165,770	182,364
REPUBLIC AIRLINES INC	76,740	49,598	48,834	20,742
AMERICAN EAGLE AIRLINES	118,783	85,634	74,711	123,084
CONTINENTAL EXPRESS	128,975	147,976	119,950	77,426
UNITED EXPRESS AIRLINES CO MESA AIRLINES	55,888	39,843	57,791	36,684
SHUTTLE AMERICA CORPORATION	13,463	5,899	-	-
PINNACLE AIRLINES	28,892	39,506	42,633	30,892
GOJET AIRLINES	22,740	58,063	44,845	26,151
COMPASS AIRLINES INC	44,836	41,195	47,205	32,493
UNITED EXPRESS	1,645	-	-	-
ATLANTIC SOUTHEAST AIRLINES	51,217	4,326	3,471	803
US AIRWAYS EXPRESS MESA	10,465	7,264	1,531	1,653
SHUTTLE AMERICA CORPORATION (UNITED)	9,294	-	-	-
COMAIR INC	61,685	63,305	79,563	133,481
CHAUTAQUA AIRLINES INC	7,226	19,409	54,097	34,746
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	13,533	-	-	-
CONTINENTAL AIRLINES	2,593	24,739	77,715	128,916
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
PSA AIRLINES INC	1,239	1,462	-	1,626
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	550	15	824	2,878
MESABA AIRLINES	784	7,219	-	6,373
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	19,011	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	9,978	1,464	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	5,248	-	-
AIR TRAN EXPRESS (AIR WISCONSIN)	-	-	-	-
DELTA CONNECTION (ATLANTIC SE)	-	-	-	-
EXPRESS JET	-	-	-	54,531
FLORIDA GULF (MESA)	-	-	-	-
FRONTIER	-	-	-	20,719
GULFSTREAM (CONTINENTAL CONN.)	-	-	-	5,606
INDEPENDENCE AIR	-	-	-	-
MESA/FREEDOM (DELTA)	-	-	-	-
MIDWAY AIRLINES (US AIRWAYS)	-	-	-	-
SKYWEST (DELTA CONNECTION)	-	-	-	462
TRANS STATES (AMERICAN)	-	-	-	33,075
NORTHWEST AIRLINES INC	-	-	69,963	94,628
TOTAL ENPLANEMENTS	<u>2,783,809</u>	<u>2,777,807</u>	<u>2,813,208</u>	<u>3,058,006</u>

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)

Jacksonville Aviation Authority
Jacksonville, Florida
Jacksonville International Airport
Enplanements
(unaudited)

	2007	2006	2005	2004
DELTA AIR LINES INC	579,370	512,706	663,066	655,680
SOUTHWEST AIRLINES CO	657,338	638,860	559,189	524,727
US AIRWAYS INC	487,063	470,872	404,611	338,709
AMERICAN AIRLINES CORPORATION	154,886	160,401	135,798	103,978
UNITED AIRLINES	22,622	-	-	-
JETBLUE AIRWAYS CORPORATION	111,377	34,684	-	-
SILVER AIRWAYS CORP	-	-	-	-
AIR GROUND LOGISTICS INC	6,835	4,733	8,471	5,586
AIRTRAN AIRLINES INC	185,536	196,583	156,876	100,546
REPUBLIC AIRLINES INC	11,764	1,693	-	-
AMERICAN EAGLE AIRLINES	120,006	96,343	63,757	44,647
CONTINENTAL EXPRESS	103,739	109,468	76,733	62,679
UNITED EXPRESS AIRLINES CO MESA AIRLINES	65,563	45,030	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
PINNACLE AIRLINES	42,338	35,599	34,385	41,807
GOJET AIRLINES	60,106	60,611	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	13,727	-	-	-
US AIRWAYS EXPRESS MESA	2,786	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
COMAIR INC	146,296	152,333	179,572	143,187
CHAUTAQUA AIRLINES INC	11,126	9,896	5,502	3,160
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	137,554	131,352	132,766	124,340
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
PSA AIRLINES INC	1,697	6,249	19,342	3,914
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	3,855	-	-	-
MESABA AIRLINES	-	11,290	14,653	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-
AIR TRAN EXPRESS (AIR WISCONSIN)	-	17,800	126,734	38,875
DELTA CONNECTION (ATLANTIC SE)	-	-	10,365	48,522
EXPRESS JET	29,042	-	-	-
FLORIDA GULF (MESA)	-	5,308	7,326	33,364
FRONTIER	11,694	-	-	-
GULFSTREAM (CONTINENTAL CONN.)	14,053	13,187	17,171	16,426
INDEPENDENCE AIR	-	21,187	63,409	117,881
MESA/FREEDOM (DELTA)	-	8,066	-	-
MIDWAY AIRLINES (US AIRWAYS)	-	-	-	1,871
SKYWEST (DELTA CONNECTION)	18,074	22,450	4,028	1,829
TRANS STATES (AMERICAN)	40,486	39,237	26,737	23,887
NORTHWEST AIRLINES INC	128,731	118,589	138,656	131,971
TOTAL ENPLANEMENTS	<u>3,167,664</u>	<u>2,924,527</u>	<u>2,848,830</u>	<u>2,567,586</u>

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)

Jacksonville Aviation Authority
Jacksonville, Florida
Landed Weights
(unaudited)

	2013	Market Share 2013	2012	Market Share 2012
	<i>(weights in 1000 lbs)</i>			
DELTA AIR LINES INC	829,083	23.08%	813,618	22.20%
SOUTHWEST AIRLINES CO	728,250	20.27%	805,030	21.97%
US AIRWAYS INC	318,349	8.86%	359,066	9.80%
JETBLUE AIRWAYS CORPORATION	216,234	6.02%	200,641	5.47%
AMERICAN AIRLINES CORPORATION	180,598	5.03%	166,346	4.54%
REPUBLIC AIRLINES INC	176,606	4.92%	145,784	3.98%
AIRTRAN AIRLINES INC	130,864	3.64%	152,232	4.15%
EXPRESSJET AIRLINES INC (UNITED AIRLINES)	107,201	2.98%	-	-
AMERICAN EAGLE AIRLINES	103,422	2.88%	107,379	2.93%
COMPASS AIRLINES INC	77,862	2.17%	36,023	0.98%
UNITED EXPRESS AIRLINES CO MESA AIRLINES	56,816	1.58%	58,625	1.60%
UNITED AIRLINES	52,984	1.47%	49,993	1.36%
PINNACLE AIRLINES	50,378	1.40%	41,596	1.13%
GOJET AIRLINES	35,443	0.99%	37,855	1.03%
GOJET AIRLINES (DELTA AIRLINES)	28,609	0.80%	5,963	0
SILVER AIRWAYS CORP	22,674	0.63%	3,933	0
SHUTTLE AMERICA CORPORATION (UNITED)	21,404	0.60%	16,993	0.46%
ENDEAVOR AIR	15,625	0.43%	-	-
US AIRWAYS EXPRESS MESA	14,847	0.41%	22,712	0.62%
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	10,012	0.28%	4,256	0
SHUTTLE AMERICA CORPORATION	9,974	0.28%	46,786	1.28%
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	9,682	0.27%	1,598	0.04%
AIR GROUND LOGISTICS INC	5,583	0.16%	12,180	0.33%
PSA AIRLINES INC	1,933	0.05%	1,730	0.05%
ATLANTIC SOUTHEAST AIRLINES	-	0.00%	27,651	0.75%
UNITED EXPRESS	-	0.00%	26,246	0.72%
COMAIR INC	-	0.00%	14,125	0.39%
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	0.00%	10,051	0.27%
CONTINENTAL AIRLINES	-	0.00%	9,880	0.27%
CHAUTAUQUA AIRLINES INC	-	0.00%	7,341	0.20%
CONTINENTAL EXPRESS	-	0.00%	92,131	2.51%
MESABA AIRLINES	-	0.00%	368	0.01%
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	0.00%	-	0.00%
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	0.00%	-	0.00%
DAL GLOBAL SERVICES INC	-	0.00%	-	0.00%
ATLANTIC COAST AIRLINES	-	0.00%	-	0.00%
AMERICAN (TRANS STATES)	-	0.00%	-	0.00%
EXPRESS JET	-	0.00%	-	0.00%
FRONTIER	-	0.00%	-	0.00%
GULFSTREAM (CONTINENTAL)	-	0.00%	-	0.00%
INDEPENDENCE AIR	-	0.00%	-	0.00%
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%
TRANS STATES	-	0.00%	-	0.00%
AIR WISCONSIN (US AIRWAYS)	-	0.00%	-	0.00%
FLORIDA GULF (MESA)	-	0.00%	-	0.00%
MIDWAY AIRLINES	-	0.00%	-	0.00%
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%
TOTAL COMMERCIAL AIRLINES	3,204,434	89.19%	3,278,131	89.44%
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	198,341	5.52%	196,971	5.37%
UNITED PARCEL SERVICE COMPANY	186,859	5.20%	186,599	5.09%
SUBURBAN AIR FREIGHT INC	3,272	0.09%	3,203	0.09%
AMERIFLIGHT LLC	14	0.00%	-	0.00%
MOUNTAIN AIR CARGO INC	-	0.00%	72	0.00%
MISCELLANEOUS	-	0.00%	-	0.00%
ABX	-	0.00%	-	0.00%
DHL	-	0.00%	-	0.00%
AIRBORNE EXPRESS	-	0.00%	-	0.00%
NORTH STAR	-	0.00%	-	0.00%
EMERY	-	0.00%	-	0.00%
TOTAL CARGO AIRLINES	388,486	10.81%	386,845	10.56%
TOTAL LANDED WEIGHTS	3,592,920	100.00%	3,664,976	100.00%

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)

Jacksonville Aviation Authority
Jacksonville, Florida
Landed Weights
(unaudited)

	2011	2010	2009	2008
	<i>(weights in 1000 lbs)</i>			
DELTA AIR LINES INC	805,666	722,553	722,553	733,464
SOUTHWEST AIRLINES CO	890,870	955,216	955,216	980,788
US AIRWAYS INC	464,833	516,137	516,137	573,721
JETBLUE AIRWAYS CORPORATION	171,867	170,954	170,954	148,825
AMERICAN AIRLINES CORPORATION	180,024	153,526	153,526	181,777
REPUBLIC AIRLINES INC	85,395	55,227	55,227	20,112
AIRTRAN AIRLINES INC	192,650	193,536	193,536	215,674
EXPRESSJET AIRLINES INC (UNITED AIRLINES)	-	-	-	-
AMERICAN EAGLE AIRLINES	140,674	88,051	88,051	145,095
COMPASS AIRLINES INC	52,538	46,903	46,903	36,776
UNITED EXPRESS AIRLINES CO MESA AIRLINES	67,918	61,844	61,844	40,321
UNITED AIRLINES	66,766	65,962	65,962	115,232
PINNACLE AIRLINES	34,363	40,519	40,519	37,150
GOJET AIRLINES	28,810	56,213	56,213	42,681
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
ENDEAVOR AIR	15,258	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	11,172	1,397	1,397	2,132
SHUTTLE AMERICA CORPORATION	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAY	17,027	-	-	-
AIR GROUND LOGISTICS INC	846	-	-	-
PSA AIRLINES INC	11,463	-	-	-
ATLANTIC SOUTHEAST AIRLINES	1,394	-	-	2,295
UNITED EXPRESS	64,670	4,653	4,653	899
COMAIR INC	1,662	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	87,737	89,465	89,465	152,776
CONTINENTAL AIRLINES	23,863	-	-	-
CHAUTAQUA AIRLINES INC	4,407	94,625	94,625	155,645
CONTINENTAL EXPRESS	6,907	56,301	56,301	32,547
MESABA AIRLINES	124,645	113,231	113,231	80,619
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	956	-	-	2,867
ATLANTIC SOUTHEAST AIRLINES (UNITED)	17,866	-	-	-
DAL GLOBAL SERVICES INC	12,455	-	-	-
ATLANTIC COAST AIRLINES	322	-	-	-
AMERICAN (TRANS STATES)	-	-	-	-
EXPRESS JET	-	-	-	-
FRONTIER	-	-	-	74,862
GULFSTREAM (CONTINENTAL)	-	-	-	33,574
INDEPENDENCE AIR	-	-	-	13,266
MESA/FREEDOM (DELTA)	-	-	-	294
SKYWEST (DELTA CONNECTION)	-	-	-	-
TRANS STATES	-	-	-	289
AIR WISCONSIN (US AIRWAYS)	-	-	-	36,235
FLORIDA GULF (MESA)	-	893	893	3,854
MIDWAY AIRLINES	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL COMMERCIAL AIRLINES	-	71,834	71,834	112,817
	3,585,023	3,559,040	3,559,040	3,976,587
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION				
UNITED PARCEL SERVICE COMPANY	211,323	212,938	217,465	215,057
SUBURBAN AIR FREIGHT INC	186,799	189,609	208,064	249,001
AMERIFLIGHT LLC	2,090	-	-	-
MOUNTAIN AIR CARGO INC	16	-	-	-
MISCELLANEOUS	886	-	-	-
ABX	-	16,478	18,474	16,760
DHL	-	-	7,029	26,293
AIRBORNE EXPRESS	-	-	-	-
NORTH STAR	-	-	-	-
EMERY	-	-	-	-
TOTAL CARGO AIRLINES	-	-	-	-
	401,114	419,025	451,032	507,111
TOTAL LANDED WEIGHTS	3,986,137	3,875,921	4,010,072	4,483,698

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)

Jacksonville Aviation Authority
 Jacksonville, Florida
 Landed Weights
 (unaudited)

	2007	2006	2005	2004
	<i>(weights in 1000 lbs)</i>			
DELTA AIR LINES INC	768,877	672,714	980,596	969,045
SOUTHWEST AIRLINES CO	970,542	947,608	855,204	816,057
US AIRWAYS INC	584,664	609,737	518,833	430,872
JETBLUE AIRWAYS CORPORATION	133,747	51,899	-	-
AMERICAN AIRLINES CORPORATION	-	185,101	165,280	138,474
REPUBLIC AIRLINES INC	15,041	2,169	-	-
AIRTRAN AIRLINES INC	222,352	229,528	171,184	131,454
EXPRESSJET AIRLINES INC (UNITED AIRLINES)	-	-	-	-
AMERICAN EAGLE AIRLINES	137,487	102,305	67,353	52,692
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	73,408	47,952	-	-
UNITED AIRLINES	28,118	-	-	-
PINNACLE AIRLINES	46,671	41,501	37,506	45,966
GOJET AIRLINES	75,040	81,204	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
ENDEAVOR AIR	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	3,363	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
AIR GROUND LOGISTICS INC	-	20,022	136,864	44,650
PSA AIRLINES INC	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	1,900	7,537	21,029	4,981
UNITED EXPRESS	14,792	-	12,455	58,186
COMAIR INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	166,499	186,539	227,052	184,526
CONTINENTAL AIRLINES	-	-	-	-
CHAUTAQUA AIRLINES INC	159,848	149,838	157,930	169,830
CONTINENTAL EXPRESS	10,707	16,403	9,781	3,676
MESABA AIRLINES	104,876	109,128	74,934	63,243
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-
AMERICAN (TRANS STATES)	-	24,055	22,865	-
EXPRESS JET	179,773	41,597	29,848	29,189
FRONTIER	50,733	-	-	-
GULFSTREAM (CONTINENTAL)	15,926	-	-	-
INDEPENDENCE AIR	26,646	23,790	26,281	23,073
MESA/FREEDOM (DELTA)	-	36,549	98,069	144,525
SKYWEST (DELTA CONNECTION)	-	10,073	-	-
TRANS STATES	21,735	26,110	4,938	2,115
AIR WISCONSIN (US AIRWAYS)	43,128	-	-	-
FLORIDA GULF (MESA)	4,277	-	-	-
MIDWAY AIRLINES	-	5,208	7,303	40,611
NORTHWEST AIRLINES INC	-	-	-	2,303
TOTAL COMMERCIAL AIRLINES	<u>165,429</u>	<u>159,241</u>	<u>185,064</u>	<u>182,994</u>
	4,025,579	3,787,808	3,810,369	3,538,462
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	216,005	221,203	224,302	233,947
UNITED PARCEL SERVICE COMPANY	265,114	230,313	169,765	131,441
SUBURBAN AIR FREIGHT INC	-	-	-	-
AMERIFLIGHT LLC	-	-	-	-
MOUNTAIN AIR CARGO INC	-	-	-	-
MISCELLANEOUS	5,918	7,182	4,996	5,054
ABX	28,491	-	-	-
DHL	1,126	-	-	-
AIRBORNE EXPRESS	-	33,337	27,806	27,917
NORTH STAR	-	-	2,438	3,190
EMERY	-	-	-	1,610
TOTAL CARGO AIRLINES	<u>516,654</u>	<u>492,033</u>	<u>429,136</u>	<u>403,159</u>
TOTAL LANDED WEIGHTS	<u>4,542,233</u>	<u>4,279,841</u>	<u>4,238,358</u>	<u>3,941,621</u>

Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2003-2005)

Jacksonville Aviation Authority
Number of Employees
Year Ended September 30,
(unaudited)

Department	2013 Employees		2012 Employees		2011 Employees		2010 Employees	
	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	3	-	3	-	2	-	2	-
Marketing	3	-	2	-	3	-	3	-
Information Technology	8	-	7	-	7	-	6	-
External Affairs	4	-	4	-	4	-	4	-
Administrative Services	7	-	8	-	9	-	8	-
Procurement	10	1	10	1	9	1	9	1
Accounting & Finance	9	-	9	-	9	-	10	-
Planning & Engineering	11	-	11	-	12	-	12	-
Business Development	8	-	7	-	4	-	6	-
Cecil Airport	11	-	7	5	5	5	7	5
Jacksonville Executive at Craig Airport	3	-	3	1	3	1	3	1
Herlong Airport	8	1	5	2	6	2	6	2
Building Maintenance	25	-	22	-	26	-	26	-
Field Maintenance	22	1	23	1	22	1	23	1
HBS	9	-	9	-	10	-	10	-
Custodial	32	-	32	-	31	-	30	-
Police /Security	52	-	52	-	53	-	35	-
Airport Operations	24	-	26	-	23	-	19	1
DBE	0	-	0	-	1	-	1	-
Chief Administrative Office	-	-	-	-	-	-	-	-
Customer Service	-	-	-	-	-	-	-	-
Employee Relations	-	-	-	-	-	-	-	-
Training & Development	-	-	-	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Ground Transportation	-	-	-	-	-	-	-	-
Air Trade	-	-	-	-	-	-	-	-
General Aviation Management	-	-	-	-	-	-	-	-
Total	249	3	240	10	239	10	220	11

FT - Full time employee working more than 35 hours

PT - Part time employee working 35 hours or less

Source: Authority Records

Comparative information not available prior to 2006

Jacksonville Aviation Authority
Number of Employees
Year Ended September 30,
(unaudited)

Department	2009 Employees		2008 Employees		2007 Employees		2006 Employees	
	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	1	-	3	-	3	-	3	-
Marketing	-	-	-	-	-	-	-	-
DBE	1	-	1	1	1	1	1	1
Information Technology	7	-	6	-	6	-	6	1
External Affairs	5	1	2	1	2	1	3	1
Administrative Services	8	-	10	-	-	-	-	-
Procurement	8	1	7	1	7	-	6	-
Accounting & Finance	9	-	8	-	9	1	11	1
Planning & Engineering	12	-	13	-	12	-	12	-
Business Development	5	-	5	-	3	-	4	-
Cecil Airport	7	4	10	4	10	4	6	3
Jacksonville Executive at Craig Airport	3	1	3	2	4	-	4	1
Herlong Airport	5	2	6	2	5	3	6	3
Building Maintenance	26	-	26	-	25	-	19	-
Field Maintenance	24	1	24	1	25	1	31	1
HBS	10	-	10	-	10	-	11	-
Custodial	30	-	30	-	28	-	29	-
Police /Security	36	-	44	-	45	-	39	-
Airport Operations	18	1	21	-	18	2	17	-
Chief Administrative Office	-	-	-	-	-	-	2	-
Customer Service	-	-	-	-	2	1	3	1
Employee Relations	-	-	-	-	7	-	7	-
Training & Development	-	-	-	-	3	-	2	1
Chief Operating Officer	-	-	-	-	-	-	2	-
Enterprise	-	-	-	-	-	-	3	-
Ground Transportation	-	-	-	-	-	-	1	-
Air Trade	-	-	-	-	1	-	1	-
General Aviation Management	-	-	-	-	-	-	2	-
Total	215	11	229	12	226	14	231	14

FT - Full time employee working more than 35 hours

PT - Part time employee working 35 hours or less

Source: Authority Records

Comparative information not available prior to 2006

Jacksonville Aviation Authority
Aircraft Operations
Year Ended September 30, 2013
(unaudited)

	Type of Operation				Total Aircraft Operations
	Air Carrier	Air Taxi	Gen Aviation	Military	
2013	51,358	18,301	13,755	7,145	90,559
2012	55,101	15,594	12,519	5,926	89,140
2011	58,105	19,956	13,536	7,275	98,872
2010	53,004	22,602	12,694	6,553	94,853
2009	57,467	22,325	11,925	5,908	97,625
2008	61,937	32,227	12,098	4,407	110,669
2007	61,997	37,163	15,447	5,908	120,515
2006	59,285	34,912	17,699	6,608	118,504
2005	81,866	10,121	21,293	9,180	122,460
2004	77,536	8,912	24,369	12,583	123,400

Source : Aviation Records

Jacksonville Aviation Authority
Airlines Serving Jacksonville International Airport
Year Ended September 30,
(unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Signatory Airlines</u>										
American Airlines	X	X	X	X	X	X	X	X	X	X
Delta Airlines	X	X	X	X	X	X	X	X	X	X
JetBlue	X	X	X	X	X	X	X	X	-	-
Northwest Airlines	-	-	-	-	X	X	X	X	X	X
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	X	X	-	-	-
US Airways	X	X	X	X	X	X	X	X	X	X
Total Signatory Airlines	6	6	6	6	7	7	7	6	5	5
<u>Non-signatory Airlines</u>										
AirTran	X	X	X	X	X	X	X	X	X	X
Air Wisconsin	X	X	X	X	X	X	X	X	X	X
American Eagle	X	X	X	X	X	X	X	X	X	X
Endeavor Airlines (formerly ASA)	X	X	X	X	X	X	X	-	X	X
Charters	X	X	X	X	X	X	X	X	X	X
Chautauqua	-	X	X	X	X	X	X	X	X	X
Comair	-	X	X	X	X	X	X	X	X	X
Compass Airline	X	X	X	X	X	X	-	-	-	-
Continental Airlines	-	X	X	X	X	X	X	X	X	X
Continental Express	-	X	X	X	X	X	X	X	X	X
Express Jet	X	X	-	-	-	X	X	-	-	-
Florida Gulf	-	-	-	-	-	-	-	X	X	X
Freedom Airlines	-	-	-	X	-	-	-	-	-	-
Frontier	-	-	-	-	-	X	X	-	-	-
Go Jet	X	X	X	X	X	X	X	X	-	-
Gulfstream	-	-	-	-	-	X	X	X	X	X
Independence Air	-	-	-	-	-	-	-	X	X	X
Mesa	X	X	X	X	X	X	X	X	-	-
Mesaba	-	X	X	X	-	X	-	X	X	-
Midway Airlines	-	-	-	-	-	-	-	-	-	X
Pinnacle	X	X	X	X	X	X	X	X	X	X
PSA Airlines	X	X	X	X	-	X	X	X	X	X
Republic	X	X	X	X	X	X	X	X	-	-
Shuttle America	X	X	X	X	-	-	-	-	-	-
Silver Airways	X	X	-	-	-	-	-	-	-	-
Skywest	-	-	-	-	-	X	X	X	X	X
Trans States	-	-	-	-	-	X	X	X	X	X
Total Non-signatory Airlines	15	20	18	19	15	22	20	20	18	18
Total Signatory and Non-signatory Airlines	21	26	24	25	22	29	27	26	23	23
<u>Cargo</u>										
UPS	X	X	X	X	X	X	X	X	X	X
FedEx	X	X	X	X	X	X	X	X	X	X
Mountain Air Cargo	-	X	X	-	-	-	-	-	-	-
Suburban Air Freight	X	X	X	-	-	-	-	-	-	-
Ameriflight, LLC	X	-	X	-	-	-	-	-	-	-
ABX	-	-	-	X	X	X	X	-	-	-
DHL	-	-	-	-	-	-	X	-	-	-
Airborne Express	-	-	-	-	-	-	-	X	X	X
North Star	-	-	-	-	-	-	-	-	X	X
Emery	-	-	-	-	-	-	-	-	-	X
Total Cargo Airlines	4	4	5	3	3	3	4	3	4	5

Source: Authority Records

Jacksonville Aviation Authority
 Primary Origination and Destination Passenger Markets
 Year Ended September 30, 2013
 (unaudited)

Rank	Market	
1	Atlanta	SH
2	Charlotte	SH
3	Dallas	MH
4	Fort Lauderdale	SH
5	Baltimore	MH
6	Nashville	SH
7	New York JFK	MH
8	Chicago O'Hare	MH
9	Washington National	MH
10	Philadelphia	MH
11	Miami	SH
12	Tampa	SH
13	New York La Guardia	MH
14	Norfolk	SH
15	Houston Intercontinental	MH
16	New York Newark	MH
17	Washington Dulles	MH
18	Boston	MH
19	Detroit	MH
20	Houston Hobby	MH

Source: Aviation Records

Trip Length:

SH (short haul) = 0 to 600 miles

MH (medium haul) = 601 to 1,800 miles

LH (long haul) = over 1,801 miles

Jacksonville Aviation Authority
 Airport Capital Asset Information
 Year Ended September 30, 2013
(unaudited)

Jacksonville International Airport

Location	18 Miles North of Downtown Jacksonville
Area	8,449 Acres
Airport Code	JAX
Runways	10,000 Feet Runway 7/25 (Primary) 7,700 Feet Runway 13/31
Taxiways	13 75 Foot Wide 2 50 Foot Wide 2 90 Foot Wide 3 60 Foot Wide 1 150 Foot Wide
Aprons	1,575,752 Sq Yards
Terminal with 2 Concourses	726,294 Sq Ft
Aircraft Gates	14 Gates leased by Signatory Airlines 6 Gates operated by JAA 1 International/Charter Gate
Cargo	South of Terminal 225,000 Sq. Ft. Consisting of 4 Buildings 86,600 Sq. Yrds Consisting of 3 Cargo Ramps 34,000 Sq. Ft. Aircraft Maintenance Facility
Parking spaces	733 Short-term Hourly Garage 1,963 Daily Garage 1,722 Daily Surface Lot 4,306 Economy Lots <hr style="width: 100px; margin-left: 0;"/> 8,724
Hotel	200 Rooms - Jacksonville Airport Hotel 153,000 Sq Ft

General Aviation Airports:

Craig Airport

Location	9 Miles East of Downtown Jacksonville
Area	1,328 Acres
Runways	4,000 Feet 4,000 Feet
Fixed Based Operators (FBO)	Craig Air Center Sky Harbor

Source: Authority Records

Jacksonville Aviation Authority
Airport Capital Asset Information
Year Ended September 30, 2013
(unaudited)

Herlong Airport	
Location	9 Miles Southwest of Downtown Jacksonville
Area	1,449 Acres
Runways	4,000 Feet 3,500 Feet
Cecil Field Airport	
Location	13 Miles Southwest of Downtown Jacksonville
Area	6,078 Acres
Runways	12,500 Feet 8,000 Feet 8,000 Feet 4,439 Feet
Aprons	672,953 Sq. Yrds.

Source: Authority Records