

# Jacksonville Aviation Authority

## Annual Financial Report

Comprehensive Annual Financial Report for the  
Fiscal Years Ended September 30, 2017  
and September 30, 2016 of the  
Jacksonville Aviation Authority  
Jacksonville, Florida



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**JAA**  
Jacksonville  
Aviation  
Authority

**Jacksonville Aviation Authority  
Jacksonville, Florida**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016**

PREPARED BY:  
FINANCE DIVISION

RICHARD A. ROSSI  
CHIEF FINANCIAL OFFICER

ROSS JONES  
DIRECTOR OF FINANCE

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**September 30, 2017**

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**September 30, 2017**

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# Introductory

## Annual Financial Report

Fiscal Years Ended September 30, 2017 and 2016



**JAA**

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March 19, 2018

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, 2017. 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. Please refer to the Management Discussion and Analysis (MD&A) for additional information of the financial position of the Authority.

#### *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 a Chief Executive Officer 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 the Chief Executive Officer who serves at its pleasure.

Steven Grossman, Chief Executive Officer 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.

#### *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 nine 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 bank debt of \$87.09 million outstanding as of September 30, 2017. Since the Authority no longer has any revenue bonds, no bond service coverage ratio is required.

### *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 is 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 provide reasonable assurance that accounting data is 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 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 RSM US, 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 Chief Executive Officer, 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 written in a cursive style with large, looping letters.

Richard A. Rossi  
Chief Financial Officer



**Jacksonville, Florida**

**Board of Directors**

- Giselle Carson..... Chairman
- Jay Demetree..... Vice Chairman
- Russell Thomas..... Secretary
- Teresa H. Davlantes..... Treasurer
- Ray Alfred..... Member
- Patrick Kilbane..... Member
- Frank Mackesy..... Member

**Senior Staff**

- Steve Grossman..... Chief Executive Officer
- Tony Cugno..... Chief Operating Officer
- Richard A. Rossi..... Chief Financial Officer
- Rosa Beckett..... Chief Administrative Officer
- Rusty Chandler..... Chief Cecil Airport and General Aviation
- Debra Braga..... Chief Legal Officer



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Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

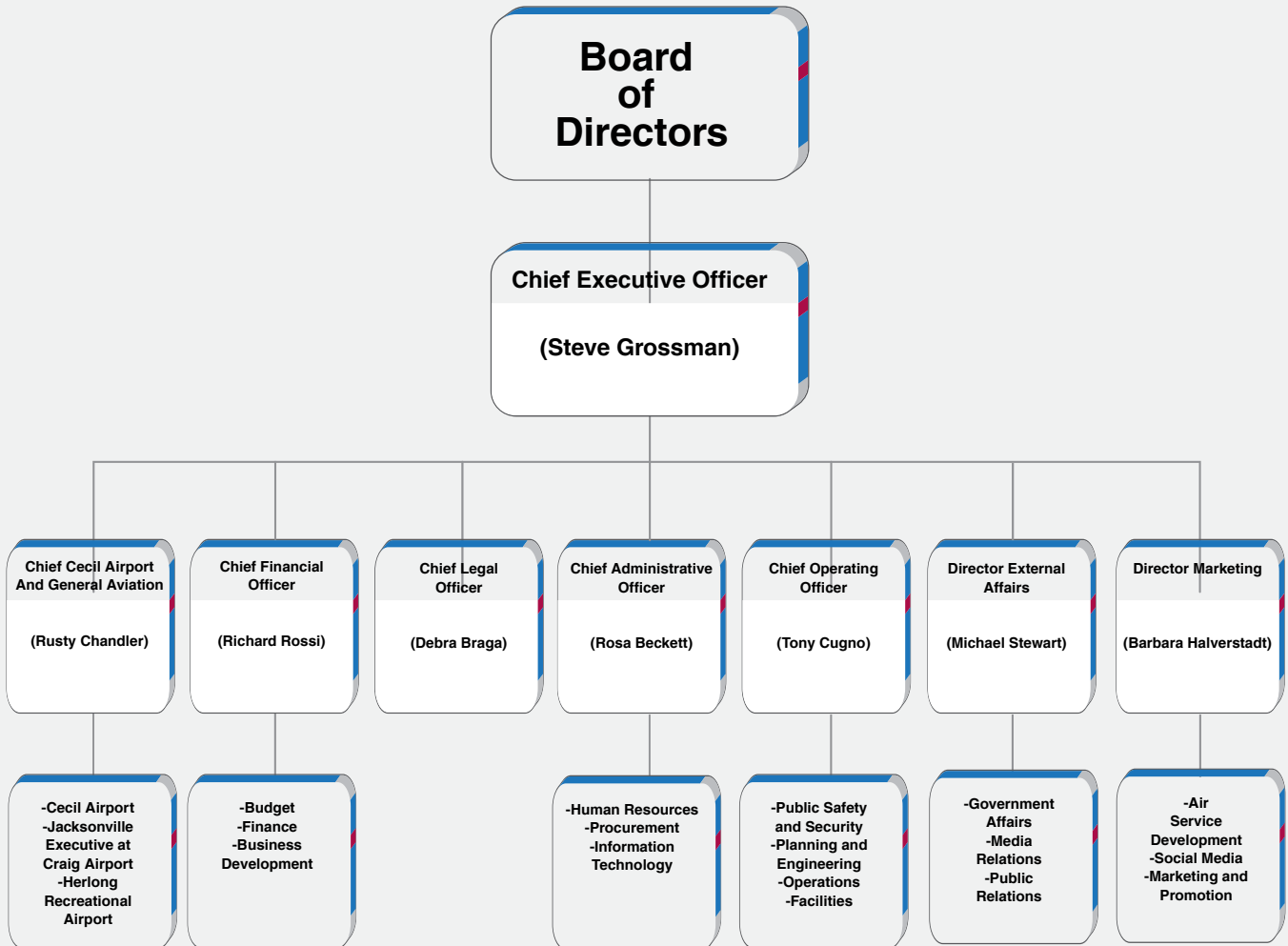
*Christopher P. Morrill*

Executive Director/CEO

# Jacksonville Aviation Authority Organizational Chart



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RSM US LLP

## Independent Auditor's Report

The Board of Directors  
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, 2017 and 2016, 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2017 and 2016, and the change in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of funding progress – other post-employment benefits plan, the schedules of the Authority' proportionate share of the net pension liability for FRS and HIS, and the schedules of Authority contributions for FRS and HIS be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**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 have also issued, under separate cover, our report dated March 13, 2018 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.

*RSM US LLP*

Jacksonville, Florida  
March 13, 2018

Jacksonville Aviation Authority  
Management's Discussion and Analysis

September 30, 2017 and 2016

**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, 2017 and 2016. 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 276 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 debt 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, 2017 and 2016, and include all assets and deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The statements of net position demonstrate that the Authority's assets and deferred outflows of resources equal liabilities and deferred inflows of resources plus 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. 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, 2017 totaled 2.76 million, a decrease of 1.45% from the prior fiscal year. The decrease is mainly weather-related as Jacksonville had two hurricanes during the fiscal year. In fiscal year 2016, JIA had enplanements of 2.80 million, an increase of 2.85% from fiscal year 2015.



## Authority's Activity Highlights (continued)

Landed weight totaled 3.56 million for fiscal year 2017, an increase of 0.44% from the prior year. In fiscal year 2016, JIA had landed weight of 3.54 million, a decrease of 0.03% from fiscal year 2015.

As in 2016, Delta Airlines and American Airlines dominated 2017 in enplanements activity and landed weight. Southwest, JetBlue and United, comprise the remainder of the signatory airlines providing passenger service at JIA and generated the majority of the enplanements.

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

	2017	2016	2015
Total passengers	5,508,933	5,585,523	5,425,988
% (decrease) increase	(1.37)%	2.94 %	4.51 %
Enplanements	2,759,067	2,799,587	2,722,032
% (decrease) increase	(1.45)%	2.85 %	4.58 %
Landed weight	3,559,324	3,543,794	3,544,733
% (decrease) increase	0.44 %	(0.03)%	1.35 %

For fiscal year 2017, the Jacksonville International Airport average daily air carrier departures were 84 compared to 86 and 81 departures in 2016 and 2015, respectively.

## Financial Highlights

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows of resources for fiscal year 2017 by approximately \$516.99 million compared to \$506.35 million and \$477.32 million in fiscal years 2016 and 2015, respectively. Unrestricted net position as of the end of fiscal years 2017, 2016 and 2015 was approximately \$54.26 million, \$49.65 million and \$41.00 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased as indicated by this fiscal year's increase in total net position. The improving trend for fiscal years 2017 and 2016 is due primarily to earnings from increased rental activity combined with lower interest expense.

The Authority's total debt decreased by \$15.65 million and \$35.14 million in fiscal years 2017 and 2016, respectively. During fiscal year 2017, the Authority made normal scheduled debt service payments of \$10.11 million. During fiscal year 2016, the Authority made normal scheduled debt service payments of \$12.77 million.

## **Operating Revenues**

In fiscal year 2017 operating revenues increased by 2.57% from 2016. The primary factor was an increase in Fees & charges of 9.27% due to an increase in landing fees.

In fiscal year 2016 operating revenues increased by 6.43% from 2015. The primary factor was an increase in Fees & charges of 8.82% due to an increase in landing fees.

## **Operating Expenses**

In fiscal year 2017 operating expenses before depreciation and amortization increased by 5.67% over 2016. Wages and benefits increased 10.33% primarily due to the non-cash GASB 68 FRS pension expense.

In fiscal year 2016 operating expenses before depreciation and amortization increased by 6.23% over 2015. Wages and benefits increased 17.37% due to increased headcount and pension expense.

## **Operating Margin**

In fiscal year 2017 the operating margin decreased 1.93% from 36.16% in 2016 to 34.23% in 2017. The primary reason for the decrease was the increase in the GASB 68 pension expense. In fiscal year 2016 the operating margin increased 0.12% from 36.04% in 2015 to 36.16% in 2016.

## **Non-operating Revenues**

Non-operating revenues in fiscal year 2017 decreased 7.62% from 2016. This was the result of lower timber sales.

Non-operating revenues in fiscal year 2016 increased 12.49% from 2015. This was the result of an increase in the fair market value of investments.

## **Non-operating Expenses**

Non-operating expenses decreased by 39.82% and decreased by 11.83% in fiscal years 2017 and 2016, respectively. This was a result of lower interest expense resulting from lower debt levels.

## **Capital Contributions**

Capital contributions decreased in fiscal year 2017 by 72.81% and increased in fiscal year 2016 by 31.68%. 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 deferred inflows of resources and are an indicator of the current fiscal health of the Authority.

## Summary Statement of Net Position

	<i>(dollar amounts in thousands)</i>			
	2017	2016	Increase/ (Decrease) from 2016	% Increase/ (Decrease) from 2016
<b>Assets</b>				
Current	\$ 92,644	\$ 81,960	\$ 10,684	13.04 %
Noncurrent (restricted/other)	16,115	19,041	(2,926)	(15.37)
Capital assets, net	535,633	543,945	(8,312)	(1.53)
Total Assets	<u>644,392</u>	<u>644,946</u>	(554)	(0.09)
<b>Deferred outflow of resources</b>	\$ 14,667	16,349	(1,682)	(10.29)%
<b>Liabilities</b>				
Current	\$ 32,274	32,398	(124)	(0.38)%
Long-term	107,840	118,608	(10,768)	(9.08)
Total liabilities	<u>140,114</u>	<u>151,006</u>	(10,892)	(7.21)
<b>Deferred inflow of resources</b>	\$ 1,952	3,942	(1,990)	(50.48)%
<b>Net Position</b>				
Net investment in capital assets	\$ 449,755	441,000	8,755	1.99 %
Restricted	12,980	15,693	(2,713)	(17.29)
Unrestricted	54,258	49,654	4,604	9.27
Total net position	<u>\$ 516,993</u>	<u>\$ 506,347</u>	<u>\$ 10,646</u>	<u>2.10 %</u>
<b>Working capital</b>				
Current assets	\$ 92,644	\$ 81,960	\$ 10,684	13.04 %
Current liabilities	(32,274)	(32,398)	124	(0.38)
Working capital	<u>\$ 60,370</u>	<u>\$ 49,562</u>	<u>\$ 10,808</u>	<u>21.81 %</u>
Current ratio	2.87	2.53		

During 2017 total assets decreased by 0.09%, deferred outflow of resources decreased by 10.29%, total liabilities decreased by 7.21%, and total deferred inflow of resources decreased by 50.48%. The main driver for changes in deferred balances is pension expense. These changes resulted in an increase in net position of 2.10%.

## Summary Statement of Net Position (continued)

	<i>(dollar amounts in thousands)</i>			
	2016	2015	Increase/ (Decrease) from 2015	% Increase/ (Decrease) from 2015
<b>Assets</b>				
Current	\$ 81,960	\$ 89,380	\$ (7,420)	(8.30)%
Noncurrent (restricted/other)	19,041	23,143	(4,102)	(17.72)
Capital assets, net	543,945	541,668	2,277	0.42
Total Assets	<u>644,946</u>	<u>654,191</u>	<u>(9,245)</u>	<u>(1.41)</u>
<b>Deferred outflow of resources</b>	\$ 16,349	11,304	5,045	44.63 %
<b>Liabilities</b>				
Current	\$ 32,398	26,356	6,042	22.92 %
Current - Restricted	-	13,808	(13,808)	(100.00)
Long-term	118,608	143,509	(24,901)	(17.35)
Total liabilities	<u>151,006</u>	<u>183,673</u>	<u>(32,667)</u>	<u>(17.79)</u>
<b>Deferred inflow of resources</b>	\$ 3,942	4,505	(563)	(12.50)%
<b>Net Position</b>				
Net investment in capital assets	\$ 441,000	404,670	36,330	8.98 %
Restricted	15,693	30,468	(14,775)	(48.49)
Unrestricted	49,654	41,001	8,653	21.10
Total net position	<u>\$ 506,347</u>	<u>\$ 476,139</u>	<u>\$ 30,208</u>	<u>6.34 %</u>
<b>Working capital</b>				
Current assets	\$ 81,960	\$ 89,380	\$ (7,420)	(8.30)%
Current liabilities	(32,398)	(40,164)	7,766	(19.34)
Working capital	<u>\$ 49,562</u>	<u>\$ 49,216</u>	<u>\$ 346</u>	<u>0.70 %</u>
Current ratio	2.53	2.23		

During 2016 total assets decreased by 1.41%, deferred outflow of resources increased by 44.63%, total liabilities decreased by 17.79% and deferred inflow of resources decreased by 12.50%. These changes resulted in an increase in net position of 6.34%.

**Signatory Airline Rates and Charges**

The Authority amended the Airline Use and Lease agreement ("Agreement") effective October 1, 2017 extending the expiration date to September 30, 2027. As of fiscal 2016-2017, the authority operated under an agreement that terminated September 30, 2017.

Airlines that enter into the Agreement are considered signatory airlines. Signatory airlines are responsible for their affiliates. The affiliates claimed by the signatory airlines receive the signatory rate. All other airlines are assessed rates and charges at 125 percent of the signatory rates.

Under the Agreement 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.

The Agreement with the signatory airlines is 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 airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2017, 2016, and 2015.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Landing fees (per 1,000 lbs. MGLW)	\$ 3.43	\$ 3.15	\$ 2.87
Average terminal rental rate (per square foot)	166.77	146.34	132.38
Conditioned space (per square foot)	210.61	186.15	168.62
Unconditioned space (per square foot)	73.71	65.15	59.02

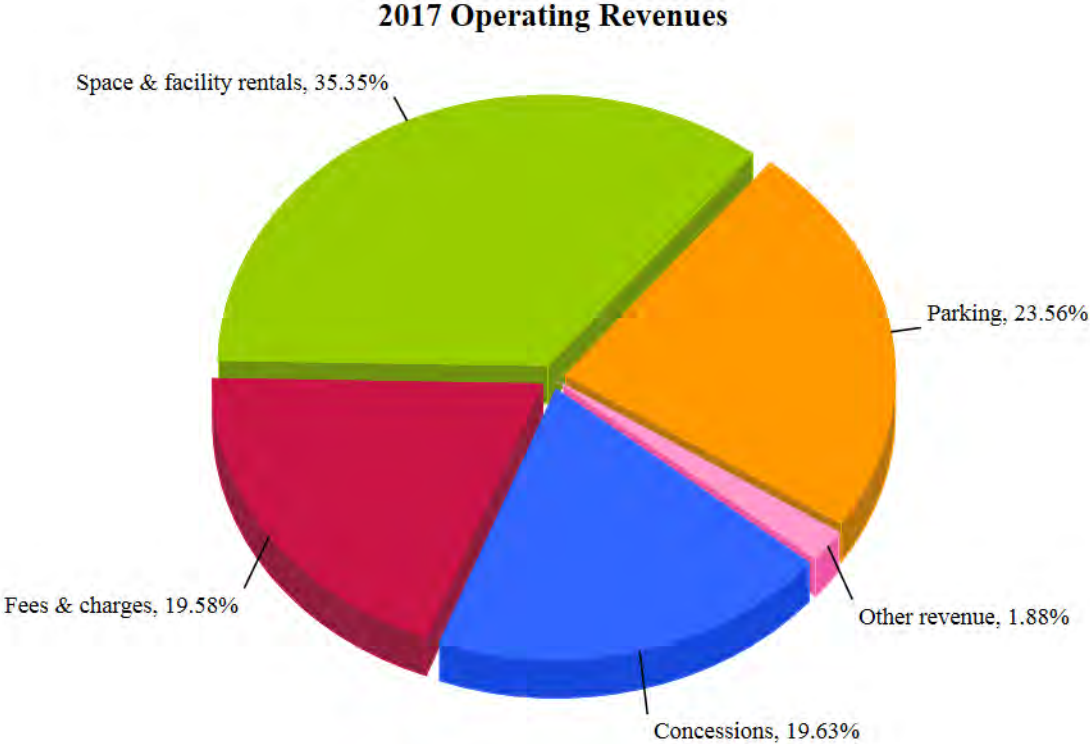
## Operating Revenues and Expenses

The following charts and tables show the major sources and the percentage of operating revenues and expenses for fiscal years 2017, 2016 and 2015.

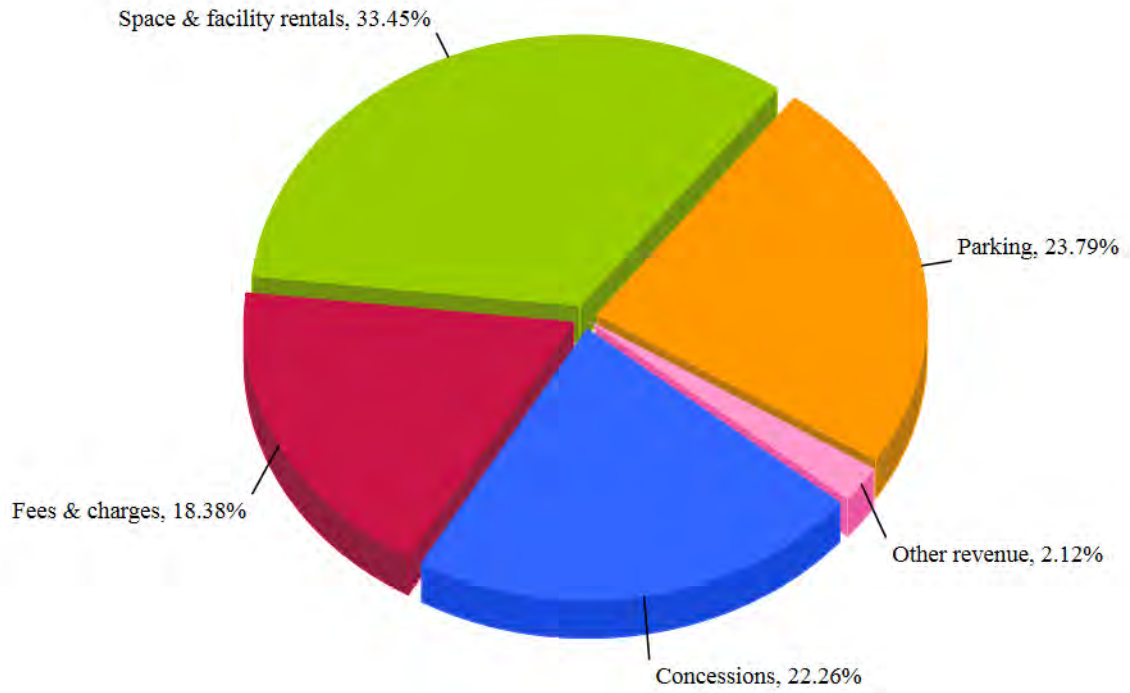
	<i>(dollar amounts in thousands)</i>		
	2017	2016	2015
Operating revenues:			
Concessions	\$ 16,072	\$ 17,771	\$ 16,933
Fees & charges	16,028	14,668	13,479
Space & facility rentals	28,946	26,705	24,608
Parking	19,291	18,993	18,191
Other revenue	1,539	1,688	1,794
Total operating revenues	<u>81,876</u>	<u>79,825</u>	<u>75,005</u>
Operating expenses:			
Wage & benefits	27,945	25,328	21,579
Services & supplies	15,368	14,581	14,537
Repairs & maintenance	2,733	2,607	2,097
Promotions, advertising & dues	1,033	1,052	2,453
Registration & travel	345	386	313
Utilities & taxes	4,629	4,855	5,116
Other operating expenses	1,796	2,151	1,877
Depreciation & amortization	33,717	31,346	28,575
Total operating expenses	<u>87,566</u>	<u>82,306</u>	<u>76,547</u>
Operating loss	(5,690)	(2,481)	(1,542)
Nonoperating revenues:			
Passenger facility charges	10,881	10,983	10,955
Investment income	817	1,451	926
Payments from federal & state agencies	383	318	369
Other revenues	980	1,387	319
Total nonoperating revenues	<u>13,061</u>	<u>14,139</u>	<u>12,569</u>
Nonoperating expenses:			
Interest expense	2,228	3,946	4,775
Other expenses	414	444	204
Total nonoperating expenses	<u>2,642</u>	<u>4,390</u>	<u>4,979</u>
Income (loss) before capital contributions	4,729	7,268	6,048
Capital contributions	<u>5,917</u>	<u>21,762</u>	<u>16,526</u>
Change in net position	<u>10,646</u>	<u>29,030</u>	<u>22,574</u>
Net position, beginning of year	<u>506,347</u>	<u>477,317</u>	<u>454,743</u>
Net position, end of year	<u>\$ 516,993</u>	<u>\$ 506,347</u>	<u>\$ 477,317</u>

**Operating Revenues**

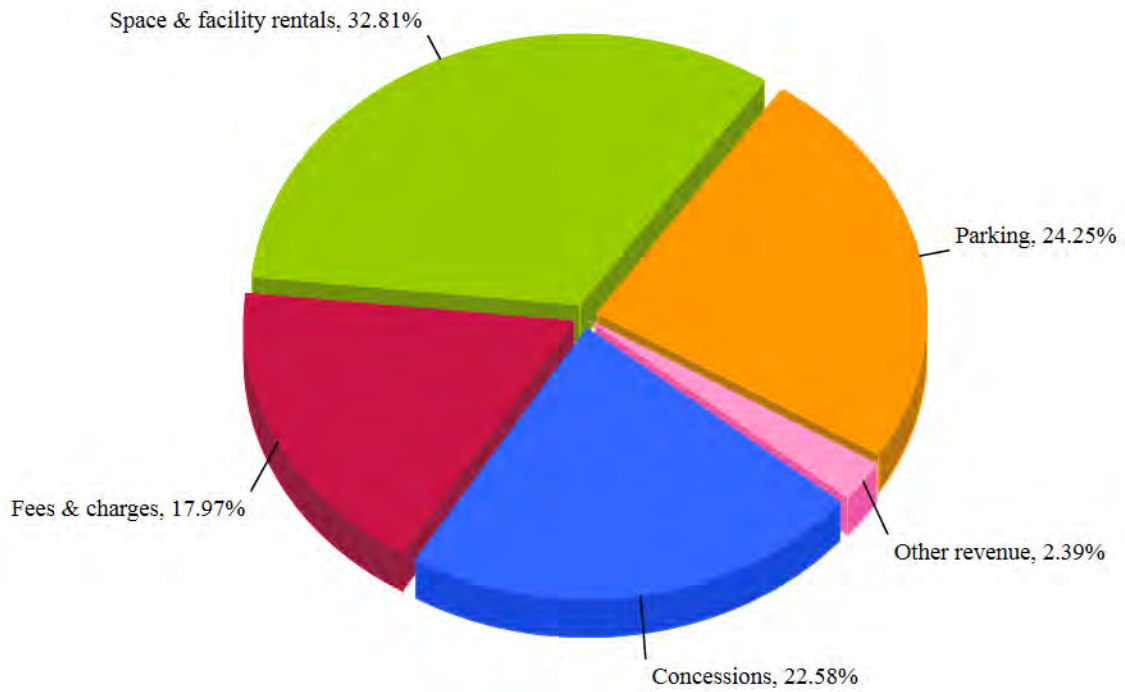
Operating revenue increased by 2.57% and 6.43% in fiscal years 2017 and 2016, respectively. Refer to the changes in net position section of this MD&A for additional information related to operating revenues.



### 2016 Operating Revenues



### 2015 Operating Revenues





## Operating Revenues by Major Classification

*(dollar amounts in thousands)*

	2017	2016	Increase/ (Decrease) from 2016	% Increase/ (Decrease) from 2016
Concessions	\$ 16,072	\$ 17,771	\$ (1,699)	(9.56)%
Fees & charges	16,028	14,668	1,360	9.27
Space & facility rentals	28,946	26,705	2,241	8.39
Parking	19,291	18,993	298	1.57
Other revenue	1,539	1,688	(149)	(8.83)
Total operating revenues	<u>\$ 81,876</u>	<u>\$ 79,825</u>	<u>\$ 2,051</u>	<u>2.57 %</u>

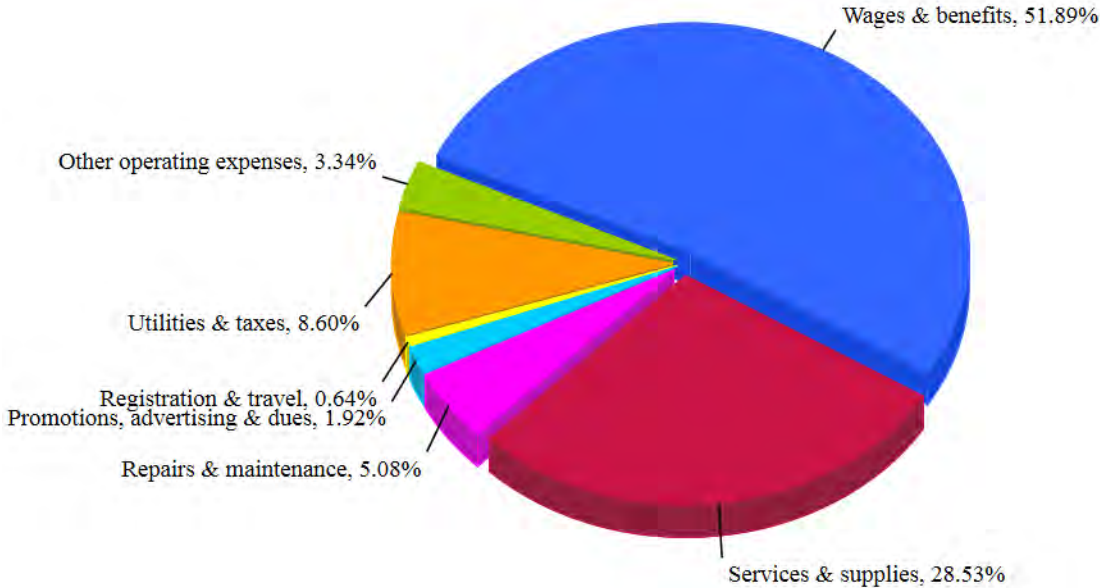
*(dollar amounts in thousands)*

	2016	2015	Increase/ (Decrease) from 2015	% Increase/ (Decrease) from 2015
Concessions	\$ 17,771	\$ 16,933	\$ 838	4.95 %
Fees & charges	14,668	13,479	1,189	8.82
Space & facility rentals	26,705	24,608	2,097	8.52
Parking	18,993	18,191	802	4.41
Other revenue	1,688	1,794	(106)	(5.91)
Total operating revenues	<u>\$ 79,825</u>	<u>\$ 75,005</u>	<u>\$ 4,820</u>	<u>6.43 %</u>

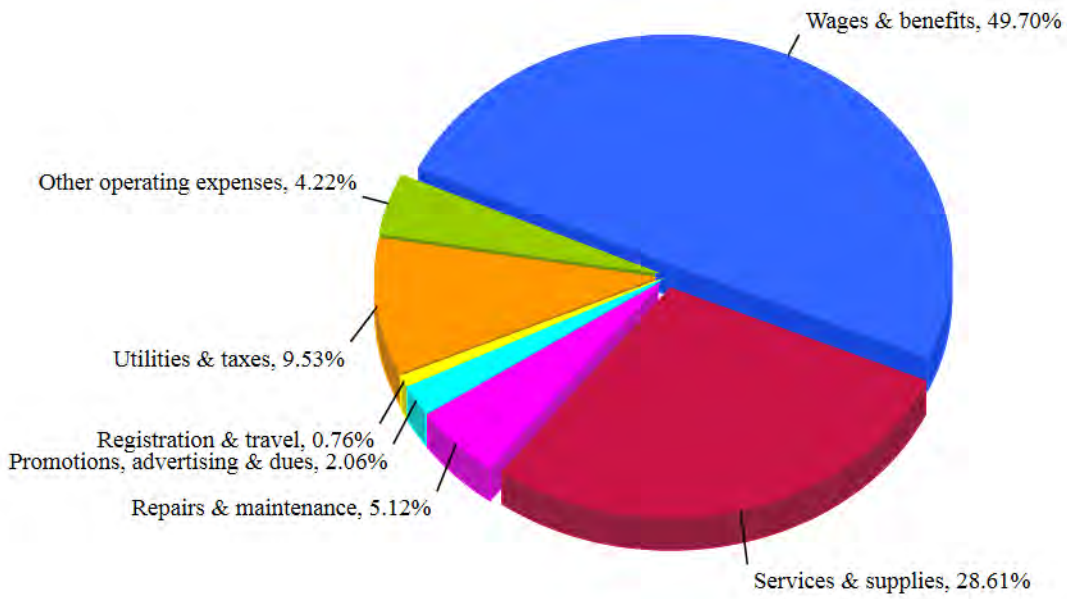
# Operating Expenses

Operating expenses, before depreciation and amortization, increased 5.67% and 6.23% in fiscal years 2017 and 2016, respectively. Refer to the changes in net positions section of this MD&A for additional information related to operating expenses.

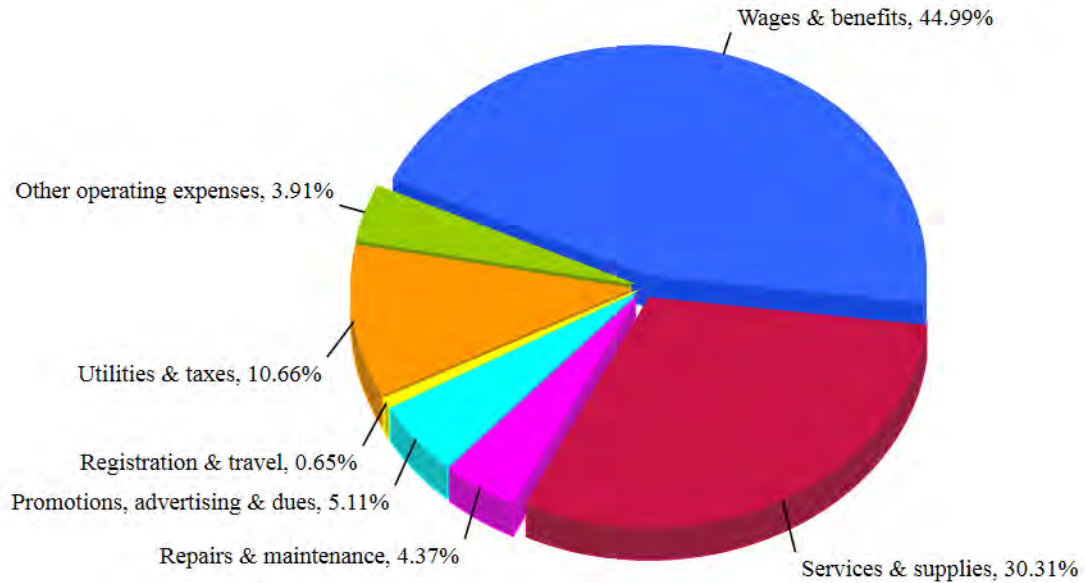
2017 Operating Expenses



### 2016 Operating Expenses



### 2015 Operating Expenses



## Operating Expense by Major Classification

*(dollar amounts in thousands)*

	2017	2016	Increase/ (Decrease) from 2016	% Increase/ (Decrease) from 2016
Wages & benefits	\$ 27,945	\$ 25,328	\$ 2,617	10.33 %
Services & supplies	15,368	14,581	787	5.40
Repairs & maintenance	2,733	2,607	126	4.83
Promotions, advertising & dues	1,033	1,052	(19)	(1.81)
Registration & travel	345	386	(41)	(10.62)
Utilities & taxes	4,629	4,855	(226)	(4.65)
Other operating expenses	1,796	2,151	(355)	(16.50)
Total operating expenses	<u>\$ 53,849</u>	<u>\$ 50,960</u>	<u>\$ 2,889</u>	<u>5.67 %</u>

*(dollar amounts in thousands)*

	2016	2015	Increase/ (Decrease) from 2015	% Increase/ (Decrease) from 2015
Wages & benefits	\$ 25,328	\$ 21,579	\$ 3,749	17.37 %
Services & supplies	14,581	14,537	44	0.30
Repairs & maintenance	2,607	2,097	510	24.32
Promotions, advertising & dues	1,052	2,453	(1,401)	(57.11)
Registration & travel	386	313	73	23.32
Utilities & taxes	4,855	5,116	(261)	(5.10)
Other operating expenses	2,151	1,877	274	14.60
Total operating expenses	<u>\$ 50,960</u>	<u>\$ 47,972</u>	<u>\$ 2,988</u>	<u>6.23 %</u>

## Debt Activity

The Authority did not issue any new debt in fiscal year 2017. In 2017, normal debt service payments reduced the overall debt by \$15.65 million. Additional payments from available resources were made in the amount of \$5.54 million to further reduce debt balances. In July 2017, the Authority paid off the remaining portion of the 2013 notes ahead of its October 2017 maturity date. Additional payments of \$2.54 million were made in 2017 to satisfy the 2013 note. In July 2016, the Authority defeased the remaining portion of the 2006 airport revenue bond in the amount of \$47.62 million. In 2016, the debt service payments reduced the overall debt by \$35.14 million.

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

## Cash and Investment Management

The Authority's cash and cash equivalents decreased \$2.86 million for fiscal year 2017 over 2016. Cash and cash equivalents, unrestricted, decreased by \$2.71 million and restricted cash and cash equivalents decreased by \$0.15 million.

The Authority's cash and cash equivalents decreased \$3.52 million for fiscal year 2016 over 2015. Cash

and cash equivalents, unrestricted, decreased by \$2.55 million and restricted cash and cash equivalents decreased by \$0.97 million.

### **Capital Construction**

During 2017, the Authority expended approximately \$27.59 million on capital activities. Major projects in 2017 include the parking revenue control system and hold baggage system rehab and upgrade and the CCTV upgrade.

During 2016, the Authority expended approximately \$32.50 million on capital activities. Major projects in 2016 include the hold baggage system rehab and upgrade, taxiway G, taxi lane G1 and apron reconstruction.

Average monthly capital construction spending was \$2.30 million, \$2.71 million and \$2.86 million for fiscal years 2017, 2016 and 2015, respectively.

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

### **Economic Factors and Next Years' Budget**

The Authority projected a modest increase in enplanements for fiscal year 2018 in relation to the prior year. Revenues for fiscal year 2018 are forecasted to be approximately \$82.22 million or 0.43% above fiscal year 2017. Operating expenses before depreciation and amortization for fiscal year 2018 are forecasted to be approximately \$57.53 million or 6.84% above fiscal year 2017.

The Authority expects to see modest growth in fiscal year 2018 as we anticipate an increase in space and facility rentals and improving financial conditions of the nation's airlines. Cost for security and other operational expenses continue to 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

*(dollar amounts in thousands)*

	September 30,	
	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 32,592	\$ 32,736
Investments	49,769	36,516
Accounts receivable, net of allowance of \$430 in 2017 and \$120 in 2016	7,196	6,598
Grants receivable	1,187	4,201
Interest receivable	211	126
Notes receivable	214	225
Inventory and other assets	1,475	1,558
Total current assets	<u>92,644</u>	<u>81,960</u>
Noncurrent assets:		
Restricted cash and cash equivalents	12,981	15,693
Notes receivable	3,134	3,348
Total noncurrent assets	<u>16,115</u>	<u>19,041</u>
Capital assets:		
Land	71,143	71,120
Construction in progress	21,824	17,747
Property, plant and equipment	941,517	921,010
Less: accumulated depreciation	(499,645)	(467,145)
Other capital assets, net of amortization	794	1,213
Total capital assets	<u>535,633</u>	<u>543,945</u>
Total noncurrent and capital assets	551,748	562,986
Total assets	<u>644,392</u>	<u>644,946</u>
<b>Deferred Outflows of Resources</b>		
Derivative instrument - swap	1,321	2,251
Loss on refunding	2,471	2,992
Pension	10,875	11,106
Total deferred outflow of resources	<u>14,667</u>	<u>16,349</u>
Total assets and deferred outflows of resources	<u>\$ 659,059</u>	<u>\$ 661,295</u>

See accompanying notes.

# Jacksonville Aviation Authority

## Statements of Net Position (continued)

*(dollar amounts in thousands)*

	September 30,	
	2017	2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 10,020	\$ 4,032
Accrued expenses	14,306	16,541
Notes payable - current portion	7,090	9,075
Accrued interest payable	438	500
Construction contracts and retainage payable	420	2,250
Total current liabilities	32,274	32,398
<b>Long-term liabilities</b>		
OPEB liability	2,191	2,100
Notes payable	80,000	93,665
Derivative instrument - swap	1,321	2,251
Net pension liability	24,328	20,592
Total long-term liabilities	107,840	118,608
Total liabilities	140,114	151,006
<b>Deferred Inflow of Resources</b>		
Gain on refunding	839	947
Pension	1,113	2,995
Total deferred inflow of resources	1,952	3,942
<b>Net Position</b>		
Net investment in capital assets	449,755	441,000
Restricted for capital acquisition and construction	2,559	5,282
Restricted for O & M	9,302	9,294
Restricted for R & R and other	1,119	1,117
Unrestricted	54,258	49,654
Total net position	516,993	506,347
Total liabilities, deferred inflows, and net position	\$ 659,059	\$ 661,295

*See accompanying notes.*

# Jacksonville Aviation Authority

## Statements of Revenues, Expenses, and Changes in Net Position

	<i>(dollar amounts in thousands)</i>	
	For the Year Ended September 30,	
	2017	2016
Operating revenues:		
Concessions	\$ 16,072	\$ 17,771
Fees & charges	16,028	14,668
Space & facility rentals	28,946	26,705
Parking	19,291	18,993
Other revenue	1,539	1,688
Total operating revenues	81,876	79,825
Operating expenses:		
Wages & benefits	27,945	25,328
Services & supplies	15,368	14,581
Repairs & maintenance	2,733	2,607
Promotions, advertising & dues	1,033	1,052
Registration & travel	345	386
Utilities & taxes	4,629	4,855
Other operating expenses	1,796	2,151
Operating expenses before depreciation and amortization	53,849	50,960
Operating income before depreciation and amortization	28,027	28,865
Depreciation & amortization	33,717	31,346
Operating loss	(5,690)	(2,481)
Nonoperating revenues:		
Passenger facility charges	10,881	10,983
Investment income	817	1,451
Payments from federal & state agencies	383	318
Other revenues	980	1,387
Total nonoperating revenues	13,061	14,139
Nonoperating expenses:		
Interest expense	2,228	3,946
Other expenses	414	444
Total nonoperating expenses	2,642	4,390
Income before capital contributions	4,729	7,268
Capital contributions	5,917	21,762
Change in net position	10,646	29,030
Net position, beginning of year	506,347	477,317
Net position, end of year	\$ 516,993	\$ 506,347

*See accompanying notes.*



# Jacksonville Aviation Authority

## Statements of Cash Flows

	For the Year Ended September 30, (dollar amounts in thousands)	
	2017	2016
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and tenants	\$ 81,279	\$ 78,901
Payments to suppliers for goods and services	(22,226)	(29,972)
Payments to employees for services	(25,610)	(23,847)
Other nonoperating (expense) revenue	734	936
Net cash provided by operating activities	<u>34,177</u>	<u>26,018</u>
<b>Cash flows non-capital and related financing activities</b>		
Nonoperating grants received	269	202
Net cash provided by non-capital financing activities	<u>269</u>	<u>202</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(27,588)	(25,090)
Principal paid on capital debt	(15,650)	(61,640)
Interest paid on capital debt	(1,876)	(4,821)
Proceeds on new debt	-	26,500
Proceeds from sale of equipment	297	221
Contributions-in-aid of construction	8,930	15,493
Passenger facility charges received	10,881	10,983
Net cash used in capital and related financing activities	<u>(25,006)</u>	<u>(38,354)</u>
<b>Cash flows from investing activities</b>		
Collections on notes receivable	225	244
Interest on investments	1,014	990
Purchase of investment securities	(35,264)	(60,743)
Proceeds from sale and maturities of investment securities	21,729	68,126
Net cash provided by (used in) investing activities	<u>(12,296)</u>	<u>8,617</u>
Net change in cash and cash equivalents	(2,856)	(3,517)
Cash and cash equivalents, beginning of year	48,429	51,945
Cash and cash equivalents, end of year	<u>\$ 45,573</u>	<u>\$ 48,429</u>

See accompanying notes.

# Jacksonville Aviation Authority

## Statements of Cash Flows (continued)

	For the Year Ended September 30, <i>(dollar amounts in thousands)</i>	
	<u>2017</u>	<u>2016</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities</b>		
Operating loss	\$ (5,690)	\$ (2,481)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	33,717	31,346
Increase in accounts receivable	(598)	(923)
Decrease in inventory and other assets	83	73
Increase (decrease) in accounts payable	5,989	(177)
Increase (decrease) in pension deferred outflow	232	(5,782)
Increase in accrued expenses	1,592	4,309
Decrease in pension deferred inflow	(1,882)	(1,283)
Other nonoperating revenue	734	936
Net cash provided by operating activities	<u>\$ 34,177</u>	<u>\$ 26,018</u>
Non-cash investing, capital and financing activities:		
Change in fair value of investments	<u>\$ (282)</u>	<u>\$ 468</u>
Capital assets acquired through contracts payable and accruals	<u>\$ 420</u>	<u>\$ 2,250</u>
Capital Contributions Receivable	<u>\$ 1,187</u>	<u>\$ 4,201</u>
Capital assets contributed to the Authority	<u>\$ -</u>	<u>\$ 7,956</u>

See accompanying notes.

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# Notes to Financial Statements

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## Annual Financial Report

Fiscal Years Ended September 30, 2017 and 2016

Notes



**JAA**

Jacksonville  
Aviation  
Authority

# Jacksonville Aviation Authority

## Notes to Financial Statements

September 30, 2017 and 2016

### **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 (City) 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.

### **2. Summary of Significant Accounting Policies**

#### **New Accounting Guidance**

GASB 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017, which is the Authority's fiscal year 2018. Management does not believe that the implementation of GASB 75 will have a significant impact on the financial position of the Authority.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### GASB 83: Certain Asset Retirement Obligations

The objective of Statement No. 83 is to improve financial reporting by developing requirements on recognition and measurement for asset retirement obligations (ARO), other than landfills. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is still evaluating the impact of this statement on the financial statements.

#### GASB 87: Leases

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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 of resources, liabilities, deferred inflows of resources, 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.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **2. Summary of Significant Accounting Policies (continued)**

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.

#### **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 consists 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 Chief Executive Officer 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 Chief Executive Officer or his designee, line-to-line capital budget transfers may be made with the approval of the Chief Executive Officer 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 residual cost recovery method, pursuant to the 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. See separate note on Airline Lease and Use Agreement for further details.

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 residual cost recovery method, through rates and charges pursuant to the Agreement. Leases are typically 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 on a straight line basis 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 collateralized.

For purposes of reporting cash flows, the Authority considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents. Cash equivalents, which are stated at amortized 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.

#### 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.



# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### Inventory

Inventory consists of supplies and parts, and fuel and is stated at the lower of cost or market 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.

Operations and maintenance (O&M) fund is an asset representing proceeds restricted to pay the next succeeding two months of budgeted operations and maintenance expenses.

Passenger facility charges (PFC) funds are assets representing PFC collections based on an approved Federal Aviation Administration (FAA) application to “impose” such charges on enplaned passengers at Jacksonville International Airport (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.

Renewal and replacement 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.

#### 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 includes capitalized interest during the period of construction (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 acquisition 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:

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

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

#### Capitalization of Interest

Interest costs incurred during the construction of eligible capital assets projects are capitalized.

#### Debt Issuance Costs

Debt issuance costs represent costs incurred in the process of issuing bonds or notes and are expensed in the year of issuance.

#### 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 prior year.

#### Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resource and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) defined benefit plans (Plans), additions to/deductions from both Plans fiduciary net position have been determined on the same basis as they are reported by the Plans and are recorded in the Authority's financial statements.

#### Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports an accumulated decrease in fair value of a derivative swap (see note 10), the net deferred loss on refunding of debt, as well as deferred outflows related to pensions in this category.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **2. Summary of Significant Accounting Policies (continued)**

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports deferred inflows related to the net deferred gain on refunding of debt, as well as deferred inflows related to pensions in this category.

#### **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.

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 \$363.46 million since inception through November 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, 2017, the Authority has collected, including interest earnings, PFCs totaling approximately \$224.32 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 \$223.76 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)

#### 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.

### 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 AA+ 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)

The Authority's investments are rated as follows:

<i>September 30, 2017</i>		<i>(dollar amounts in thousands)</i>
<u>Investment Type</u>	<u>Rating S&amp;P</u>	<u>Fair Value</u>
US Treasury and government agency securities	AAA	\$ 15,058
US Treasury and government agency securities	AA+	17,269
Money market mutual funds	AAA	10,759
Corporate Bonds	AAA	6,247
Corporate Bonds	AA+	806
Corporate Bonds	AA	240
Corporate Bonds	AA-	902
Corporate Bonds	A	2,893
Corporate Bonds	A-	1,436
Corporate Bonds	A+	1,911
Corporate Bonds *	BBB+	694
Foreign Bonds	AAA	2,313
Total		<u>\$ 60,528</u>

Note \* - These bonds were rated A- or better at the time of purchase, as required by policy. The bonds were downgraded after the purchase date.

<i>September 30, 2016</i>		<i>(dollar amounts in thousands)</i>
<u>Investment Type</u>	<u>Rating S&amp;P</u>	<u>Fair Value</u>
US Treasury and government agency securities	AAA	\$ 6,529
US Treasury and government agency securities	AA+	19,461
Money market mutual funds	AAA	10,720
Commercial Paper	A-1	1,395
Corporate Bonds	AAA	2,943
Corporate Bonds	AA+	225
Corporate Bonds	AA	299
Corporate Bonds	AA-	1,504
Corporate Bonds	A	2,486
Corporate Bonds	A-	1,361
Corporate Bonds *	BBB+	214
Corporate Bonds *	BB-	99
Total		<u>\$ 47,236</u>

# 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	<i>(dollar amounts in thousands)</i>		
	Less than One Year from 9/30/2017	One to Five Years	Total
US Treasury and government agency securities	\$ 14,822	\$ 17,505	\$ 32,327
Money market mutual funds*	10,759	-	10,759
Corporate Bonds	7,301	7,828	15,129
Foreign Bonds	-	2,313	2,313
Total investments	<u>\$ 32,882</u>	<u>\$ 27,646</u>	<u>\$ 60,528</u>

Type of investments	<i>(dollar amounts in thousands)</i>		
	Less than One Year from 9/30/2016	One to Five Years	Total
US Treasury and government agency securities	\$ 1,080	\$ 24,910	\$ 25,990
Money market mutual funds*	10,720	-	10,720
Commercial Paper	1,395	70	1,465
Corporate Bonds	911	8,150	9,061
Total investments	<u>\$ 14,106</u>	<u>\$ 33,130</u>	<u>\$ 47,236</u>

\*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, 2017, and 2016 all investment securities of the Authority are held with an appropriate 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 limits. 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. Total United States Government Agencies, Repurchase Agreements, and Registered Investment Companies held by the Authority shall each not exceed 75% of the total value of the investment portfolio. Maximum exposure to any Interest Bearing Time Deposits, Money Markets or Savings Accounts shall be limited to 50% of the total investment portfolio. The Authority's investment in Commercial Paper, Corporate Notes, and Short Term Bond Funds shall not exceed 35% of the total investment portfolio. Authority investments in Supranationals, where the United States is a shareholder and voting member shall not exceed 25%. Maximum exposure to Mortgage-Backed Securities and State and/or Local Government Taxable and /or Tax-Exempt Debt shall not exceed 25% of the total investment portfolio. The Authority shall not exceed 25% of its portfolio value for Asset-Backed Securities and 10% for Bankers Acceptance.

As of September 30, 2017, all investment holdings of the Authority are in compliance with these policies. Investments in any one issuer representing 5% or more of the Authority's total investments as of September 30, 2017 are as follows: \$13.51 million 28.54% invested in US Treasury Notes and \$8.05 million 17.01% invested in issues of the Federal Home Loan Banks.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments (continued)

As of September 30, 2016, the Authority's investment limits as a percentage of portfolio value were as follows:

- Florida Local Government Surplus Funds Trust Fund and US Government Securities shall not exceed 100%.
- Federal instrumentalities shall not exceed 80%.
- Total US Government Agencies, Repurchase Agreements, and Registered Investment Companies shall not exceed 50%.
- Commercial Paper and Bankers Acceptance shall not exceed 35%.
- Maximum exposure to Interest Bearing Time Deposits or Savings Accounts, Corporate Notes or Short Term Bond Funds shall be limited to 25%.
- Maximum exposure to Mortgage-Backed Securities and State and/or Local Government Taxable and/or Tax-Exempt Debt shall not exceed 20%.
- Asset-Backed Securites shall not exceed 10%.

As of September 30, 2016, all investment holdings of the Authority were in compliance with the investment policy in place as of that date. Investments in any one issuer representing 5% or more of the Authority's total investments as of September 30, 2016 are as follows: \$9.22 million 19.52% invested in issues of the Federal Home Loan Banks: \$6.53 million 13.82% invested in US Treasury Notes: \$2.71 million 5.73% invested in Federal National Mortgage Association; and \$2.37 million 5.01% invested in Federal Home Loan Mortgage Corporation.



# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments (continued)

September 30, 2017	<i>(dollar amounts in thousands)</i>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fair Value</u>
Investments:			
US Treasury and government agency securities	\$ 32,327	\$ -	\$ 32,327
Money market mutual funds*	422	10,337	10,759
Foreign Bonds	2,313	-	2,313
Corporate Bonds	15,129	-	15,129
Total investments	<u>\$ 50,191</u>	<u>\$ 10,337</u>	<u>\$ 60,528</u>

September 30, 2016	<i>(dollar amounts in thousands)</i>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fair Value</u>
Investments:			
US Treasury and government agency securities	\$ 26,092	\$ -	\$ 26,092
Money market mutual funds*	-	10,617	10,617
Commercial Paper	1,395	-	1,395
Corporate Bonds	9,132	-	9,132
Total investments	<u>\$ 36,619</u>	<u>\$ 10,617</u>	<u>\$ 47,236</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 Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the asset; Level 3 inputs are significant unobservable inputs. The authority has no investments valued using level 3 inputs.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments (continued)

The Authority has the following recurring fair value measurements as of September 30, 2017:

US Treasury and government agency securities of \$32.33 million are valued using quoted prices in an active market or identical assets on active markets (Level 1 inputs).

Corporate bonds of \$15.13 million and foreign bonds of \$2.31 million are valued using a matrix pricing model (Level 2 inputs).

The Authority had the following recurring fair value measurements as of September 30, 2016:

Us Treasury and government agency securities of \$26.09 million were valued using quoted prices in an active market for identical assets (Level 1 inputs).

Commercial paper of \$1.40 million and corporate bonds of \$9.1 million were valued using a matrix pricing model (Level 2 inputs).

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, 2017 and 2016.

*(dollar amounts in thousands)*

	Cash	Money Market Mutual Funds	Investment Securities	Total Investments	Total Cash & Investments
Current assets:					
Cash and cash equivalents	\$ 32,170	\$ 422	\$ -	\$ 422	\$ 32,592
Investments	-	-	49,769	49,769	49,769
Noncurrent assets:					
Restricted cash and cash equivalents	2,644	10,337	-	10,337	12,981
	\$ 34,814	\$ 10,759	\$ 49,769	\$ 60,528	\$ 95,342

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments (continued)

(dollar amounts in thousands)

	Cash	Money Market Mutual Funds	Investment Securities	Total Investments	Total Cash & Investments
Current assets:					
Cash and cash equivalents	\$ 32,735	\$ -	\$ -	\$ -	\$ 32,735
Investments	-	-	36,619	36,619	36,619
Noncurrent assets:					
Restricted cash and cash equivalents	5,372	10,617	-	10,617	15,989
	\$ 38,107	\$ 10,617	\$ 36,619	\$ 47,236	\$ 85,343

### 4. Receivables

Accounts receivable are recorded net of allowances for uncollectible accounts of \$430 thousand and \$120 thousand at September 30, 2017 and 2016, respectively. Accounts receivable at year-end are comprised of the following:

	Percent of Balance September 30,	
	2017	2016
Receivables from:		
Airlines	76.67 %	68.87 %
Concessionaires/non-aviation	19.06 %	26.79 %
Parking customers	4.27 %	4.34 %

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 4. Receivables (continued)

The Authority entered into separate operating and lease agreements with various tenants where the following note receivables were issued: November 01, 2014 for \$87.80 thousand over forty-eight months at no interest, November 01, 2013 for \$250 thousand over fifty-four months at an 8% interest rate, April 1, 2009 for \$465.17 thousand over 83 months at an interest rate of 3.5%, and February 25, 2005 for \$4.63 million over twenty-five years at an interest rate ranging from 6% to 9%. The current rate of interest for 2017 is 8%.

*(dollar amounts in thousands)*

October 1, 2016 Balance	Increases	Decreases	September 30, 2017 Balance	Amounts Due Within One Year
\$ 3,574	\$ -	\$ (226)	\$ 3,348	\$ 214

*(dollar amounts in thousands)*

October 1, 2015 Balance	Increases	Decreases	September 30, 2016 Balance	Amounts Due Within One Year
\$ 3,817	\$ -	\$ (243)	\$ 3,574	\$ 225

### 5. Restricted Assets

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

*(dollar amounts in thousands)*

	2017	2016
<b>Non current restricted cash and cash equivalents</b>		
Federal forfeiture	\$ 70	\$ 70
Flexible spending	14	20
PFC Account	2,559	5,142
O & M Fund	9,288	9,274
Capital recovery	1	140
R & R Fund	1,049	1,047
Total non current restricted cash and cash equivalents	<u>\$ 12,981</u>	<u>\$ 15,693</u>

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 6. Capital Assets

Capital assets activity for the years ended September 30, 2017 and 2016:

	<i>(dollar amounts in thousands)</i>			
	Beginning Balance October 1, 2016	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2017
Capital assets not being depreciated:				
Land	\$ 71,120	\$ 23	\$ -	\$ 71,143
Construction in progress	17,747	22,074	(17,997)	21,824
Total capital assets not being depreciated	<u>88,867</u>	<u>22,097</u>	<u>(17,997)</u>	<u>92,967</u>
Other capital assets:				
Buildings and Structures	148,509	178	(300)	148,387
Other improvements	705,261	16,439	(36)	721,664
Equipment	67,240	4,930	(704)	71,466
Total other capital assets	<u>921,010</u>	<u>21,547</u>	<u>(1,040)</u>	<u>941,517</u>
Intangible capital assets	8,035	111	-	8,146
Less amortization	(6,822)	(529)	-	(7,351)
Total intangible assets	<u>1,213</u>	<u>(418)</u>	<u>-</u>	<u>794</u>
Total assets being depreciated	922,223	21,129	(1,040)	942,312
Total capital assets	1,011,090	43,226	(19,037)	1,035,279
Less: Accumulated depreciation				
Buildings	72,545	3,994	(27)	76,512
Other improvements	351,916	24,854	(282)	376,488
Equipment	42,684	4,620	(659)	46,645
Total accumulated depreciation	<u>467,145</u>	<u>33,468</u>	<u>(968)</u>	<u>499,645</u>
	<u>\$ 543,945</u>	<u>\$ 9,758</u>	<u>\$ (18,069)</u>	<u>\$ 535,633</u>

Depreciation expense for the years ended September 30, 2017 and 2016 was \$33.47 million and \$30.57 million, respectively. During the fiscal years ended September 30, 2017 and 2016 we capitalized \$164 and \$762.70 thousand in interest, respectively.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 6. Capital Assets (continued)

	<i>(dollar amounts in thousands)</i>			
	Beginning Balance October 1, 2015	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2016
Capital assets not being depreciated:				
Land	\$ 71,120	\$ -	\$ -	\$ 71,120
Construction in progress	15,884	25,304	(23,441)	17,747
Total capital assets not being depreciated	<u>87,004</u>	<u>25,304</u>	<u>(23,441)</u>	<u>88,867</u>
Other capital assets:				
Buildings	142,882	5,627	-	148,509
Other improvements	687,233	18,028	-	705,261
Equipment	59,847	7,814	(421)	67,240
Total other capital assets	<u>889,962</u>	<u>31,469</u>	<u>(421)</u>	<u>921,010</u>
Intangible capital assets	7,648	387	-	8,035
Less amortization	<u>(6,330)</u>	<u>(492)</u>	<u>-</u>	<u>(6,822)</u>
Total intangible assets	1,318	(105)	-	1,213
Total assets being depreciated	891,280	31,364	(421)	922,223
Total capital assets	978,284	56,668	(23,862)	1,011,090
Less: Accumulated depreciation				
Buildings	68,513	4,032	-	72,545
Other improvements	329,416	22,500	-	351,916
Equipment	38,686	4,042	(44)	42,684
Total accumulated depreciation	<u>436,615</u>	<u>30,574</u>	<u>(44)</u>	<u>467,145</u>
	<u>\$ 541,669</u>	<u>\$ 26,094</u>	<u>\$ (23,818)</u>	<u>\$ 543,945</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](mailto:rep@frs.state.fl.us), or by phone at (850) 488-5706.

### **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.



# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

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
07/01/2017-06/30/2018	Employer	23.27 %	13.26 %	22.71 %	7.92 %
	Employee	3.00 %	3.00 %	3.00 %	3.00 %
	Total	26.27 %	16.26 %	25.71 %	10.92 %
07/01/2016-06/30/2017	Employer	22.57 %	12.99 %	21.77 %	7.52 %
	Employee	3.00 %	- %	3.00 %	3.00 %
	Total	25.57 %	12.99 %	24.77 %	10.52 %
07/01/2015-06/30/2016	Employer	22.04 %	12.88 %	21.43 %	7.26 %
	Employee	3.00 %	- %	3.00 %	3.00 %
	Total	25.04 %	12.88 %	24.43 %	10.26 %

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

	<i>(dollar amounts in thousands)</i>		
	2017	2016	2015
Employer	\$ 2,053	\$ 1,878	\$ 1,712
Employee	537	502	466
Total	\$ 2,590	\$ 2,380	\$ 2,178

#### Pension Plan

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

At September 30, 2017 and 2016, the Authority reported a liability of \$17.88 million and \$14.13 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017 and 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

The Authority's proportionate share of the net pension liability was based on the Authority's 2017 and 2016 fiscal year contributions relative to the 2017 and 2016 fiscal year contributions of all participating members. At June 30, 2017 and 2016 the Authority's proportionate share was 0.06045064% and 0.05596706% respectively, which was an increase of 0.00448358% from its proportionate share measured as of June 30, 2016 and an increase of 0.00208404% from its proportionate share measured as of June 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the Authority recognized pension expense of \$3.35 and \$2.24 million related to the Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(dollar amounts in thousands)</i>			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,641	\$ (99)	\$ 1,082	\$ (132)
Change of assumptions	6,009	-	855	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(443)	6,501	(2,848)
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	1,143	-	732	-
Authority's contributions subsequent to the measurement date	373	-	458	-
Total	<u>\$ 9,166</u>	<u>\$ (542)</u>	<u>\$ 9,628</u>	<u>\$ (2,980)</u>

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

For fiscal years ended September 30, 2017 and 2016 deferred outflow of resources related to pensions, totaled \$373.01 and \$458.28 thousand, resulting from Authority contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018 and 2017, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	<i>(dollar amounts in thousands)</i>	
	<u>2017</u>	
	Deferred outflows/(inflows) net	
2018	\$	1,443
2019		1,443
2020		1,443
2021		1,775
2022		663
Thereafter		1,484

### Actuarial Assumptions

The total pension liability in the July 1, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2017</u>	<u>2016</u>
Inflation	2.60%	2.60%
Salary increases - average including inflation	3.25%	3.25%
Investment rate of return - net of pension plan investment expense including inflation	7.10%	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2017 and 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was based on assumptions developed by Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

In the comprehensive annual financial report issued by FRS for the plan year ended June 30, 2016, management of the plan included a disclosure about the investment rate of return assumption as set by the 2016 FRS Actuarial Assumption Conference and the exception taken (unreasonable assumption) by the Plan Actuary in its Actuarial Valuation report of the Plan as of and for the year ended June 30, 2016. Management of the Authority considered this information, as well as the audited financial statements of the FRS Pension Plan and Employer Allocation Reports issued by the Auditor General of the State of Florida as of and for the year ended June 30, 2016, which both contained unmodified opinions and has concluded that the information provided by the Plan for reporting by the cost-sharing employers was reasonable.

July 1, 2017

Actuarial Assumptions

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Target Allocation (1)
Cash	1.00 %	3.00 %	3.00 %	1.80 %
Fixed Income	18.00	4.50	4.40	4.20
Global equity	53.00	7.80	6.60	17.00
Real estate (property)	10.00	6.60	5.90	12.80
Private Equity	6.00	11.50	7.80	30.00
Strategic investments	12.00	6.10	5.60	9.70
Total	100.00			
Assumed Inflation - Mean			2.60 %	1.90 %

*Note: (1) As outlined in the Plan's investment policy*

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

July 1, 2016

Actuarial Assumptions

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Target Allocation (1)
Cash	1.00 %	3.00 %	3.00 %	1.70 %
Fixed Income	18.00	4.70	4.60	4.60
Global equity	53.00	8.10	6.80	17.20
Real estate (property)	10.00	6.40	5.80	12.00
Private Equity	6.00	11.50	7.80	30.00
Strategic investments	12.00	6.10	5.60	11.10
Total	100.00 %			

Assumed inflation - Mean

0

%

2.60 %

1.90 %

*Note: (1) As outlined in the Plan's  
investment policy*

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10% for 2017 and 7.60% for 2016. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.10% rate of return assumption used in the June 30, 2017 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.10% and 7.60% for 2017 and 2016, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.10% rate of return assumption used in the June 30, 2017 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

	<i>(dollar amounts in thousands)</i>					
	2017			2016		
	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Authority's proportionate share of the net pension liability	\$ 32,363	\$ 17,880	\$ 5,857	\$ 26,017	\$ 14,132	\$ 4,238

#### Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

#### The Retiree Health Insurance Subsidy Program (HIS)

##### Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services, Division of Retirement.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

#### Benefits Provided

For the fiscal year ended September 30, 2017 and 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS benefit of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

#### Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017 and 2016, the contribution rate was 1.66% and 2.22% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

At September 30, 2017 and 2016, the Authority reported a net pension liability of \$6.45 and \$6.46 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016.

The Authority's proportionate share of the net pension liability was based on the Authority's 2017 and 2016 fiscal year contributions relative to the total 2017 and 2016 fiscal year contributions of all participating members. At June 30, 2017 and 2016, the Authority's proportionate share was 0.06030194%, and 0.05543686% which was an increase of 0.00486508% from its proportionate share measured as of June 30, 2016, and an increase of 0.00270885% from its proportionate share measured as of June 30, 2015.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

For the fiscal year ended September 30, 2017 and 2016, the Authority recognized pension expense of \$648 and \$597 thousand related to the HIS Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(dollar amounts in thousands)</i>			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (13)	\$ -	\$ (15)
Change of assumptions	906	(558)	1,014	-
Net difference between projected and actual earnings on FRS HIS investments	4	-	3	-
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	724	-	380	-
Authority's contributions subsequent to the measurement date	74	-	81	-
<b>Total</b>	<b>\$ 1,708</b>	<b>\$ (571)</b>	<b>\$ 1,478</b>	<b>\$ (15)</b>

For fiscal years ended September 30, 2017 and 2016 deferred outflows of resources related to pensions, totaling \$74 and \$81 thousand, resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018 and 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	<i>(dollar amounts in thousands)</i>
	Deferred Outflow/(Inflows)
	Net
2018	\$ 190
2019	190
2020	190
2021	189
2022	189
Thereafter	115



# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

#### Actuarial Assumptions

The total pension liability in the July 1, 2017 and 2016, actuarial valuations, for the HIS Plan, was determined using the following actuarial assumptions, applied to all periods include in the measurement:

	<u>2017</u>	<u>2016</u>
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	3.58%	2.85%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of the actuarial experience study for the period July 1, 2011, through June 30, 2015.

#### Discount Rate

The discount rate used to measure the total pension liability relating to the HIS Plan were 3.58% and 2.85% for 2017 and 2016. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index as adopted as the applicable municipal bond index.

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

The following presents the Authority's proportionate share of the net pension liability, for the HIS Plan, calculated using the discount rate of 3.58% and 2.85% for 2017 and 2016, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1 % point higher than the current rate.

	<i>(dollar amounts in thousands)</i>					
	<u>2017</u>			<u>2016</u>		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	2.58%	3.58%	4.58%	1.85%	2.85%	3.85%
Authority's proportionate share of the net pension liability	\$ 7,358	\$ 6,448	\$ 5,690	\$ 7,412	\$ 6,460	\$ 5,671

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

#### Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

#### **FRS - Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **7. Pension Plans (continued)**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$384 thousand for the fiscal year ended September 30, 2017, and \$337 thousand for the fiscal year ended September 30, 2016.

### **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 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. Thus, the assets and liabilities of the 401(a) Plan are not reflected on the Authority's Statement of Net Position.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **9. Postretirement Health and Other Benefits**

#### **Plan Description**

The Authority provides medical, 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 retirees pay is less than the cost of covering retired members and their beneficiaries results in 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, 2016. 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 (ARC) of the employer 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 2017 and 2016, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation. The net OPEB obligation of \$2.19 and \$2.10 million is recorded as a long-term liability in the statements of net position for fiscal years 2017 and 2016, respectively.

	<i>(dollar amounts in thousands)</i>	
	2017	2016
Determination of Annual Required Contribution		
Normal cost at year end	\$ 138	\$ 133
Amortization of UAAL	108	98
Annual required contribution (ARC)	<u>\$ 246</u>	<u>\$ 231</u>
Determination of net OPEB obligation		
Annual required contribution	\$ 246	\$ 231
Interest on prior year net OPEB obligation	84	81
Adjustment to ARC	<u>(196)</u>	<u>(195)</u>
Annual OPEB cost	\$ 134	\$ 117
Contributions made*	<u>43</u>	<u>35</u>
(Decrease) Increase in net OPEB obligation	\$ 91	\$ 82
Net OPEB obligation - beginning of year	<u>2,100</u>	<u>2,018</u>
Net OPEB obligation - end of year	<u>\$ 2,191</u>	<u>\$ 2,100</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 2016-2017 and 2015-2016 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, 2017, 2016 and 2015.

Fiscal Year Ended	<i>(dollar amounts in thousands)</i>			
	Annual OPEB Cost	Authority Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2017	\$ 134	\$ 43	32.09 %	\$ 2,191
9/30/2016	117	35	29.91	2,100
9/30/2015	(15)	44	(293.33)	2,018

### Funded Status and Funding Progress

As of September 30, 2017 and September 30, 2016 the plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1.86 and \$1.70 million for 2017 and 2016, respectively. The actuarial value of assets for both 2017 and 2016 was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.86 and \$1.70 million in 2017 and 2016. For fiscal years 2017 and 2016 the covered payroll (annual payroll of active employees covered by the plan) was \$18.68 and \$17.45 million, respectively. The ratio of the UAAL to the covered payroll was 9.96% for 2017 and 9.74% for 2016.

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 are 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, 2017 and September 30, 2016 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 years 2017 and 2016 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. Because benefits are not based on payroll no assumptions are made for salary increases. The actuarial liability is amortized over the maximum permissible period under GASB 45 of 30 years. There are (21) years remaining.

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, 2017 and 2016 costs 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 10.00% and 10.00%, for fiscal year 2017 and 2016. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend, resulting in an ultimate rate of 5.00% for fiscal year 2017 assumptions and 5.00% for fiscal year 2016 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:

*(dollar amounts in thousands)*

	2016 Balance	Increases	Decreases	2017 Balance	Due Within One Year
Revenue refunding notes	\$ 102,740	\$ -	\$ 15,650	\$ 87,090	\$ 7,090
Less amounts due within one year	<u>(9,075)</u>			<u>(7,090)</u>	
Total long term portion	93,665			80,000	
Total long term bonds and notes payable	<u>\$ 93,665</u>	<u>\$ -</u>	<u>\$ 15,650</u>	<u>\$ 80,000</u>	

*(dollar amounts in thousands)*

	October 1, 2015 Balance	Increases	Decreases	September 30, 2016 Balance	Due Within One Year
Revenue bonds	\$ 50,530	\$ -	\$ 50,530	\$ -	\$ -
Revenue refunding notes	87,350	26,500	11,110	102,740	9,075
Total	<u>137,880</u>	26,500	61,640	<u>102,740</u>	9,075
Less amounts due within one year	<u>(12,020)</u>			<u>(9,075)</u>	
Total long term portion	125,860			93,665	
Unamortized bond premium	828	-	828	-	
Total long term bonds and notes payable	<u>\$ 126,688</u>	<u>\$ 26,500</u>	<u>\$ 62,468</u>	<u>\$ 93,665</u>	



# 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 were 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 assigned underlying ratings of "A2", "A" and "A", respectively, to the 2006 bonds.

On July 5, 2016 the Authority defeased the remaining balance on the 2006 Airport Revenue Bonds. Principal and interest defeased were \$47.62 million and \$1.17 million, respectively. The original maturity date of October 2027 was shortened due to the refinancing of the bond. Proceeds to pay off the bonds came from the 2016 revenue note and Authority funds.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness (continued)

#### 2008 Revenue 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, 2017 was 0.772%.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2017 and the fixed interest rate of 3.412%:

Year Ending September 30,	<i>(dollar amounts in thousands)</i>		
	Principal	Interest	Total
2018	\$ 2,570	\$ 749	\$ 3,319
2019	2,660	659	3,319
2020	2,750	567	3,317
2021	2,845	472	3,317
2022	2,945	373	3,318
2023 - 2025	9,455	491	9,946
Total	<u>\$ 23,225</u>	<u>\$ 3,311</u>	<u>\$ 26,536</u>

# 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. 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, 2017:

Year Ending September 30,	<i>(dollar amounts in thousands)</i>		
	Principal	Interest	Total
2018	\$ 1,525	\$ 668	\$ 2,193
2019	1,525	641	2,166
2020	1,525	615	2,140
2021	1,525	589	2,114
2022	1,525	562	2,087
2023	31,740	275	32,015
Total	<u>\$ 39,365</u>	<u>\$ 3,350</u>	<u>\$ 42,715</u>

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **10. Long-Term Indebtedness (continued)**

#### **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 in-substance defeasance of the 2003 A-1 and A-2 revenue bonds. The refunding resulted in a present value interest savings \$15.33 million. The result was an in-substance defeasance of the 2003 A-1 and A-2 bonds.

On July 19, 2017 JAA paid off the remaining portion of the 2013 note, prior to its original stated maturity date of October 1, 2017. Proceeds to pay off the note came from existing Authority funds.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness (continued)

#### 2016 Revenue Refunding Note

On July 5, 2016 a revenue refunding note was issued from Bank United in the amount of \$26.5 million. The purpose of the note was to refund the 2006 Revenue bonds. The note has a fixed rate of 1.807%. The net proceeds of \$26.5 million, plus an additional \$22.42 million, for a total of \$48.92 million, were deposited in an irrevocable escrow account to provide for the full defeasance of the 2006 revenue bonds. The outstanding balances of September 30, 2016 for the 2006 revenue bonds were principal of \$47.62 million and interest of \$1.17 million. The present value of the annual savings of the refunding is \$6.65 million and the total savings is \$9.27 million. The Authority paid \$176.47 thousand of issuance cost for the 2016 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, 2017.

Year Ending September 30,	<i>(dollar amounts in thousands)</i>		
	Principal	Interest	Total
2018	\$ 2,995	\$ 416	\$ 3,411
2019	7,650	319	7,969
2020	1,860	234	2,094
2021	1,895	200	2,095
2022	1,930	165	2,095
2023 - 2027	8,170	303	8,473
Total	\$ 24,500	\$ 1,637	\$ 26,137

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness (continued)

#### Annual Requirements

Annual requirements to repay all outstanding long-term debt as of September 30, 2017 are as follows:

*(dollar amounts in thousands)*

Year Ending September 30,	2016 Revenue		2012 Revenue		Total	
	Refunding Note	2008 Note	Refunding Note	Principal and Interest	Total Principal	Total Interest
2018	\$ 3,411	\$ 3,319	\$ 2,193	\$ 8,923	\$ 7,090	\$ 1,833
2019	7,969	3,319	2,166	13,454	11,835	1,619
2020	2,094	3,317	2,140	7,551	6,135	1,416
2021	2,095	3,317	2,114	7,526	6,265	1,261
2022	2,095	3,318	2,087	7,500	6,400	1,100
2023 - 2027	8,473	9,946	32,015	50,434	49,365	1,069
	<u>\$ 26,137</u>	<u>\$ 26,536</u>	<u>\$ 42,715</u>	<u>\$ 95,388</u>	<u>\$ 87,090</u>	<u>\$ 8,298</u>

#### 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 Revenue 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, 2017 and 2016 the fair value of the swap was a negative \$1.32 million and \$2.25 million respectively, which represent the amount the Authority would pay to exit the swap transaction as of that date based on prevailing interest rates.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness (continued)

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 value changes are recorded on the statements of net position as either a deferred outflow or a deferred inflow.

The terms of the floating to fixed rate swap agreement outstanding at September 30, 2017, are as follows:

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

The following table includes fiscal year 2017 and 2016 summary information for the Authority's effective cash flow hedge related to the outstanding floating to fixed interest swap agreement which is recorded as a derivative instrument liability and offsetting deferred outflow of resource.

2008 Revenue Note	(dollar amounts in thousands)			
	Changes in Fair Value	Classification	Fair Value	Notional Amount Outstanding
September 30, 2017	\$ 930	Derivative instrument - swap	\$ (1,321)	\$ 23,225
September 30, 2016	\$ 215	Derivative instrument - swap	\$ (2,251)	\$ 25,710

Fair value amounts were calculated using market rates as of September 30, 2017 and 2016 respectively, and standard cash flow present valuing techniques (Level 2 inputs).

For fiscal years ended September 30, 2017 and 2016, the weighted average rates of interest for floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness (continued)

	<u>2017</u>	<u>2016</u>
<b>65% of LIBOR Index:</b>		
Notional amount outstanding	\$ 23,225	\$ 25,710
Variable rate received (weighted average)	0.998 %	0.998 %
Fixed rate paid (weighted average)	3.4116 %	3.4116 %

### Risks

#### Credit Risk:

As of September 30, 2017 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 64.35 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, 2017 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 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, 2017, 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.

*(dollar amounts in thousands)*

Year Ending September 30,	Principal	Interest	Swap, Net	Total
2018	\$ 2,570	\$ 169	\$ 579	\$ 3,318
2019	2,660	149	510	3,319
2020	2,750	128	439	3,317
2021	2,845	107	365	3,317
2022	2,945	84	288	3,317
2023 - 2027	9,455	112	381	9,948
Total	<u>\$ 23,225</u>	<u>\$ 749</u>	<u>\$ 2,562</u>	<u>\$ 26,536</u>

### 11. Airline Use and Lease Agreements

The Airline Use and Lease Agreement ("Agreement") provides for the lease to signatory airlines 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. This is a residual Agreement with a five year term ended on September 30, 2017. In December of 2017 all signatory airlines agreed to a ten year extension of the Agreement. The amended Agreement will expire September 30, 2027.

For the purposes of accounting for costs, expenses and revenues and establishing signatory airline rentals, fees and charges, the Agreement provides 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, aviation, JAX Executive at Craig Airport, Herlong Airport, and Cecil Airport. The signatory airlines have no responsibility under the Agreement for the payments of any costs incurred by the Authority and attributable to the excluded cost centers.

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 guarantees the Authority will break even on the terminal cost center.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **11. Airline Use and Lease Agreements (continued)**

The Agreement provides 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. The net costs attributable to the airfield are allocated among the signatory airlines on the basis of the landed weight of aircraft and are paid as landing fees.

Under the 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.

The Agreement includes an annual guaranteed transfer to the signatory airlines of \$11.28 million for each year of the Agreement. The guaranteed transfer reduces the cost per enplanement for the airlines. This transfer is distributed to the airlines based on individual airline's percentage of enplanements over total enplanements.

### **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 2017 of \$13.30 million by \$2.20 million. Some of the agreements provide for a periodic review and re-determination of the payment amounts.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 12. Airport Tenant Agreements (continued)

Minimum future rental income for each of the next five years and thereafter, excluding contingent amounts on non-cancelable operating leases at September 30, 2017 as follows:

Year	<i>(dollar amounts in thousands)</i>
2018	\$ 39,738
2019	33,210
2020	30,754
2021	29,698
2022	28,258
2023 - 2027	104,862
2028 - 2032	21,320
2033 - 2037	19,268
2038 - 2042	16,095
2043 - 2047	10,662
2048 - Thereafter	5,535
	<u>\$ 339,400</u>

The signatory airline Agreements are renegotiated at the end of their term. The current Agreement expires in ten years on September 30, 2027.

# 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 capital contributions were \$5.92 million and \$21.76 million respectively, for the years ended September 30, 2017 and 2016. Management estimates that no material disallowance will result from such audits.

The Authority received federal and state grants for the capital programs for the years ended September 30, 2017 and 2016 as summarized in the table below.

	<i>(dollar amounts in thousands)</i>	
	<u>2017</u>	<u>2016</u>
Capital Programs:		
State grants for construction	\$ 1,986	\$ 777
Federal grants for construction	1,032	1,814
TSA grants for construction	2,889	11,214
Other contributions for construction	10	7,956
	<u>\$ 5,917</u>	<u>\$ 21,761</u>

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 operating programs for years ended September 30, 2017 and 2016 as summarized in the tables below.

	<i>(dollar amounts in thousands)</i>	
	Year ended September 30	
	2017	2016
Operating programs:		
TSA K-9 & Federal programs	<u>\$ 410</u>	<u>\$ 318</u>

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, 2017 and 2016 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 2017 and 2016, the Authority paid approximately \$4.48 million and \$4.93 million to the City for expenses relating to legal, insurance, firefighting and miscellaneous services.

### 16. Commitments and Contingencies

#### Terminal and Capital Improvement Program

As of September 30, 2017 and 2016, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$29.00 million and \$9.90 million of which an estimated \$9.60 million and \$6.00 million are eligible for partial reimbursement, respectively, from the FAA, State of Florida and Transportation Security Administration. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **16. Commitments and Contingencies (continued)**

#### **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 76.67% and 68.87% of accounts receivable for 2017 and 2016, respectively. Airline operating revenues represent approximately 34.96% and 30.93% of total operating revenues for 2017 and 2016, respectively. Revenue received from five major airlines and a leasing company totaled 58.73% and 58.43% of total operating revenues for 2017 and 2016, respectively. This includes 15.35% from Delta Air Lines, 14.77% from American Airlines, and 9.81% from Southwest Airlines Co. in 2017. For 2016 Delta was 15.15%, American Airlines was 14.95% and Southwest was 9.86%.

#### **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. 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 named as a defendant in lawsuits from time to time. The Authority is currently a defendant in two minor lawsuits. Although the outcome of these lawsuits are 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 City has excess coverage for individual workers' compensation claims above \$1.50 million.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **17. Risk Management (continued)**

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 2017 amounted to \$296.90 thousand which included a premium refund of \$255.01 thousand for excess premiums for the prior year. In 2016 the premium was \$712.00 thousand which included an additional premium expense of \$488.65 thousand for excess expenses from 2015.

The Authority's property insurance premium expenses amounted to \$723.30 thousand and \$742.40 thousand for the years ended September 30, 2017 and 2016, respectively. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$26.53 thousand and \$73.15 thousand for the years ended September 30, 2017 and 2016.

As a part of the Authority's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs, such as airport, kidnap and pollution liability policies. 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  
 Schedule of Funding Progress Postretirement Healthcare Benefits  
*unaudited*

*(dollar amounts in thousands)*

Valuation Date	AAL	Actuarial Value of Assets	UAAL	Percent Funded	Annual Covered Payroll	UAAL as of Percent of Payroll
9/30/2017	\$ 1,861	\$ -	\$ 1,861	- %	\$ 18,679	9.96 %
9/30/2016	\$ 1,696	\$ -	\$ 1,696	- %	\$ 17,452	9.72 %
9/30/2015	\$ 1,019	\$ -	\$ 1,019	- %	\$ 16,110	6.33 %

Actuarial liability determined under the projected unit credit cost method

AAL - Actuarial accrued liability

UAAL - Unfunded actuarial accrued liability

The increase in the AAL between 2015 and 2016 pertains to the incorporating of benefits for post 65 year old individuals.



Jacksonville Aviation Authority  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Florida Retirement System Pension Plan  
 Last Ten Years  
*(unaudited)*

	<i>(dollar amounts in thousands)</i>			
	2017	2016	2015	2014
Authority's proportion of the FRS net pension liability	0.06045064%	0.05596706%	0.05388302%	0.05157812%
Authority's proportionate share of the FRS net pension liability	\$ 17,880	\$ 14,132	\$ 6,960	\$ 3,147
Authority's covered-employee payroll	\$ 14,753	\$ 13,614	\$ 12,692	\$ 11,907
Authority's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	121.20%	103.80%	54.00%	26.43%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

*Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014, 2015, 2016, and 2017 are available.*

Jacksonville Aviation Authority  
 Required Supplemental Information  
 Schedule of Authority's Contributions  
 Florida Retirement System Pension Plan  
 Last Ten Years  
*(unaudited)*

*(dollar amounts in thousands)*

	2017	2016	2015	2014
Contractually required FRS contribution	\$ 1,698	\$ 1,553	\$ 1,314	\$ 1,130
FRS contributions in relation to the contractually required contribution	1,698	1,553	1,314	1,130
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 14,753	\$ 13,614	\$ 12,692	\$ 11,907
FRS contributions as a percentage of covered-employee payroll	11.51%	11.41%	10.35%	9.49%

*Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014, 2015, 2016, and 2017 are available.*

Jacksonville Aviation Authority  
 Required Supplemental Information  
 Schedule of Authority's Proportionate Share of the Net Pension Liability  
 Health Insurance Subsidy Pension Plan  
 Last Ten Years  
 September 30, 2017  
*(unaudited)*

*(dollar amounts in thousands)*

	2017	2016	2015	2014
Authority's proportion of the HIS net pension liability	0.06030194%	0.05543686%	0.05272815%	0.05088140%
Authority's proportionate share of the HIS net pension liability	\$ 6,448	\$ 6,460	\$ 5,377	\$ 4,758
Authority's covered-employee payroll	\$ 18,807	\$ 17,578	\$ 15,243	\$ 15,109
Authority's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	34.29%	50.90%	35.28%	31.49%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.99%	33.61%	31.51%

*Note: Covered payroll includes the normal cost and unfunded actuarial liability payroll for active Pension Plan and Investment Plan members and the payroll of reemployed retirees without renewed membership.*

*Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014, 2015, 2016 and 2017 are available.*

Jacksonville Aviation Authority  
 Required Supplemental Information  
 Schedule of Authority's Contributions - Health Insurance Subsidy Pension Plan  
 September 30, 2017  
 Last Ten Years  
 (unaudited)

	<i>(dollar amounts in thousands)</i>			
	2017	2016	2015	2014
Contractually required HIS contribution	\$ 355	\$ 325	\$ 202	\$ 174
HIS contributions in relation to the contractually required HIS contribution	355	325	202	174
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 18,807	\$ 12,692	\$ 15,243	\$ 15,109
HIS contributions as a percentage of covered-employee payroll	1.89%	2.56%	1.33%	1.15%

*Note: Covered payroll includes the normal cost and unfunded actuarial liability payroll for active Pension Plan members and the payroll of employed retirees without renewed membership.*

*Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014, 2015, 2016, and 2017 are available.*

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# Statistical

## Annual Financial Report

Fiscal Years Ended September 30, 2017 and 2016



Statistical



**JAA**

Jacksonville  
Aviation  
Authority

## **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)*

	<i>(dollar amounts in thousands)</i>		
	2017	2016	2015
Cash flows from operating activities	\$ 34,177	\$ 26,018	\$ 29,433
Cash flows from non-capital financing activities	269	202	253
Cash flows from capital and related financing activities	(25,006)	(38,354)	(26,828)
Cash flows from investing activities	(12,296)	8,617	(493)
Net change in cash and cash equivalents	(2,856)	(3,517)	2,365
Cash and equivalents, beginning of year	48,429	51,945	49,580
Cash and equivalents, end of year	45,573	48,428	51,945
<b>Non-cash investing, capital and financing activities</b>			
Change in fair value of investments	(282)	468	6
Capitalized Interest	-	(763)	-
Capital assets acquired through contracts payable and accruals	420	2,250	39,787
Grants Receivable	\$ 1,187	\$ 4,201	\$ -

*Source: Jacksonville Aviation Authority unaudited financial statements*



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

*(dollar amounts in thousands)*

	2014	2013	2012	2011	2010	2009	2008
\$	22,865	\$ 30,980	\$ 21,739	\$ 20,621	\$ 20,849	\$ 13,512	\$ 22,561
	242	1,157	243	201	1,031	276	256
	(15,350)	(39,864)	(29,295)	(18,022)	(21,141)	(32,593)	(82,103)
	5,616	10,588	(1,786)	5,727	(16,776)	(4,723)	746
	13,373	2,861	(9,099)	8,527	(16,037)	(23,528)	(58,540)
	36,207	33,346	42,445	33,918	49,955	73,483	132,023
	49,580	36,207	33,346	42,445	33,918	49,955	73,483
	(201)	(404)	156	(254)	41	76	(265)
	-	-	-	(83)	(84)	(393)	(1,664)
	4,398	(816)	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

(dollar amounts in thousands)

	2017	2016	2015	2014	2013
<b>Concessions</b>					
Rent-A-Car	\$ 10,171	\$ 10,620	\$ 10,521	\$ 9,861	\$ 8,929
Food & beverage	2,526	2,449	2,338	2,139	1,973
Retail	1,813	1,814	1,790	1,715	1,679
Fuel flowage fees	609	1,475	1,035	525	547
Other concessions	953	1,413	1,249	1,263	1,233
<b>Total concessions</b>	<b>16,072</b>	<b>17,771</b>	<b>16,933</b>	<b>15,503</b>	<b>14,361</b>
<b>Fees &amp; charges</b>					
Landing fees - signatory	10,408	9,577	8,788	8,237	8,835
Landing fees - non-signatory	468	314	304	75	25
Passenger screening - signatory	-	-	-	-	-
Passenger screening - non-signatory	-	-	-	-	1
Security user fees	1,109	1,154	1,156	1,092	1,078
Other fees	4,043	3,623	3,231	2,785	2,574
<b>Total Fees &amp; charges</b>	<b>16,028</b>	<b>14,668</b>	<b>13,479</b>	<b>12,189</b>	<b>12,513</b>
<b>Space &amp; facility rentals</b>					
Air cargo building	838	826	851	881	872
Ramp use - signatory	-	-	-	-	3
Ramp use - non-signatory	1,168	1,303	1,892	1,218	927
Hangar spaces	5,347	5,431	5,136	4,120	3,423
Terminal space rentals - signatory	12,969	9,931	7,648	7,575	8,975
Terminal space rentals - non-signatory	339	309	592	453	564
Other lease rentals	8,285	8,905	8,489	7,503	6,714
<b>Total space &amp; facility rentals</b>	<b>28,946</b>	<b>26,705</b>	<b>24,608</b>	<b>21,750</b>	<b>21,478</b>
<b>Parking</b>					
Economy lots 1, 2 & 3	3,129	3,130	3,075	2,942	2,910
Garages & daily surface lot	15,548	15,262	14,512	13,719	13,097
Other parking	614	601	604	595	594
<b>Total parking</b>	<b>19,291</b>	<b>18,993</b>	<b>18,191</b>	<b>17,256</b>	<b>16,601</b>
<b>Other revenue</b>					
Electric	542	750	820	793	839
Fuel sales	667	624	679	688	798
Other revenue	330	314	296	303	282
<b>Total other revenues</b>	<b>1,539</b>	<b>1,688</b>	<b>1,795</b>	<b>1,784</b>	<b>1,919</b>
<b>Total operating revenues</b>	<b>\$ 81,876</b>	<b>\$ 79,825</b>	<b>\$ 75,006</b>	<b>\$ 68,482</b>	<b>\$ 66,872</b>

	(amounts in full numbers)				
Signatory airline rates and charges					
Gross landing fee (per 1,000 lbs)	\$ 3.43	\$ 3.16	\$ 2.87	\$ 2.80	\$ 2.63
Average annual terminal rent (per sq. ft.)	\$ 166.77	\$ 146.19	\$ 132.38	\$ 133.62	\$ 143.23
Enplaned passengers	2,759,067	2,799,587	2,722,032	2,602,821	2,563,570
Cost per enplaned passenger	\$ 8.70	\$ 7.19	\$ 6.13	\$ 6.27	\$ 6.78

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)*

	<i>(dollar amounts in thousands)</i>				
	2012	2011	2010	2009	2008
<b>Concessions</b>					
Rent-A-Car	\$ 9,040	\$ 9,053	\$ 8,815	\$ 9,252	\$ 9,456
Food & beverage	1,808	1,776	1,619	1,618	1,850
Retail	1,771	1,731	1,820	1,752	1,442
Fuel flowage fees	704	689	622	673	758
Other concessions	1,158	885	892	1,128	1,282
<b>Total concessions</b>	<b>14,481</b>	<b>14,134</b>	<b>13,768</b>	<b>14,423</b>	<b>14,788</b>
<b>Fees &amp; charges</b>					
Landing fees - signatory	6,028	5,431	4,357	2,548	2,310
Landing fees - non-signatory	1,553	1,320	784	709	471
Passenger screening - signatory	1,440	1,408	1,185	1,269	1,416
Passenger screening - non-signatory	429	399	260	256	142
Security user fees	1,005	983	3,415	4,289	4,600
Other fees	2,817	2,944	2,282	2,393	3,178
<b>Total Fees &amp; charges</b>	<b>13,272</b>	<b>12,485</b>	<b>12,283</b>	<b>11,464</b>	<b>12,117</b>
<b>Space &amp; facility rentals</b>					
Air cargo building	855	849	865	879	950
Ramp use - signatory	874	852	674	510	798
Ramp use - non-signatory	198	136	170	56	100
Hangar spaces	2,805	2,726	2,458	2,736	2,230
Terminal space rentals - signatory	2,826	6,200	5,219	6,851	3,313
Terminal space rentals - non-signatory	696	627	499	571	553
Other lease rentals	5,925	5,741	5,833	4,921	4,825
<b>Total space &amp; facility rentals</b>	<b>14,179</b>	<b>17,131</b>	<b>15,718</b>	<b>16,524</b>	<b>12,769</b>
<b>Parking</b>					
Economy lots 1, 2 & 3	2,808	2,793	3,412	3,779	4,238
Garages & daily surface lot	13,016	13,318	11,805	11,964	13,447
Other parking	348	287	190	243	271
<b>Total parking</b>	<b>16,172</b>	<b>16,398</b>	<b>15,407</b>	<b>15,986</b>	<b>17,956</b>
<b>Other revenue</b>					
Electric	956	966	833	639	998
Fuel sales	843	847	748	681	499
Other revenue	514	521	523	193	219
<b>Total other revenues</b>	<b>2,313</b>	<b>2,334</b>	<b>2,104</b>	<b>1,513</b>	<b>1,716</b>
<b>Total operating revenues</b>	<b>\$ 60,417</b>	<b>\$ 62,482</b>	<b>\$ 59,280</b>	<b>\$ 59,910</b>	<b>\$ 59,346</b>

	<i>(amounts in full numbers)</i>				
Signatory airline rates and charges					
Gross landing fee (per 1,000 lbs)	\$ 2.37	\$ 2.06	\$ 1.42	\$ 1.41	\$ 1.07
Average annual terminal rent (per sq. ft.)	\$ 46.52	\$ 39.29	\$ 40.18	\$ 45.21	\$ 22.15
Enplaned passengers	2,644,059	2,783,809	2,777,807	2,813,208	3,058,006
Cost per enplaned passenger	\$ 7.46	\$ 6.46	\$ 5.30	\$ 5.72	\$ 5.68

*Source: Jacksonville Aviation Authority audited financial statements*

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

	<i>(dollar amounts in thousands)</i>				
	2017	2016	2015	2014	2013
Operating revenues:					
Concessions	\$ 16,072	\$ 17,771	\$ 16,933	\$ 15,504	\$ 14,361
Fees & charges	16,028	14,668	13,479	12,189	12,513
Space & facility rentals	28,946	26,705	24,608	21,751	21,478
Parking	19,291	18,993	18,191	17,257	16,601
Other revenue	1,539	1,688	1,794	1,783	1,919
Total operating revenues	<u>81,876</u>	<u>79,825</u>	<u>75,005</u>	<u>68,484</u>	<u>66,872</u>
Operating expenses:					
Wages & benefits	27,945	25,328	21,579	19,612	20,139
Services & supplies	15,368	14,581	14,537	14,208	14,054
Repairs & maintenance	2,733	2,607	2,097	2,209	1,811
Promotion, advertising & dues	1,033	1,052	2,453	1,672	1,409
Registration & travel	345	386	313	289	248
Utilities & taxes	4,629	4,855	5,116	5,223	5,255
Other operating expenses	1,796	2,151	1,877	1,682	1,661
Depreciation and amortization	33,717	31,346	28,575	28,951	27,812
Total operating expenses	<u>87,566</u>	<u>82,306</u>	<u>76,547</u>	<u>73,846</u>	<u>72,389</u>
Operating (loss)/income	(5,690)	(2,481)	(1,542)	(5,362)	(5,517)
Nonoperating revenues:					
Passenger facility charges	10,881	10,983	10,955	10,554	10,310
Investment income	817	1,451	926	667	659
Payments from primary government	-	-	-	-	31
Payment from federal & state agencies	383	318	369	483	392
Contributions from other governments	-	-	-	-	-
Other revenues	980	1,387	319	100	1,400
Total nonoperating revenues	<u>13,061</u>	<u>14,139</u>	<u>12,569</u>	<u>11,804</u>	<u>12,792</u>
Nonoperating expenses:					
Interest expense	2,228	3,946	4,775	5,071	7,273
Contributions to other governments	-	-	-	-	-
Other expenses	414	444	204	1,582	238
Total nonoperating expenses	<u>2,642</u>	<u>4,390</u>	<u>4,979</u>	<u>6,653</u>	<u>7,511</u>
Loss before capital contributions	4,729	7,268	6,048	(211)	(236)
Capital contributions	<u>5,917</u>	<u>21,762</u>	<u>16,526</u>	<u>14,047</u>	<u>11,989</u>
Change in net position	<u><u>10,646</u></u>	<u><u>29,030</u></u>	<u><u>22,574</u></u>	<u><u>13,836</u></u>	<u><u>11,753</u></u>
Net position at end of year:					
Net investment in capital assets	449,755	441,000	404,670	386,557	381,529
Restricted	11,861	14,576	30,468	30,437	27,413
Unrestricted	54,258	49,654	41,001	37,750	44,403
Total net position	<u><u>\$ 515,874</u></u>	<u><u>\$ 505,230</u></u>	<u><u>\$ 476,139</u></u>	<u><u>\$ 454,744</u></u>	<u><u>\$ 453,345</u></u>

*Source: Jacksonville Aviation Authority audited financial statements*

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

	<i>(dollar amounts in thousands)</i>				
	2012	2011	2010	2009	2008
Operating revenues:					
Concessions	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423	\$ 14,788
Fees & charges	13,272	12,485	12,283	11,464	12,117
Space & facility rentals	14,179	17,131	15,718	16,524	12,769
Parking	16,171	16,398	15,406	15,985	17,956
Other revenue	2,313	2,334	2,104	1,513	1,716
Total operating revenues	<u>60,417</u>	<u>62,482</u>	<u>59,279</u>	<u>59,909</u>	<u>59,346</u>
Operating expenses:					
Wages & benefits	19,014	18,390	16,862	16,833	17,405
Services & supplies	13,755	13,355	12,332	11,671	12,438
Repairs & maintenance	1,978	1,981	2,200	2,085	2,590
Promotion, advertising & dues	881	824	486	563	525
Registration & travel	275	202	237	254	409
Utilities & taxes	5,425	5,534	5,259	5,973	4,723
Other operating expenses	1,797	1,743	1,549	1,833	2,788
Depreciation and amortization	27,525	30,753	30,394	30,284	26,273
Total operating expenses	<u>70,650</u>	<u>72,782</u>	<u>69,319</u>	<u>69,496</u>	<u>67,151</u>
Operating (loss)/income	(10,233)	(10,300)	(10,040)	(9,587)	(7,805)
Nonoperating revenues:					
Passenger facility charges	10,743	11,195	11,329	11,506	12,398
Investment income	1,037	981	1,549	3,312	6,037
Payments from primary government	-	1	1	31	8
Payment from federal & state agencies	243	201	280	245	226
Contributions from other governments	-	-	750	-	22
Other revenues	1,180	516	538	-	-
Total nonoperating revenues	<u>13,203</u>	<u>12,894</u>	<u>14,447</u>	<u>15,094</u>	<u>18,691</u>
Nonoperating expenses:					
Interest expense	8,874	9,330	9,369	10,191	10,226
Contributions to other governments	-	-	-	10,000	-
Other expenses	144	166	228	1,463	1,888
Total nonoperating expenses	<u>9,018</u>	<u>9,496</u>	<u>9,597</u>	<u>21,654</u>	<u>12,114</u>
Loss before capital contributions	(6,048)	(6,902)	(5,190)	(16,147)	(1,228)
Capital contributions	<u>8,347</u>	<u>9,502</u>	<u>10,011</u>	<u>16,132</u>	<u>20,442</u>
Change in net position	<u>2,299</u>	<u>2,600</u>	<u>4,821</u>	<u>(15)</u>	<u>19,214</u>
Net position at end of year:					
Net investment in capital assets	355,251	349,691	352,264	359,245	358,313
Restricted	39,093	39,875	39,495	34,406	32,793
Unrestricted	47,248	49,727	44,934	38,221	40,781
Total net position	<u>\$ 441,592</u>	<u>\$ 439,293</u>	<u>\$ 436,693</u>	<u>\$ 431,872</u>	<u>\$ 431,887</u>

*Source: Jacksonville Aviation Authority audited financial statements*

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

*(dollar amounts in thousands)*

	<u>2017</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2016</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2015</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>
Delta Air Lines	\$ 12,565	15.35 %	\$ 12,092	15.15 %	\$ 13,017	17.35 %
American Airlines	12,097	14.77 %	11,933	14.95 %	9,480	12.64 %
Southwest Airlines Co.	8,032	9.81 %	7,873	9.86 %	8,489	11.32 %
United Airlines	5,477	6.69 %	5,197	6.51 %	5,162	6.88 %
Enterprise Leasing Company	4,956	6.05 %	4,842	6.07 %	4,681	6.24 %
JetBlue	4,956	6.05 %	4,707	5.90 %	4,595	6.13 %
Host International Inc.	2,820	3.44 %	2,743	3.44 %	2,651	3.53 %
Hertz Corporation, The	2,561	3.13 %	2,628	3.29 %	2,592	3.46 %
Avis Rent A Car	1,957	2.39 %	2,053	2.57 %	2,076	2.77 %
Budget Rent a Car System, Inc	2,024	2.47 %	2,037	2.55 %	2,112	2.82 %
US Airways Group, Inc.	-	- %	-	- %	3,430	4.57 %
U.S General Services Administration	-	- %	-	- %	-	- %
DTG Operations	-	- %	-	- %	-	- %
Paradies Shops	-	- %	-	- %	-	- %
Vanguard Car Rental USA Inc.	-	- %	-	- %	-	- %
Total Principal Revenue Payers	<u>\$ 57,445</u>	<u>70.16 %</u>	<u>\$ 56,105</u>	<u>70.28 %</u>	<u>\$ 58,285</u>	<u>77.71 %</u>
Total operating revenues	\$ 81,876		\$ 79,825		\$ 75,005	

*Source: Jacksonville Aviation Authority Records*

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

*(dollar amounts in thousands)*

	<u>2014</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2013</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2012</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>
Delta Air Lines	\$ 12,042	17.58 %	\$ 11,451	17.12 %	\$ 8,044	13.31 %
American Airlines	4,393	6.41 %	4,113	6.15 %	2,333	3.86 %
Southwest Airlines Co.	9,235	13.48 %	9,358	13.99 %	6,491	10.74 %
United Airlines	4,980	7.27 %	-	- %	-	- %
Enterprise Leasing Company	3,995	5.83 %	-	- %	-	- %
JetBlue	3,150	4.60 %	2,864	4.28 %	2,026	3.35 %
Host International Inc.	2,525	3.69 %	2,402	3.59 %	2,249	3.72 %
Hertz Corporation, The	2,527	3.69 %	2,354	3.52 %	2,292	3.79 %
Avis Rent A Car	-	- %	1,910	2.86 %	1,908	3.16 %
Budget Rent a Car System, Inc	-	- %	-	- %	-	- %
US Airways Group, Inc.	7,197	10.51 %	6,323	9.46 %	4,152	6.87 %
U.S General Services Administration	2,304	3.36 %	-	- %	-	- %
DTG Operations	-	- %	1,597	2.39 %	-	- %
Paradies Shops	-	- %	1,668	2.49 %	1,767	2.92 %
Vanguard Car Rental USA Inc.	-	- %	-	- %	2,225	3.68 %
Total Principal Revenue Payers	<u>\$ 52,348</u>	<u>76.44 %</u>	<u>\$ 44,040</u>	<u>65.86 %</u>	<u>\$ 33,487</u>	<u>55.43 %</u>
Total operating revenues	\$ 68,484		\$ 66,872		\$ 60,417	

*Source: Jacksonville Aviation Authority Records*

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

*(dollar amounts in thousands)*

	<u>2011</u>	<u>% Of</u>	<u>2010</u>	<u>% Of</u>	<u>2009</u>	<u>% Of</u>	<u>2008</u>	<u>% Of</u>
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
Delta Air Lines	\$ 7,683	12.30 %	\$ 3,959	6.68 %	\$ 3,489	5.82 %	\$ 3,519	5.93 %
American Airlines	2,426	3.88 %	-	-	-	-	1,158	1.95 %
Southwest Airlines Co.	5,916	9.47 %	3,163	5.34 %	2,984	4.98 %	3,042	5.13 %
United Airlines	-	-	-	-	-	-	-	-
Enterprise Leasing Company	1,592	2.55 %	-	-	-	-	-	-
JetBlue	-	-	-	-	-	-	-	-
Host International Inc.	1,748	2.80 %	1,933	3.26 %	2,027	3.38 %	2,197	3.70 %
Hertz Corporation, The	2,334	3.74 %	2,332	3.93 %	2,337	3.90 %	2,519	4.24 %
Avis Rent A Car	1,915	3.06 %	2,000	3.37 %	2,247	3.75 %	2,347	3.95 %
Budget Rent a Car System, Inc	-	-	1,614	2.72 %	-	-	1,629	2.74 %
US Airways Group, Inc.	4,231	6.77 %	2,334	3.94 %	2,300	3.84 %	2,489	4.19 %
U.S General Services Administration	-	-	-	-	-	-	-	-
DTG Operations	1,621	2.59 %	-	-	-	-	-	-
Paradies Shops	-	-	1,721	2.90 %	1,687	2.82 %	1,301	2.19 %
Vanguard Car Rental USA Inc.	2,179	3.49 %	2,251	3.80 %	2,358	3.94 %	2,438	4.11 %
Total Principal Revenue Payers	<u>\$ 31,645</u>	<u>50.65 %</u>	<u>\$ 21,307</u>	<u>35.94 %</u>	<u>\$ 19,429</u>	<u>32.43 %</u>	<u>\$ 22,639</u>	<u>38.15 %</u>
Total operating revenues	\$ 62,482		\$ 59,279		\$ 59,909		\$ 59,346	

*Source: Jacksonville Aviation Authority Records*



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

*(dollar amounts in thousands)*

<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>
2017	\$ 15,650	\$ 2,228	\$ 17,878	\$ 53,849	33.20 %
2016	12,020	3,946	15,966	50,960	31.33
2015	11,765	4,775	16,540	47,972	34.48
2014	6,390	5,071	11,461	45,547	25.16
2013	10,220	7,273	17,493	44,576	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

*Note 1: The principal amounts reflect the normal debt service requirements for the year.  
Source: Jacksonville Aviation Authority Records*

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

	<i>(dollar amounts in thousands)</i>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Concessions	\$ 16,072	\$ 17,771	\$ 16,933
Fees & charges	16,028	14,668	13,479
Space & facility rentals	28,946	26,705	24,608
Parking	19,291	18,993	18,191
Other revenue	1,539	1,688	1,794
Interest income	817	1,451	926
Transfers-signatory airline agreement	-	-	-
Transfers-PFC Series 2006, 2012	5,639	8,091	8,073
Total revenues and transfers	<u>88,332</u>	<u>89,367</u>	<u>84,004</u>
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	<u>53,849</u>	<u>50,960</u>	<u>47,972</u>
Net operating revenues	34,483	38,407	36,032
Revenue note service charges for:			
Series 2016 note	2,459	114	-
Series 2013 note	8,655	6,253	5,306
Series 2012 note (PFC backed)	3,215	3,258	3,302
Series 2008 note	3,286	3,302	3,297
Series 2006 bonds (PFC backed)	-	5,251	5,221
Series 2005 RR bonds	-	-	-
Series 2003A bonds	-	-	-
Total revenue note service charges	<u>\$ 17,615</u>	<u>\$ 18,178</u>	<u>\$ 17,126</u>
Revenue note service coverage	1.96	2.11	2.10
Required bond service coverage	-	1.25	1.25
Total enplanements	<u>2,759</u>	<u>2,800</u>	<u>2,722</u>
Debt per enplanement	<u>\$ 6.38</u>	<u>\$ 6.49</u>	<u>\$ 6.29</u>

*Source: Jacksonville Aviation Authority Records*

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

*(dollar amounts in thousands)*

	2014	2013	2012	2011	2010	2009	2008
\$	15,504	\$ 14,361	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423	\$ 14,788
	12,189	12,513	13,272	12,485	12,283	11,464	12,117
	21,751	21,478	14,179	17,131	15,718	16,524	12,769
	17,257	16,601	16,171	16,398	15,406	15,985	17,956
	1,783	1,919	2,313	2,334	2,104	1,513	1,716
	667	659	1,037	981	1,549	2,773	6,037
	-	-	3,750	4,667	5,041	4,397	8,872
	7,115	6,124	7,175	7,541	7,548	7,334	7,861
	<u>76,266</u>	<u>73,655</u>	<u>72,379</u>	<u>75,671</u>	<u>73,417</u>	<u>74,413</u>	<u>82,116</u>
	44,895	44,577	43,125	42,029	38,925	39,212	40,878
	<u>31,371</u>	<u>29,078</u>	<u>29,254</u>	<u>33,642</u>	<u>34,492</u>	<u>35,201</u>	<u>41,238</u>
	-	-	-	-	-	-	-
	170	38	-	-	-	-	-
	2,337	692	-	-	-	-	-
	3,298	3,301	3,302	3,319	3,317	1,960	1,209
	5,243	5,843	7,673	7,875	7,815	7,554	7,861
	-	-	-	-	-	-	1,945
	-	7,156	7,174	7,182	7,238	7,217	7,231
\$	<u>11,048</u>	<u>17,030</u>	<u>18,149</u>	<u>18,376</u>	<u>18,370</u>	<u>16,731</u>	<u>18,246</u>
	2.84	1.71	1.61	1.83	1.88	2.10	2.26
	1.25	1.25	1.25	1.25	1.25	1.25	1.25
	2,603	2,564	2,644	2,784	2,778	2,813	3,058
\$	<u>4.24</u>	<u>6.64</u>	<u>6.86</u>	<u>6.60</u>	<u>6.61</u>	<u>5.95</u>	<u>5.97</u>

*Source: Jacksonville Aviation Authority Records*

Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2017  
(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
2017	10/01/17	2018	\$ 2,570,000	0.772 %	\$ 89,649	\$ -	\$ 2,570,000	3.412 %	\$ 396,219	\$ -
2018	04/01/18	2018	-		79,728	2,739,377	-		352,374	3,318,593
2018	10/01/18	2019	2,660,000	0.772 %	79,728	-	2,660,000	3.412 %	352,374	-
2019	04/01/19	2019	-		69,461	2,809,189	-		306,995	3,319,369
2019	10/01/19	2020	2,750,000	0.772 %	69,461	-	2,750,000	3.412 %	306,995	-
2020	04/01/20	2020	-		58,846	2,878,307	-		260,080	3,317,075
2020	10/01/20	2021	2,845,000	0.772 %	58,846	-	2,845,000	3.412 %	260,080	-
2021	04/01/21	2021	-		47,864	2,951,710	-		211,544	3,316,624
2021	10/01/21	2022	2,945,000	0.772 %	47,864	-	2,945,000	3.412 %	211,544	-
2022	04/01/22	2022	-		36,496	3,029,360	-		161,302	3,317,846
2022	10/01/22	2023	3,045,000	0.772 %	36,496	-	3,045,000	3.412 %	161,302	-
2023	04/01/23	2023	-		24,743	3,106,239	-		109,355	3,315,657
2023	10/01/23	2024	3,150,000	0.772 %	24,743	-	3,150,000	3.412 %	109,355	-
2024	04/01/24	2024	-		12,584	3,187,327	-		55,616	3,314,971
2024	10/01/24	2025	3,260,000	0.772 %	12,584	3,272,584	3,260,000	3.412 %	55,616	3,315,616
TOTAL			<u>\$ 23,225,000</u>		<u>\$ 749,093</u>	<u>\$ 23,974,093</u>	<u>\$ 23,225,000</u>		<u>\$ 3,310,751</u>	<u>\$ 26,535,751</u>

Call Feature

Purpose: 100% New Money

Refunding Eligibility

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2017  
*(unaudited)*

Bond Year	Date	Fiscal Year	Series 2012 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2017	10/01/17	2018	\$ 1,525,000	1.730 %	\$ 340,603	\$ -
2018	04/01/18	2018	-		327,316	2,192,919
2018	10/01/18	2019	1,525,000	1.730 %	327,316	-
2019	04/01/19	2019	-		314,125	2,166,441
2019	10/01/19	2020	1,525,000	1.730 %	314,125	-
2020	04/01/20	2020	-		300,934	2,140,059
2020	10/01/20	2021	1,525,000	1.730 %	300,934	-
2021	04/01/21	2021	-		287,742	2,113,676
2021	10/01/21	2022	1,525,000	1.730 %	287,742	-
2022	04/01/22	2022	-		274,551	2,087,293
2022	10/01/22	2023	31,740,000	1.730 %	274,551	32,014,551
TOTAL			<u>\$ 39,365,000</u>		<u>\$ 3,349,939</u>	<u>\$ 42,714,939</u>

Call Feature

Purpose: 2006 Bond Partial Refinance

Refunding Eligibility

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2017  
*(unaudited)*

<u>Bond Year</u>	<u>Date</u>	<u>Fiscal Year</u>	<u>Series 2016 Revenue Refunding Note</u>			
			<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Svs. Yr</u>
2017	10/01/17	2018	\$ 2,995,000	%	\$ 221,357	\$ -
2018	04/01/18	2018	-	1.807	194,298	3,410,655
2018	10/01/18	2019	7,650,000	1.807 %	194,298	-
2019	04/01/19	2019	-		125,180	7,969,478
2019	10/01/19	2020	1,860,000	%	125,180	-
2020	04/01/20	2020	-	1.807	108,375	2,093,555
2020	10/01/20	2021	1,895,000	%	108,375	-
2021	04/01/21	2021	-	1.807	91,254	2,094,629
2021	10/01/21	2022	1,930,000	%	91,254	-
2022	04/01/22	2022	-	1.807	73,816	2,095,070
2022	10/01/22	2023	1,960,000	1.807 %	73,816	-
2023	04/01/23	2023	-		56,107	2,089,923
2023	10/01/23	2024	2,000,000	1.807 %	56,107	-
2024	04/01/24	2024	-		38,037	2,094,144
2024	10/01/24	2025	2,035,000	1.807 %	38,037	-
2026	10/01/26	2027	105,000	1.807 %	949	-
2027	04/01/27	2027	-		-	105,949
	TOTAL		<u>\$ 24,500,000</u>		<u>\$ 1,636,691</u>	<u>\$26,136,691</u>

Call Feature

Purpose: Defeas 2006 Bonds

Refunding Eligibility

*Source: Jacksonville Aviation Authority Records*

Jacksonville Aviation Authority  
Total Debt Service  
As of September 30, 2017  
*(unaudited)*

<u>Bond Year</u>	<u>Date</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Svs. Yr</u>
2017	10/01/17	2018	\$ 7,090,000	\$ 958,179	\$ -
2018	04/01/18	2018	-	873,988	8,922,167
2018	10/01/18	2019	11,835,000	873,988	-
2019	04/01/19	2019	-	746,300	13,455,288
2019	10/01/19	2020	6,135,000	746,300	-
2020	04/01/20	2020	-	669,389	7,550,689
2020	10/01/20	2021	6,265,000	669,389	-
2021	04/01/21	2021	-	590,540	7,524,929
2021	10/01/21	2022	6,400,000	590,540	-
2022	04/01/22	2022	-	509,669	7,500,209
2022	10/01/22	2023	36,745,000	509,669	-
2023	04/01/23	2023	-	165,462	37,420,131
2023	10/01/23	2024	5,150,000	165,462	-
2024	04/01/24	2024	-	93,653	5,409,115
2024	10/01/24	2025	5,295,000	93,653	-
2025	04/01/25	2025	-	19,651	5,408,304
2025	10/01/25	2026	2,070,000	19,651	-
2026	04/01/26	2026	-	949	2,090,600
2026	10/01/26	2027	105,000	949	-
2027	04/01/27	2027	-	-	105,949
TOTAL			<u>\$ 87,090,000</u>	<u>\$ 8,297,381</u>	<u>\$95,387,381</u>

*Source: Jacksonville Aviation Authority Records*

**Jacksonville Aviation Authority**  
**Outstanding Debt by Type**  
**Years Ended September 30, 2017**  
**Last Ten Fiscal Years**  
*(unaudited)*

*(dollar amounts in thousands)*

Fiscal Year	Revenue				Total
	Revenue Bonds	Revenue Notes	Refunding Bonds	Notes Payable	
2017	\$ -	\$ 87,090	\$ -	\$ -	\$ 87,090
2016	-	102,740	-	-	102,740
2015	50,530	87,350	-	-	137,880
2014	53,265	97,380	-	-	150,645
2013	55,885	68,465	32,685	-	157,035
2012	111,950	34,855	37,055	-	183,860
2011	121,095	36,955	42,430	-	200,480
2010	123,320	38,985	47,575	-	209,880
2009	125,375	40,950	52,560	-	218,885
2008	127,375	41,490	57,355	-	226,220



## Jacksonville Aviation Authority Top 10 Employers of Jacksonville

*(unaudited)*

	2016	2015	2014	2013	2012
Naval Air Station Jacksonville	20,000	20,000	20,000	25,240	25,240
Duval County Public Schools	13,106	13,106	12,744	14,480	14,480
Baptist Health	10,615	10,615	9,159	8,270	8,270
Naval Station Mayport	9,000	9,000	9,000	9,000	9,000
City of Jacksonville	7,273	7,273	8,003	8,820	8,820
Florida Blue	6,000	6,000	6,000	6,500	6,500
UF Health Jacksonville	6,000	6,000	3,214	-	-
St. Vincent's HealthCare	5,392	-	5,156	-	-
Clay County School Board	4,616	4,616	5,000	-	-
St. Johns County School District	4,388	4,388	4,046	-	-
Citigroup Inc.	4,317	4,317	3,500	4,200	4,200
Bank of America Merrill Lynch	-	-	-	8,000	8,000
J P Morgan Chase	-	-	3,900	4,200	4,200
Mayo Clinic	-	-	5,211	4,970	4,970
<b>Total</b>	<b>90,707</b>	<b>88,715</b>	<b>109,323</b>	<b>93,680</b>	<b>93,680</b>

*Information for 2017 is not currently available. Each employer's percentage of total employment is also unavailable.*

*Source: 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, 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 Top 10 Employers of Jacksonville

*(unaudited)*

	2011	2010	2009	2008	2007
Naval Air Station Jacksonville	25,240	25,245	19,500	22,245	25,245
Duval County Public Schools	14,480	14,489	14,489	14,489	14,284
Baptist Health	8,270	8,276	5,600	7,000	7,000
Naval Station Mayport	12,670	12,677	15,293	15,293	15,293
City of Jacksonville	8,820	8,828	8,828	8,828	8,828
Florida Blue	6,000	6,000	9,000	7,000	7,000
UF Health Jacksonville	-	-	-	-	-
St. Vincent's HealthCare	-	-	-	-	-
Clay County School Board	-	-	-	-	-
St. Johns County School District	-	-	-	-	-
Citigroup Inc.	5,000	4,863	5,000	4,200	-
Bank of America Merrill Lynch	6,400	3,800	-	4,000	-
J P Morgan Chase	-	-	-	-	-
Mayo Clinic	4,970	4,978	5,000	5,000	-
<b>Total</b>	<b>95,950</b>	<b>93,256</b>	<b>95,525</b>	<b>92,455</b>	<b>103,321</b>

*Information for 2017 is not currently available. Each employer's percentage of total employment is also unavailable.*

*Source: 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, 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)*

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	1,478,212	\$67,211,625	\$ 45,468	4.7%
2015	1,449,481	64,094,915	44,219	5.2%
2014	1,419,127	61,608,676	43,413	6.2%
2013	1,394,624	60,175,990	43,149	6.9%
2012	1,377,850	57,731,463	41,900	10.6%
2011	1,360,998	55,394,044	40,701	10.6%
2010	1,349,103	53,308,761	39,514	11.7%
2009	1,328,144	52,297,000	39,175	10.1%
2008	1,316,528	53,381,000	40,357	4.3%
2007	1,304,199	48,931,673	40,633	3.3%

*Note: Population for 2015 is estimated.*

*Sources: BEARFACTS Bureau of Economic Analysis: Regional Economic Accounts-Jacksonville, FL  
Bureau of Labor Statistics - Jacksonville, FL Metropolitan Statistical Area  
2006 Population Estimate from US Census Bureau  
Unemployment Rate from the US Department of Labor, Bureau of Labor Statistics*

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

	2017	Market Share 2017	2016	Market Share 2016
DELTA AIR LINES INC	839,728	30.44 %	852,218	30.44 %
AMERICAN AIRLINES CORPORATION	730,942	26.49 %	761,343	27.19 %
SOUTHWEST AIRLINES CO	486,684	17.64 %	501,395	17.91 %
JETBLUE AIRWAYS CORPORATION	332,489	12.05 %	346,128	12.36 %
UNITED AIRLINES	275,952	10.00 %	258,055	9.22 %
SILVER AIRWAYS CORP	12,559	0.46 %	13,083	0.47 %
ALLEGiant AIR LLC	68,026	2.47 %	60,914	2.18 %
AIR GROUND LOGISTICS INC	5,223	0.19 %	4,177	0.15 %
AIR CANADA	7,464	0.27 %	2,274	0.08 %
US AIRWAYS INC	-	-	-	-
AIRTRAN AIRLINES INC	-	-	-	-
REPUBLIC AIRLINES INC	-	-	-	-
AMERICAN EAGLE AIRLINES	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
COMAIR INC	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
PSA AIRLINES INC	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-
EXPRESS JET	-	-	-	-
FRONTIER	-	-	-	-
GULFSTREAM (CONTINENTAL CONN.)	-	-	-	-
SKYWEST (DELTA CONNECTION)	-	-	-	-
TRANS STATES (AMERICAN)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL ENPLANEMENTS	<u>2,759,067</u>	<u>100.00 %</u>	<u>2,799,587</u>	<u>100.00 %</u>

*Source: Jacksonville Aviation Authority Records  
Effective FY2013 Note: Under new agreement Signatory Airlines are reporting for their affiliates*

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

	2015	2014	2013	2012
DELTA AIR LINES INC	858,787	818,900	766,754	626,376
AMERICAN AIRLINES CORPORATION	742,374	278,360	251,578	153,084
SOUTHWEST AIRLINES CO	524,376	604,257	652,585	594,816
JETBLUE AIRWAYS CORPORATION	299,555	200,309	186,118	187,189
UNITED AIRLINES	234,496	222,320	249,782	33,872
SILVER AIRWAYS CORP	40,681	17,043	6,119	2,927
ALLEGiant AIR LLC	18,497	-	-	-
AIR GROUND LOGISTICS INC	3,266	1,833	2,054	4,416
AIR CANADA	-	-	-	-
US AIRWAYS INC	-	459,799	448,580	291,616
AIRTRAN AIRLINES INC	-	-	-	127,231
REPUBLIC AIRLINES INC	-	-	-	116,842
AMERICAN EAGLE AIRLINES	-	-	-	103,958
CONTINENTAL EXPRESS	-	-	-	92,771
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	51,446
SHUTTLE AMERICA CORPORATION	-	-	-	35,691
PINNACLE AIRLINES	-	-	-	34,525
GOJET AIRLINES	-	-	-	32,552
COMPASS AIRLINES INC	-	-	-	30,232
UNITED EXPRESS	-	-	-	26,366
ATLANTIC SOUTHEAST AIRLINES	-	-	-	23,425
US AIRWAYS EXPRESS MESA	-	-	-	19,835
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	13,033
COMAIR INC	-	-	-	11,532
CHAUTAUQUA AIRLINES INC	-	-	-	7,901
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	6,217
CONTINENTAL AIRLINES	-	-	-	6,048
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	4,035
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	3,702
PSA AIRLINES INC	-	-	-	1,268
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	918
MESABA AIRLINES	-	-	-	235
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-
EXPRESS JET	-	-	-	-
FRONTIER	-	-	-	-
GULFSTREAM (CONTINENTAL CONN.)	-	-	-	-
SKYWEST (DELTA CONNECTION)	-	-	-	-
TRANS STATES (AMERICAN)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL ENPLANEMENTS	<u>2,722,032</u>	<u>2,602,821</u>	<u>2,563,570</u>	<u>2,644,059</u>

*Source: Jacksonville Aviation Authority Records*

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
AMERICAN AIRLINES CORPORATION	166,969	163,434	139,687	153,956
SOUTHWEST AIRLINES CO	629,020	609,766	653,444	624,289
JETBLUE AIRWAYS CORPORATION	147,195	118,761	103,559	114,510
UNITED AIRLINES	45,072	53,003	49,205	88,149
SILVER AIRWAYS CORP	-	-	-	-
ALLEGiant AIR LLC	-	-	-	-
AIR GROUND LOGISTICS INC	4,543	4,191	3,258	3,792
AIR CANADA	-	-	-	-
US AIRWAYS INC	355,870	400,453	408,943	460,583
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
CHAUTAUQUA 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	-	-
EXPRESS JET	-	-	-	54,531
FRONTIER	-	-	-	20,719
GULFSTREAM (CONTINENTAL CONN.)	-	-	-	5,606
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 Records*

Jacksonville Aviation Authority  
Jacksonville, Florida  
Landed Weights  
(weights in 1000 lbs)  
(unaudited)

	2017	Market Share 2017	2016	Market Share 2016
DELTA AIR LINES INC	934,981	26.27 %	934,362	26.37 %
AMERICAN AIRLINES CORPORATION	858,142	24.11 %	877,851	24.77 %
SOUTHWEST AIRLINES CO	556,721	15.64 %	565,804	15.97 %
JETBLUE AIRWAYS CORPORATION	380,594	10.69 %	388,435	10.96 %
UNITED AIRLINES	298,650	8.39 %	266,612	7.52 %
SILVER AIRWAYS CORP	23,456	0.66 %	24,995	0.71 %
ALLEGiant AIR LLC	72,299	2.03 %	62,676	1.77 %
AIR GROUND LOGISTICS INC	15,558	0.44 %	12,118	0.34 %
AIR CANADA	8,912	0.25 %	3,116	0.09 %
US AIRWAYS INC	-	-	-	-
REPUBLIC AIRLINES INC	-	-	-	-
AIRTRAN AIRLINES INC	-	-	-	-
ENVOY AIR	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
PSA AIRLINES INC	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
UNITED EXPRESS	-	-	-	-
COMAIR INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-
EXPRESS JET	-	-	-	-
FRONTIER	-	-	-	-
GULFSTREAM (CONTINENTAL)	-	-	-	-
INDEPENDENCE AIR	-	-	-	-
SKYWEST (DELTA CONNECTION)	-	-	-	-
TRANS STATES	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
<b>TOTAL COMMERCIAL AIRLINES</b>	<b>3,149,313</b>	<b>88.48 %</b>	<b>3,135,969</b>	<b>88.49 %</b>
<b>AIR CARGO CARRIERS:</b>				
FEDERAL EXPRESS CORPORATION	211,014	5.93 %	206,557	5.83 %
UNITED PARCEL SERVICE COMPANY	195,324	5.49 %	198,386	5.60 %
SUBURBAN AIR FREIGHT INC	3,639	0.10 %	954	0.03 %
AMERIFLIGHT LLC	-	-	1,928	0.05 %
MOUNTAIN AIR CARGO INC	34	-	-	-
MISCELLANEOUS	-	-	-	-
ABX	-	-	-	-
<b>TOTAL CARGO AIRLINES</b>	<b>410,011</b>	<b>11.52 %</b>	<b>407,825</b>	<b>11.51 %</b>
<b>TOTAL LANDED WEIGHTS</b>	<b>3,559,324</b>	<b>100.00 %</b>	<b>3,543,794</b>	<b>100.00 %</b>

Source: Jacksonville Aviation Authority Records

Effective FY 2014 Note: Under the current airline agreement Affiliate's landed weights are reported under the Signatory Airline.

Jacksonville Aviation Authority  
Jacksonville, Florida  
Landed Weights  
(weights in 1000 lbs)  
(unaudited)

	2015	2014	2013	2012
DELTA AIR LINES INC	993,669	989,362	1,021,543	813,618
AMERICAN AIRLINES CORPORATION	904,261	304,435	284,020	166,346
SOUTHWEST AIRLINES CO	593,027	781,392	859,114	805,030
JETBLUE AIRWAYS CORPORATION	334,258	225,429	216,234	216,234
UNITED AIRLINES	239,356	243,254	288,258	49,993
SILVER AIRWAYS CORP	57,827	23,057	8,265	3,933
ALLEGiant AIR LLC	18,514	-	-	-
AIR GROUND LOGISTICS INC	9,453	5,289	5,583	12,180
AIR CANADA	-	-	-	-
US AIRWAYS INC	-	530,093	521,417	359,066
REPUBLIC AIRLINES INC	-	-	-	145,784
AIRTRAN AIRLINES INC	-	-	-	152,232
ENVOY AIR	-	-	-	107,379
COMPASS AIRLINES INC	-	-	-	36,023
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	58,625
PINNACLE AIRLINES	-	-	-	41,596
GOJET AIRLINES	-	-	-	37,855
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	5,963
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	16,993
US AIRWAYS EXPRESS MESA	-	-	-	22,712
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	4,256
SHUTTLE AMERICA CORPORATION	-	-	-	46,786
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	1,598
PSA AIRLINES INC	-	-	-	1,730
ATLANTIC SOUTHEAST AIRLINES	-	-	-	27,651
UNITED EXPRESS	-	-	-	26,246
COMAIR INC	-	-	-	14,125
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	10,051
CONTINENTAL AIRLINES	-	-	-	9,880
CHAUTAUQUA AIRLINES INC	-	-	-	7,341
CONTINENTAL EXPRESS	-	-	-	92,131
MESABA AIRLINES	-	-	-	368
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-
EXPRESS JET	-	-	-	-
FRONTIER	-	-	-	-
GULFSTREAM (CONTINENTAL)	-	-	-	-
INDEPENDENCE AIR	-	-	-	-
SKYWEST (DELTA CONNECTION)	-	-	-	-
TRANS STATES	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
<b>TOTAL COMMERCIAL AIRLINES</b>	<b>3,150,365</b>	<b>3,102,311</b>	<b>3,204,434</b>	<b>3,293,725</b>
<b>AIR CARGO CARRIERS:</b>				
FEDERAL EXPRESS CORPORATION	203,065	205,419	198,341	196,971
UNITED PARCEL SERVICE COMPANY	188,094	186,616	186,859	186,599
SUBURBAN AIR FREIGHT INC	-	2,479	3,272	3,203
AMERIFLIGHT LLC	3,166	748	14	-
MOUNTAIN AIR CARGO INC	43	-	-	72
MISCELLANEOUS	-	-	-	-
ABX	-	-	-	-
<b>TOTAL CARGO AIRLINES</b>	<b>394,368</b>	<b>395,262</b>	<b>388,486</b>	<b>386,845</b>
<b>TOTAL LANDED WEIGHTS</b>	<b>3,544,733</b>	<b>3,497,573</b>	<b>3,592,920</b>	<b>3,680,570</b>

Source: Jacksonville Aviation Authority Records



Jacksonville Aviation Authority  
 Jacksonville, Florida  
 Landed Weights  
 (weights in 1000 lbs)  
 (unaudited)

	2011	2010	2009	2008
DELTA AIR LINES INC	801,499	722,553	733,464	768,877
AMERICAN AIRLINES CORPORATION	180,024	181,958	153,526	181,777
SOUTHWEST AIRLINES CO	890,870	862,176	955,216	980,788
JETBLUE AIRWAYS CORPORATION	171,867	152,829	170,954	148,825
UNITED AIRLINES	66,766	76,189	65,962	115,232
SILVER AIRWAYS CORP	-	-	-	-
ALLEGiant AIR LLC	-	-	-	-
AIR GROUND LOGISTICS INC	11,463	-	-	-
AIR CANADA	-	-	-	-
US AIRWAYS INC	464,833	529,454	516,137	573,721
REPUBLIC AIRLINES INC	85,395	56,686	55,227	20,112
AIRTRAN AIRLINES INC	192,650	200,976	193,536	215,674
ENVOY AIR	140,674	99,474	88,051	145,095
COMPASS AIRLINES INC	52,538	35,875	46,903	36,776
UNITED EXPRESS AIRLINES CO MESA AIRLINES	67,918	45,630	61,844	40,321
PINNACLE AIRLINES	34,363	45,024	40,519	37,150
GOJET AIRLINES	28,810	-	56,213	42,681
GOJET AIRLINES (DELTA AIRLINES)	-	73,030	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	15,258	-	-	-
US AIRWAYS EXPRESS MESA	11,172	7,720	1,397	2,132
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION	17,027	5,997	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	846	94	-	-
PSA AIRLINES INC	1,394	1,851	-	2,295
ATLANTIC SOUTHEAST AIRLINES	64,670	4,730	4,653	899
UNITED EXPRESS	1,662	-	-	-
COMAIR INC	87,737	68,834	89,465	152,776
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	23,863	-	-	-
CONTINENTAL AIRLINES	4,407	30,343	94,625	155,645
CHAUTAUQUA AIRLINES INC	6,907	21,983	56,301	32,547
CONTINENTAL EXPRESS	124,645	142,502	113,231	80,619
MESABA AIRLINES	956	5,240	-	2,867
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	17,866	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	12,455	-	-	-
DAL GLOBAL SERVICES INC	322	-	-	-
ATLANTIC COAST AIRLINES	-	1,880	-	-
EXPRESS JET	-	-	-	74,862
FRONTIER	-	-	-	33,574
GULFSTREAM (CONTINENTAL)	-	-	-	13,266
INDEPENDENCE AIR	-	-	-	294
SKYWEST (DELTA CONNECTION)	-	-	-	289
TRANS STATES	-	-	-	36,235
AIR WISCONSIN (US AIRWAYS)	-	-	893	3,854
NORTHWEST AIRLINES INC	-	-	71,834	112,817
TOTAL COMMERCIAL AIRLINES	<u>3,580,857</u>	<u>3,373,028</u>	<u>3,569,951</u>	<u>4,012,000</u>
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	211,323	212,938	217,465	215,057
UNITED PARCEL SERVICE COMPANY	186,799	189,609	208,064	249,001
SUBURBAN AIR FREIGHT INC	2,090	-	-	-
AMERIFLIGHT LLC	16	-	-	-
MOUNTAIN AIR CARGO INC	886	-	-	-
MISCELLANEOUS	-	16,478	18,474	16,760
ABX	-	-	7,029	26,293
TOTAL CARGO AIRLINES	<u>401,114</u>	<u>419,025</u>	<u>451,032</u>	<u>507,111</u>
TOTAL LANDED WEIGHTS	<u><u>3,981,971</u></u>	<u><u>3,792,053</u></u>	<u><u>4,020,983</u></u>	<u><u>4,519,111</u></u>

Source: Jacksonville Aviation Authority Records

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

	2017		2016		2015		2014		2013	
	Employees		Employees		Employees		Employees		Employees	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	3	-	3	-	3	-	3	-	3	-
Marketing	2	-	2	-	3	-	3	-	3	-
Information Technology	12	-	12	-	9	-	8	-	8	-
External Affairs	4	-	4	-	4	-	4	-	4	-
Human Resources	8	-	8	-	6	-	5	-	7	-
Procurement	14	-	13	1	13	1	13	1	10	1
Accounting & Finance	11	-	11	-	10	-	10	-	9	-
Planning & Engineering	12	-	12	-	12	-	11	-	11	-
Business Development	6	-	6	-	7	-	7	-	8	-
Cecil Airport	13	-	13	-	12	-	10	1	11	-
JaxEx at Craig Airport	4	-	4	-	3	-	4	-	3	-
Herlong Airport	9	-	9	-	9	-	9	-	8	1
Building Maintenance	27	-	27	-	28	-	23	-	25	-
Field Maintenance	28	-	27	1	27	1	24	1	22	1
HBS	10	-	10	-	10	-	9	-	9	-
Custodial	35	-	35	-	34	-	31	-	32	-
Police/Security	52	-	52	-	50	-	50	-	52	-
Airport Operations	26	-	26	-	23	-	27	-	24	-
DBE	-	-	-	-	-	-	-	-	-	-
Total	276	-	274	2	263	2	251	3	249	3

FT - Full time employee working more than 35 hours  
PT - Part time employee working 35 hours or less

Source: Jacksonville Aviation Authority Records

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

	2012		2011		2010		2009		2008	
	Employees		Employees		Employees		Employees		Employees	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	3	-	2	-	2	-	1	-	3	-
Marketing	2	-	3	-	3	-	-	-	-	-
Information Technology	7	-	7	-	6	-	7	-	6	-
External Affairs	4	-	4	-	4	-	5	1	2	1
Human Resources	8	-	9	-	8	-	8	-	10	-
Procurement	10	1	9	1	9	1	8	1	7	1
Accounting & Finance	9	-	9	-	10	-	9	-	8	-
Planning & Engineering	11	-	12	-	12	-	12	-	13	-
Business Development	7	-	4	-	6	-	5	-	5	-
Cecil Airport	7	5	5	5	7	5	7	4	10	4
JaxEx at Craig Airport	3	1	3	1	3	1	3	1	3	2
Herlong Airport	5	2	6	2	6	2	5	2	6	2
Building Maintenance	22	-	26	-	26	-	26	-	26	-
Field Maintenance	23	1	22	1	23	1	24	1	24	1
HBS	9	-	10	-	10	-	10	-	10	-
Custodial	32	-	31	-	30	-	30	-	30	-
Police/Security	52	-	53	-	35	-	36	-	44	-
Airport Operations	26	-	23	-	19	1	18	1	21	-
DBE	-	-	1	-	1	-	1	-	1	1
Total	240	10	239	10	220	11	215	11	229	12

FT - Full time employee working more than 35 hours  
PT - Part time employee working 35 hours or less

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority  
Aircraft Operations  
Year Ended September 30, 2017  
*(unaudited)*

	Air Carrier	Air Taxi	Gen Aviation	Military	Total Aircraft Operations
2017	57,957	11,919	14,245	11,060	95,181
2016	56,307	16,351	12,594	16,315	101,567
2015	54,552	18,528	11,223	9,199	93,502
2014	49,457	20,168	11,544	6,460	87,629
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

*Source: Jacksonville Aviation Authority Records*

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<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	X	X
Northwest Airlines	-	-	-	-	-	-	-	-	X	X
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	X	X	X	X	X
US Airways	-	-	X	X	X	X	X	X	X	X
<b>Total Signatory Airlines</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>
<u>Non-signatory Airlines</u>										
Air Canada	X	X	-	-	-	-	-	-	-	-
AirTran	-	-	-	-	X	X	X	X	X	X
Air Wisconsin (American Air)	-	-	-	-	X	X	X	X	X	X
Allegiant	X	X	X	-	-	-	-	-	-	-
American Eagle	-	-	-	-	X	X	X	X	X	X
Endeavor Airlines (formerly ASA)	-	-	-	-	X	X	X	X	X	X
Charters	-	-	-	-	X	X	X	X	X	X
Chautauqua	-	-	-	-	-	X	X	X	X	X
Comair	-	-	-	-	-	X	X	X	X	X
Compass Airline	-	-	-	-	X	X	X	X	X	X
Continental Airlines	-	-	-	-	-	X	X	X	X	X
Continental Express	-	-	-	-	-	X	X	X	X	X
Express Jet (United Air)	-	-	-	-	X	X	-	-	-	X
Florida Gulf	-	-	-	-	-	-	-	-	-	-
Freedom Airlines	-	-	-	-	-	-	-	X	-	-
Frontier	-	-	-	-	-	-	-	-	-	X
Go Jet (United)	-	-	-	-	X	X	X	X	X	X
Gulfstream	-	-	-	-	-	-	-	-	-	X
Independence Air	-	-	-	-	-	-	-	-	-	-
Mesa (American Air)	-	-	-	-	X	X	X	X	X	X
Mesaba	-	-	-	-	-	X	X	X	-	X
Pinnacle	-	-	-	-	X	X	X	X	X	X
PSA Airlines	-	-	-	-	X	X	X	X	-	X
Republic (American Air)	-	-	-	-	X	X	X	X	X	X
Shuttle America (Delta)	-	-	-	-	X	X	X	X	-	-
Silver Airways	X	X	X	X	X	X	-	-	-	-
Skywest	-	-	-	-	-	-	-	-	-	X
Trans States	-	-	-	-	-	-	-	-	-	X
<b>Total Non-signatory Airlines</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>20</b>	<b>18</b>	<b>19</b>	<b>15</b>	<b>22</b>
<b>Total Signatory and Non-signatory Airlines</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>21</b>	<b>26</b>	<b>24</b>	<b>25</b>	<b>22</b>	<b>29</b>
<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	X	-	-	-
Suburban Air Freight	X	X	X	X	X	X	X	-	-	-
Ameriflight, LLC	X	X	X	X	X	-	X	-	-	-
ABX	-	-	-	-	-	-	-	X	X	X
DHL	-	-	-	-	-	-	-	-	-	-
<b>Total Cargo Airlines</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>

Starting in 2013 affiliates are reported under signatory airlines.

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority  
 Primary Origination and Destination Passenger Markets  
 Year Ended September 30, 2017  
*(unaudited)*

Rank	Market	
1	New York JFK	MH
2	Washington National	MH
3	Atlanta	SH
4	Boston	MH
5	New York La Guardia	MH
6	Baltimore-Washington	MH
7	New York Newark	MH
8	Chicago O'Hare	MH
9	Dallas/Fort Worth	MH
10	Nashville	SH
11	Philadelphia	MH
12	Denver	MH
13	Fort Lauderdale/Hollywood	SH
14	Miami	SH
15	Las Vegas	LH
16	Los Angeles	LH
17	Minneapolis - St. Paul	MH
18	Detroit Wayne County	MH
19	Pittsburgh	MH
20	Indianapolis	MH
21	Chicago Midway	MH

*Source: Jacksonville Aviation Authority 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, 2017**  
*(unaudited)*

Jacksonville International Airport

Location	18 Miles North of Downtown Jacksonville
Area	8,296 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	736,138 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 39,785 Sq. Ft. Aircraft Maintenance Facility
Parking spaces	833 Short-term Hourly Garage 1,963 Daily Garage 1,722 Daily Surface Lot 4,411 Economy Lots <hr/> <u>8,929</u>
Hotel	200 Rooms - Jacksonville Airport Hotel 153,000 Sq. Ft.

General Aviation Airports:

Jacksonville Executive at 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: Jacksonville Aviation Authority Records*

**Jacksonville Aviation Authority**  
**Airport Capital Asset Information**  
**Year Ended September 30, 2017**  
*(unaudited) (continued)*

Herlong Airport	
Location	9 Miles Southwest of Downtown Jacksonville
Area	1,449 Acres
Runways	4,000 Feet 3,500 Feet
Cecil 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: Jacksonville Aviation Authority Records*



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