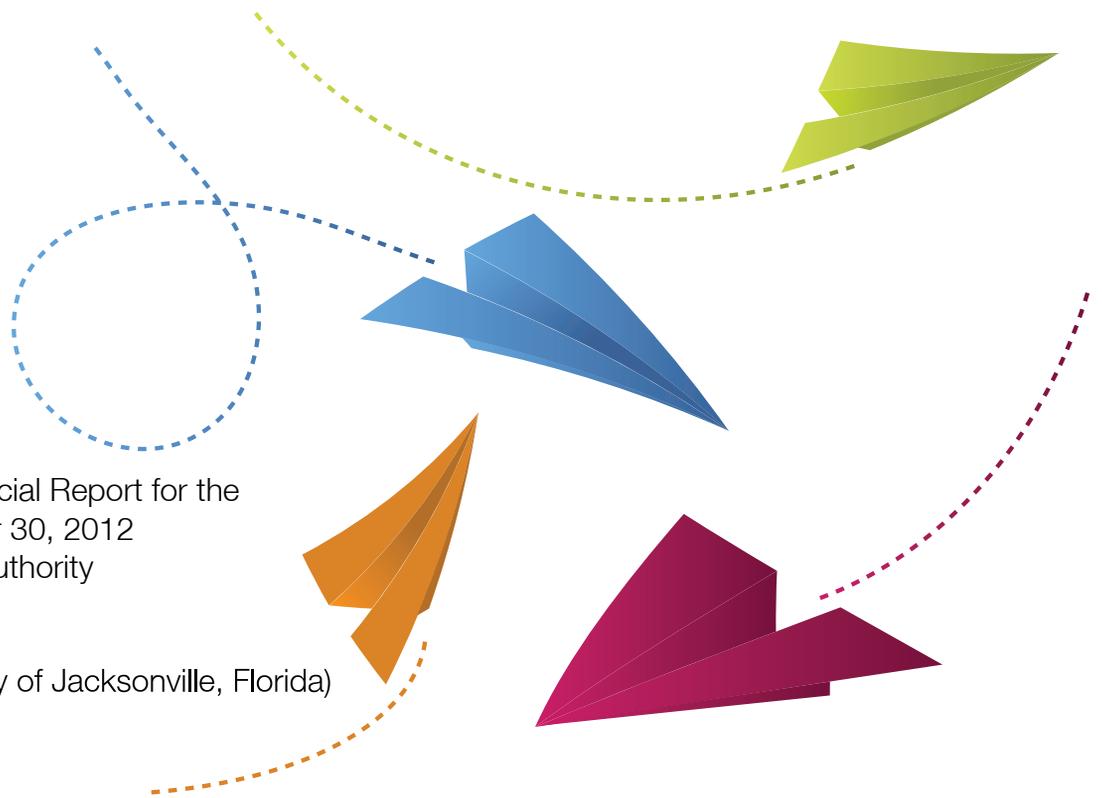


# Jacksonville Aviation Authority

[www.flyjacksonville.com](http://www.flyjacksonville.com)

## Annual Financial Report Fiscal Year 2012



Comprehensive Annual Financial Report for the  
Fiscal Year Ended September 30, 2012  
of the Jacksonville Aviation Authority  
Jacksonville, Florida

(A Component Unit of the City of Jacksonville, Florida)



**JAA**

Jacksonville  
Aviation  
Authority



# **Jacksonville Aviation Authority Jacksonville, Florida**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(A Component Unit of the City of Jacksonville, Florida)

**PREPARED BY:  
FINANCE DIVISION**

**RICHARD A. ROSSI  
CHIEF FINANCIAL OFFICER**

**DIANE PINKERMAN  
DIRECTOR OF FINANCE**

[www.flyjacksonville.com](http://www.flyjacksonville.com)



**September 30, 2012**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal..... i-iv  
Board of Directors and Executive Staff ..... v  
Certificate of Achievement for Excellence in Financial Reporting ..... vi  
Organizational Chart ..... vii

**FINANCIAL SECTION**

Report of Independent Certified Public Accountants ..... 1-2  
Management’s Discussion and Analysis ..... 4-19  
Financial Statements:  
Balance Sheets ..... 21-22  
Statements of Revenues, Expenses, and Changes in Net Assets ..... 23  
Statements of Cash Flows ..... 24-25  
Notes to Financial Statements ..... 26-69  
Required Supplementary Information – Schedule of Funding Progress ..... 70

**STATISTICAL SECTION (UNAUDITED)**

Objectives of the Statistical Section ..... 71

**FINANCIAL TRENDS INFORMATION**

Changes in Cash and Cash Equivalents ..... 72-73  
Principal Operating Revenues, Airline Rates & Charges, and Cost per Enplaned Passenger ... 74-75



**September 30, 2012**

**TABLE OF CONTENTS (CONTINUED)**

**STATISTICAL - REVENUE CAPACITY INFORMATION**

Total Revenues, Expenses, and Changes in Net Assets .....	76-77
Principal Revenue Payers .....	78-80

**STATISTICAL - DEBT CAPACITY INFORMATION**

Ratio of Annual Debt Service to Total Expenses Excluding Depreciation.....	81
Debt Service Coverage .....	82-83
Bond Tables .....	84-87

**STATISTICAL - DEMOGRAPHIC AND ECONOMIC INFORMATION**

Top 10 Employers of Jacksonville.....	88
Demographic and Economic Statistics .....	89

**STATISTICAL - OPERATING INFORMATION**

Enplanements.....	90-91
Landed Weights .....	92-93
Number of Employees .....	94-95
Aircraft Operations .....	96
Airlines Serving Jacksonville International Airport.....	97
Primary Origination & Destination Passenger Markets .....	98
Airport Capital Asset Information .....	99-100



**September 30, 2012**

**TABLE OF CONTENTS (CONTINUED)**

**OTHER REPORTS:**

Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government *Auditing Standards*.....101-102



January 31, 2013

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, 2012. 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, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America.

This annual financial report consists of the following items:

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

#### *Reporting Entity and Its Services*

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

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

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

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

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

### *Economic Condition and Outlook*

Situated in the corner of Northeast Florida, Jacksonville is considered to be 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 and 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 in 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 for operating and capital.

The Authority is maintaining, at a minimum, over eight 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 \$111.95 million outstanding in revenue bonds, \$37.06 million outstanding in revenue refunding bonds, and \$34.85 million outstanding in a revenue note, for a total of \$183.86 million in long-term debt outstanding as of September 30, 2012. For the same period the Authority's debt service coverage was 2.00 which exceeds the required 1.25.

## *Accounting Systems*

The management of the Authority is responsible for establishing and maintaining internal control that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible for ensuring that adequate internal control is in place to ensure compliance with laws and regulations related to the Airport Improvement Program (AIP) and the Aviation Safety and Capacity Expansion Act.

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

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

## *Budgetary Control*

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

## *Independent Audit*

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

### *Acknowledgements*

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

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

Respectfully submitted,

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

Richard A. Rossi  
Chief Financial Officer



# Jacksonville, Florida

## Board of Directors

A. L. Kelly.....	Chairman
Teresa H. Davlantes.....	Vice Chairman
Ernest Issac, Jr.....	Secretary
Frank Macksey.....	Treasurer
Ron Weaver.....	Member
Cyrus Jollivette.....	Member
Dr. Chester Aikens.....	Member

## Executive Staff

Steven Grossman.....	Executive Director/CEO
Tony Cugno.....	Chief Operating Officer
Richard A. Rossi.....	Chief Financial Officer
Rosa Beckett.....	Chief Administrative Officer
Debra Braga.....	Chief Legal Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jacksonville Aviation Authority  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



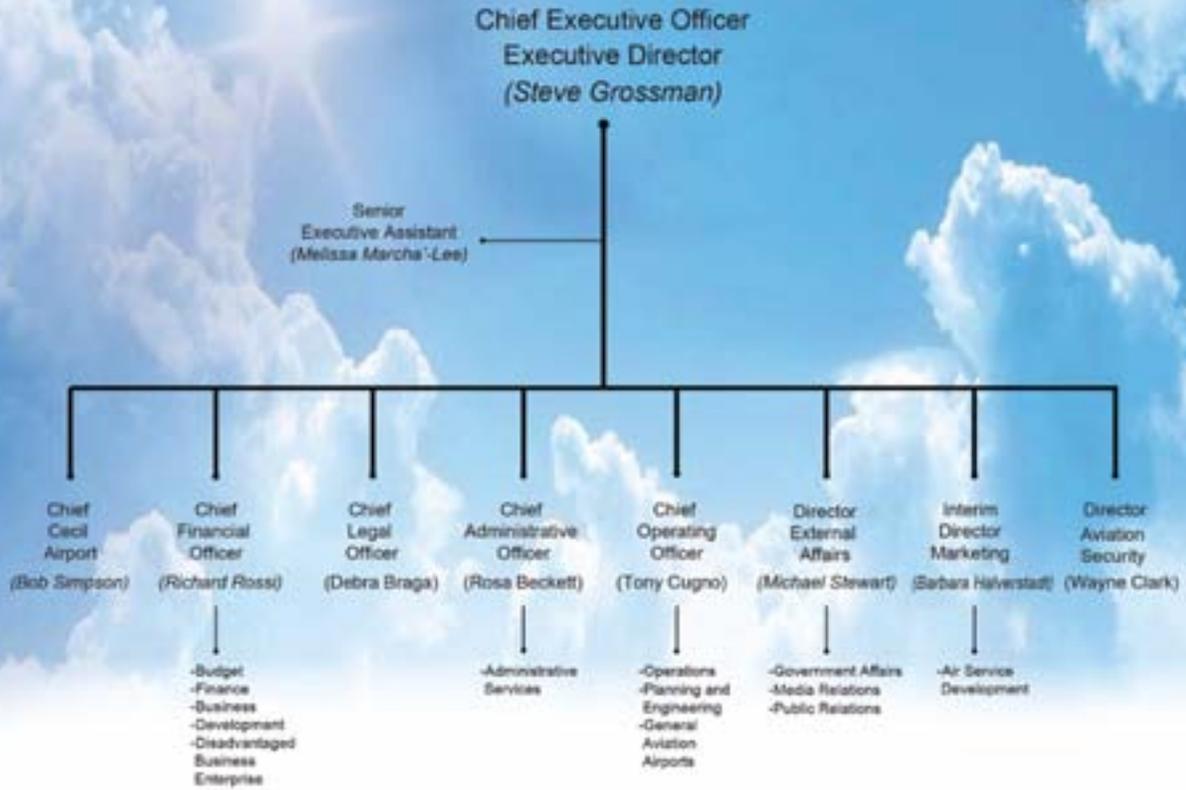
*Christopher P. Moville*

President

*Jeffrey R. Emer*

Executive Director

# JAA ORGANIZATIONAL STRUCTURE



Jacksonville International Airport
 Cecil Airport
 Jacksonville Executive at Craig Airport
 Herlong Recreational Airport



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

Our audit was conducted for the purpose of forming an opinion on 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. Such information has 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 it.

*Ernst + Young LLP*

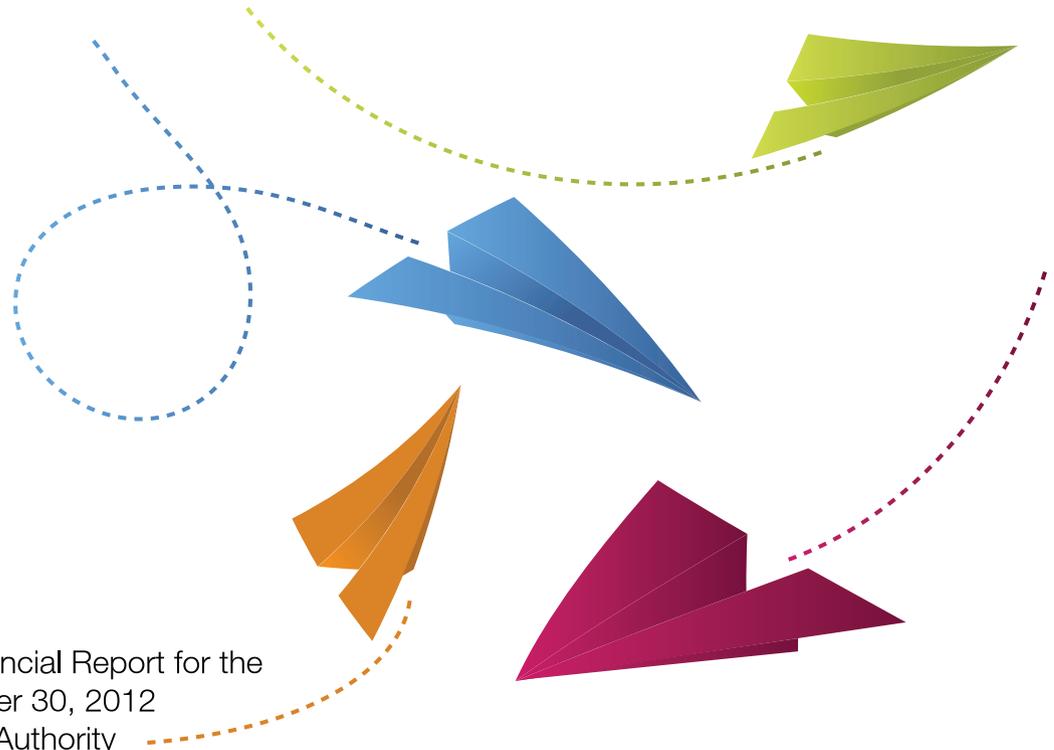
January 30, 2013

**This page intentionally left blank**



# Introductory

## Annual Financial Report Fiscal Year 2012



Comprehensive Annual Financial Report for the  
Fiscal Year Ended September 30, 2012  
of the Jacksonville Aviation Authority  
Jacksonville, Florida

(A Component Unit of the City of Jacksonville, Florida)

Introductory



**JAA**

Jacksonville  
Aviation  
Authority

# Jacksonville Aviation Authority

## Management's Discussion and Analysis

September 30, 2012 and 2011

### **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, 2012 and 2011. 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 240 full-time employees in a structure that includes administration, airport management and operations, and police.

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

The Authority is a component unit within the City of Jacksonville, Florida's (the City's) basic financial statements based on the City's approval of the Authority's budget. As a component unit of the City, the Authority's financial statements are discretely presented in the City's basic financial statements. 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 balance sheets, the statements of revenues, expenses and changes in net assets 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 net asset balances are restricted for debt service and, where applicable, for construction activities.

The balance sheets each present the Authority's financial position as of one point in time, September 30, 2012 and 2011, and include all assets and liabilities of the Authority. The balance sheets demonstrate that the Authority's assets equal liabilities plus net assets. Net assets represent the residual interest in the Authority's assets after liabilities are deducted. Net assets are displayed in three components: invested in capital assets net of related debt, restricted, and unrestricted.

The statements of revenues, expenses, and changes in net assets report total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net assets. 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 PFCs, 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, 2012 totaled 2.64 million, a decrease of 5.06% from the prior fiscal year. The reduction is a due to airlines reducing capacity in order to cut costs. In fiscal year 2011, JIA had enplanements of 2.78 million, an increase of .22% from fiscal year 2010.

Landed weight totaled 3.66 million for fiscal year 2012, a decrease of 8.06% from the prior year. In fiscal year 2011, JIA had landed weight of 3.99 million, an increase of 2.84% from fiscal year 2010.

As in 2011, Delta Airlines and Southwest Airlines dominated 2012 in both enplanement activity and landed weight. AirTran, American, Continental, JetBlue, United, and US Airways, comprise the remainder of the signatory airlines serving JIA and generate the majority of the enplanements.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total passengers	5,284,417	5,566,207	5,556,098
% (decrease) increase	(5.06) %	0.18 %	(1.86) %
Enplanements	2,644,059	2,783,809	2,777,807
% (decrease) increase	(5.02) %	0.22 %	(1.26) %
Landed weight	3,664,976	3,986,137	3,875,921
% (decrease) increase	(8.06) %	2.84 %	(3.35) %

For fiscal year 2012, the Jacksonville International Airport average daily air carrier departures were 86 compared to 96 and 91 departures in 2011 and 2010, respectively.

### **Financial Highlights**

The Authority's assets exceeded liabilities for fiscal year 2012 by approximately \$441.59 million compared to \$439.29 million and \$436.69 million in fiscal years 2011 and 2010, respectively. Unrestricted net assets as of the end of fiscal years 2012, 2011 and 2010 were approximately \$47.25 million, \$49.73 million and \$46.93 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased slightly as indicated by this fiscal year's increase in total net assets. The improving trend for fiscal years 2012 and 2011 is due primarily to earnings from continuing operations and grants-in-aid of construction.

The Authority's total debt decreased by \$16.62 million and \$9.40 million in fiscal years 2012 and 2011, respectively. During fiscal year 2012 the Authority made normal scheduled debt service payments of \$9.78 million. Additional payments in the amount of \$6.84 million were made as a result of mandatory bond calls. Payments made in fiscal year 2011 were a result of normal scheduled debt service payments.

## **Operating Revenues**

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

In fiscal year 2011 operating revenues increased by 5.40% from 2010. The increase in the fees and charges from 2010 to 2011 of 8.99% is primarily attributable to increased rental rates and ramp use fees charged to the airlines. Fiscal year 2011 parking revenue increased 6.44% from 2010 due to a combination of factors. The rates in the hourly garage were increased, while economy lot rates were decreased. Security user fees which had been included in Fees and Charges in prior years were moved to Parking in fiscal year 2011.

## **Operating Expenses**

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

In fiscal year 2011 operating expenses before depreciation and amortization increased by 7.97% over 2010. The primary increase was in services and supplies of 8.30%, due to increases in contractual services, consultants, fuel, and temporary agency help. Salaries and benefits increased by 9.06% over 2010, due to increased staffing in the public safety and security workforce. Utility services increased by 5.23% in fiscal year 2011 over 2010, due to the higher cost fuel.

## **Operating Margin**

In fiscal year 2012 the operating margin decreased 4.11% from 32.73% in 2011 to 28.62% in 2012. The primary reason for the decrease was due to the expiration of the current airline agreement, which resulted in a \$3.67 million revenue share with the airlines. In fiscal year 2011 the operating margin decreased 1.61% from 34.34% in 2010 to 32.73% in 2011.

## **Nonoperating Revenues**

Nonoperating revenues in fiscal year 2012 increased 2.40% from 2011. This was a result of an easement to install a pipe on the Authority's property and income received from an expired lease option.

In fiscal year 2011 nonoperating revenues decreased 10.76% from 2010. This decrease was primarily due to decreased investment income due to declining balances in the 2006 construction fund account.

### **Nonoperating Expenses**

Nonoperating expenses decreased by 6.52% in fiscal year 2012. This decrease was a result of a decrease in interest expense.

Nonoperating expenses decreased by 1.07% in fiscal year 2011 due to decreased purchases using state and federal forfeiture funds and the expensing of a terminated capital project relating to fiscal year 2010.

### **Capital contributions**

Capital contributions decreased by 12.17% in 2012. Capital contributions in fiscal year 2011 decreased by 5.08% over 2010. These fluctuations are influenced by factors such as grant availability and project timing.

### **Summary Statements of Net Assets**

The summary statements of net assets present the financial position of the Authority at the end of each fiscal year. The summary statements of net assets include all assets and liabilities of the Authority. Net assets are the difference between total assets and liabilities and are an indicator of the current fiscal health of the Authority.

## Summary Statements of Net Assets (continued)

	2012	2011	Increase/ (Decrease) from 2011	% Increase/ (Decrease) from 2011
<b>Assets and deferred outflows</b>				
<i>(dollar amounts in thousands)</i>				
Current	\$ 67,857	\$ 65,837	\$ 2,020	3.07 %
Noncurrent (restricted/other)	36,413	45,499	(9,086)	(19.97)
Capital assets, net	537,609	541,003	(3,394)	(0.63)
Deferred outflow of resources	4,210	3,951	259	6.56
Total assets and deferred outflows	<u>646,089</u>	<u>656,290</u>	<u>(10,201)</u>	<u>(1.55)</u>
<b>Liabilities</b>				
Current	13,779	10,317	3,462	33.56 %
Restricted	13,884	13,798	86	0.62
Long-term	176,834	192,882	(16,048)	(8.32)
Total liabilities	<u>204,497</u>	<u>216,997</u>	<u>(12,500)</u>	<u>(5.76)</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	355,251	349,691	5,560	1.59 %
Restricted	39,093	39,875	(782)	(1.96)
Unrestricted	47,248	49,727	(2,479)	(4.99)
Total net assets	<u>\$ 441,592</u>	<u>\$ 439,293</u>	<u>\$ 2,299</u>	<u>0.52</u>
<b>Unrestricted working capital</b>				
Current assets	67,857	65,837	2,020	3.07 %
Current liabilities	(27,663)	(24,115)	(3,548)	14.71
Working capital	<u>\$ 40,194</u>	<u>\$ 41,722</u>	<u>\$ (1,528)</u>	<u>(3.66)</u>
Current ratio	2.45	2.73		

Total assets and deferred outflows decreased by 1.55% during 2012 while total liabilities decreased by 5.76%. These changes resulted in an increase in net assets of 0.52%.

## Summary Statements of Net Assets (continued)

	2011	2010	Increase/ (Decrease) from 2010	% Increase/ (Decrease) from 2010
<i>(dollar amounts in thousands)</i>				
<b>Assets and deferred outflows</b>				
Current	\$ 65,837	\$ 59,282	\$ 6,555	11.06 %
Noncurrent (restricted/other)	45,499	51,737	(6,238)	(12.06)
Capital assets, net	541,003	548,231	(7,228)	(1.32)
Deferred outflow of resources	3,951	3,579	372	10.39
Total assets and deferred outflows	<u>656,290</u>	<u>662,829</u>	<u>(6,539)</u>	<u>(0.99)</u>
<b>Liabilities</b>				
Current	10,317	10,930	(613)	(5.61) %
Restricted	13,798	13,586	212	1.56
Long-term	192,882	201,620	(8,738)	(4.33)
Total liabilities	<u>216,997</u>	<u>226,136</u>	<u>(9,139)</u>	<u>(4.04)</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	349,691	352,264	(2,573)	(0.73) %
Restricted	39,875	39,495	380	0.96
Unrestricted	49,727	44,934	4,793	10.67
Total net assets	<u>\$ 439,293</u>	<u>\$ 436,693</u>	<u>\$ 2,600</u>	<u>0.60</u>
<b>Unrestricted working capital</b>				
Current assets	65,837	59,282	6,555	11.06 %
Current liabilities	(24,115)	(24,516)	401	(1.64)
Working capital	<u>\$ 41,722</u>	<u>\$ 34,766</u>	<u>\$ 6,956</u>	<u>20.01</u>
Current ratio	2.73	2.42		

Total assets and deferred outflows decreased by .99% during 2011 while total liabilities decreased by 4.04%. These changes resulted in an increase in net assets of 0.60%.

## Summary of Statements of Revenues, Expenses, and Changes in Net Assets

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Operating revenues:	<i>(dollar amounts in thousands)</i>		
Concessions	\$ 14,482	\$ 14,134	\$ 13,768
Fees & charges	13,272	12,485	12,283
Space & facility rentals	14,179	17,131	15,718
Parking	16,171	16,398	15,406
Other revenue	2,313	2,334	2,104
Total operating revenues	<u>60,417</u>	<u>62,482</u>	<u>59,279</u>
Operating expenses:			
Wages & benefits	19,014	18,390	16,862
Services and supplies	13,755	13,355	12,332
Repairs & maintenance	1,978	1,981	2,200
Promotion, advertising and dues	880	824	486
Registration & travel	275	202	237
Utilities & taxes	5,425	5,534	5,259
Other operating expenses	1,797	1,743	1,549
Depreciation and amortization	27,666	30,753	30,394
Total operating expenses	<u>70,790</u>	<u>72,782</u>	<u>69,319</u>
Operating loss	(10,373)	(10,300)	(10,040)
Nonoperating revenues:			
Passenger facility charges	10,743	11,195	11,329
Investment income	1,036	981	1,549
Payments from primary government	-	1	1
Payments from federal and state agencies	243	201	280
Contributions from other governments	-	-	750
Other revenues	1,180	516	539
Total Nonoperating revenues	<u>13,202</u>	<u>12,894</u>	<u>14,448</u>
Nonoperating expenses:			
Interest expense	8,733	9,330	9,369
Other expenses	144	166	228
Total Nonoperating expenses	<u>8,877</u>	<u>9,496</u>	<u>9,597</u>
Capital contributions	<u>8,347</u>	<u>9,502</u>	<u>10,011</u>
Changes in net assets	<u>\$ 2,299</u>	<u>\$ 2,600</u>	<u>\$ 4,822</u>

Source: Jacksonville Aviation Authority audited financial statements

## Signatory Airline Rates and Charges

The Authority and certain airlines negotiated an airline use and lease agreement (the agreement) with an effective date of October 1, 2007 for a 5 year term, which in part establishes how the airlines that signed the agreement will be assessed annual rates and charges for their use of JIA. Landing fees and terminal rental rates for non-signatory airlines are assessed at 125 percent of the signatory rates.

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 has the ability under the agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2012, 2011, and 2010.

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

In the 2012 agreement the terminal and airfield are residual. Under the residual method the Airlines agree to pay the cost of running the terminal and airfield that are not allocated to other airport users or covered by nonairline sources of revenue. The cost less the revenue associated with the terminal is divided by the airline terminal leased square footage to determine the average rental rate. The residual method guarantees the Authority will break even on the airfield and terminal cost centers.

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

	2012	2011	2010
Landing fees (per 1,000 lbs. MGLW)	\$ 2.36	\$ 2.06	\$ 1.42
Apron fee rental (per linear foot)	344.96	345.96	295.68
Average terminal rental rate (per square foot)	46.46	39.29	40.18
Ticket counter (per square foot)	61.96	52.45	54.01
Bag claim (per square foot)	49.57	41.96	43.21

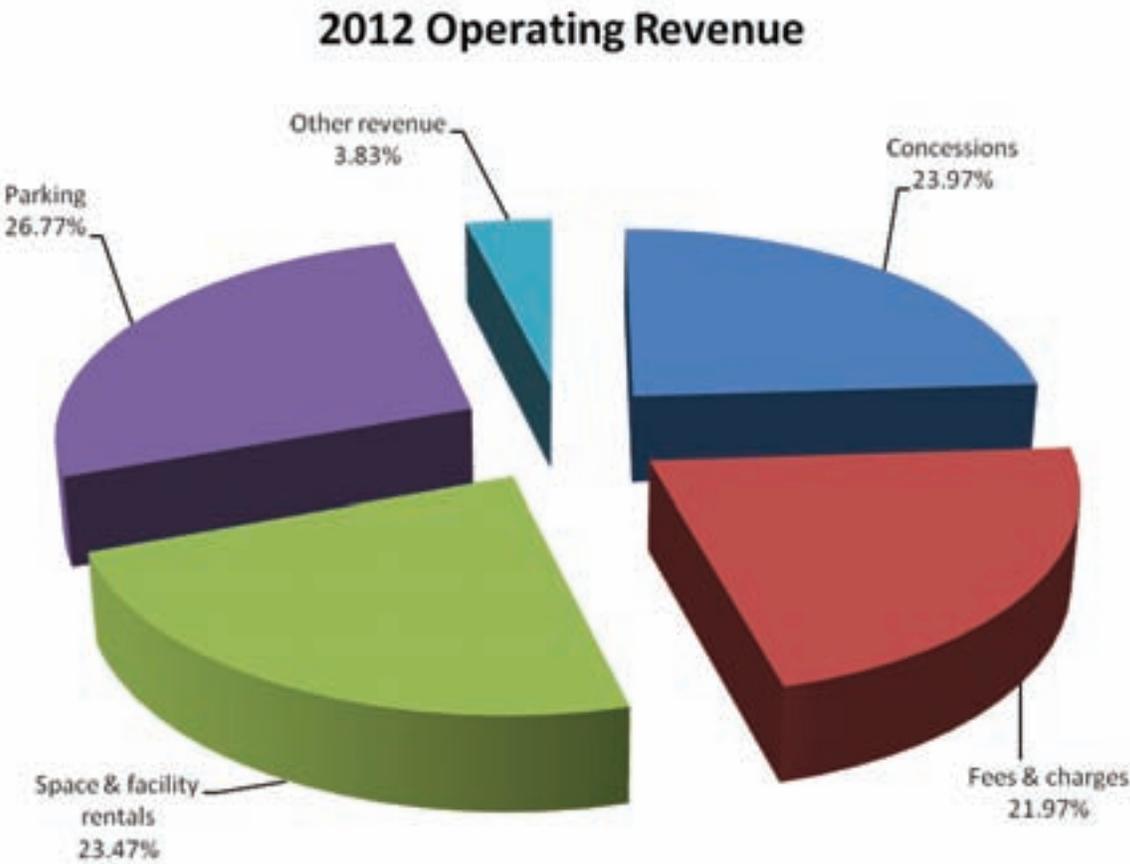
Note: 2012 rates are estimates

**Operating Revenues**

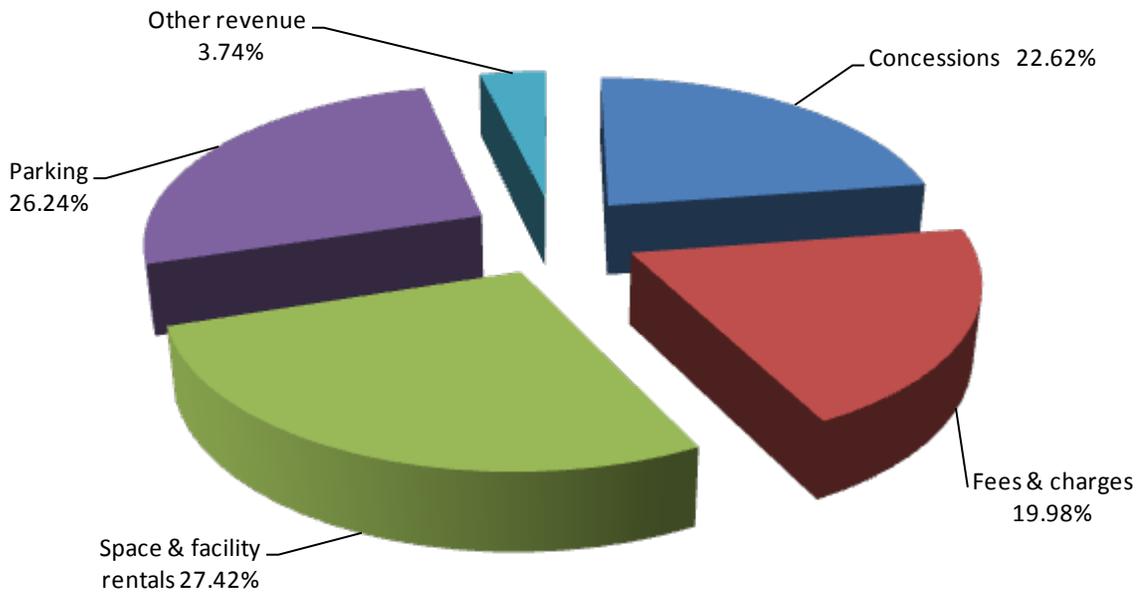
The following charts and tables show the major sources and the percentage of operating revenues for fiscal years 2012, 2011 and 2010.

Operating revenue for fiscal year 2012 decreased by 3.30% over 2011. Operating revenue for fiscal year 2011 increased by 5.40% over 2010.

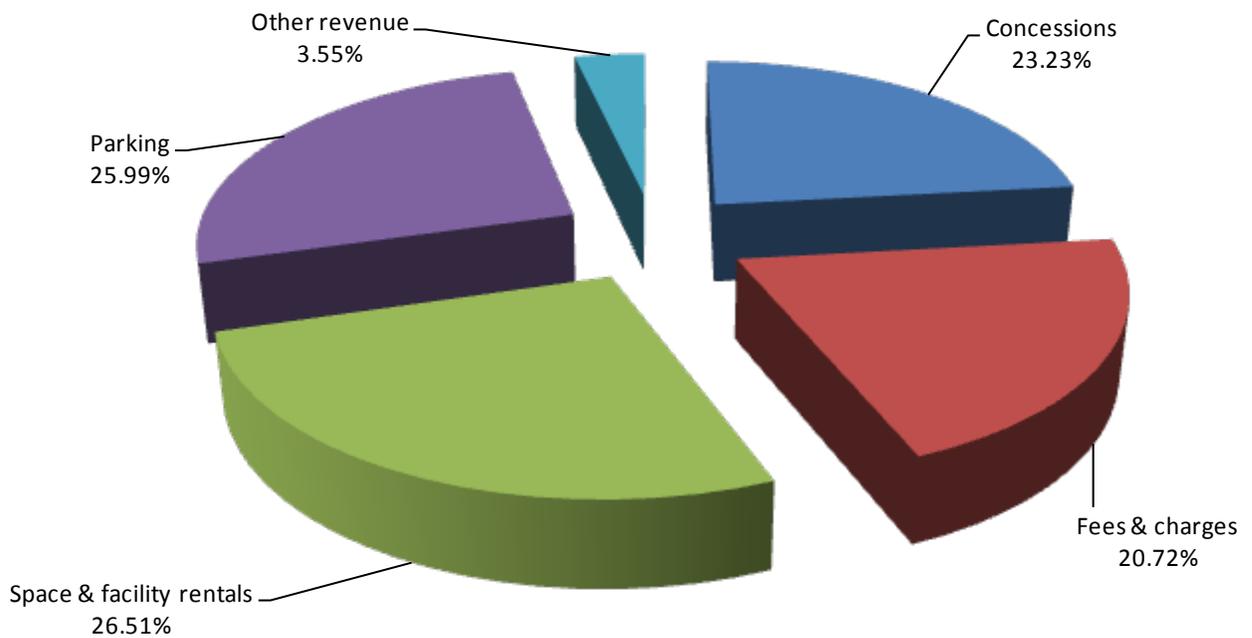
Refer to the changes in net assets section of this MD&A for additional information related to operating revenues.



## 2011 Operating Revenues



## 2010 Operating Revenues



## Operating Revenues by Major Source

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

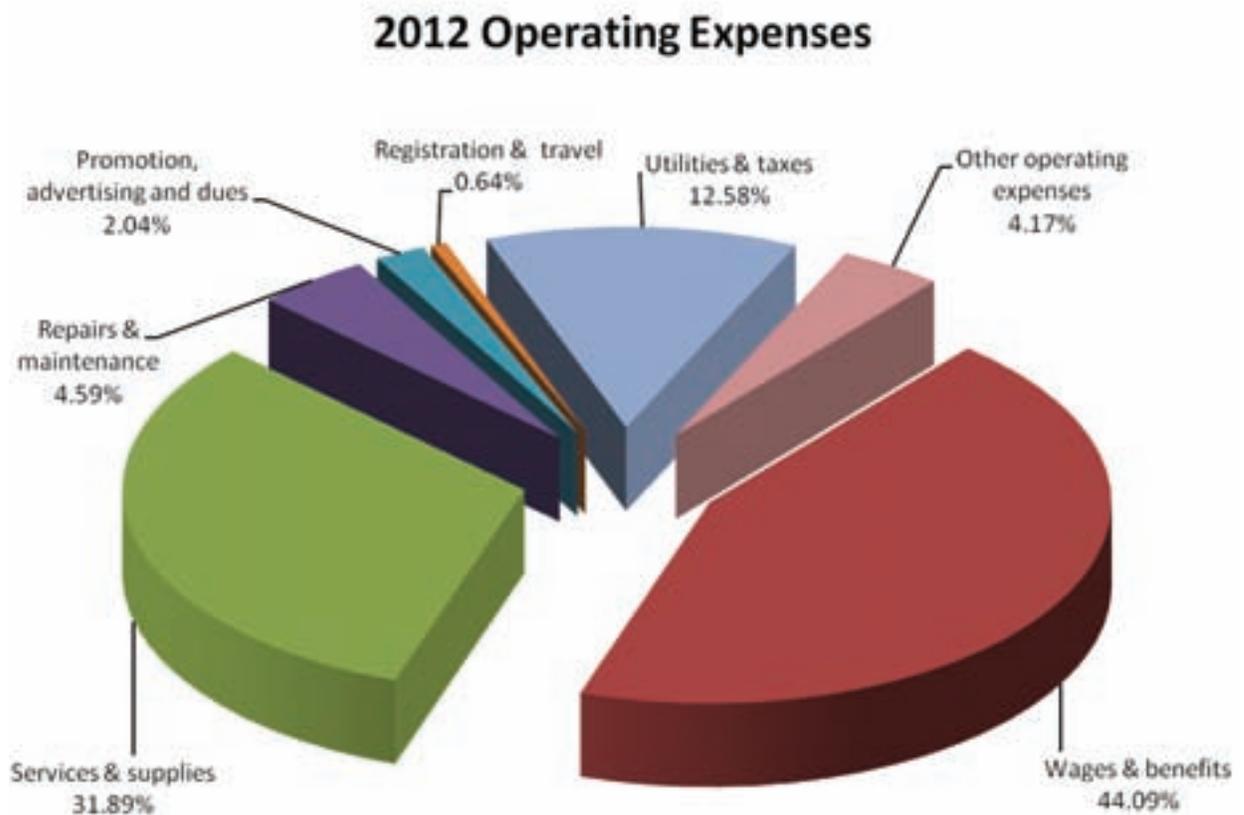
	2011	2010	Increase/ (Decrease) from 2010	% Increase/ (Decrease) from 2010
<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,134	\$ 13,768	\$ 366	2.66 %
Fees & charges	12,485	12,283	202	1.64
Space & facility rentals	17,131	15,718	1,413	8.99
Parking	16,398	15,406	992	6.44
Other revenue	2,334	2,104	230	10.93
Total operating revenues	<u>\$ 62,482</u>	<u>\$ 59,279</u>	<u>\$ 3,203</u>	<u>5.40 %</u>

## Operating Expenses

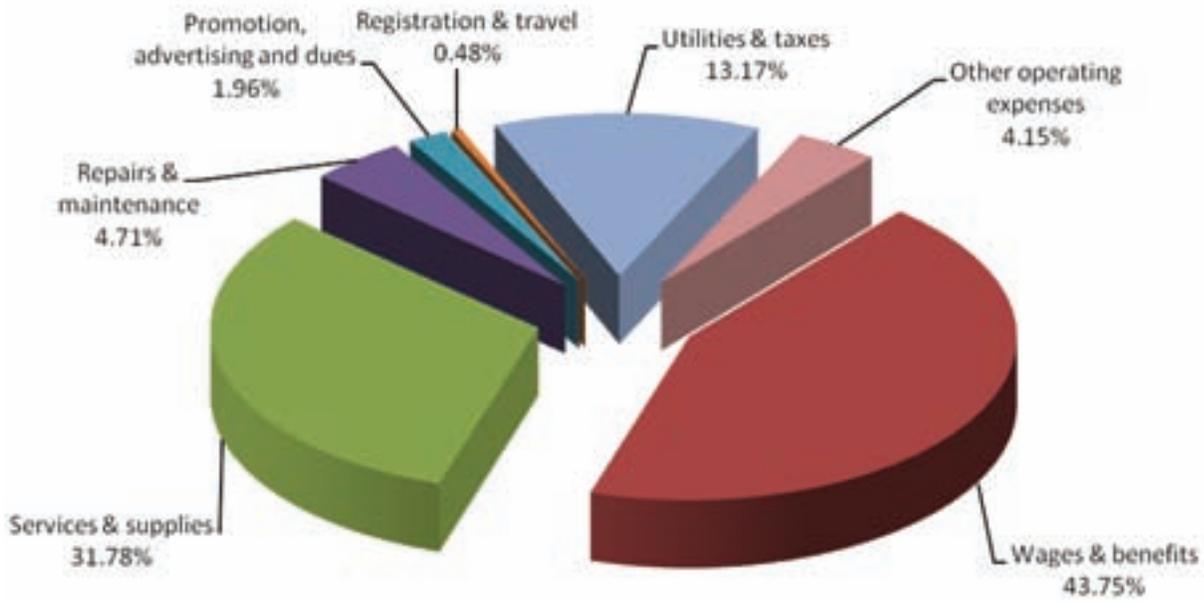
The following charts show the major cost categories for the Authority for fiscal years 2012, 2011 and 2010.

Operating expenses, before depreciation and amortization, increased 2.61% and 7.97% in fiscal years 2012 and 2011, respectively.

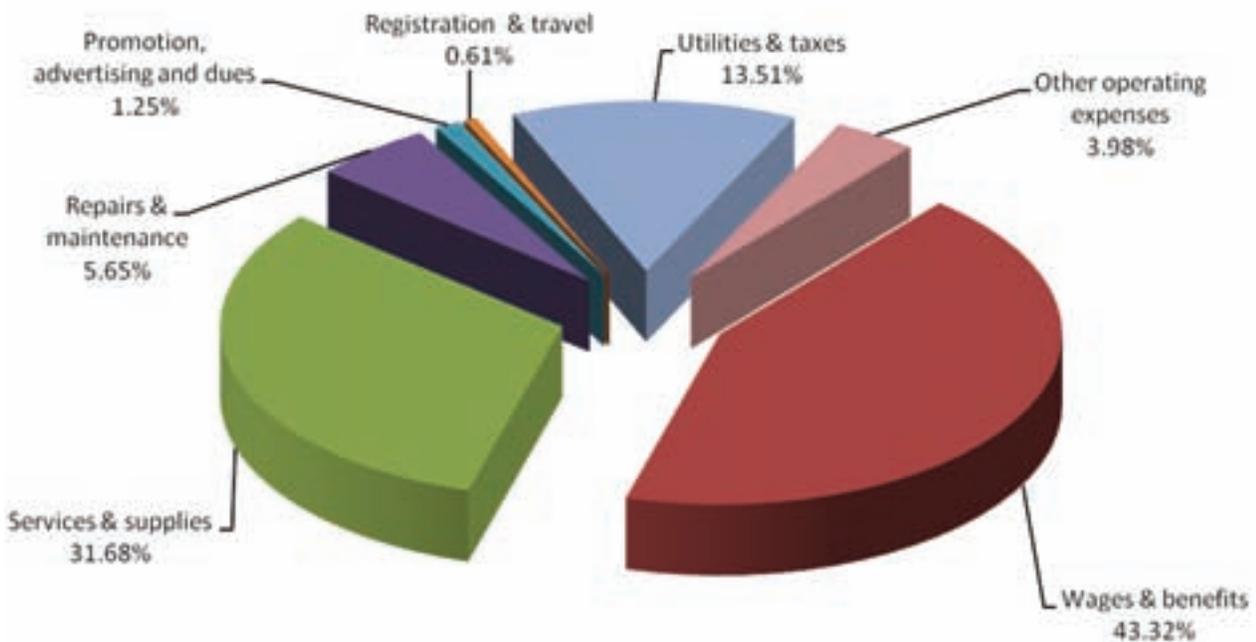
Refer to the changes in net assets section of this MD&A for additional information related to operating expenses.



## 2011 Operating Expenses



## 2010 Operating Expenses



## Operating Expenses by Major Source

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

	2011	2010	Increase/ (Decrease) from 2010	% Increase/ (Decrease) from 2010
<i>(dollar amounts in thousands)</i>				
Wages & benefits	\$ 18,390	\$ 16,862	\$ 1,528	9.06 %
Services & supplies	13,355	12,332	1,023	8.30
Repairs & maintenance	1,981	2,200	(219)	(9.95)
Promotion, advertising and dues	824	486	338	69.55
Registration & travel	202	237	(35)	(14.77)
Utilities & taxes	5,534	5,259	275	5.23
Other operating expenses	1,743	1,549	194	12.52
<b>Total operating expenses</b>	<b>\$ 42,029</b>	<b>\$ 38,925</b>	<b>\$ 3,104</b>	<b>7.97 %</b>

## Debt Activity

The Authority did not issue any new debt in fiscal years 2012 or 2011. In 2012 the debt service payments reduced the overall debt by \$16.62 million. Normal debt service payments were \$9.78 million. Additional payments were made in the amount of \$6.84 million. There were mandatory bond calls in November 2011 and May 2012 in the amount of \$6.74 million and \$105 thousand, respectively, relating to excess funds in the construction account. Normal debt service payments reduced the overall debt by \$9.40 million in 2011.

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

## Debt Service Coverage

Debt service coverage is a covenant of the bond resolutions requiring that a surplus of funds be available in the amount 125% of principal and interest due in the subsequent year. This coverage serves as an indicator to bond holders that funds are available for timely debt service payments. Historically, the Authority has maintained a coverage ratio higher than its requirement. The actual debt service coverage ratio for the fiscal years 2012, 2011 and 2010 was 2.00, 1.83 and 1.88, respectively.

## **Cash and Investment Management**

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

The Authority's cash and cash equivalents increased by \$8.53 million for fiscal year 2011 over 2010. This was primarily due to the inflow of funds from matured investments, which had not yet been re-invested as of September 30, 2011. Cash and cash equivalents, unrestricted, increased by \$3.44 million and restricted cash and cash equivalents increased by \$5.09 million.

## **Capital Construction**

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

During 2011, the Authority expended approximately \$23.75 million on capital activities. Major projects in 2011 at JIA and Cecil Airport were the connector bridge and ceiling project, runway rehabilitation projects, and modifications to Hangar 880.

Average monthly capital construction spending was \$2.05 million, \$1.98 million and \$2.16 million for fiscal years 2012, 2011 and 2010, respectively.

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

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

The Authority projected an increase in enplanements for fiscal year 2013 over the prior year. Revenues for fiscal year 2013 are forecasted to be approximately \$65.82 million or 8.94% above fiscal year 2012. Operating expenses before depreciation and amortization for fiscal year 2013 are forecasted to be approximately \$46.48 million or 7.78% above fiscal year 2012.

The Authority expects to face continued challenges in fiscal year 2013 because of the troubled financial condition of the nation's airlines and reduced federal resources. Costs for security and other operational issues remain on the increase. The Authority continues to seek opportunities to diversify its revenues.

## **Contacting the Authority's Financial Management**

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

**This page intentionally left blank**



# Jacksonville Aviation Authority

## Balance Sheets

	September 30,	
	<u>2012</u>	<u>2011</u>
	<i>(dollar amounts in thousands)</i>	
<b>Assets and deferred outflows</b>		
Current assets:		
Cash and cash equivalents	\$ 11,675	\$ 11,234
Investments	35,475	33,675
Cash and cash equivalents - restricted	12,018	11,561
Accounts receivable, net of allowance of \$39 in 2012 and \$102 in 2011	4,399	4,538
Grants receivable	2,810	3,452
Interest receivable	173	213
Notes receivable	184	176
Inventory and other assets	<u>1,123</u>	<u>988</u>
Total current assets	67,857	65,837
Noncurrent assets:		
Restricted cash and cash equivalents	9,653	19,650
Restricted investments	21,028	19,790
Notes receivable	3,982	4,168
Deferred outflows	4,210	3,951
Other noncurrent assets	<u>1,750</u>	<u>1,891</u>
Total noncurrent assets	40,623	49,450
Capital assets:		
Land	71,138	71,504
Construction in progress	17,241	12,226
Property, plant and equipment	801,137	782,764
Less: accumulated depreciation	(353,976)	(327,523)
Other capital assets, net of amortization	<u>2,069</u>	<u>2,032</u>
Total capital assets	<u>537,609</u>	<u>541,003</u>
Total noncurrent assets	<u>578,232</u>	<u>590,453</u>
Total assets and deferred outflows	<u>\$ 646,089</u>	<u>\$ 656,290</u>

*See accompanying notes.*

# Jacksonville Aviation Authority

## Balance Sheets

	September 30,	
	2012	2011
	<i>(dollar amounts in thousands)</i>	
<b>Liabilities and net assets</b>		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 3,506	\$ 3,048
Accrued expenses	7,311	4,265
Construction contracts and retainage payable	2,962	3,004
Total current liabilities payable from unrestricted assets	13,779	10,317
Current liabilities payable from restricted assets:		
Bonds and notes payable - current portion	10,220	9,775
Accrued interest payable	3,664	4,023
Total current liabilities payable from restricted assets	13,884	13,798
 Total current liabilities	 27,663	 24,115
<b>Long-term liabilities</b>		
OPEB liability	1,697	1,297
Bonds and notes payable	170,927	187,634
Derivative instrument - swap	4,210	3,951
Total long-term liabilities	176,834	192,882
 Total liabilities	 204,497	 216,997
<b>Net assets</b>		
Invested in capital assets, net of related debt	355,251	349,691
Restricted for debt service	23,112	22,154
Restricted for capital acquisition and construction	5,599	7,218
Restricted other	10,382	10,503
Unrestricted	47,248	49,727
Total net assets	441,592	439,293
 Total liabilities and net assets	 \$ 646,089	 \$ 656,290

*See accompanying notes.*

## Jacksonville Aviation Authority

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

	For the Year Ended September 30,	
	2012	2011
	<i>(dollar amounts in thousands)</i>	
Operating revenues:		
Concessions	\$ 14,482	\$ 14,134
Fees & charges	13,272	12,485
Space & facility rentals	14,179	17,131
Parking	16,171	16,398
Other revenue	2,313	2,334
Total operating revenues	60,417	62,482
Operating expenses:		
Wages & benefits	19,014	18,390
Services & supplies	13,755	13,355
Repairs & maintenance	1,978	1,981
Promotions, advertising and dues	880	824
Registration & travel	275	202
Utilities & taxes	5,425	5,524
Other operating expenses	1,797	1,753
Operating expenses before depreciation and amortization	43,124	42,029
Operating income before depreciation and amortization	17,293	20,453
Depreciation and amortization	27,666	30,753
Operating loss	(10,373)	(10,300)
Nonoperating revenues:		
Passenger facility charges	10,743	11,195
Investment income	1,036	981
Payments from primary government	-	1
Payments from federal and state agencies	243	201
Other revenues	1,180	516
Total nonoperating revenues	13,202	12,894
Nonoperating expenses:		
Interest expense	8,733	9,330
Other expenses	144	166
Total nonoperating expenses	8,877	9,496
Loss before capital contributions	(6,048)	(6,902)
Capital contributions	8,347	9,502
Change in net assets	2,299	2,600
Net assets, beginning of year	439,293	436,693
Net assets, end of year	\$ 441,592	\$ 439,293

*See accompanying notes.*

## Jacksonville Aviation Authority

### Statements of Cash Flows

	2012	2011
	<i>(dollar amounts in thousands)</i>	
<b>Cash flows from operating activities</b>		
Receipts from customers and tenants	\$ 60,557	\$ 62,572
Payments to suppliers for goods and services	(20,728)	(23,835)
Payments to employees for services	(18,627)	(18,544)
Other revenue	537	428
Net cash provided by operating activities	21,739	20,621
<b>Cash flows from non-capital and related financing activities</b>		
Nonoperating grants received	243	201
Net cash provided by non-capital financing activities	243	201
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(24,541)	(23,752)
Principal paid on capital debt	(16,620)	(9,400)
Interest paid on capital debt	(8,733)	(9,134)
Proceeds from sale of equipment	868	92
Contributions-in-aid of construction	8,988	12,977
Passenger facility charges received	10,743	11,195
Net cash used in capital and related financing activities	(29,295)	(18,022)
<b>Cash flows from investing activities</b>		
Increases in notes receivable	-	(5)
Collections on notes receivable	177	166
Interest on investments	1,232	1,249
Purchase of investment securities	(73,431)	(63,880)
Proceeds from sale and maturities of investment securities	70,236	68,197
Net cash (used in) provided by investing activities	(1,786)	5,727
Net change in cash and cash equivalents	(9,099)	8,527
Cash and equivalents, beginning of year	42,445	33,918
Cash and equivalents, end of year	\$ 33,346	\$ 42,445

*See accompanying notes.*

Jacksonville Aviation Authority

Statements of Cash Flows - continued

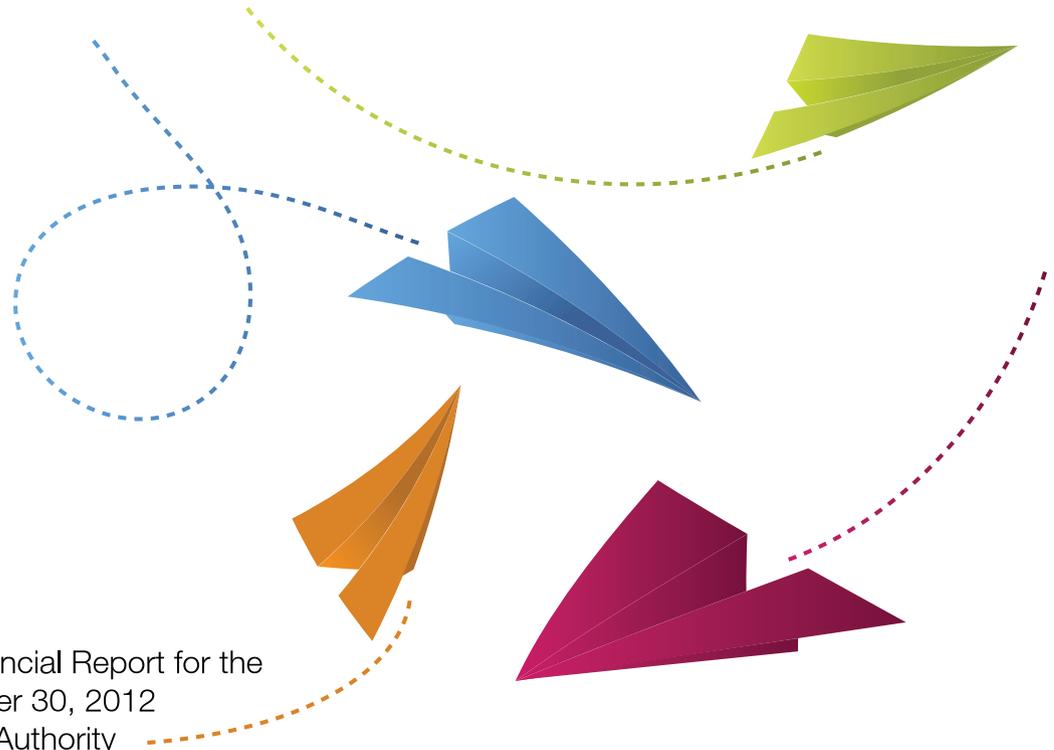
	<u>2012</u>	<u>2011</u>
	<i>(dollar amounts in thousands)</i>	
<b>Reconciliation of operating (loss) to net cash provided by operating activities</b>		
Operating loss	\$ (10,373)	\$ (10,300)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	27,666	30,753
Decrease in accounts receivable	139	91
Increase in inventory and other assets	(134)	(244)
Increase in accounts payable	458	998
Increase (decrease) in accrued expenses	3,446	(1,105)
Increase in other revenue	537	428
Net cash provided by operating activities	<u>\$ 21,739</u>	<u>\$ 20,621</u>
Non-cash investing, capital and financing activities:		
Change in fair market value of investments	<u>\$ (156)</u>	<u>\$ (254)</u>
Capitalized interest	<u>\$ -</u>	<u>\$ (83)</u>

*See accompanying notes.*

# Notes to the Financial Statements

## Annual Financial Report Fiscal Year 2012

Notes



Comprehensive Annual Financial Report for the  
Fiscal Year Ended September 30, 2012  
of the Jacksonville Aviation Authority  
Jacksonville, Florida

(A Component Unit of the City of Jacksonville, Florida)



# Jacksonville Aviation Authority

## Notes to Financial Statements

September 30, 2012 and 2011

### **1. Organization and Reporting Entity**

#### **Organization**

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

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

#### **Reporting Entity**

The Authority meets the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City's basic financial statements based on the City's approval of the Authority's budget. As a component unit of the City, the Authority's financial statements are discretely presented in the City's basic financial statements. The accompanying financial statements present the financial activities of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies

#### Reclassifications

Certain fiscal year 2011 amounts have been reclassified to conform to the fiscal year 2012 presentation.

#### New Accounting Guidance

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

The objective of this statement is to improve financial reporting for a governmental financial reporting entity. Specifically, this statement modifies certain requirements for inclusion of component units in the financial reporting entity. Statement No. 61 also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This statement also clarifies the reporting of equity interests in legally separate organizations. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012, the Authority's fiscal year 2013. The implementation of this statement is not expected to have a material impact on the Authority's financial statements.

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

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

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

The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows of resources should be reported in a statement of financial position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets or equity. The provisions of Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011, the Authority's fiscal year 2013. The Authority is still evaluating the impact of this statement on the financial statements.

#### *GASB 64: Derivative Instruments: Application of Hedge Accounting Termination Provisions*

The objective of this project is to clarify the termination provision in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, when a counterparty of an interest rate or commodity swap is replaced. The provisions of Statement No. 64 are effective from financial statements for periods beginning after June 15, 2011. The implementation of this standard did not have a material impact on the financial statements to the Authority.

#### *GASB 65: Items Previously Reported as Assets and Liabilities*

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

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

The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of Statement No. 66 are effective for financial statement for periods beginning after December 15, 2012, the Authority's fiscal year 2014. The implementation of this statement is not expected to have a material impact on the Authority's financial statements.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

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

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

*GASB 68: Accounting and Financial reporting for Pensions-an amendment of GASB Statement No 27*

This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governmental employers about the financial support for pensions that is provided by other entities. It is a result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing useful decision making information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this statement are effective for fiscal years beginning after June 15, 2014, which is the Authority's fiscal year 2015. The Authority is still evaluating the impact of this statement on the financial statements.

### **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 charged 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, liabilities, net assets, 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 investing 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.

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **Net Assets**

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consist of five sections: invested in capital assets, net of related debt; restricted for debt service, restricted for capital acquisition and construction, restricted for other and unrestricted. Net assets invested in capital assets, net of related debt includes capital assets, net of accumulated depreciation, reduced by outstanding debt net of debt service reserves. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. The Authority's restricted net assets are expendable. All other net assets are unrestricted.

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 assets and unrestricted net assets, 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 assets to have been depleted before unrestricted net assets are applied.

#### **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. In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

#### **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.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

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

#### **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 full cost recovery, pursuant to an agreement between the Authority and the signatory airlines based on the operating budget of the Authority, and is adjusted at year-end for the actual landed weight of all aircraft. Landing fees are recognized as a component of operating revenue when the related facilities are utilized.

**Terminal Rents, Concession and Ground Transportation** – Rentals and concession fees are generated from airlines, parking structures and lots, rental cars, fixed base operators, food and beverage, retail, advertising and other commercial tenants. Leases with the airlines are based on compensatory cost recovery, through rates and charges pursuant to an 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 over the life of the respective leases and concession revenue is recognized based on reported concession revenue and typically partially based on a minimum rental guarantee. Rental revenue and concession revenue are recognized as operating revenues on the Statements of Revenues, Expenses, and Changes in Net Assets.

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **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 public depository pursuant to

Chapter 280 of the Florida Statutes. Accordingly, all of the Authority's deposits are considered fully insured.

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

#### **Receivables**

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

#### **Inventory**

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### Restricted Assets

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

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

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

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

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

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### Capital Assets

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

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

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

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **Capitalization of Interest**

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

#### **Bond Issuance Costs**

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

#### **Compensated Absences**

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

In fiscal year 2011 the option for employees to sell leave was eliminated. Any employee 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**

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

#### **Capital Contributions: Federal and State Grants**

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

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

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studies are reported in the statement of revenues, expenses and changes in net assets, 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 per enplaned passenger have been levied by the Authority since April 1, 1994, under an FAA approved application to impose \$12.26 million in PFC fees. Since this first record of decision the Authority has submitted and received approval to collect \$349.92 million since inception through December 1, 2023. In February 2003, with an earliest charge effective date of May 1, 2003, the FAA approved an amendment to impose and use passenger facility charge, 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, 2012, the Authority has collected, including interest earnings, PFCs totaling approximately \$170.75 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 \$164.97 million of PFCs on projects funded on a pay-as-you-go and financing basis.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **Arbitrage Rebate Liability**

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Authority temporarily invests the proceeds of tax-exempt debt in securities with higher yields. As of September 30, 2012 and 2011 the Authority did not have an arbitrage liability.

#### **Management Estimates**

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments

#### Credit Risk

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

Consistent with the Authority's investment policy bond resolutions: 1) all of the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency of the United States of America and at the time of their purchase were rated AA+ by S&P; 2) the Local Government Surplus Funds Trust Fund is rated AAAM by S&P; it is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The value of the Authority's investment position in the Local Government Surplus Funds Trust Fund external investment pool (2a-7-like pool) 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 balance sheets.

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 bonds issues. The Authority's investment policy also limits investments in commercial paper to maturities not to exceed 270 days.

Investment Maturity Distribution

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

Type of investments	Less than One Year from 9/30/2011	One to Five Years	Total
<i>(dollar amounts in thousands)</i>			
US Treasury and government agency securities	\$ 16,022	\$ 28,213	\$ 44,235
Local Government surplus trust fund*	247	-	247
Money market mutual funds*	27,750	-	27,750
Commercial Paper	6,388	-	6,388
Corporate Bonds	1,217	1,625	2,842
Total investments	<u>\$ 51,624</u>	<u>\$ 29,838</u>	<u>\$ 81,462</u>

\*Reported as cash equivalents on the balance sheet

# 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, 2012, all investments 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 allocations. The Authority's investment in the Florida Local Government Surplus Funds Trust Fund and the United States Government Securities shall not exceed 100% of the total investment portfolio. The Authority shall not exceed 80% of its portfolio value invested in Federal Instrumentalities. Total United States Government Agencies, Repurchase Agreements, and Registered Investment Companies held by the Authority shall each not exceed 50% of the total value of the investment portfolio. The Authorities investment in Commercial Paper and Bankers '

Acceptances shall not exceed 35% of the total investment portfolio. Maximum exposure to any Interest Bearing Time Deposits or Savings Accounts, Corporate Notes or Short Term Bond Funds shall be limited to 25% of the total investment portfolio. Maximum exposure to Mortgage-Backed Securities and State and/or Local Government Taxable and/or Tax-Exempt Debt shall not exceed 20% of the total investment portfolio. The Authority shall not exceed 10% of its portfolio value for Asset-Backed Securities.

As of September 30, 2012, 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 at September 30, 2012 are as follows: \$7.07 million (9.37%) invested in issues of the Federal National Mortgage Association, \$5.89 million (7.81%) invested in the Federal Home Loan Mortgage Corporation, and \$6.18 million (8.19%) invested in the Federal Home Loan Bank.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 3. Investments (continued)

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

	Unrestricted	Restricted	Fair Value
September 30, 2011	<i>(dollar amounts in thousands)</i>		
Investments:			
US Treasury and government agency securities	\$ 30,833	\$ 13,402	\$ 44,235
Local Government surplus trust fund*	14	233	247
Money market mutual funds*	4,254	23,496	27,750
Commercial Paper	-	6,388	6,388
Corporate Bonds	2,842	-	2,842
Total investments	\$ 37,943	\$ 43,519	\$ 81,462

\*Reported as cash equivalents on the balance sheet

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

**3. Investments (continued)**

The following shows a reconciliation of the investment categories to the balance sheet for cash equivalents and investments for the fiscal years September 30, 2012 and 2011.

Cash & Investments as of September 30, 2012

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

Cash & Investments as of September 30, 2011

	Cash	Local Government Surplus Fund	Money Market Mutual Funds	Investment Securities	Total Investments	Total Cash & Investments
Current assets:						
Cash and cash equivalents	\$ 6,966	\$ 14	\$ 4,254	\$ -	\$ 4,268	\$ 11,234
Investments				33,675	33,675	33,675
Restricted cash and cash equivalents			11,561		11,561	11,561
Noncurrent assets:						
Restricted cash and cash equivalents	7,482	233	11,935		12,168	19,650
Restricted investments				19,790	19,790	19,790
	\$ 14,448	\$ 247	\$ 27,750	\$ 53,465	\$ 81,462	\$ 95,910

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 4. Receivables

Accounts receivable are recorded net of allowances for uncollectible accounts of \$39 thousand and \$102 thousand at September 30, 2012 and 2011, respectively. Accounts receivable at year-end are comprised of the following:

	Percent of Balance	
	September 30,	
	2012	2011
Receivable from:		
Airlines	61.02%	71.52%
Concessionaires/non-aviation	29.02%	21.98%
Parking customers	9.96%	6.50%

The Authority and one of its tenants entered into an operating and lease agreement on February 25, 2005 wherein the Authority renovated and expanded Hangar 815. In consideration for this renovation, a note receivable was issued for \$4,626,660 to the tenant and the receivable is being repaid over twenty-five years at a rate of interest between 6% and 9%. The current rate of interest for 2012 is 7%.

The Authority and one of its tenants entered into an operating and lease agreement wherein the tenant agreed to retroactive rental and improvement payments. In consideration for these payments, a note receivable was issued on April 1, 2009 for \$465,171 to the tenant and the receivable is being repaid over 83 months. The current rate of interest for 2012 on the retroactive rental payment is 3.5%.

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

October 1, 2010 Balance	Increases	Decreases	September 30, 2011 Balance	Amounts Due Within One Year
<i>(dollar amounts in thousands)</i>				
\$ 4,505	\$ 5	\$ (166)	\$ 4,344	\$ 176

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

**5. Restricted Assets**

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

	2012	2011
	<i>(dollar amounts in thousands)</i>	
<b>Current restricted cash and cash equivalents</b>		
2006 Debt service	\$ 5,508	\$ 5,167
2003 A-1 & A-2 Debt service	6,510	6,394
Total current restricted cash and cash equivalents	<u>\$ 12,018</u>	<u>\$ 11,561</u>
<b>Non current restricted cash and cash equivalents</b>		
State forfeiture	\$ 59	\$ 88
Federal forfeiture	9	193
Flexible spending	7	-
PFC	5,600	7,219
Operating and maintenance	214	1,149
Pooled bond reserve	3,752	3,768
2006 Construction fund	-	7,208
Renewal and replacement	12	25
Total non current restricted cash and cash equivalents	<u>\$ 9,653</u>	<u>\$ 19,650</u>
<b>Restricted investments</b>		
Pooled bond reserve	\$ 10,947	\$ 10,742
Renewal and replacement	1,018	984
Operating and maintenance	9,063	8,064
Total restricted investments	<u>\$ 21,028</u>	<u>\$ 19,790</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

**6. Capital Assets**

Capital asset activity for the years ended September 30, 2012 and 2011 follows:

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

Depreciation expense for the years ended September 30, 2012 and 2011 was \$26.81 million and \$29.95 million, respectively. During the fiscal year ended September 30, 2012 there was not any capitalized interest. During fiscal year ended September 30, 2011 the Authority incurred capitalized interest of \$83,468 as part of the cost of construction in progress.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Capital Assets (continued)

	Beginning Balance October 1, 2010	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2011
<i>(dollar amounts in thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 71,488	\$ 16	\$ -	\$ 71,504
Construction in progress	17,501	23,553	(28,828)	12,226
Total capital assets not being depreciated	88,989	23,569	(28,828)	83,730
Other capital assets:				
Buildings	116,554	12	(102)	116,464
Other improvements	597,358	24,729	(14)	622,073
Equipment	41,954	3,116	(843)	44,227
Total other capital assets	755,866	27,857	(959)	782,764
Intangible capital assets	4,930	954	-	5,884
Less amortization	(3,107)	(745)	-	(3,852)
Total intangible assets	1,823	209	-	2,032
Total assets being depreciated	757,689	28,066	(959)	784,796
Total Capital Assets	846,678	51,635	(29,787)	868,526
Less: Accumulated depreciation				
Buildings	51,774	3,253	(112)	54,915
Other improvements	221,529	22,497	(3)	244,023
Equipment	25,142	4,203	(760)	28,585
Total accumulated depreciation	298,445	29,953	(875)	327,523
	<u>\$ 548,233</u>	<u>\$ 21,682</u>	<u>\$ (28,912)</u>	<u>\$ 541,003</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.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

#### Funding Policy

#### Florida Retirement System

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

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

Year		Special risks	Deferred retirement option	Senior management	Regular
07/01/2012 - 06/30/2013	Employer	14.90%	5.44%	6.30%	5.18%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	17.90%	5.44%	9.30%	8.18%
07/01/2011 - 06/30/2012	Employer	14.10%	4.42%	6.27%	4.91%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	17.10%	4.42%	9.27%	7.91%
07/01/2010 - 6/30/2011	Employer	23.25%	12.25%	14.57%	10.77%
	Employee	0.00%	0.00%	0.00%	0.00%
	Total	23.25%	12.25%	14.57%	10.77%

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 7. Pension Plans (continued)

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

	2012	2011	2010
	<i>(dollar amounts in thousands)</i>		
Employer	\$ 925	\$ 1,662	\$ 1,482
Employee	408	110	-
Total	<u>\$ 1,333</u>	<u>\$ 1,772</u>	<u>\$ 1,482</u>

### 8. Deferred Compensation Plans

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

All 457 Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's balance sheet. The fair value of the 457 Plan's investments was \$5.30 million and \$4.59 million respectively, as of September 30, 2012 and 2011.

The Authority also offers its employees a deferred compensation plan (the 401(a) Plan), created in accordance with the IRS Code Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 401(a) Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. The fair value of the 401(a) Plan's investments was \$1.92 million and \$1.50 million respectively, as of September 30, 2012 and 2011.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **Plan Description**

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

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

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

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

#### **Funding Policy**

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 9. Postretirement Health and Other Benefits (continued)

#### Annual OPEB Cost and Net OPEB Obligation

The Authority's OPEB cost is calculated based on the annual required contribution of the employer, (ARC), an 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 2012 and 2011, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation. The liability of \$1.70 and \$1.30 million is recorded as a long-term liability on the balance sheet for fiscal years 2012 and 2011, respectively.

	2012	2011
	<i>(dollar amounts in thousands)</i>	
<b>Determination of Annual Required Contribution</b>		
Normal cost at year end	\$ 296	\$ 237
Amortization of UAAL	172	158
Annual required contribution (ARC)	\$ 468	\$ 395
<b>Determination of net OPEB obligation</b>		
Annual required contribution	\$ 468	\$ 395
Interest on prior year net OPEB obligation	52	40
Adjustment to ARC	(75)	(57)
Annual OPEB cost	\$ 445	\$ 378
Contributions made*	45	72
Increase in net OPEB obligation	\$ 400	\$ 306
Net OPEB obligation - beginning of year	1,297	991
Net OPEB obligation - end of year	\$ 1,697	\$ 1,297

\*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 2011-2012 and 2010-2011 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, 2012, 2011 and 2010.

Fiscal Year Ended	Annual OPEB Cost	Authority Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<i>(dollar amounts in thousands)</i>				
9/30/2012	\$ 445	\$ 45	10.14%	\$ 1,697
9/30/2011	378	72	19.10%	1,297
9/30/2010	359	61	16.99%	991

### Funded Status and Funding Progress

As of September 30, 2012 and September 30, 2011 the plan was not funded. The actuarial accrued liability (AAL) for benefits was \$2.97 and \$2.74 million for 2012 and 2011, respectively. The actuarial value of assets for both 2012 and 2011 was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.97 and \$2.74 million in 2012 and 2011. For fiscal years 2012 and 2011 the covered payroll (annual payroll of active employees covered by the plan) was \$14.01 and \$13.25 million, respectively. The ratio of the UAAL to the covered payroll was 21.18% for 2012 and 20.64% for 2011.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents the most recent actuarial valuation date of September 30, 2012 and September 30, 2011 relating to the actuarial accrued liability.

### Actuarial Methods and Assumptions

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

## Jacksonville Aviation Authority

### Notes to Financial Statements (continued)

#### **9. Postretirement Health and Other Benefits (continued)**

The fiscal year 2012 and 2011 actuarial valuations were computed using the 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) and the amortization of the actuarial liability is a level dollar amount over a closed period of 30 years; (4) valuation assets are equal to the market value of assets as of the valuation date, if any; and (5) unfunded actuarial liability is the difference between the actuarial liability and the valuation assets. Since the plan is unfunded there is no assumption of investment return. The actuarial liability is amortized over the maximum permissible period under GASB 45 of 30 years.

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

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

The September 30, 2012 and 2011 cost and liabilities were determined using the following assumptions: (1) discount rate of 4.0% per annum, compounded annually; (2) pre-retirement mortality rates and post-retirement mortality rates were based on the sex-distinct RP-2000 generational mortality table; (3) assumptions regarding withdrawal rates, retirement rates, disability, marriage assumptions, participation levels and retiree claim costs can be found in the detailed actuarial valuation report; (4) assumed medical care cost trend rates of 7.90% and 6.80%, for fiscal year 2012 and 2011. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend, resulting in an ultimate rate of 4.70% for fiscal year 2012 assumptions and 3.9% for fiscal year 2011 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, Florida 32218.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 10. Long-Term Indebtedness

A summary of changes to long-term indebtedness follows:

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

	October 1, 2010		Increases	Decreases	September 30, 2011	Amounts Due Within One Year
	Balance				Balance	
	<i>(dollar amounts in thousands)</i>					
Revenue bonds	\$ 123,320	\$ -		\$ 2,225	\$ 121,095	\$ 2,300
Revenue refunding bonds	47,575	-		5,145	42,430	5,375
Revenue note	38,985	-		2,030	36,955	2,100
<b>Total</b>	<b>209,880</b>	<b>-</b>		<b>9,400</b>	<b>200,480</b>	<b>9,775</b>
Less amounts due within one year	(9,400)				(9,775)	
<b>Total long term portion</b>	<b>200,480</b>				<b>190,705</b>	
Unamortized deferred loss on bond refunding	(8,485)	-		(863)	(7,622)	
Unamortized bond discount	(50)	-		(4)	(46)	
Unamortized bond premium	5,105	-		508	4,597	
<b>Total long term bonds and notes payable</b>	<b>\$ 197,050</b>	<b>\$ -</b>		<b>\$ 9,041</b>	<b>\$ 187,634</b>	

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

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

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

In 2003, the Authority issued \$75,065,000 of airport revenue refunding bonds, with interest rates ranging from 2.0% to 5.25%, and principal maturing in varying amounts through October 1, 2017. The proceeds of the Series 2003A-1 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1993, fund the reserve requirement for the bonds and pay the cost of issuance of the bonds. The proceeds of the Series 2003A-2 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1998, fund the reserve requirement for the bonds and pay the cost of issuance of the bonds. The 2003A-1 and A-2 bonds are insured by Financial Guaranty Insurance Company. The 2003A-1 and A-2 bonds were assigned an underlying rating “A” by S&P and “A” by Fitch.

Maturities of the long-term outstanding 2003 revenue refunding bond issue will require the following principal and interest payments based on the amounts outstanding at September 30, 2012:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2013	\$ 5,610	\$ 1,673	\$ 7,283
2014	5,865	1,413	7,278
2015	6,125	1,126	7,251
2016	6,425	812	7,237
2017	6,750	483	7,233
2018	6,280	157	6,437
Total	<u>\$ 37,055</u>	<u>\$ 5,664</u>	<u>\$ 42,719</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 of \$129,190,000. They were issued in fully registered form in initial denominations of \$5,000 or any integral multiple thereof at a fixed rate of interest between 4.4% and 5%. The purpose of the 2006 bonds are for financing the costs of acquisition, construction and installation of capital improvements to JIA, paying the cost of a municipal bond insurance policy, funding a portion of the reserve requirement and paying issuance costs.

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

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

Maturities of the long-term outstanding 2006 revenue bond issue will require the following principal and interest payments based on the amounts outstanding at September 30, 2012:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2013	\$ 2,440	\$ 5,249	\$ 7,689
2014	2,620	5,122	7,742
2015	2,735	4,989	7,724
2016	2,910	4,847	7,757
2017	3,070	4,698	7,768
2018 - 2022	23,320	20,068	43,388
2023 - 2027	21,230	14,928	36,158
2028 - 2032	26,895	9,173	36,068
2033 - 2037	26,730	2,511	29,241
Total	\$ 111,950	\$ 71,585	\$ 183,535

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

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

**2008 Compass Note**

On April 1, 2008 a note was issued from Compass Bank (Compass) in the amount of \$41,490,000. 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, 2011 was .787475%.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2012:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2013	\$ 2,170	\$ 268	\$ 2,438
2014	2,245	250	2,495
2015	2,325	232	2,557
2016	2,405	213	2,618
2017	2,485	194	2,679
2018 - 2022	13,770	656	14,426
2023 - 2027	9,455	114	9,569
Total	\$ 34,855	\$ 1,927	\$ 36,782

**Annual Requirements**

Annual requirements to repay all outstanding long-term debt as of September 30, 2012 are as follows:

Year Ending September 30,	2006 Revenue Bonds	2003 Revenue Refunding Bonds	2008 Notes	Total Principal and Interest	Total Principal	Total Interest
	<i>(dollar amounts in thousands)</i>					
2013	\$ 7,689	\$ 7,283	\$ 2,438	\$ 17,410	\$ 10,220	\$ 7,190
2014	\$ 7,742	\$ 7,278	\$ 2,495	17,515	\$ 10,730	\$ 6,785
2015	\$ 7,724	\$ 7,251	\$ 2,557	17,532	\$ 11,185	\$ 6,347
2016	\$ 7,757	\$ 7,237	\$ 2,618	17,612	\$ 11,740	\$ 5,872
2017	\$ 7,768	\$ 7,233	\$ 2,679	17,680	\$ 12,305	\$ 5,375
2018 - 2022	\$ 43,388	\$ 6,437	\$ 14,426	64,251	\$ 43,370	\$ 20,881
2023 - 2027	\$ 36,158	\$ -	\$ 9,569	45,727	\$ 30,685	\$ 15,042
2028 - 2032	\$ 36,068	\$ -	\$ -	36,068	\$ 26,895	\$ 9,173
2033 - 2037	\$ 29,241	\$ -	\$ -	29,241	\$ 26,730	\$ 2,511
	\$ 183,535	\$ 42,719	\$ 36,782	\$ 263,036	\$ 183,860	\$ 79,176

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### Interest Rate Swap Agreement between Compass Bank and the Jacksonville Airport Authority

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

The executed transactions consisted of a new \$41.49 million floating-to-fixed "matched rate" swap effective April 1, 2008 whereby the Authority pays to Compass a fixed rate of 3.4116% and receives 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 assets. 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, 2012 and 2011 the fair value of the swap was (\$4.21) million and (\$3.95) million respectively, which represents the amount the Authority would pay to exit the swap transaction as of that date based on prevailing interest rates.

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

The terms of the floating to fixed rate swap agreement outstanding at September 30, 2012, are as follows:

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

The following table includes fiscal year 2012 and 2011 summary information for the Authority's effective cash flow hedge related to the outstanding floating to fixed interest swap agreement.

2008 Compass Note	Changes in Fair Value		Fair Market Value		Notional Amount Outstanding
	Classification	Amount	Classification	Amount	
September 30, 2012	Deferred outflow of resources	\$ 4,210	Derivative instrument - swap	\$ (4,210)	\$ 34,855
September 30, 2011	Deferred outflow of resources	\$ 3,951	Derivative instrument - swap	\$ (3,951)	\$ 36,955

Fair value amounts were calculated using market rates as of September 30, 2012 and 2011, respectively, and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2012 and 2011, the weighted average rates of interest for floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2012	2011
<i>(dollar amounts in thousands)</i>		
65% of LIBOR Index:		
Notional amount outstanding	\$ 34,855	\$ 36,955
Variable rate received (weighted average)	0.79%	0.81%
Fixed rate paid (weighted average)	3.4116%	3.4116%

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### Risks

##### **Credit Risk:**

As of September 30, 2012, 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 interest rates change and the fair values of the swap become positive the Authority would be exposed to credit risk in the amount of the swap's fair value. Moody's, S&P, and Fitch have assigned ratings of Baa2, BBB and BBB, respectively, to Compass. The swap agreement contains varying collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

##### **Interest Rate Risk:**

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

##### **Basis Risk:**

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

##### **Termination Risk:**

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. As of September 30, 2012 the swap termination fee had a negative fair value, therefore the Authority would incur additional expenses relating to termination.

##### **Market Access Risk:**

The Authority is exposed to market access risk due to recent market disruptions in the municipal bond market that could inhibit the issuing of bonds and related 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, 2012, the following table summarizes the anticipated net cash flows of the debt service requirements of the Compass note and net swap payments, assuming current interest rates remain the same. As rates vary, bond interest payments and swap payments will vary.

Year Ending September 30,	Principal	Interest	Swap, Net	Total
	<i>(dollar amounts in thousands)</i>			
2013	\$ 2,170	\$ 242	\$ 800	\$ 3,212
2014	2,245	225	\$ 741	3,211
2015	2,325	206	\$ 681	3,212
2016	2,405	188	\$ 620	3,213
2017	2,485	168	\$ 555	3,208
2018 - 2022	13,770	526	\$ 1,738	16,034
2023 - 2027	9,455	50	\$ 164	9,668
<b>Total</b>	<b>\$ 34,855</b>	<b>\$ 1,605</b>	<b>\$ 5,299</b>	<b>\$ 41,759</b>

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### **11. Airline Lease and Use Agreements**

The Airline Agreements provide for the lease to signatory airlines of exclusive use of certain premises, non-exclusive use of certain public use premises in the terminal and in the ramp area and non-exclusive use of the landing area at JIA. The agreement in effect during the current fiscal year had a 5-year term and expired on September 30, 2012. A new agreement has been executed by the Airlines effective October 1, 2012 for a five year term.

For the purposes of accounting for costs, expenses and revenues and establishing signatory airline rentals, fees and charges, the airline agreements provide for dividing the airport system into separate cost centers. Certain cost centers are designated direct cost centers and others 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 airline agreements provide that the aggregate of rentals, fees and charges of all signatory airlines will be sufficient to pay for the net costs attributable to the airfield and that percentage of the terminal derived by dividing the aggregate number of square feet of rentable space in the terminal demised to signatory airlines as exclusive use premises and joint use premises by the total aggregate number of square feet of rentable space in the terminal, which costs will include the satisfaction of all of the Authority's obligations to make deposits and payments under the bond resolution which are properly attributable to such areas. Notwithstanding the foregoing, no signatory airline will be obligated under the airline agreements to pay terminal rentals, fees and charges properly charged against another signatory airline and not paid by such other signatory airline. In addition, satisfaction of all of the Authority's obligations to make deposits and payments under the bond resolution which are properly attributable to new loading bridges, baggage make-up conveyors and devices and other terminal equipment will be paid by the signatory airlines to which such equipment is leased.

The remaining cost centers (excluded cost centers) of the airport system are ground transportation, non-aviation, Craig Airport, Herlong Airport, aviation and Cecil Airport. The signatory airlines have no responsibility under the airline agreements for the payment of any costs incurred by the Authority and attributable to the excluded cost centers.

## Jacksonville Aviation Authority

### Notes to Financial Statements (continued)

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

Approximately ninety percent of the net costs attributable to the airfield are allocated among the signatory airlines on the basis of landed weight of aircraft and paid as landing fees. The net costs of the ramp area are deemed to be approximately ten percent of the net costs attributable to the airfield and are allocated among the signatory airlines on the basis of linear footage of aircraft parking positions and paid as aircraft parking position fees. All costs attributable to the terminal, except for costs attributable to terminal equipment which are payable by the signatory airlines to which such equipment is leased, are allocated on the basis of total rentable space in the terminal. Each signatory airline is responsible for the payment of rentals, fees and charges sufficient to pay those costs allocated to the premises in the terminal leased to such airline.

Rentals, fees and charges for the signatory airlines will be sufficient to provide for the payment of all net costs attributable to the airfield and to new loading bridges, baggage make-up conveyors and devices and other terminal equipment and approximately sixty-six percent of all other costs attributable to the terminal. It is anticipated that revenues of the terminal other than rentals, fees and charges of signatory airlines, together with the net revenues of the excluded cost centers, will be sufficient to pay the operation and maintenance expenses and bond service charges for the Series 2003A-1 bond, Series 2003A-2 bond, and the 2008 revenue note attributable to the remaining rentable space in the terminal and to all excluded cost centers.

The Authority is obligated under the airline agreements to make transfers for each fiscal year of a portion of any excess of net operating revenues plus the required transfer for the prior fiscal year over payments necessary to establish and maintain the operation and maintenance reserve requirement, capital charges, capital charge coverage attributable to terminal equipment and any required deposits to the reserve fund for such fiscal year, which transfers will reduce the rentals, fees and charges otherwise payable by the signatory airlines for such fiscal year.

From 2007 through September 2012, the sharing was 40% to the signatory airlines and 60% to the Authority, based on the signatory airline agreement.

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

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

In the 2012 agreement the terminal and airfield are residual. Under the residual method the Airlines agree to pay the cost of running the terminal and airfield that are not allocated to other airport users or covered by nonairline sources of revenue. The cost less the revenue associated with the terminal is divided by the airline terminal leased square footage to determine the average rental rate. The residual method guarantees the Authority will break even on the airfield and terminal cost centers.

### 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 2012 of \$12.86 million by \$1.95 million. Revenues exceeded the MAG amounts due in 2011 of \$10.56 million by \$2.19 million. Some of the agreements provide for a periodic review and re-determination of the payment amounts.

Minimum future rental income for each of the next five years and thereafter, excluding contingent amounts on non-cancelable operating leases at September 30, 2012, is as follows:

Year	Total
	<i>(dollar amounts in thousands)</i>
2013	\$ 17,936
2018	10,431
2017	8,465
2016	7,968
2015	7,092
2018-2022	24,089
2023-2027	12,380
2028-2032	21,839
2033-Thereafter	16,255
	<u>\$ 126,455</u>

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 13. Capital Contributions

The Authority receives, on a reimbursement basis, grants from the State of Florida and the U.S. Government for certain capital construction projects through the Airline Improvement Program. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. This program is subject to federal and state audit. Total federal and state grant work performed was \$8.35 million and \$9.50 million, respectively, for the years ended September 30, 2012 and 2011. The Authority estimates that no material disallowances will result from such audits.

The Authority received federal and state grants for capital programs for the years ended September 30, 2012 and 2011 as summarized in the table below.

	2012	2011
Capital programs:	<i>(dollar amounts in thousands)</i>	
State grants for construction	\$ 2,469	\$ 2,272
Federal grants for construction	4,819	6,542
TSA grants for construction	-	36
Other contributions for construction	1,059	652
	\$ 8,347	\$ 9,502

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 from the airports and airways trust funds in the form of entitlement and discretionary grants for eligible projects. The State also provides discretionary funds for capital programs. On September 30, 2012 the Authority had no long term grant receivable due from the State and nothing was due on September 30, 2011. 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, expenses and changes in net assets as capital contributions.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

### 14. Operating Grants

The Authority received TSA funds for operating programs for the years ended September 30, 2012 and 2011 as summarized in the tables below

	Year ended September 30	
	2012	2011
Operating programs:	<i>(dollar amounts in thousands)</i>	
TSA K-9 program	\$ 243	\$ 201

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, 2012 and 2011 are reported in the statements of revenues, expenses and changes in net assets as non-operating revenue.

### 15. Payments to City of Jacksonville

During fiscal years 2012 and 2011, the Authority paid approximately \$2.50 million and \$3.47 million to the City for expenses relating to legal, insurance, fire fighting and miscellaneous services.

### 16. Commitments and Contingencies

#### Terminal and Capital Improvement Program

As of September 30, 2012 and 2011, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$18.95 million and \$21.92 million of which an estimated \$14.50 million and \$16.05 million is eligible for partial reimbursement, respectively, from both the FAA and the State of Florida. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

#### Concentration of Credit Risk

The Authority leases facilities to the airlines under certain leases and/or use agreements and to other businesses under agreements to operate concessions within the airport system. Amounts due from airlines represent approximately 61.02% and 71.52% of accounts receivable for 2012 and 2011, respectively. Airline operating revenues represent approximately 27.71% and 31.06% for 2012 and 2011, respectively.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

#### **Compliance Audits**

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government or agency. An independent audit of these programs has been performed for the year ended September 30, 2011 in compliance with the Single Audit Act of 1984 and OMB Circular A-133 and is currently being conducted for the year ended September 30, 2012. The amount, if any, of expenditures which may be disallowed by the granting government or agency is expected to be immaterial.

#### **Litigation**

The Authority is a defendant in three minor lawsuits. Although the outcome of these lawsuits 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; errors 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 charged by the City's self-insurance plan. The Authority has excess coverage for individual workers' compensation claims above \$1.20 million.

Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis depending on the claims experience of the Authority and other participants in the City's self-insurance programs. The Authority's workers' compensation expense is the premium charged by the City's self-insurance plan. Premium expense in 2012 amounted to \$143.84 thousand which included a credit refund of excess premiums from the prior year. In 2011 the premium was \$40.53 thousand which included a credit refund of excess premiums from the prior year.

The Authority's property insurance premium expenses amounted to \$749.08 thousand and \$736.63 thousand for the years ended September 30, 2012 and 2011, respectively. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$38.08 thousand and \$40.30 thousand for the years ended September 30, 2012 and 2011.

# Jacksonville Aviation Authority

## Notes to Financial Statements (continued)

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

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

### **18. Subsequent Event**

On December 4, 2012 the Authority gave Notice of Defeasance to the bondholders regarding the Series 2006 Bonds maturing on October 1, 2031, October 1, 2033 and October 1, 2036, in accordance with the provisions of the Bond Resolution and pursuant to the Escrow Deposit Agreement dated December 4, 2012, between the Issuer and TD Bank, National Association. The redemption date of the bonds will be January 3, 2013. At that time the full principal of \$53.63 million and the interest of \$622 thousand will be paid from the escrow account to the bondholders.

On December 4, 2012 a note was issued from TD Bank to the Authority in the amount of \$48,47 million for the purpose of refunding a portion of the 2006 Revenue Bonds. The note has a fixed rate of 1.73% and a final maturity date of October 1, 2022. Other sources of funds relating to this transaction were from the reduction in the debt service reserve fund requirement, termination of a portion of the forward purchase agreement and Authority funds. Principal payments in the amount of \$1.525 million will be made annually on October 1 for nine years. Interest payments will be made semi-annually on April 1 and October 1 of each year. On October 1, 2022 the balance of the principal is due in the amount of \$34.74 million. The Authority will recognize a present value savings of \$24.15 million on this transaction.

Jacksonville Aviation Authority  
 Required Supplementary Information  
 September 30, 2012

Schedule of Funding Progress - Postretirement Healthcare Benefits

Valuation Date	AAL	Actuarial Value of Assets	UAAL	Percent Funded	Annual Covered Payroll	UAAL as a Percent of Payroll
<i>(dollar amounts in thousands)</i>						
9/30/2012	\$ 2,967	\$ -	\$ 2,967	0.00%	\$ 14,008	21.18%
9/30/2011	\$ 2,735	\$ -	\$ 2,735	0.00%	\$ 13,251	20.64%
9/30/2010	\$ 2,471	\$ -	\$ 2,471	0.00%	\$ 12,127	20.38%
9/30/2009	\$ 2,925	\$ -	\$ 2,925	0.00%	\$ 11,948	24.48%

Actuarial liability determined under the unit credit cost method

AAL - Actuarial accrued liability

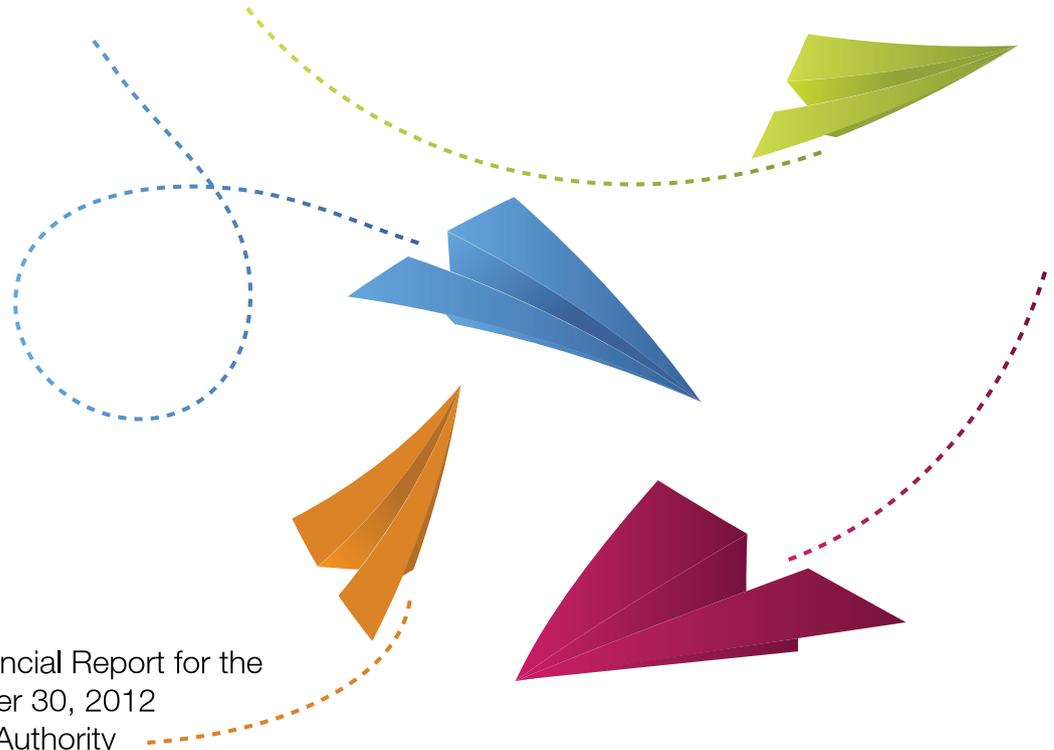
UAAL - Unfunded actuarial accrued liability

**This page intentionally left blank**



# Statistical

## Annual Financial Report Fiscal Year 2012



Comprehensive Annual Financial Report for the  
Fiscal Year Ended September 30, 2012  
of the Jacksonville Aviation Authority  
Jacksonville, Florida

(A Component Unit of the City of Jacksonville, Florida)



# **Jacksonville Aviation Authority**

## **The objectives of the Statistical Section Information**

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

Statistical information is presented in the following five categories:

### **Financial Trend Information**

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

### **Revenue Capacity Information**

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

### **Debt Capacity Information**

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

### **Demographic and Economic Information**

Assist 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)*

	2012	2011	2010	2009
	<i>(dollar amounts in thousands)</i>			
Cash flows from operating activities	\$ 21,739	\$ 20,621	\$ 20,849	\$ 13,512
Cash flows from non-capital financing Activities	243	201	1,031	276
Cash flows from capital and related financing Activities	(29,295)	(18,022)	(21,141)	(32,593)
Cash flows from investing activities	<u>(1,786)</u>	<u>5,727</u>	<u>(16,776)</u>	<u>(4,723)</u>
Net change in cash and cash equivalents	(9,099)	8,527	(16,037)	(23,528)
Cash and equivalents, beginning of year	<u>42,445</u>	<u>33,918</u>	<u>49,955</u>	<u>73,483</u>
Cash and equivalents, end of year	<u>\$ 33,346</u>	<u>\$ 42,445</u>	<u>\$ 33,918</u>	<u>\$ 49,955</u>
Non-cash investing, capital and financing activities				
Changes in FMV of Investments	<u>\$ (156)</u>	<u>\$ (254)</u>	<u>\$ 41</u>	<u>\$ 76</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ (84)</u>	<u>\$ (393)</u>

*Source: Jacksonville Aviation Authority (formerly Jacksonville Airport Authority 2001-2005) audited financial statements*

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 22,561	\$ 29,600	\$ 18,795	\$ 23,375	\$19,167	\$12,893
256	(9,782)	301	434	204	842
(82,103)	35,705	(6,638)	(28,870)	20,850	(29,009)
<u>746</u>	<u>11,194</u>	<u>3,536</u>	<u>1,024</u>	<u>(7,742)</u>	<u>5,358</u>
(58,540)	66,717	15,994	(4,037)	32,479	(9,916)
<u>132,023</u>	<u>65,306</u>	<u>49,312</u>	<u>53,349</u>	<u>20,870</u>	<u>30,786</u>
<u><u>\$ 73,483</u></u>	<u><u>\$ 132,023</u></u>	<u><u>\$ 65,306</u></u>	<u><u>\$ 49,312</u></u>	<u><u>\$53,349</u></u>	<u><u>\$20,870</u></u>
<u><u>\$ (265)</u></u>	<u><u>\$ (243)</u></u>	<u><u>\$ (351)</u></u>	<u><u>\$ 157</u></u>	<u><u>\$ 279</u></u>	<u><u>\$ 311</u></u>
<u><u>\$ (1,664)</u></u>	<u><u>\$ (230)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

	2012	2011	2010	2009	2008
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 9,041	\$ 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
Total concessions	14,482	14,134	13,768	14,423	14,788
Fees & charges					
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
Total Fees & charges	13,272	12,485	12,283	11,464	12,117
Space & facility rentals					
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
Total space & facility rentals	14,179	17,131	15,718	16,524	12,769
Parking					
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	347	287	190	243	271
Total parking	16,171	16,398	15,406	15,985	17,956
Other revenue					
Electric	956	966	833	639	998
Fuel sales	843	847	748	681	499
Gas & oil commissions	-	-	-	-	-
Security use fees	-	-	-	-	-
Passenger screening - signatory	-	-	-	-	-
Passenger screen - non-signatory	-	-	-	-	-
Other revenue	514	521	523	193	219
Total other revenues	2,313	2,334	2,104	1,513	1,716
Total operating revenue	\$ 60,417	\$ 62,482	\$ 59,279	\$ 59,909	\$ 59,346
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 2.36	\$ 2.06	\$ 1.42	\$ 1.41	\$ 1.07
Average annual terminal rent (per sq. ft.)	\$ 46.46	\$ 39.29	\$ 40.18	\$ 45.21	\$ 22.15
Enplaned passengers	2,644,059	2,783,809	2,783,809	2,813,208	3,058,006
Cost per enplaned passenger	\$ 7.44	\$ 6.46	\$ 5.30	\$ 5.72	\$ 5.68

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)

	2007	2006	2005	2004	2003
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 9,469	\$ 8,091	\$ 7,826	\$ 7,420	\$ 7,255
Food & beverage	1,751	1,486	1,553	1,298	1,198
Retail	1,415	1,095	1,384	1,145	1,157
Fuel Flowage Fees	776	725	684	-	-
Other concessions	1,329	1,444	1,397	1,406	1,493
Total concessions	14,740	12,841	12,844	11,268	11,103
Fees & Charges					
Landing fees - signatory	4,806	4,752	4,338	4,211	4,319
Landing fees - non-signatory	1,081	943	780	1,827	749
Passenger screening - signatory	1,337	1,071	1,312	-	-
Passenger screening - non-signatory	236	244	230	-	-
Security user fees	4,693	4,225	4,074	3,046	-
Other fees	3,023	2,708	2,889	2,224	1,404
Total Fees & Charges	15,176	13,943	13,623	11,308	6,471
Space & Facility Rentals					
Air cargo building	931	931	943	977	952
Ramp use - signatory	745	781	652	-	-
Ramp use - non-signatory	53	68	69	-	-
Hangar spaces	2,108	1,716	252	-	-
Terminal space rentals - signatory	5,493	5,954	6,880	4,421	4,575
Terminal space rentals -non-signatory	876	955	1,226	2,340	708
Other lease rentals	4,486	4,588	6,020	5,169	4,114
Total Space & Facility Rentals	14,692	14,993	16,042	12,907	10,350
Parking					
Economy lots 1, 2 & 3	3,538	3,057	2,865	2,598	2,223
Garages & daily surface lot	13,254	11,461	10,582	8,996	7,662
Other parking	267	196	159	684	683
Total Parking	17,058	14,713	13,606	12,278	10,568
Other revenue					
Electric	890	948	812	-	-
Fuel Sales	474	529	353	548	547
Gas & oil commissions	-	-	-	1,426	1,037
Security use fees	-	-	-	-	1,976
Passenger screening - signatory	-	-	-	1,146	1,087
Passenger screen - non-signatory	-	-	-	411	219
Other revenue	813	390	521	938	176
Total other revenues	2,177	1,867	1,686	4,469	5,042
Total operating revenue	\$ 63,843	\$ 58,357	\$ 57,801	\$ 52,230	\$ 43,534
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 1.50	\$ 1.46	\$ 1.46	\$ 1.62	\$ 1.44
Average annual terminal rent (per sq. ft.)	\$ 43.41	\$ 54.54	\$ 65.17	\$ 55.25	\$ 33.25
Enplaned passengers	3,167,664	2,924,527	2,848,830	2,567,586	2,433,317
Cost per enplaned passenger	\$ 4.88	\$ 4.93	\$ 5.74	\$ 6.34	\$ 4.69

Source: Jacksonville Aviation Authority audited financial statements

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

	2012	2011	2010	2009	2008
Operating revenues:	<i>(dollar amounts in thousands)</i>				
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 and 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 and dues	880	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	27,666	30,753	30,394	30,284	26,273
Total operating expenses	<u>70,790</u>	<u>72,782</u>	<u>69,319</u>	<u>69,496</u>	<u>67,151</u>
Operating (loss)/income	(10,373)	(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	1,036	981	1,549	2,773	6,037
Payments from primary government	-	1	1	31	8
Payments from federal and state agencies	243	201	280	245	226
Contributions from other governments	-	-	750	-	1,089
Other revenues	1,180	516	539	-	-
Total nonoperating revenues	<u>13,202</u>	<u>12,894</u>	<u>14,448</u>	<u>3,049</u>	<u>18,691</u>
Nonoperating expenses:					
Interest expense	8,733	9,330	9,369	9,652	10,226
Contributions to other governments	-	-	-	10,000	-
Other expenses	144	166	228	1,463	1,888
Total nonoperating expenses	<u>8,877</u>	<u>9,496</u>	<u>9,597</u>	<u>21,115</u>	<u>12,114</u>
Capital contributions	<u>8,347</u>	<u>9,502</u>	<u>10,011</u>	<u>16,132</u>	<u>20,442</u>
Changes in net assets	<u>\$ 2,299</u>	<u>\$ 2,600</u>	<u>\$ 4,822</u>	<u>\$ (11,521)</u>	<u>\$ 19,214</u>
Net assets at end of year:					
Investments in capital assets net of related debt					
of related debt	\$ 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 assets	<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  
Total Revenues, Expenses and Changes in Net Assets  
Years Ended September 30,  
(in thousands)

	2007	2006	2005	2004	2003
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,740	\$ 12,841	\$ 12,844	\$ 11,268	\$ 11,103
Fees & charges	15,176	13,943	13,623	11,308	6,471
Space & facility rentals	14,692	14,993	16,042	12,907	10,350
Parking	17,058	14,713	13,606	12,278	10,568
Other revenue	2,177	1,867	1,686	4,469	5,042
Total operating revenues	63,843	58,357	57,801	52,230	43,534
Operating expenses:					
Wages & benefits	16,336	16,840	16,598	14,824	14,035
Services and supplies	12,000	11,641	11,728	12,056	10,603
Repairs & maintenance	2,454	1,979	1,950	2,878	1,865
Promotion, advertising and dues	448	477	1,260	774	467
Registration & travel	340	377	332	286	206
Utilities & taxes	3,571	3,646	3,038	2,088	2,084
Other operating expenses	2,287	2,245	1,658	996	99
Depreciation and amortization	23,880	21,922	21,726	19,796	18,166
Total operating expenses	61,316	59,127	58,290	53,698	47,525
Operating (loss)/income	2,527	(770)	(489)	(1,468)	(3,991)
Nonoperating revenues:					
Passenger facility charges	13,130	12,450	12,060	10,668	8,015
Investment income	10,992	5,639	1,784	616	709
Payments from primary government	12	60	79	2	89
Payments from federal and state agencies	206	233	239	136	1,089
Contributions from other governments	697	-	-	-	-
Other revenues	84	9	63	177	-
Total nonoperating revenues	24,341	18,391	14,225	11,599	9,902
Nonoperating expenses:					
Interest expense	13,569	8,012	6,989	6,316	7,014
Contributions to other governments	-	-	340	123	2,457
Other expenses	226	334	185	144	26
Total nonoperating expenses	13,795	8,346	7,514	6,583	9,497
Capital contributions	23,600	13,080	17,172	13,050	19,251
Changes in net assets	\$ 36,673	\$ 22,355	\$ 23,394	\$ 16,598	\$ 15,665
Net assets at end of year:					
Investments in capital assets net of related debt	\$ 336,911	\$ 302,987	\$ 289,098	\$ 280,513	\$ 274,654
Restricted	38,323	49,805	37,668	28,152	18,092
Unrestricted	37,439	23,208	26,879	21,586	20,907
Total net assets	\$ 412,673	\$ 376,000	\$ 353,645	\$ 330,251	\$ 313,653

Source: Jacksonville Aviation Authority audited financial statements

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

	2012	% Of	2011	% Of	2010	% Of
	Amount	Revenue	Amount	Revenue	Amount	Revenue
	<i>(dollar amounts in thousands)</i>					
Delta Air Lines	\$ 8,044	13.31%	\$ 7,683	12.30%	\$ 3,959	6.68%
Southwest Airlines Co.	6,491	10.74%	5,916	9.47%	3,163	5.34%
US Airways Group, Inc.	4,152	6.87%	4,231	6.77%	2,334	3.94%
American Airlines	2,333	3.86%	2,426	3.88%	-	-
Hertz Corporation, The	2,292	3.79%	2,334	3.74%	2,332	3.93%
HMS Host Corporation	2,249	3.72%	1,748	2.80%	1,933	3.26%
Vanguard Car Rental USA Inc.	2,225	3.68%	2,179	3.49%	2,251	3.80%
JetBlue	2,026	3.35%	-	-	-	-
Avis Rent A Car	1,908	3.16%	1,915	3.06%	2,000	3.37%
Paradies Shops	1,767	2.92%	-	-	1,721	2.90%
DTG Operations	-	-	1,621	2.59%	-	-
Enterprise Leasing Company	-	-	1,592	2.55%	-	-
Federal Express Corporation	-	-	-	-	1,732	2.92%
Budget Rent a Car System, Inc	-	-	-	-	1,614	2.72%
Continental Airlines	-	-	-	-	-	-
Atlantic Coast Airlines	-	-	-	-	-	-
Signature Flight Support Corp	-	-	-	-	-	-
Total Principal Revenue Payers	\$ 33,487	55.43%	\$ 31,645	50.65%	\$ 23,039	38.87%
Total operating revenues	\$ 60,417	100.00%	\$ 62,482	100.00%	\$ 59,279	100.00%

Source: Authority Records

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

	2009 Amount	% Of Revenue	2008 Amount	% Of Revenue	2007 Amount	% Of Revenue
Delta Air Lines	\$ 3,489	5.82%	\$ 3,519	5.93%	\$ 3,857	6.04%
Southwest Airlines Co.	2,984	4.98%	3,042	5.13%	3,128	4.90%
US Airways Group, Inc.	2,300	3.84%	2,489	4.19%	2,812	4.40%
American Airlines	-	-	1,158	1.95%	-	-
Hertz Corporation, The	2,337	3.90%	2,519	4.24%	2,522	3.95%
HMS Host Corporation	2,027	3.38%	2,197	3.70%	2,017	3.16%
Vanguard Car Rental USA Inc.	2,358	3.94%	2,438	4.11%	2,448	3.83%
JetBlue	-	-	-	-	-	-
Avis Rent A Car	2,247	3.75%	2,347	3.95%	2,368	3.71%
Paradies Shops	1,687	2.82%	1,301	2.19%	-	-
DTG Operations	-	-	-	-	-	-
Enterprise Leasing Company	-	-	-	-	-	-
Federal Express Corporation	2,147	3.58%	2,204	3.71%	2,259	3.54%
Budget Rent a Car System, Inc	-	-	1,629	2.74%	1,573	2.46%
Continental Airlines	1,339	2.24%	1,528	2.57%	1,752	2.74%
Atlantic Coast Airlines	-	-	-	-	-	-
Signature Flight Support Corp	-	-	757	1.28%	-	-
<b>Total Principal Revenue Payers</b>	<b>\$ 22,915</b>	<b>38.25%</b>	<b>\$ 27,128</b>	<b>45.71%</b>	<b>\$ 24,736</b>	<b>38.75%</b>
<b>Total operating revenues</b>	<b>\$ 59,909</b>	<b>100.00%</b>	<b>\$ 59,346</b>	<b>100.00%</b>	<b>\$ 63,843</b>	<b>100.00%</b>

Source: Authority Records

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

	2006	% Of	2005	% Of	2004	% Of	2003	% Of
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
	<i>(dollar amounts in thousands)</i>							
Delta Air Lines	\$ 2,737	4.69%	\$ 4,292	7.43%	\$ 3,734	7.15%	\$ 3,989	9.16%
Southwest Airlines Co.	2,986	5.12%	2,900	5.02%	3,001	5.74%	2,551	5.86%
US Airways Group, Inc.	2,617	4.49%	2,391	4.14%	2,169	4.15%	3,297	7.57%
American Airlines	1,330	2.28%	-	-	-	-	1,257	2.89%
Hertz Corporation, The	2,852	4.89%	2,612	4.52%	2,692	5.15%	2,534	5.82%
HMS Host Corporation	1,671	2.86%	1,676	2.90%	1,441	2.76%	1,349	3.10%
Vanguard Car Rental USA Inc.	2,015	3.45%	1,899	3.28%	1,854	3.55%	2,091	4.80%
JetBlue	-	-	-	-	-	-	-	-
Avis Rent A Car	2,093	3.59%	2,160	3.74%	1,979	3.79%	1,987	4.56%
Paradies Shops	-	-	1,373	2.37%	-	-	-	-
DTG Operations	-	-	-	-	-	-	-	-
Enterprise Leasing Company	-	-	-	-	-	-	-	-
Federal Express Corporation	-	-	-	-	-	-	-	-
Budget Rent a Car System, Inc	1,291	2.21%	1,323	2.29%	-	-	1,310	3.01%
Continental Airlines	1,607	2.75%	1,716	2.97%	1,448	2.77%	1,609	3.70%
Atlantic Coast Airlines	-	-	-	-	1,430	2.74%	-	-
Signature Flight Support Corp	-	-	-	-	1,327	2.54%	-	-
Total Principal Revenue Payers	\$ 21,199	36.33%	\$ 22,342	38.65%	\$ 21,075	40.35%	\$ 21,974	50.48%
Total operating revenues	\$ 58,357	100.00%	\$ 57,801	100.00%	\$ 52,230	100.00%	\$ 43,534	100.00%

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

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Expenses Other than Depreciation</u>	<u>Ratio of Debt Service to Expenditures</u>
		<i>(dollar amounts in thousands)</i>			
2012	9,775	8,733	18,508	43,124	42.92
2011	9,400	9,330	18,730	42,029	44.56
2010	9,005	9,369	18,374	38,925	47.20
2009	7,335	9,396	16,731	39,212	42.67
2008	7,475	11,911	19,386	40,878	47.42
2007	7,228	13,060	20,288	37,436	54.19
2006	6,021	7,837	13,858	37,205	37.25
2005	7,029	6,906	13,935	36,564	38.11
2004	3,788	6,459	10,247	33,902	30.23
2003	8,105	6,774	14,879	29,359	50.68

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

*Source: Authority Records*

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:				
	<i>(dollar amounts in thousands)</i>			
Concessions	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423
Fees & charges	13,272	12,485	12,283	11,464
Space & facility rentals	14,179	17,131	15,718	16,524
Parking	16,171	16,398	15,406	15,985
Other revenue	2,313	2,334	2,104	1,513
Interest income	1,036	981	1,549	2,773
Other, net	-	-	-	-
Transfers – signatory airline agreement	3,750	4,667	5,041	4,397
Transfers – PFC Series 2003B1 & B2, 2006	14,133	7,541	7,548	7,334
Total revenues and transfers	<u>79,336</u>	<u>75,671</u>	<u>73,417</u>	<u>74,413</u>
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	43,124	42,029	38,925	39,212
Net operating revenues	<u>36,212</u>	<u>33,642</u>	<u>34,492</u>	<u>35,201</u>
Revenue bond service charges for:				
Series 2008 note	3,302	3,319	3,317	1,960
Series 2006 bonds (PFC backed)	7,673	7,875	7,815	7,554
Series 2005 RR bonds	-	-	-	-
Series 2003B-1 bonds (PFC backed)	-	-	-	-
Series 2003B-2 bonds	-	-	-	-
Series 2003A bonds	7,174	7,182	7,238	7,217
Series 2000 bonds	-	-	-	-
Series 1998 bonds (defeased 7/3/03)	-	-	-	-
Series 1993 bonds (defeased 7/3/03)	-	-	-	-
Total revenue bond service charges	<u>\$ 18,149</u>	<u>\$ 18,376</u>	<u>\$ 18,370</u>	<u>\$ 16,731</u>
Revenue bond service coverage	2.00	1.83	1.88	2.10
Required bond service coverage	1.25	1.25	1.25	1.25
Total enplanements	<u>2,644</u>	<u>2,784</u>	<u>2,778</u>	<u>2,813</u>
Debt per enplanement	<u>\$ 6.86</u>	<u>\$ 6.60</u>	<u>\$ 6.61</u>	<u>\$ 6.14</u>

Source: Aviation Records

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

2008	2007	2006	2005	2004	2003
<i>(dollar amounts in thousands)</i>					
\$ 14,788	\$ 14,740	\$ 12,841	\$ 12,844	\$ 11,268	\$ 11,103
12,117	15,176	13,943	13,623	11,308	6,471
12,769	14,692	14,993	16,042	12,907	10,350
17,956	17,058	14,713	13,606	12,278	10,568
1,716	2,177	1,867	1,686	4,469	5,042
6,037	10,992	5,639	1,483	779	939
-	-	-	41	33	(26)
8,872	5,984	4,030	2,258	2,143	3,616
7,861	41,264	1,966	2,302	2,210	-
82,116	122,083	69,992	63,885	57,395	48,063
40,878	37,436	37,205	36,246	33,764	28,472
41,238	84,647	32,787	27,639	23,631	19,591
1,209	-	-	-	-	-
7,861	5,737	-	-	-	-
1,945	4,148	3,228	300	-	-
-	26,561	865	2,283	1,768	-
-	8,966	291	205	88	-
7,231	7,262	7,294	7,367	7,410	769
-	192	982	3,455	3,471	3,473
-	-	-	-	-	1,329
-	-	-	-	-	716
\$ 18,246	\$ 52,866	\$ 12,660	\$ 13,610	\$ 12,737	\$ 6,287
2.26	1.60	2.59	2.03	1.86	3.12
1.25	1.25	1.25	1.25	1.25	1.25
3,058	3,168	2,925	2,849	2,568	2,426
\$ 5.97	\$ 16.69	\$ 4.33	\$ 4.78	\$ 4.96	\$ 2.59

Source: Aviation Records

**Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2012  
(unaudited)**

Bond Year	Date	Fiscal Year	Series 2003A-1 (Non-AMT)				Series 2003A-2 (AMT)			
			Principal	Coupon	Interest	Debt Sys. Yr	Principal	Coupon	Interest	Debt Sys. Yr
2012	10/01/12	2013	1,855,000	3.000%	269,997	2,367,169	3,755,000	5.250%	629,506	4,915,444
2013	04/01/13	2013	-		242,172	-	-		530,938	-
2013	10/01/13	2014	1,915,000	3.125%	242,172	2,369,422	3,950,000	5.250%	530,938	4,908,188
2014	04/01/14	2014	-		212,250	-	-		427,250	-
2014	10/01/14	2015	1,970,000	5.000%	212,250	2,345,250	4,155,000	5.000%	427,250	4,905,625
2015	04/01/15	2015	-		163,000	-	-		323,375	-
2015	10/01/15	2016	2,070,000	5.000%	163,000	2,344,250	4,355,000	5.000%	323,375	4,892,875
2016	04/01/16	2016	-		111,250	-	-		214,500	-
2016	10/01/16	2017	2,170,000	5.000%	111,250	2,338,250	4,580,000	5.000%	214,500	4,894,500
2017	04/01/17	2017	-		57,000	-	-		100,000	-
2017	10/01/17	2018	2,280,000	5.000%	57,000	2,337,000	4,000,000	5.000%	100,000	4,100,000
2018	04/01/18	2018								
2018	10/01/18	2019								
2019	04/01/19	2019								
2019	10/01/19	2020								
2020	04/01/20	2020								
2020	10/01/20	2021								
2021	04/01/21	2021								
2021	10/01/21	2022								
2022	04/01/22	2022								
2021	10/01/21	2022								
2022	04/01/22	2022								
2022	10/01/22	2023								
2023	04/01/23	2023								
2023	10/01/23	2024								
2024	04/01/24	2024								
2024	10/01/24	2025								
2025	04/01/25	2025								
2025	10/01/25	2026								
2026	04/01/26	2026								
2026	10/01/26	2027								
2027	04/01/27	2027								
2027	10/01/27	2028								
2028	04/01/28	2028								
2028	10/01/28	2029								
2029	04/01/29	2029								
2028	10/01/28	2029								
2029	04/01/29	2029								
2029	10/01/29	2030								
2030	04/01/30	2030								
2030	10/01/30	2031								
2031	04/01/31	2031								
2031	10/01/31	2032								
2032	04/01/32	2032								
2032	10/01/32	2033								
2033	04/01/33	2033								
2033	10/01/33	2034								
2034	04/01/34	2034								
2034	10/01/34	2035								
2035	04/01/35	2035								
2035	10/01/35	2036								
2036	04/01/36	2036								
2036	10/01/36	2037								
2037	04/01/37	2037								
2037	10/01/37	2038								
2038	04/01/38	2038								
2038	10/01/38	2039								
	TOTAL		12,260,000		1,841,341	14,101,341	24,795,000		3,821,631	28,616,631
			Call Feature: 10/01/2013 @ 100%				10/01/2013 @ 100%			
			Purpose: Refunding of all Series 1993 Bonds 100% New Money				Refunding of all Series 1998 Bonds 100% New Money			
			Refunding Eligibility: Advance Refundable				AMT bonds are not advance refundable Forward Refundable			

**Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2012  
(unaudited)**

Bond Year	Date	Fiscal Year	Series 2006 Revenue Bonds			
			Principal	Coupon	Interest	Debt Svs. Yr
2012	10/01/12	2013	2,440,000	5.000%	2,654,992	7,688,984
2013	04/01/13	2013	-		2,593,992	
2013	10/01/13	2014	2,620,000	5.000%	2,593,992	7,742,484
2014	04/01/14	2014	-		2,528,492	
2014	10/01/14	2015	2,735,000	5.000%	2,528,492	7,723,609
2015	04/01/15	2015	-		2,460,117	
2015	10/01/15	2016	2,910,000	5.000%	2,460,117	7,757,484
2016	04/01/16	2016	-		2,387,367	
2016	10/01/16	2017	3,070,000	5.000%	2,387,367	7,767,984
2017	04/01/17	2017	-		2,310,617	
2017	10/01/17	2018	4,045,000	4.000%	2,310,617	8,585,334
2018	04/01/18	2018	-		2,229,717	
2018	10/01/18	2019	8,810,000	5.000%	2,229,717	13,049,184
2019	04/01/19	2019	-		2,009,467	
2019	10/01/19	2020	3,320,000	5.000%	2,009,467	7,255,934
2020	04/01/20	2020	-		1,926,467	
2020	10/01/20	2021	3,485,000	5.000%	1,926,467	7,250,809
2021	04/01/21	2021	-		1,839,342	
2021	10/01/21	2022	3,660,000	5.000%	1,839,342	7,247,184
2022	04/01/22	2022	-		1,747,842	
2022	10/01/22	2023	3,840,000	5.000%	1,747,842	7,239,684
2023	04/01/23	2023	-		1,651,842	
2023	10/01/23	2024	4,035,000	5.000%	1,651,841	7,237,808
2024	04/01/24	2024	-		1,550,967	
2024	10/01/24	2025	4,235,000	5.000%	1,550,966	7,231,057
2025	04/01/25	2025	-		1,445,091	
2025	10/01/25	2026	4,450,000	5.000%	1,445,091	7,228,933
2026	04/01/26	2026	-		1,333,842	
2026	10/01/26	2027	4,670,000	5.000%	1,333,842	7,220,934
2027	04/01/27	2027	-		1,217,092	
2027	10/01/27	2028	4,905,000	4.625%	1,217,092	7,225,756
2028	04/01/28	2028	-		1,103,664	
2028	10/01/28	2029	5,130,000	4.625%	1,103,664	7,218,697
2029	04/01/29	2029	-		985,033	
2029	10/01/29	2030	5,370,000	4.625%	985,033	7,215,884
2030	04/01/30	2030	-		860,851	
2030	10/01/30	2031	5,615,000	4.625%	860,851	7,206,855
2031	04/01/31	2031	-		731,004	
2031	10/01/31	2032	5,875,000	4.625%	731,004	7,201,149
2032	04/01/32	2032	-		595,145	
2032	10/01/32	2033	6,145,000	4.400%	595,145	7,200,100
2033	04/01/33	2033	-		459,955	
2033	10/01/33	2034	6,415,000	4.400%	459,955	7,193,780
2034	04/01/34	2034	-		318,825	
2034	10/01/34	2035	6,700,000	4.500%	318,825	7,186,900
2035	04/01/35	2035	-		168,075	
2035	10/01/35	2036	7,000,000	4.500%	168,075	7,178,650
2036	04/01/36	2036	-		10,575	
2036	10/01/36	2037	470,000	4.500%	10,575	480,575
2037	04/01/37	2037	-			
2037	10/01/37	2038	-			
2038	04/01/38	2038	-			
2038	10/01/38	2039	-			
	TOTAL		111,950,000		71,585,752	183,535,752
	Call Feature					
	Purpose		100% New Money			
	Refunding Eligibility					

Source: Jacksonville Aviation Authority

**Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2012  
(unaudited)**

Bond Year	Date	Fiscal Year	2008 Revenue Note			
			Principal	Coupon	Interest	Debt Sys. Yr
2012	10/01/12	2013	2,170,000	0.793%	138,257	2,437,906
2013	04/01/13	2013	-		129,649	
2013	10/01/13	2014	2,245,000	0.793%	129,649	2,495,393
2014	04/01/14	2014	-		120,744	
2014	10/01/14	2015	2,325,000	0.793%	120,744	2,557,266
2015	04/01/15	2015	-		111,522	
2015	10/01/15	2016	2,405,000	0.793%	111,522	2,618,504
2016	04/01/16	2016	-		101,982	
2016	10/01/16	2017	2,485,000	0.793%	101,982	2,679,107
2017	04/01/17	2017	-		92,125	
2017	10/01/17	2018	2,570,000	0.793%	92,125	2,744,056
2018	04/01/18	2018	-		81,931	
2018	10/01/18	2019	2,660,000	0.793%	81,931	2,813,310
2019	04/01/19	2019	-		71,379	
2019	10/01/19	2020	2,750,000	0.793%	71,379	2,881,851
2020	04/01/20	2020	-		60,471	
2020	10/01/20	2021	2,845,000	0.793%	60,471	2,954,657
2021	04/01/21	2021	-		49,186	
2021	10/01/21	2022	2,945,000	0.793%	49,186	3,031,691
2022	04/01/22	2022	-		37,504	
2022	10/01/22	2023	3,045,000	0.793%	37,504	3,107,931
2023	04/01/23	2023	-		25,426	
2023	10/01/23	2024	3,150,000	0.793%	25,426	3,188,357
2024	04/01/24	2024	-		12,931	
2024	10/01/24	2025	3,260,000	0.793%	12,931	3,272,931
2025	04/01/25	2025				
2025	10/01/25	2026				
2026	04/01/26	2026				
2026	10/01/26	2027				
2027	04/01/27	2027				
2026	10/01/26	2027				
2027	04/01/27	2027				
2027	10/01/27	2028				
2028	04/01/28	2028				
2028	10/01/28	2029				
2029	04/01/29	2029				
2029	10/01/29	2030				
2030	04/01/30	2030				
2030	10/01/30	2031				
2031	04/01/31	2031				
2031	10/01/31	2032				
2032	04/01/32	2032				
2032	10/01/32	2033				
2033	04/01/33	2033				
2033	10/01/33	2034				
2034	04/01/34	2034				
2034	10/01/34	2035				
2035	04/01/35	2035				
2035	10/01/35	2036				
2036	04/01/36	2036				
2036	10/01/36	2037				
2037	04/01/37	2037				
2037	10/01/37	2038				
2038	04/01/38	2038				
2038	10/01/38	2039				
	TOTAL		34,855,000		1,927,958	36,768,741
	Call Feature					
	Purpose		Refunded 2005 Revenue Bonds			
	Refunding Eligibility					

Source: Jacksonville Aviation Authority

**Jacksonville Aviation Authority  
Debt Service  
As of September 30, 2012  
(unaudited)**

Bond Year	Date	Fiscal Year	TOTAL		
			Principal	Interest	Debt Svs. Yr
2012	10/01/12	2013	10,220,000	3,692,695	
2013	04/01/13	2013	-	3,496,698	17,409,393
2013	10/01/13	2014	10,730,000	3,496,698	
2014	04/01/14	2014	-	3,288,687	17,515,385
2014	10/01/14	2015	11,185,000	3,288,687	
2015	04/01/15	2015	-	3,057,968	17,531,655
2015	10/01/15	2016	11,740,000	3,057,968	
2016	04/01/16	2016	-	2,815,057	17,613,025
2016	10/01/16	2017	12,305,000	2,815,057	
2017	04/01/17	2017	-	2,559,704	17,679,761
2017	10/01/17	2018	12,895,000	2,559,704	
2018	04/01/18	2018	-	2,311,614	17,766,318
2018	10/01/18	2019	11,470,000	2,311,614	
2019	04/01/19	2019	-	2,080,817	15,862,431
2019	10/01/19	2020	6,070,000	2,080,817	
2020	04/01/20	2020	-	1,986,913	10,137,730
2020	10/01/20	2021	6,330,000	1,986,913	
2021	04/01/21	2021	-	1,888,508	10,205,421
2021	10/01/21	2022	6,605,000	1,888,508	
2022	04/01/22	2022	-	1,785,331	10,278,839
2022	10/01/22	2023	6,885,000	1,785,331	
2023	04/01/23	2023	-	1,677,258	10,347,589
2023	10/01/23	2024	7,185,000	1,677,257	
2024	04/01/24	2024	-	1,563,893	10,426,150
2024	10/01/24	2025	7,495,000	1,563,892	
2025	04/01/25	2025	-	1,445,091	10,503,983
2025	10/01/25	2026	4,450,000	1,445,091	
2026	04/01/26	2026	-	1,333,842	7,228,933
2026	10/01/26	2027	4,670,000	1,333,842	
2027	04/01/27	2027	-	1,217,092	7,220,934
2027	10/01/27	2028	4,905,000	1,217,092	
2028	04/01/28	2028	-	1,103,664	7,225,756
2028	10/01/28	2029	5,130,000	1,103,664	
2029	04/01/29	2029	-	985,033	7,218,697
2029	10/01/29	2030	5,370,000	985,033	
2030	04/01/30	2030	-	860,851	7,215,884
2030	10/01/30	2031	5,615,000	860,851	
2031	04/01/31	2031	-	731,004	7,206,855
2031	10/01/31	2032	5,875,000	731,004	
2032	04/01/32	2032	-	595,145	7,201,149
2032	10/01/32	2033	6,145,000	595,145	
2033	04/01/33	2033	-	459,955	7,200,100
2033	10/01/33	2034	6,415,000	459,955	
2034	04/01/34	2034	-	318,825	7,193,780
2034	10/01/34	2035	6,700,000	318,825	
2035	04/01/35	2035	-	168,075	7,186,900
2035	10/01/35	2036	7,000,000	168,075	
2036	04/01/36	2036	-	10,575	7,178,650
2036	10/01/36	2037	470,000	10,575	
2037	04/01/37	2037	-	-	480,575
2037	10/01/37	2038	-	-	-
2038	04/01/38	2038	-	-	-
2038	10/01/38	2039	-	-	-
	<b>TOTAL</b>		<b>183,860,000</b>	<b>79,175,893</b>	<b>263,035,893</b>

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority  
 Top 10 Employers of Jacksonville  
 (unaudited)

Employer	Employees						
	2012	2011	2010	2009	2008	2007	2006
Naval Air Station Jacksonville	25,240	25,240	25,245	19,500	22,245	25,245	25,190
Duval County Public Schools	14,480	14,480	14,489	14,489	14,489	14,284	15,000
Naval Station Mayport	9,000	12,670	12,677	15,293	15,293	15,293	16,250
City of Jacksonville	8,820	8,820	8,828	8,828	8,828	8,828	9,400
Baptist Health	8,270	8,270	8,276	5,600	7,000	7,000	6,930
Bank of America Merrill Lynch	8,000	6,400	3,800	-	4,000	-	-
Florida Blue	6,500	6,000	6,000	9,000	7,000	7,000	8,080
Mayo Clinic	4,970	4,970	4,978	5,000	5,000	-	5,030
Citi	4,200	5,000	4,863	5,000	4,200	-	-
J P Morgan Chase	4,200	-	-	-	-	-	-
United Parcel Service	-	4,100	4,100	-	-	-	-
CSX	-	-	-	-	4,400	-	-
Winn-Dixie	-	-	-	6,200	-	6,200	6,540
Publix Distribution Center	-	-	-	6,615	-	6,615	7,110
Wal-Mart	-	-	-	-	-	5,800	6,000
State of Florida	-	-	-	-	-	7,056	-
Total	93,680	95,950	93,256	95,525	92,455	103,321	105,530

Each employer's percentage of total employment is unavailable.

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

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2011	1,375,676 *	\$ 53,752,000 (1)	\$ 39,840 (1)	8.2% (1)
2010	1,348,702	53,340,845	39,550	10.6%
2009	1,328,144	52,297,000	39,175	11.7%
2008	1,316,528	53,381,000	40,357	10.1%
2007	1,304,199	48,931,673	40,633	4.3%
2006	1,278,626	47,972,228	37,519	3.3%
2005	1,247,828	42,785,474	34,288	3.8%
2004	1,222,134	40,347,961	33,014	4.6%
2003	1,194,785	37,185,391	31,123	5.0%
2002	1,172,966	35,123,316	29,944	5.3%

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

*Note: Population for 2011 is estimated.*

*Sources: Bureau of Economic Analysis: Regional Economic Accounts - Jacksonville, FL  
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)

	Market Share		Market Share	
	2012	2012	2011	2011
DELTA AIR LINES INC	626,376	23.69%	609,465	21.89%
SOUTHWEST AIRLINES CO	594,816	22.50%	629,020	22.60%
US AIRWAYS INC	291,616	11.03%	355,870	12.78%
JETBLUE AIRWAYS CORPORATION	187,189	7.08%	147,195	5.29%
AMERICAN AIRLINES CORPORATION	153,084	5.79%	166,969	6.00%
AIRTRAN AIRLINES INC	127,231	4.81%	146,138	5.25%
REPUBLIC AIRLINES INC	116,842	4.42%	76,740	2.76%
AMERICAN EAGLE AIRLINES	103,958	3.93%	118,783	4.27%
CONTINENTAL EXPRESS	92,771	3.51%	128,975	4.63%
UNITED EXPRESS AIRLINES CO MESA AIRLINES	51,446	1.95%	55,888	2.01%
SHUTTLE AMERICA CORPORATION	35,691	1.35%	13,463	0.48%
PINNACLE AIRLINES	34,525	1.31%	28,892	1.04%
UNITED AIRLINES	33,872	1.28%	45,072	1.62%
GOJET AIRLINES	32,552	1.23%	22,740	0.82%
COMPASS AIRLINES INC	30,232	1.14%	44,836	1.61%
UNITED EXPRESS	26,366	1.00%	1,645	0.06%
ATLANTIC SOUTHEAST AIRLINES	23,425	0.89%	51,217	1.84%
US AIRWAYS EXPRESS MESA	19,835	0.75%	10,465	0.38%
SHUTTLE AMERICA CORPORATION (UNITED)	13,033	0.49%	9,294	0.33%
COMAIR INC	11,532	0.44%	61,685	2.22%
CHAUTAQUA AIRLINES INC	7,901	0.30%	7,226	0.26%
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	6,217	0.24%	13,533	0.49%
CONTINENTAL AIRLINES	6,048	0.23%	2,593	0.09%
AIR GROUND LOGISTICS INC	4,416	0.17%	4,543	0.16%
GOJET AIRLINES (DELTA AIRLINES)	4,035	0.15%	-	0.00%
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	3,702	0.14%	-	0.00%
SILVER AIRWAYS CORP	2,927	0.11%	-	0.00%
PSA AIRLINES INC	1,268	0.05%	1,239	0.04%
AIR WISCONSIN AIRLINES CORPORATION CO US AIR'	918	0.03%	550	0.02%
MESABA AIRLINES	235	0.01%	784	0.03%
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	0.00%	19,011	0.68%
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	0.00%	9,978	0.36%
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	0.00%	-	0.00%
AIR TRAN EXPRESS (AIR WISCONSIN)	-	0.00%	-	0.00%
DELTA CONNECTION (ATLANTIC SE)	-	0.00%	-	0.00%
EXPRESS JET	-	0.00%	-	0.00%
FLORIDA GULF (MESA)	-	0.00%	-	0.00%
FRONTIER	-	0.00%	-	0.00%
GULFSTREAM (CONTINENTAL CONN.)	-	0.00%	-	0.00%
INDEPENDENCE AIR	-	0.00%	-	0.00%
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%
MIDWAY AIRLINES (US AIRWAYS)	-	0.00%	-	0.00%
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%
TRANS STATES (AMERICAN)	-	0.00%	-	0.00%
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%
TOTAL ENPLANEMENTS	2,644,059	100.00%	2,783,809	100.00%

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

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

	2010	2009	2008	2007	2006	2005	2004	2003
DELTA AIR LINES INC	659,530	566,209	563,394	579,370	512,706	663,066	655,680	501,883
SOUTHWEST AIRLINES CO	609,766	653,444	624,289	657,338	638,860	559,189	524,727	694,553
US AIRWAYS INC	400,453	408,943	460,583	487,063	470,872	404,611	338,709	308,045
JETBLUE AIRWAYS CORPORATION	118,761	103,559	114,510	111,377	34,684	-	-	126,527
AMERICAN AIRLINES CORPORATION	163,434	139,687	153,956	154,886	160,401	135,798	103,978	152,108
AIRTRAN AIRLINES INC	166,504	165,770	182,364	185,536	196,583	156,876	100,546	91,786
REPUBLIC AIRLINES INC	49,598	48,834	20,742	11,764	1,693	-	-	-
AMERICAN EAGLE AIRLINES	85,634	74,711	123,084	120,006	96,343	63,757	44,647	9,941
CONTINENTAL EXPRESS	147,976	119,950	77,426	103,739	109,468	76,733	62,679	27,072
UNITED EXPRESS AIRLINES CO MESA AIRLINES	39,843	57,791	36,684	65,563	45,030	-	-	18,148
SHUTTLE AMERICA CORPORATION	5,899	-	-	-	-	-	-	-
PINNACLE AIRLINES	39,506	42,633	30,892	42,338	35,599	34,385	41,807	5,180
UNITED AIRLINES	53,003	49,205	88,149	22,622	-	-	-	-
GOJET AIRLINES	58,063	44,845	26,151	60,106	60,611	-	-	47,837
COMPASS AIRLINES INC	41,195	47,205	32,493	-	-	-	-	-
UNITED EXPRESS	-	-	-	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	4,326	3,471	803	13,727	-	-	-	-
US AIRWAYS EXPRESS MESA	7,264	1,531	1,653	2,786	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-	-	-	-	-
COMAIR INC	63,305	79,563	133,481	146,296	152,333	179,572	143,187	107,265
CHAUTAUQUA AIRLINES INC	19,409	54,097	34,746	11,126	9,896	5,502	3,160	18,300
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-	-	-	-	-
CONTINENTAL AIRLINES	24,739	77,715	128,916	137,554	131,352	132,766	124,340	144,335
AIR GROUND LOGISTICS INC	4,191	3,258	3,792	6,835	4,733	8,471	5,586	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-	-	-	-	-
SILVER AIRWAYS CORP	-	-	-	-	-	-	-	-
PSA AIRLINES INC	1,462	-	1,626	1,697	6,249	19,342	3,914	119,459
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	15	824	2,878	3,855	-	-	-	-
MESABA AIRLINES	7,219	-	6,373	-	11,290	14,653	-	21,803
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	1,464	-	-	-	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	5,248	-	-	-	-	-	-	-
AIR TRAN EXPRESS (AIR WISCONSIN)	-	-	-	-	17,800	126,734	38,875	7,252
DELTA CONNECTION (ATLANTIC SE)	-	-	-	-	-	10,365	48,522	-
EXPRESS JET	-	-	54,531	29,042	-	-	-	-
FLORIDA GULF (MESA)	-	-	-	-	5,308	7,326	33,364	7,157
FRONTIER	-	-	20,719	11,694	-	-	-	-
GULFSTREAM (CONTINENTAL CONN.)	-	-	5,606	14,053	13,187	17,171	16,426	-
INDEPENDENCE AIR	-	-	-	-	21,187	63,409	117,881	5,356
MESA/FREEDOM (DELTA)	-	-	-	-	8,066	-	-	6,565
MIDWAY AIRLINES (US AIRWAYS)	-	-	-	-	-	-	1,871	-
SKYWEST (DELTA CONNECTION)	-	-	462	18,074	22,450	4,028	1,829	3,499
TRANS STATES (AMERICAN)	-	-	33,075	40,486	39,237	26,737	23,887	9,246
NORTHWEST AIRLINES INC	-	69,963	94,628	128,731	118,589	138,656	131,971	-
TOTAL ENPLANEMENTS	2,777,807	2,813,208	3,058,006	3,167,664	2,924,527	2,848,830	2,567,586	2,433,317

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

Jacksonville Aviation Authority  
 Jacksonville, Florida  
 Landed Weights  
 (unaudited)

	2012	Market Share 2012	2011	Market Share 2011
	<i>(weights in 1000 lbs)</i>			
DELTA AIR LINES INC	813,618	22.20%	805,666	20.21%
SOUTHWEST AIRLINES CO	805,030	21.97%	890,870	22.35%
US AIRWAYS INC	359,066	9.80%	464,833	11.66%
JETBLUE AIRWAYS CORPORATION	200,641	5.47%	171,867	4.31%
AMERICAN AIRLINES CORPORATION	166,346	4.54%	180,024	4.52%
AIRTRAN AIRLINES INC	152,232	4.15%	192,650	4.83%
REPUBLIC AIRLINES INC	145,784	3.98%	85,395	2.14%
AMERICAN EAGLE AIRLINES	107,379	2.93%	140,674	3.53%
CONTINENTAL EXPRESS	92,131	2.51%	124,645	3.13%
UNITED EXPRESS AIRLINES CO MESA AIRLINES	58,625	1.60%	67,918	1.70%
UNITED AIRLINES	49,993	1.36%	66,766	1.67%
SHUTTLE AMERICA CORPORATION	46,786	1.28%	17,027	0.43%
PINNACLE AIRLINES	41,596	1.13%	34,363	0.86%
GOJET AIRLINES	37,855	1.03%	28,810	0.72%
COMPASS AIRLINES INC	36,023	0.98%	52,538	1.32%
ATLANTIC SOUTHEAST AIRLINES	27,651	0.75%	64,670	1.62%
UNITED EXPRESS	26,246	0.72%	1,662	0.04%
US AIRWAYS EXPRESS MESA	22,712	0.62%	11,172	0.28%
SHUTTLE AMERICA CORPORATION (UNITED)	16,993	0.46%	15,258	0.38%
COMAIR INC	14,125	0.39%	87,737	2.20%
AIR GROUND LOGISTICS INC	12,180	0.33%	11,463	0.29%
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	10,051	0.27%	23,863	0.60%
CONTINENTAL AIRLINES	9,880	0.27%	4,407	0.11%
CHAUTAQUA AIRLINES INC	7,341	0.20%	6,907	0.17%
GOJET AIRLINES (DELTA AIRLINES)	5,963	0.16%	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	4,256	0.12%	-	-
SILVER AIRWAYS CORP	3,933	0.11%	-	-
PSA AIRLINES INC	1,730	0.05%	1,394	0.03%
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	1,598	0.04%	846	0.02%
MESABA AIRLINES	368	0.01%	956	0.02%
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	0.00%	17,866	0.45%
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	0.00%	12,455	0.31%
DAL GLOBAL SERVICES INC	-	0.00%	322	0.01%
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	0.00%	-	0.00%
ATLANTIC COAST AIRLINES	-	0.00%	-	0.00%
AMERICAN (TRANS STATES)	-	0.00%	-	0.00%
EXPRESS JET	-	0.00%	-	0.00%
FRONTIER	-	0.00%	-	0.00%
GULFSTREAM (CONTINENTAL)	-	0.00%	-	0.00%
INDEPENDENCE AIR	-	0.00%	-	0.00%
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%
TRANS STATES	-	0.00%	-	0.00%
AIR WISCONSIN (US AIRWAYS)	-	0.00%	-	0.00%
FLORIDA GULF (MESA)	-	0.00%	-	0.00%
MIDWAY AIRLINES	-	0.00%	-	0.00%
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%
TWA LLC	-	0.00%	-	0.00%
US AIRWAYS EXPRESS (PIEDMONT)	-	0.00%	-	0.00%
TOTAL COMMERCIAL AIRLINES	3,278,131	89.44%	3,585,023	89.94%
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	196,971	5.37%	211,323	5.30%
UNITED PARCEL SERVICE COMPANY	186,599	5.09%	186,799	4.69%
SUBURBAN AIR FREIGHT INC	3,203	0.09%	2,090	0.05%
MOUNTAIN AIR CARGO INC	72	0.00%	886	0.02%
AMERIFLIGHT LLC	-	0.00%	16	0.00%
MISCELLANEOUS	-	0.00%	-	0.00%
ABX	-	0.00%	-	0.00%
DHL	-	0.00%	-	0.00%
AIRBORNE EXPRESS	-	0.00%	-	0.00%
NORTH STAR	-	0.00%	-	0.00%
EMERY	-	0.00%	-	0.00%
TOTAL CARGO AIRLINES	386,845	10.56%	401,114	10.06%
TOTAL LANDED WEIGHTS	3,664,976	100.00%	3,986,137	100.00%

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2003-2007)

**Jacksonville Aviation Authority**  
**Jacksonville, Florida**  
**Landed Weights (continued)**  
**(unaudited)**

	2010	2009	2008	2007	2006	2005	2004	2003
	<i>(weights in 1000 lbs)</i>							
DELTA AIR LINES INC	722,553	722,553	733,464	768,877	672,714	980,596	969,045	836,967
SOUTHWEST AIRLINES CO	955,216	955,216	980,788	970,542	947,608	855,204	816,057	1,036,969
US AIRWAYS INC	516,137	516,137	573,721	584,664	609,737	518,833	430,872	435,565
JETBLUE AIRWAYS CORPORATION	170,954	170,954	148,825	133,747	51,899	-	-	188,903
AMERICAN AIRLINES CORPORATION	153,526	153,526	181,777	-	185,101	165,280	138,474	219,372
AIRTRAN AIRLINES INC	193,536	193,536	215,674	222,352	229,528	171,184	131,454	125,067
REPUBLIC AIRLINES INC	55,227	55,227	20,112	15,041	2,169	-	-	10,585
AMERICAN EAGLE AIRLINES	88,051	88,051	145,095	137,487	102,305	67,353	52,692	16,638
CONTINENTAL EXPRESS	113,231	113,231	80,619	104,876	109,128	74,934	63,243	32,640
UNITED EXPRESS AIRLINES CO MESA AIRLINES	61,844	61,844	40,321	73,408	47,952	-	-	20,022
UNITED AIRLINES	65,962	65,962	115,232	28,118	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-	-	-	-	-
PINNACLE AIRLINES	40,519	40,519	37,150	46,671	41,501	37,506	45,966	6,390
GOJET AIRLINES	56,213	56,213	42,681	75,040	81,204	-	-	60,468
COMPASS AIRLINES INC	46,903	46,903	36,776	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	4,653	4,653	899	14,792	-	12,455	58,186	-
UNITED EXPRESS	-	-	-	-	-	-	-	-
US AIRWAYS EXPRESS MESA	1,397	1,397	2,132	3,363	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-	-	-	-	-
COMAIR INC	89,465	89,465	152,776	166,499	186,539	227,052	184,526	145,899
AIR GROUND LOGISTICS INC	-	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-	-	-	-	-
CONTINENTAL AIRLINES	94,625	94,625	155,645	159,848	149,838	157,930	169,830	-
CHAUTAUQUA AIRLINES INC	56,301	56,301	32,547	10,707	16,403	9,781	3,676	7,144
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-	-	-	-	-
SILVER AIRWAYS CORP	-	-	-	-	-	-	-	-
PSA AIRLINES INC	-	-	2,295	1,900	7,537	21,029	4,981	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-	20,022	136,864	44,650	23,077
MESABA AIRLINES	-	-	2,867	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-	24,055	22,865	-	-
AMERICAN (TRANS STATES)	-	-	-	179,773	41,597	29,848	29,189	11,468
EXPRESS JET	-	-	74,862	50,733	-	-	-	-
FRONTIER	-	-	33,574	15,926	-	-	-	-
GULFSTREAM (CONTINENTAL)	-	-	13,266	26,646	23,790	26,281	23,073	24,999
INDEPENDENCE AIR	-	-	294	-	36,549	98,069	144,525	4,553
MESA/FREEDOM (DELTA)	-	-	-	-	10,073	-	-	138,039
SKYWEST (DELTA CONNECTION)	-	-	289	21,735	26,110	4,938	2,115	7,661
TRANS STATES	-	-	36,235	43,128	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	893	893	3,854	4,277	-	-	-	-
FLORIDA GULF (MESA)	-	-	-	-	5,208	7,303	40,611	-
MIDWAY AIRLINES	-	-	-	-	-	-	2,303	-
NORTHWEST AIRLINES INC	71,834	71,834	112,817	165,429	159,241	185,064	182,994	198,218
TWA L.L.C.	-	-	-	-	-	-	-	-
US AIRWAYS EPXRESS (PIEDMONT)	-	-	-	-	-	-	-	-
<b>TOTAL COMMERCIAL AIRLINES</b>	<b>3,559,040</b>	<b>3,559,040</b>	<b>3,976,587</b>	<b>4,025,579</b>	<b>3,787,808</b>	<b>3,810,369</b>	<b>3,538,462</b>	<b>3,550,644</b>
<b>AIR CARGO CARRIERS:</b>								
FEDERAL EXPRESS CORPORATION	212,938	217,465	215,057	216,005	221,203	224,302	233,947	123,335
UNITED PARCEL SERVICE COMPANY	189,609	208,064	249,001	265,114	230,313	169,765	131,441	186,294
SUBURBAN AIR FREIGHT INC	-	-	-	-	-	-	-	-
MOUNTAIN AIR CARGO INC	-	-	-	-	-	-	-	-
AMERIFLIGHT LLC	-	-	-	-	-	-	-	-
MISCELLANEOUS	16,478	18,474	16,760	5,918	7,182	4,996	5,054	6,932
ABX	-	7,029	26,293	28,491	-	-	-	-
DHL	-	-	-	1,126	-	-	-	-
AIRBORNE EXPRESS	-	-	-	-	33,337	27,806	27,917	26,878
NORTH STAR	-	-	-	-	-	2,438	3,190	3,138
EMERY	-	-	-	-	-	-	1,610	2,375
<b>TOTAL CARGO AIRLINES</b>	<b>419,025</b>	<b>451,032</b>	<b>507,111</b>	<b>516,654</b>	<b>492,033</b>	<b>429,136</b>	<b>403,159</b>	<b>348,952</b>
<b>TOTAL LANDED WEIGHTS</b>	<b>3,875,921</b>	<b>4,010,072</b>	<b>4,483,698</b>	<b>4,542,233</b>	<b>4,279,841</b>	<b>4,238,358</b>	<b>3,941,621</b>	<b>3,899,596</b>

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2003-2007)

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

Department	2012		2011		2010		2009	
	Employees		Employees		Employees		Employees	
	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	3	-	2	-	2	-	1	-
Marketing	2	-	3	-	3	-	-	-
DBE	0	-	1	-	1	-	1	-
Information Technology	7	-	7	-	6	-	7	-
External Affairs	4	-	4	-	4	-	5	1
Administrative Services	8	-	9	-	8	-	8	-
Procurement	10	1	9	1	9	1	8	1
Accounting & Finance	9	-	9	-	10	-	9	-
Planning & Engineering	11	-	12	-	12	-	12	-
Business Development	7	-	4	-	6	-	5	-
Cecil Airport	7	5	5	5	7	5	7	4
Jacksonville Executive at Craig Airport	3	1	3	1	3	1	3	1
Herlong Airport	5	2	6	2	6	2	5	2
Building Maintenance	22	-	26	-	26	-	26	-
Field Maintenance	23	1	22	1	23	1	24	1
HBS	9	-	10	-	10	-	10	-
Custodial	32	-	31	-	30	-	30	-
Police /Security	52	-	53	-	35	-	36	-
Airport Operations	26	-	23	-	19	1	18	1
Chief Administrative Office	-	-	-	-	-	-	-	-
Customer Service	-	-	-	-	-	-	-	-
Employee Relations	-	-	-	-	-	-	-	-
Training & Development	-	-	-	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Ground Transportation	-	-	-	-	-	-	-	-
Air Trade	-	-	-	-	-	-	-	-
General Aviation Management	-	-	-	-	-	-	-	-
<b>Total</b>	<b>240</b>	<b>10</b>	<b>239</b>	<b>10</b>	<b>220</b>	<b>11</b>	<b>###</b>	<b>11</b>

FT - Full time employee working more than 35 hours

PT - Part time employee working 35 hours or less

Source: Authority Records

Comparative information not available prior to 2006

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

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

FT - Full time employee working more than 35 hours

PT - Part time employee working 35 hours or less

*Source: Authority Records*

*Comparative information not available prior to 2006*

Jacksonville Aviation Authority  
Aircraft Operations  
Year Ended September 30, 2012  
(unaudited)

	Type of Operation				Total Aircraft Operations
	Air Carrier	Air Taxi	Gen Aviation	Military	
2012	55,101	15,594	12,519	5,926	89,140
2011	58,105	19,956	13,536	7,275	98,872
2010	53,004	22,602	12,694	6,553	94,853
2009	57,467	22,325	11,925	5,908	97,625
2008	61,937	32,227	12,098	4,407	110,669
2007	61,997	37,163	15,447	5,908	120,515
2006	59,285	34,912	17,699	6,608	118,504
2005	81,866	10,121	21,293	9,180	122,460
2004	77,536	8,912	24,369	12,583	123,400
2003	70,346	9,525	27,965	12,665	120,501
2002	72,502	9,658	29,699	13,391	125,250

*Source : Aviation Records*

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Signatory Airlines</u>										
AirTran	X	X	X	X	X	X	X	X	X	X
American Airlines	X	X	X	X	X	X	X	X	X	X
Continental Airlines	X	X	X	X	X	X	X	X	X	X
Delta Airlines	X	X	X	X	X	X	X	X	X	X
Express Jet	-	-	-	-	X	X	-	-	-	-
Frontier	-	-	-	-	X	X	-	-	-	-
JetBlue	X	X	X	X	X	X	X	-	-	X
Northwest Airlines	-	-	-	X	X	X	X	X	X	-
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	X	-	-	-	-
US Airways	X	X	X	X	X	X	X	X	X	X
<b>Total Signatory Airlines</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>
<u>Non-signatory Airlines</u>										
Air Wisconsin	X	X	X	X	X	X	X	X	X	X
American Eagle	X	X	X	X	X	X	X	X	X	X
Atlantic Southeast Airlines (ASA)	X	X	X	X	X	X	-	X	X	X
Charters	X	X	X	X	X	X	X	X	X	-
Chautauqua	X	X	X	X	X	X	X	X	X	X
Comair	X	X	X	X	X	X	X	X	X	X
Compass Airline	X	X	X	X	X	-	-	-	-	-
Continental Express	X	X	X	X	X	X	X	X	X	X
Express Jet	X	-	-	-	X	X	-	-	-	-
Freedom Airlines	-	-	X	-	-	-	-	-	-	-
Florida Gulf	-	-	-	-	-	-	X	X	X	X
Go Jet	X	X	X	X	X	X	X	-	-	X
Gulfstream	-	-	-	-	X	X	X	X	X	-
Independence Air	-	-	-	-	-	-	X	X	X	X
Mesa	X	X	X	X	X	X	X	-	-	X
Mesaba	X	X	X	-	X	-	X	X	-	X
Midway Airlines	-	-	-	-	-	-	-	-	X	-
Pinnacle	X	X	X	X	X	X	X	X	X	X
PSA Airlines	X	X	X	-	X	X	X	X	X	X
Republic	X	X	X	X	X	X	X	-	-	-
Shuttle America	X	X	X	-	-	-	-	-	-	-
Silver Airways	X	-	-	-	-	-	-	-	-	-
Skywest	-	-	-	-	X	X	X	X	X	X
Trans States	-	-	-	-	X	X	X	X	X	X
<b>Total Non-signatory Airlines</b>	<b>18</b>	<b>16</b>	<b>17</b>	<b>13</b>	<b>19</b>	<b>17</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total Signatory and Non-signatory Airlines</b>	<b>26</b>	<b>24</b>	<b>25</b>	<b>22</b>	<b>30</b>	<b>28</b>	<b>26</b>	<b>23</b>	<b>23</b>	<b>23</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	-	-	-	-	-	-	-	-
Suburban Air Freight	X	X	-	-	-	-	-	-	-	-
Ameriflight, LLC	-	X	-	-	-	-	-	-	-	-
ABX	-	-	X	X	X	X	-	-	-	-
DHL	-	-	-	-	-	X	-	-	-	-
Airborne Express	-	-	-	-	-	-	X	X	X	X
North Star	-	-	-	-	-	-	-	X	X	X
Emery	-	-	-	-	-	-	-	-	X	X
<b>Total Cargo Airlines</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>

Source: Authority Records

Jacksonville Aviation Authority  
 Primary Origination and Destination Passenger Markets  
 Year Ended September 30, 2012  
 (unaudited)

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

*Source: Aviation Records*

*Trip Length:*

*SH (short haul) = 0 to 600 miles*  
*MH (medium haul) = 601 to 1,800 miles*  
*LH (long haul) = over 1,801 miles*

Jacksonville Aviation Authority  
 Airport Capital Asset Information  
 Year Ended September 30, 2012  
 (unaudited)

Jacksonville International Airport

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

General Aviation Airports:

Craig Airport

Location	9 Miles East of Downtown Jacksonville
Area	1,328 Acres
Runways	4,000 Feet 4,000 Feet

*Source: Authority Records*

Jacksonville Aviation Authority  
 Airport Capital Asset Information  
 Year Ended September 30, 2012  
 (unaudited)

Fixed Based Operators (FBO)	Craig Air Center Sky Harbor
-----------------------------	--------------------------------

*Source: Authority Records*

Herlong Airport

Location	9 Miles Southwest of Downtown Jacksonville
----------	--------------------------------------------

Area	1,449 Acres
------	-------------

Runways	4,000 Feet 3,500 Feet
---------	--------------------------

Cecil Field Airport

Location	13 Miles Southwest of Downtown Jacksonville
----------	---------------------------------------------

Area	6,078 Acres
------	-------------

Runways	12,500 Feet 8,000 Feet 8,000 Feet 4,439 Feet
---------	-------------------------------------------------------

Aprons	672,953 Sq. Yrds.
--------	-------------------

*Source: Authority Records*

Report of Independent Certified Public Accountants on Internal Control Over  
Financial Reporting and on Compliance  
and Other Matters Based on an Audit of the Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Mr. Steven Grossman, Executive Director and CEO  
The Board of Directors of Jacksonville Aviation Authority

We have audited the financial statements of Jacksonville Aviation Authority (the Authority) as of and for the year ended September 30, 2012, and have issued our report thereon dated January 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal control over financial reporting**

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and other matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

January 30, 2013