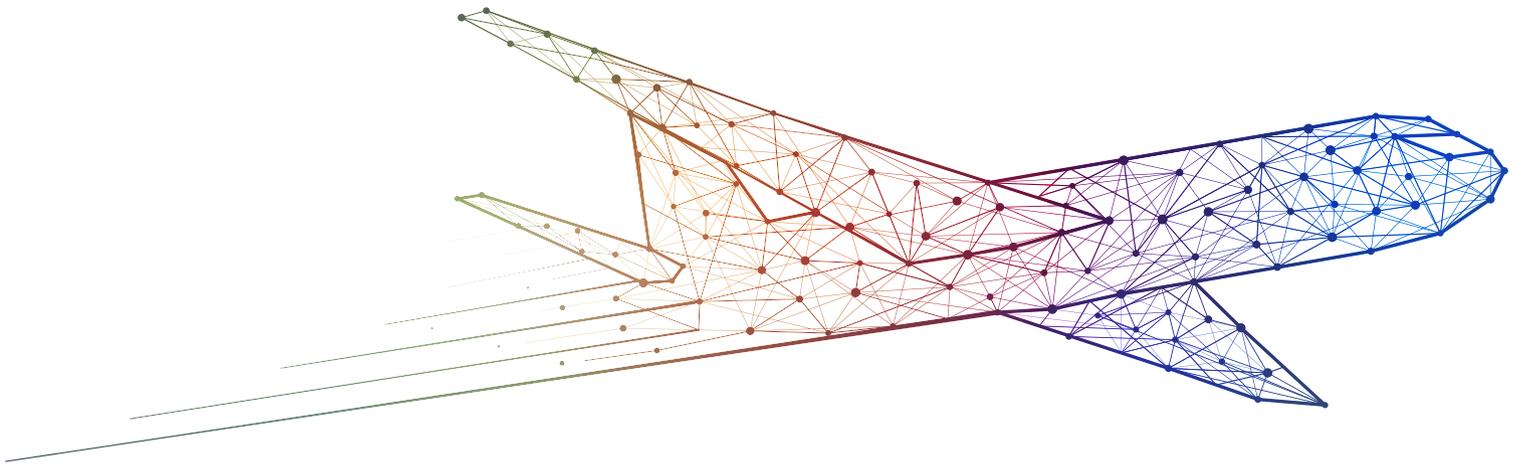


Jacksonville Aviation Authority

Annual Financial Report Fiscal Year 2018

Comprehensive Annual Financial Report for the
Fiscal Years Ended September 30, 2018
and September 30, 2017 of the
Jacksonville Aviation Authority
Jacksonville, Florida



flyjacksonville.com



**Jacksonville Aviation Authority
Jacksonville, Florida**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017**

PREPARED BY:
FINANCE DIVISION

RICHARD A. ROSSI
CHIEF FINANCIAL OFFICER

ROSS JONES
DIRECTOR OF FINANCE

www.flyjacksonville.com



September 30, 2018

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September 30, 2018

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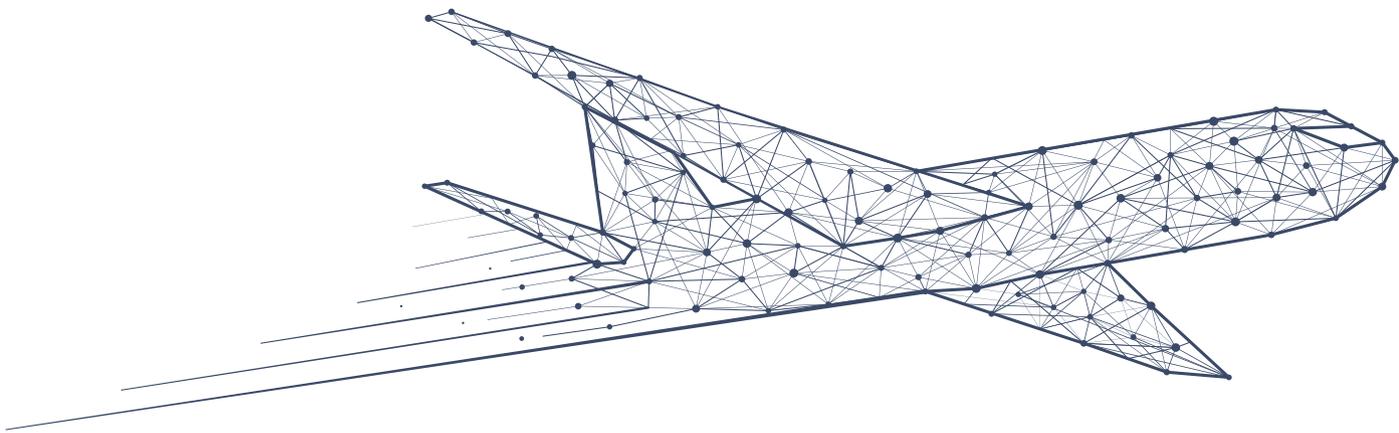
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Introductory

Annual Financial Report
Fiscal Years Ended September 30, 2018 and 2017



JAA

Jacksonville
Aviation
Authority



March 12, 2019

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, 2018. The Finance Department prepared this report. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rest with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America. Please refer to the Management Discussion and Analysis (MD&A) for additional information of the financial position of the Authority.

Reporting Entity and Its Services

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

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

The Chief Executive Officer (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. On October 1, 2018 CEO Steven Grossman retired from JAA. Chief of Aviation Rusty Chandler was named interim CEO and served until a new CEO was selected. On November 26, 2018 JAA announced that it had named Mark VanLoh its new CEO, effective December 3, 2018.

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

Economic Condition and Outlook

Situated in the corner of Northeast Florida, Jacksonville is considered the metropolitan market for over ten Florida and South Georgia counties. The City of Jacksonville is the hub of an array of services that include

an international airport, three general aviation airports, a deep-water port, travel and tourism, recreational and sports activities, medical and health, higher education and cultural amenities. With a Metropolitan Statistical Area (MSA) population of over one million, Jacksonville is on the verge of being classified as a first-tier city. The Jacksonville MSA consists of Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties.

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

Long-term Financial Planning

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

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

In regards to the Authority's long-term debt obligations, the Authority had bank debt of \$77.00 million outstanding as of September 30, 2018. Since the Authority no longer has any revenue bonds, no bond service coverage ratio is required.

Accounting Systems

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

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

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

Budgetary Control

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

Independent Audit

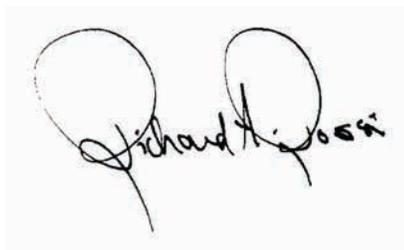
A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Authority in accordance with auditing standards generally accepted in the United States and to meet the requirements of the Federal Single Audit Act of 1984, as amended. The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

Acknowledgements

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

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

Respectfully submitted,

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

Richard A. Rossi
Chief Financial Officer



Jacksonville, Florida

Board of Directors

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

Senior Staff

- Steve Grossman..... Chief Executive Officer (retired 10/18)
- Mark VanLoh..... Chief Executive Officer (current)
- Tony Cugno..... Chief Operating Officer
- Richard A. Rossi..... Chief Financial Officer
- Rosa Beckett..... Chief Administrative Officer
- Rusty Chandler..... Chief Cecil Airport and General Aviation
- Debra Braga..... Chief Legal Officer



Government Finance Officers Association

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

Presented to

**Jacksonville Aviation Authority
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

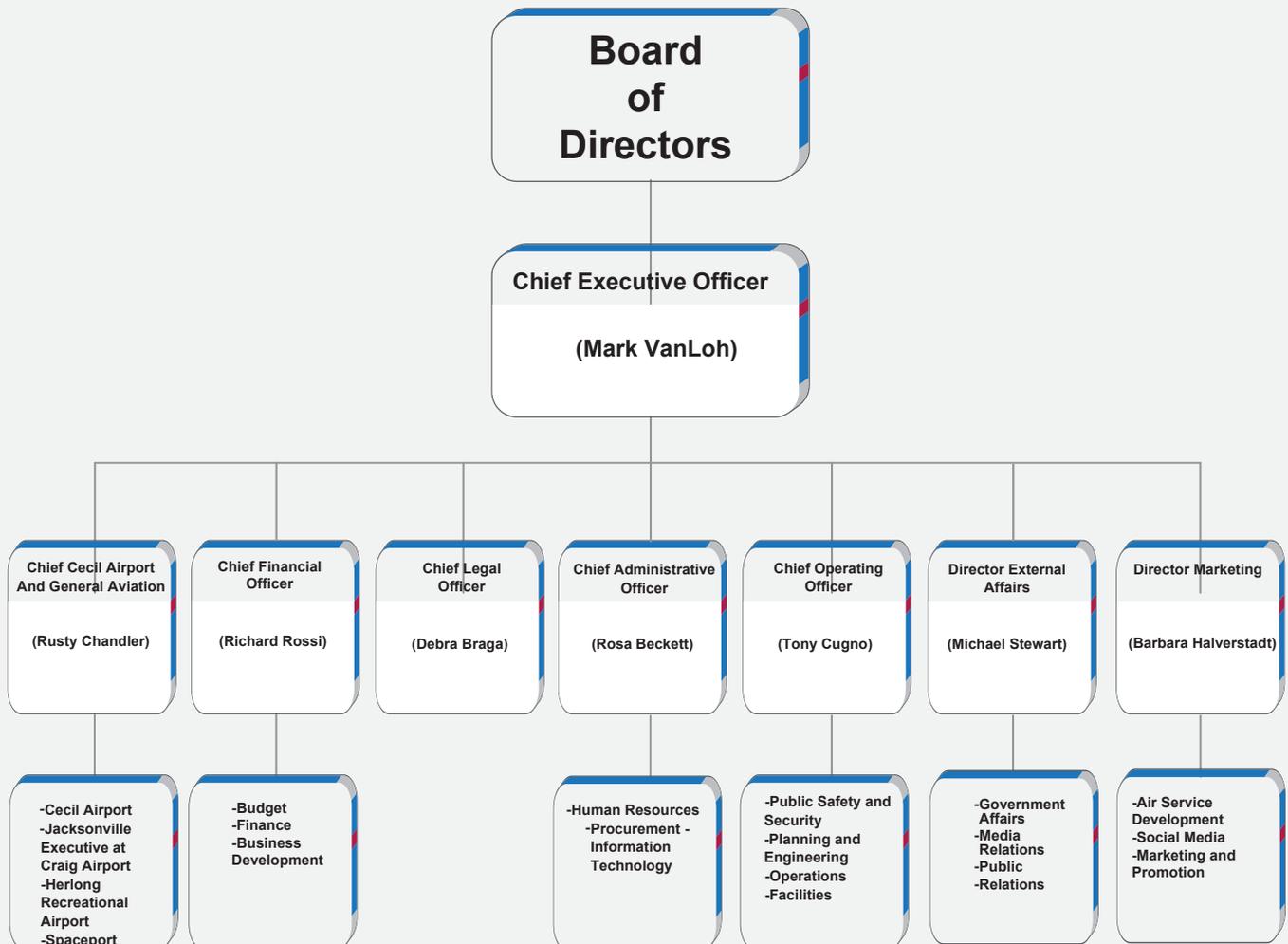
Christopher P. Morill

Executive Director/CEO

Jacksonville Aviation Authority Organizational Chart



JAA
Jacksonville
Aviation
Authority





RSM US LLP

Independent Auditor's Report

The Board of Directors
Jacksonville Aviation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Jacksonville Aviation Authority (the Authority), as of and for the years ended September 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2018 and 2017, and the change in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 7, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Jacksonville, Florida
March 7, 2019

Jacksonville Aviation Authority
Management's Discussion and Analysis

September 30, 2018 and 2017

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, 2018 and 2017. 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 284 full-time employees in a structure that includes administration, airport management and operations, and police.

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

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

Using the Financial Statements

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

The statements of net position each present the Authority's financial position as of one point in time, September 30, 2018 and 2017, and include all assets and deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The statements of net position demonstrate that the Authority's assets and deferred outflows of resources equal liabilities and deferred inflows of resources plus net position. Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is displayed in three components: invested in capital assets, restricted, and unrestricted.

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

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

Authority's Activity Highlights

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

Passenger enplanements at JIA for the fiscal year ended September 30, 2018 totaled 3.12 million, an increase of 13.03% from the prior fiscal year. The increase is mainly related to an improved American economy in 2018 as well as new air service from Frontier Airlines. In fiscal year 2017, JIA had enplanements of 2.76 million, a decrease of (1.45)% from fiscal year 2016.

Authority's Activity Highlights (continued)

Landed weight totaled 3.93 million for fiscal year 2018, an increase of 10.46% from the prior year. In fiscal year 2017, JIA had landed weight of 3.56 million, a increase of 0.44% from fiscal year 2016.

As in 2017, Delta Airlines and American Airlines dominated 2018 in enplanements activity and landed weight. Southwest, JetBlue and United, comprise the remainder of the signatory airlines providing passenger service at JIA and generated the majority of the enplanements.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total passengers	6,221,827	5,508,933	5,585,523
% (decrease) increase	12.94 %	(1.37)%	2.94 %
Enplanements	3,118,540	2,759,067	2,799,587
% (decrease) increase	13.03 %	(1.45)%	2.85 %
Landed weight	3,931,615	3,559,324	3,543,794
% (decrease) increase	10.46 %	0.44 %	(0.03)%

For fiscal year 2018, the Jacksonville International Airport average daily air carrier departures were 83 compared to 84 and 86 departures in 2017 and 2016, respectively.

Financial Highlights

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows of resources for fiscal year 2018 by approximately \$533.73 million compared to \$516.99 million and \$506.35 million in fiscal years 2017 and 2016, respectively. Unrestricted net position as of the end of fiscal years 2018, 2017 and 2016 was approximately \$75.37 million, \$54.26 million and \$49.65 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased as indicated by this fiscal year's increase in total net position. The improving trend for fiscal years 2018 and 2017 is due primarily to earnings from increased rental activity combined with lower interest expense.

The Authority's total debt decreased by \$10.09 million and \$15.65 million in fiscal years 2018 and 2017, respectively. During fiscal year 2018, the Authority made normal scheduled debt service payments of \$7.09 million. During fiscal year 2017, the Authority made normal scheduled debt service payments of \$10.11 million.

Operating Revenues

In fiscal year 2018 operating revenues increased by 2.45% from 2017. The primary factor was an increase in Parking of 11.63%.

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

Operating Expenses

In fiscal year 2018 operating expenses before depreciation and amortization increased by 6.77% over 2017. Repairs and maintenance increased 48.96% primarily due to the enhanced focus on maintenance in FY18.

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

Operating Margin

In fiscal year 2018 the operating margin decreased 2.77% from 34.23% in 2017 to 31.46% in 2018. The primary reason for the decrease was the increase in spending on repairs and maintenance. In fiscal year 2017 the operating margin decreased 1.93% from 36.16% in 2016 to 34.23% in 2017.

Non-operating Revenues

Non-operating revenues in fiscal year 2018 increased 9.75% from 2017. This was the result of higher Passenger Facility Charges (PFC) on increased enplanements.

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

Non-operating Expenses

Non-operating expenses decreased by 26.80% and decreased by 39.82% in fiscal years 2018 and 2017, respectively. This was a result of lower interest expense on debt.

Capital Contributions

Capital contributions increased in fiscal year 2018 by 112.84% and decreased in fiscal year 2017 by 72.81%. These fluctuations are influenced by factors such as grant availability and project timing.

Summary Statement of Net Position

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

Summary Statement of Net Position

(dollar amounts in thousands)

	2018	2017	Increase/ (Decrease) from 2017	% Increase/ (Decrease) from 2017
Assets				
Current	\$ 116,109	\$ 92,644	\$ 23,465	25.33 %
Noncurrent (restricted/other)	15,019	16,115	(1,096)	(6.80)
Capital assets, net	523,409	535,633	(12,224)	(2.28)
Total Assets	<u>654,537</u>	<u>644,392</u>	10,145	1.57
Deferred outflow of resources	12,800	14,667	(1,867)	(12.73)
Liabilities				
Current	38,181	32,274	5,907	18.30
Long-term	92,329	107,840	(15,511)	(14.38)
Total liabilities	<u>130,510</u>	<u>140,114</u>	(9,604)	(6.85)
Deferred inflow of resources	3,101	1,952	1,149	58.86
Net Position				
Net investment in capital assets	446,304	449,755	(3,451)	(0.77)
Restricted	12,058	12,980	(922)	(7.10)
Unrestricted	75,365	54,258	21,107	38.90
Total net position	<u>\$ 533,727</u>	<u>\$ 516,993</u>	<u>\$ 16,734</u>	<u>3.24 %</u>
Working capital				
Current assets	\$ 116,109	\$ 92,644	\$ 23,465	25.33 %
Current liabilities	(38,181)	(32,274)	(5,907)	18.30
Working capital	<u>\$ 77,928</u>	<u>\$ 60,370</u>	<u>\$ 17,558</u>	<u>29.08 %</u>
Current ratio	3.04	2.87		

During 2018 total assets increased by 1.57%, deferred outflow of resources decreased by 12.73%, total liabilities decreased by 6.85%, and total deferred inflow of resources increased by 58.86%. The main driver for changes in deferred balances is pension expense. These changes resulted in an increase in net position of 3.24%.

Summary Statement of Net Position (continued)

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

During 2017 total assets decreased by 0.09%, deferred outflow of resources decreased by 10.29%, total liabilities decreased by 7.21% and deferred inflow of resources decreased by 50.48%. These changes resulted in an increase in net position of 2.10%.

Signatory Airline Rates and Charges

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

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

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

The Agreement with the signatory airlines is hybrid in nature, with a residual rate-making methodology for the airfield and terminal and a compensatory model for all other cost centers. The Authority also had the ability under the Agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2018, 2017, and 2016.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Landing fees (per 1,000 lbs. MGLW)	\$ 3.29	\$ 3.43	\$ 3.15
Average terminal rental rate (per square foot)	138.03	166.77	146.34
Conditioned space (per square foot)	171.22	210.61	186.15
Unconditioned space (per square foot)	59.93	73.71	65.15

Operating Revenues and Expenses

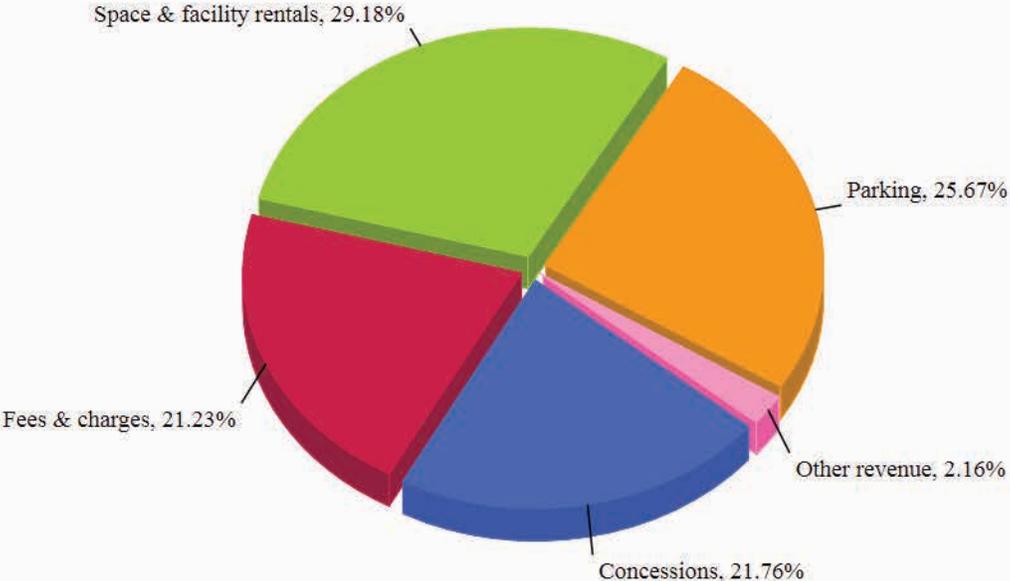
The following charts and tables show the major sources and the percentage of operating revenues and expenses for fiscal years 2018, 2017 and 2016.

	<i>(dollar amounts in thousands)</i>		
	2018	2017	2016
Operating revenues:			
Concessions	\$ 18,257	\$ 16,072	\$ 17,771
Fees & charges	17,807	16,028	14,668
Space & facility rentals	24,481	28,946	26,705
Parking	21,535	19,291	18,993
Other revenue	1,803	1,539	1,688
Total operating revenues	<u>83,883</u>	<u>81,876</u>	<u>79,825</u>
Operating expenses:			
Wage & benefits	29,273	27,945	25,328
Services & supplies	15,646	15,368	14,581
Repairs & maintenance	4,071	2,733	2,607
Promotions, advertising & dues	1,879	1,033	1,052
Registration & travel	505	345	386
Utilities & taxes	4,339	4,629	4,855
Other operating expenses	1,781	1,796	2,151
Depreciation & amortization	34,649	33,717	31,346
Total operating expenses	<u>92,143</u>	<u>87,566</u>	<u>82,306</u>
Operating loss	(8,260)	(5,690)	(2,481)
Nonoperating revenues:			
Passenger facility charges	12,538	10,881	10,983
Investment income	1,422	817	1,451
Payments from federal & state agencies	374	383	318
Other revenues	-	980	1,387
Total nonoperating revenues	<u>14,334</u>	<u>13,061</u>	<u>14,139</u>
Nonoperating expenses:			
Interest expense	1,660	2,228	3,946
Other expenses	274	414	444
Total nonoperating expenses	<u>1,934</u>	<u>2,642</u>	<u>4,390</u>
Income (loss) before capital contributions	4,140	4,729	7,268
Capital contributions	<u>12,594</u>	<u>5,917</u>	<u>21,762</u>
Change in net position	<u>16,734</u>	<u>10,646</u>	<u>29,030</u>
Net position, beginning of year	<u>516,993</u>	<u>506,347</u>	<u>477,317</u>
Net position, end of year	<u>\$ 533,727</u>	<u>\$ 516,993</u>	<u>\$ 506,347</u>

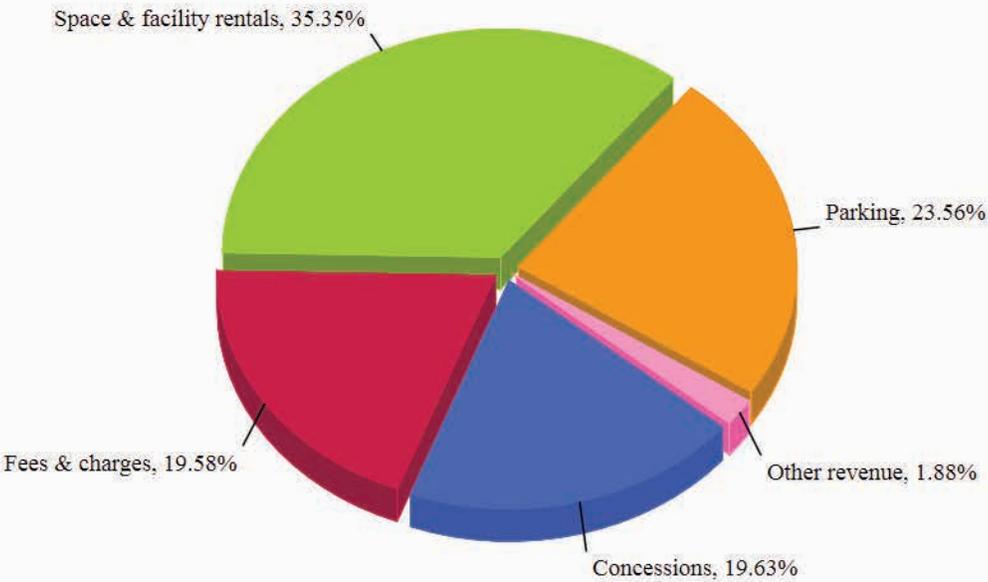
Operating Revenues

Operating revenue increased by 2.45% and 2.57% in fiscal years 2018 and 2017, respectively. Refer to the changes in net position section of this MD&A for additional information related to operating revenues.

2018 Operating Revenues



2017 Operating Revenues



Operating Revenues by Major Classification

(dollar amounts in thousands)

	2018	2017	Increase/ (Decrease) from 2017	% Increase/ (Decrease) from 2017
Concessions	\$ 18,257	\$ 16,072	\$ 2,185	13.60 %
Fees & charges	17,807	16,028	1,779	11.10
Space & facility rentals	24,481	28,946	(4,465)	(15.43)
Parking	21,535	19,291	2,244	11.63
Other revenue	1,803	1,539	264	17.15
Total operating revenues	<u>\$ 83,883</u>	<u>\$ 81,876</u>	<u>\$ 2,007</u>	<u>2.45 %</u>

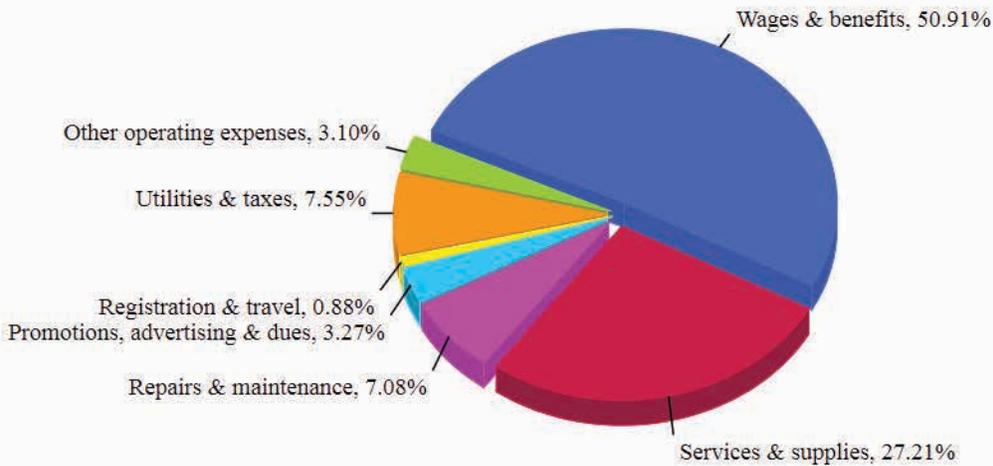
(dollar amounts in thousands)

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

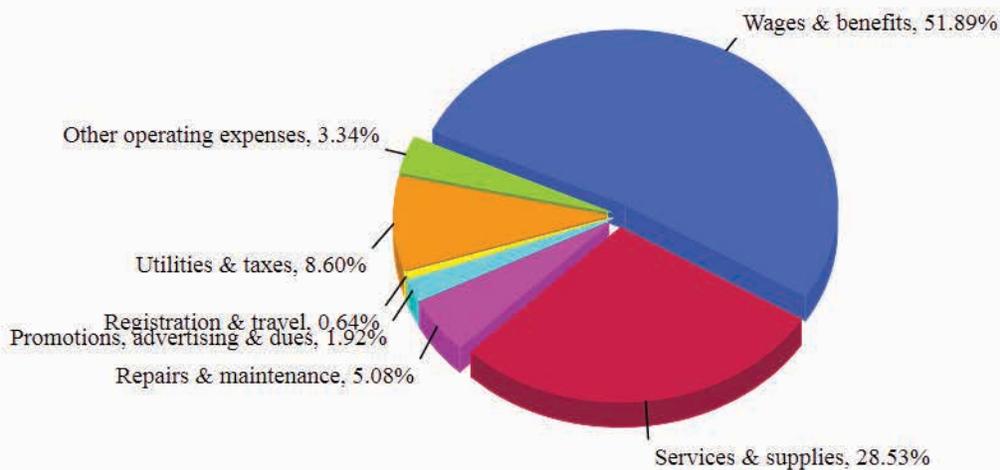
Operating Expenses

Operating expenses, before depreciation and amortization, increased 6.77% and 5.67% in fiscal years 2018 and 2017, respectively. Refer to the changes in net positions section of this MD&A for additional information related to operating expenses.

2018 Operating Expenses



2017 Operating Expenses



Operating Expense by Major Classification

(dollar amounts in thousands)

	2018	2017	Increase/ (Decrease) from 2017	% Increase/ (Decrease) from 2017
Wages & benefits	\$ 29,273	\$ 27,945	\$ 1,328	4.75 %
Services & supplies	15,646	15,368	278	1.81
Repairs & maintenance	4,071	2,733	1,338	48.96
Promotions, advertising & dues	1,879	1,033	846	81.90
Registration & travel	505	345	160	46.38
Utilities & taxes	4,339	4,629	(290)	(6.26)
Other operating expenses	1,781	1,796	(15)	(0.84)
Total operating expenses	<u>\$ 57,494</u>	<u>\$ 53,849</u>	<u>\$ 3,645</u>	<u>6.77 %</u>

(dollar amounts in thousands)

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

Debt Activity

The Authority did not issue any new debt in fiscal year 2018. In 2018, normal debt service payments reduced the overall debt by \$10.09 million. Additional payments from available resources were made in the amount of \$3.00 million to further reduce debt balances. In July 2017, the Authority paid off the remaining portion of the 2013 notes ahead of its October 2017 maturity date. Additional payments of \$2.54 million were made in 2017 to satisfy the 2013 note. In 2017, the debt service payments reduced the overall debt by \$15.65 million.

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

Cash and Investment Management

The Authority's cash and cash equivalents increased \$24.02 million for fiscal year 2018 over 2017. Cash and cash equivalents, restricted, decreased by \$0.92 million and unrestricted cash and cash equivalents increased by \$24.94 million.

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

Capital Construction

During 2018, the Authority expended approximately \$22.20 million on capital activities. Major projects in 2018 include the consolidated maintenance facility, CCTV upgrade, and garage signage improvements.

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

Average monthly capital construction spending was \$1.85 million, \$2.30 million and \$2.71 million for fiscal years 2018, 2017 and 2016, respectively.

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

Economic Factors and Next Years' Budget

The Authority projects steady growth for fiscal year 2019 in relation to the prior year. Revenues for fiscal year 2019 are forecasted to be approximately \$90.30 million or 7.66% above fiscal year 2018. Operating expenses before depreciation and amortization for fiscal year 2019 are forecasted to be approximately \$62.00 million or 11.38% above fiscal year 2018.

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

Contacting the Authority's Financial Management

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

Jacksonville Aviation Authority

Statements of Net Position

(dollar amounts in thousands)

	September 30,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 57,538	\$ 32,592
Investments	46,814	49,769
Accounts receivable, net of allowance of \$112 in 2018 and \$430 in 2017	7,240	7,196
Grants receivable	2,342	1,187
Interest receivable	332	211
Notes receivable	173	214
Inventory and other assets	1,670	1,475
Total current assets	<u>116,109</u>	<u>92,644</u>
Noncurrent assets:		
Restricted cash and cash equivalents	12,058	12,981
Notes receivable	2,961	3,134
Total noncurrent assets	<u>15,019</u>	<u>16,115</u>
Capital assets:		
Land	71,143	71,143
Construction in progress	25,984	21,824
Property, plant and equipment	933,552	941,517
Less: accumulated depreciation	(507,651)	(499,645)
Other capital assets, net of amortization	381	794
Total capital assets	<u>523,409</u>	<u>535,633</u>
Total noncurrent and capital assets	538,428	551,748
Total assets	<u>654,537</u>	<u>644,392</u>
Deferred Outflows of Resources		
Derivative instrument - swap	574	1,321
Loss on refunding	2,118	2,471
Pension	10,108	10,875
Total deferred outflow of resources	<u>12,800</u>	<u>14,667</u>
Total assets and deferred outflows of resources	<u>\$ 667,337</u>	<u>\$ 659,059</u>

See accompanying notes.

Jacksonville Aviation Authority

Statements of Net Position (continued)

(dollar amounts in thousands)

	September 30,	
	2018	2017
Liabilities		
Current liabilities:		
Accounts payable	\$ 5,701	\$ 10,020
Accrued expenses	18,722	14,306
Notes payable - current portion	11,835	7,090
Accrued interest payable	432	438
Construction contracts and retainage payable	1,491	420
Total current liabilities	38,181	32,274
Long-term liabilities:		
OPEB liability	2,460	2,191
Notes payable	65,165	80,000
Derivative instrument - swap	574	1,321
Net pension liability	24,130	24,328
Total long-term liabilities	92,329	107,840
Total liabilities	130,510	140,114
Deferred Inflow of Resources		
Gain on refunding	732	839
Pension	2,369	1,113
Total deferred inflow of resources	3,101	1,952
Net Position		
Net investment in capital assets	446,304	449,755
Restricted for capital acquisition and construction	7,144	2,559
Restricted for O & M	4,856	9,302
Restricted for R & R and other	58	1,119
Unrestricted	75,365	54,258
Total net position	533,727	516,993
Total liabilities, deferred inflows, and net position	\$ 667,337	\$ 659,059

See accompanying notes.

Jacksonville Aviation Authority

Statements of Revenues, Expenses, and Changes in Net Position

	<i>(dollar amounts in thousands)</i>	
	For the Year Ended September 30,	
	2018	2017
Operating revenues:		
Concessions	\$ 18,257	\$ 16,072
Fees & charges	17,807	16,028
Space & facility rentals	24,481	28,946
Parking	21,535	19,291
Other revenue	1,803	1,539
Total operating revenues	83,883	81,876
Operating expenses:		
Wages & benefits	29,273	27,945
Services & supplies	15,646	15,368
Repairs & maintenance	4,071	2,733
Promotions, advertising & dues	1,879	1,033
Registration & travel	505	345
Utilities & taxes	4,339	4,629
Other operating expenses	1,781	1,796
Operating expenses before depreciation and amortization	57,494	53,849
Operating income before depreciation and amortization	26,389	28,027
Depreciation & amortization	34,649	33,717
Operating loss	(8,260)	(5,690)
Nonoperating revenues:		
Passenger facility charges	12,538	10,881
Investment income	1,422	817
Payments from federal & state agencies	374	383
Other revenues	-	980
Total nonoperating revenues	14,334	13,061
Nonoperating expenses:		
Interest expense	1,660	2,228
Other expenses	274	414
Total nonoperating expenses	1,934	2,642
Income before capital contributions	4,140	4,729
Capital contributions	12,594	5,917
Change in net position	16,734	10,646
Net position, beginning of year	516,993	506,347
Net position, end of year	\$ 533,727	\$ 516,993

See accompanying notes.

Jacksonville Aviation Authority

Statements of Cash Flows

	For the Year Ended September 30, (dollar amounts in thousands)	
	2018	2017
Cash Flows from Operating Activities		
Receipts from customers and tenants	\$ 83,839	\$ 81,279
Payments to suppliers for goods and services	(28,360)	(22,226)
Payments to employees for services	(27,141)	(25,610)
Other nonoperating (expense) revenue	382	734
Net cash provided by operating activities	<u>28,720</u>	<u>34,177</u>
Cash flows non-capital and related financing activities		
Nonoperating grants received	135	269
Net cash provided by non-capital financing activities	<u>135</u>	<u>269</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(22,200)	(27,588)
Principal paid on capital debt	(10,090)	(15,650)
Interest paid on capital debt	(1,421)	(1,876)
Proceeds from sale of equipment	431	297
Contributions-in-aid of construction	11,439	8,930
Passenger facility charges received	12,538	10,881
Net cash used in capital and related financing activities	<u>(9,303)</u>	<u>(25,006)</u>
Cash flows from investing activities		
Collections on notes receivable	214	225
Interest on investments	1,982	1,014
Purchase of investment securities	(21,614)	(35,264)
Proceeds from sale and maturities of investment securities	23,889	21,729
Net cash provided by (used in) investing activities	<u>4,471</u>	<u>(12,296)</u>
Net change in cash and cash equivalents	24,023	(2,856)
Cash and cash equivalents, beginning of year	45,573	48,429
Cash and cash equivalents, end of year	<u>\$ 69,596</u>	<u>\$ 45,573</u>

See accompanying notes.

Jacksonville Aviation Authority

Statements of Cash Flows (continued)

	For the Year Ended September 30, <i>(dollar amounts in thousands)</i>	
	<u>2018</u>	<u>2017</u>
Reconciliation of operating (loss) to net cash provided by operating activities		
Operating loss	\$ (8,260)	\$ (5,690)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	34,649	33,717
Increase (decrease) in accounts receivable	(44)	(598)
Increase (decrease) in inventory and other assets	(195)	83
Increase (decrease) in accounts payable	(4,319)	5,989
Decrease in pension deferred outflow	767	232
Increase in accrued expenses	4,484	1,592
Increase (decrease) in pension deferred inflow	1,256	(1,882)
Other nonoperating revenue	382	734
Net cash provided by operating activities	<u>\$ 28,720</u>	<u>\$ 34,177</u>
Non-cash investing, capital and financing activities:		
Change in fair value of investments	<u>\$ (680)</u>	<u>\$ (282)</u>
Capital assets acquired through contracts payable and accruals	<u>\$ 1,491</u>	<u>\$ 420</u>
Capital Contributions Receivable	<u>\$ 2,342</u>	<u>\$ 1,187</u>

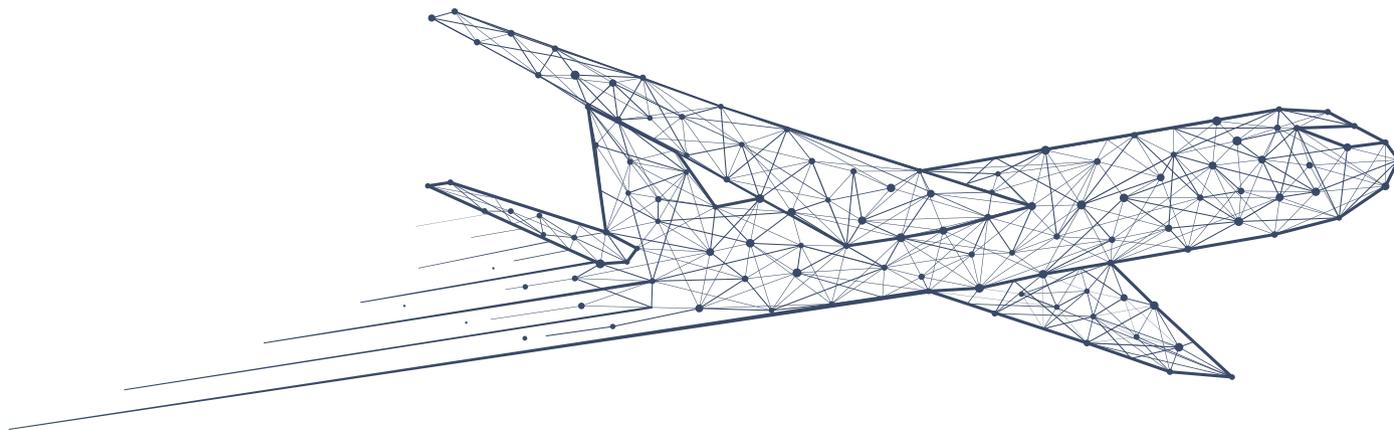
See accompanying notes.

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Notes to Financial Statements

Annual Financial Report
Fiscal Years Ended September 30, 2018 and 2017



JAA

Jacksonville
Aviation
Authority

Jacksonville Aviation Authority

Notes to Financial Statements

September 30, 2018 and 2017

1. Organization and Reporting Entity

Organization

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

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

Reporting Entity

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

2. Summary of Significant Accounting Policies

New Accounting Guidance

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

GASB 83: Certain Asset Retirement Obligations

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

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

GASB 87: Leases

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. This statement will have a material impact on the financial statements of the Authority.

GASB 88: Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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

GASB 89: Accounting for Interest Cost Incurred before the End of a Construction Period

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority is still evaluating the impact of this statement on the financial statements.

GASB 90: Majority Equity Interests

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. This statement will have no impact of the financial statements of the Authority.

Basis of Accounting

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

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Position

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

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

Proprietary Accounting and Financial Reporting

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

Budgeting Requirements

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

Prior to July 1 of each year, the Authority prepares and submits its budget to the City Council for the ensuing fiscal year. The City Council may increase or decrease the appropriation requested by the Authority on a total basis or a line-by-line basis. The Authority's Chief Executive Officer has been delegated the authority to approve budgetary changes to the budget within all categories, subject to the following limitations: once adopted, the total budget may only be increased through action of the City Council; operating budget item transfers may be made with the approval to the Chief Executive Officer or his designee, line-to-line capital budget transfers may be made with the approval of the Chief Executive Officer or his designee if it is cumulatively less than or equal to \$250,000 or with the approval of the Board if over \$250,000. In keeping with the requirements of a proprietary fund budget, budget comparisons have not been included in the financial section of this report.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

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

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

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

Cash, Cash Equivalents and Investments

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

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

Receivables

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of supplies and parts, and fuel and is stated at cost using the weighted average and FIFO methods, respectively.

Restricted Assets

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

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

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

In previous years JAA's bond resolutions stated that the renewal and replacement fund was deemed to be fully funded when the balance therein is one million dollars. These assets were 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. Our bond resolutions were amended in 2016 to state the the renewal and replacement fund was deemed fully funded when the balance is zero. JAA currently carries a zero balance in the account.

Capital Assets

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

Capitalization of Interest

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

Debt Issuance Costs

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

Compensated Absences

Employees accrue annual leave in varying amounts based on length of service combined with position level, up to a maximum of 320 hours. Employees who will accrue more than 320 hours of annual leave by December 31 will be paid for the excess hours on the last pay period of the calendar year. The liability for compensated absences earned through year-end, but not yet taken, is accrued by charging the expense for the change in the liability from the prior year.

Pension Plan

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources

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

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

Capital Contributions: Federal and State Grants

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

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

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

Passenger Facility Charges

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

PFC charges at the rate of \$3.00 per enplaned passenger have been levied by the Authority since April 1, 1994, under an FAA approved application to impose \$12.26 million in PFC fees. Since this first record of decision the Authority has submitted and received approval to collect \$363.46 million since inception through November 1, 2024. In February 2003, with an earliest charge effective date of May 1, 2003, the FAA approved an amendment to impose and use passenger facility charges, at JIA at a new rate of \$4.50. This amendment also permits the Authority to finance certain projects with PFC revenues. Through September 30, 2018, the Authority has collected, including interest earnings, PFCs totaling approximately \$236.49 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 \$233.10 million of PFCs on projects funded on a pay-as-you-go and financing basis.

Management Estimates

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments

Credit Risk

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

The Authority's investments are rated as follows:

September 30, 2018		Rating	(dollar amounts in thousands)
Investment Type			Fair Value
US Treasury and government agency securities		AAA	\$ 13,198
US Treasury and government agency securities		AA+	9,637
Money market mutual funds		AAA	217
Asset Backed Securities		AAA	7,385
Corporate Bonds		AAA	98
Corporate Bonds		AA+	868
Corporate Bonds		AA	719
Corporate Bonds		AA-	1,229
Corporate Bonds		A+	2,687
Corporate Bonds		A	2,362
Corporate Bonds		A-	2,302
Corporate Bonds		A3	581
Corporate Bonds *		BBB+	468
Foreign Bonds		AAA	3,781
Foreign Bonds		A+	198
Foreign Bonds		A3	196
Foreign Bonds		A	397
Municipal Bonds		AA	200
Municipal Bonds		AA-	508
Total			<u>\$ 47,031</u>

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Interest Rate Risk

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

Investment Maturity Distribution

Type of investments	(dollar amounts in thousands)		
	Less than One Year from 9/30/2018	One to Five Years	Total
US Treasury and government agency securities	\$ 6,233	\$ 16,602	\$ 22,835
Money market mutual funds*	217	-	217
Asset Backed Securities	38	7,347	7,385
Corporate Bonds	1,805	9,509	11,314
Foreign Bonds	468	4,104	4,572
Municipal Bonds	-	708	708
Total investments	<u>\$ 8,761</u>	<u>\$ 38,270</u>	<u>\$ 47,031</u>

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

*Reported as cash equivalents on the statements of net position

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Custodial Credit Risk

All securities purchased by, and all collateral obtained by, the Authority under its investment policy shall be properly designated as assets of the Authority and may be held in safekeeping by a third party custodial bank or other third party custodial institution. As of September 30, 2018, and 2017 all investment securities of the Authority are held with an appropriate custodian or trustee or are held in accounts in the name of, and belonging to, the Authority.

Concentration of Credit Risk

Exclusive of restricted funds, the following are the Authority's investment percentages limits. The Authority's investment in the Florida Local Government Surplus Funds Trust Fund and the United States Government Securities shall not exceed 100% of the total investment portfolio. Total United States Government Agencies, Repurchase Agreements, and Registered Investment Companies held by the Authority shall each not exceed 75% of the total value of the investment portfolio. Maximum exposure to any Interest Bearing Time Deposits, Money Markets or Savings Accounts shall be limited to 50% of the total investment portfolio. The Authority's investment in Commercial Paper, Corporate Notes, and Short Term Bond Funds shall not exceed 35% of the total investment portfolio. Authority investments in Supranationals, where the United States is a shareholder and voting member shall not exceed 25%. Maximum exposure to Mortgage-Backed Securities and State and/or Local Government Taxable and /or Tax-Exempt Debt shall not exceed 25% of the total investment portfolio. The Authority shall not exceed 25% of its portfolio value for Asset-Backed Securities and 10% for Bankers Acceptance.

As of September 30, 2018, all investment holdings of the Authority are in compliance with these policies. Investments in any one issuer representing 5% or more of the Authority's total investments as of September 30, 2018 are as follows: \$13.38 million 28.32% invested in US Treasury Notes and \$3.77 million 7.97% invested in issues of the Federal Home Loan Banks.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

As of September 30, 2017, the Authority's investment limits as a percentage of portfolio value were as follows:

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

September 30, 2018	(dollar amounts in thousands)		
	Unrestricted	Restricted	Fair Value
Investments:			
US Treasury and government agency securities	\$ 22,835	\$ -	\$ 22,835
Money market mutual funds*	217	-	217
Foreign Bonds	4,572	-	4,572
Asset Backed Securities	7,385	-	7,385
Corporate Bonds	11,314	-	11,314
Municipal obligations	708	-	708
Total investments	\$ 47,031	\$ -	\$ 47,031

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

*Reported as cash equivalents on the statements of net position

The Authority follows GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires the adjustment of the carrying value of investments to fair value to be represented as a component of investment income. Investments are presented at fair value, which is based on available or equivalent market values.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the asset; Level 3 inputs are significant unobservable inputs. The authority has no investments valued using level 3 inputs.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

The Authority has the following recurring fair value measurements as of September 30, 2018:

- US Treasury and government agency securities of \$22.84 million are valued using quoted prices in an active market or identical assets on active markets (Level 1 inputs).
- Corporate bonds of \$11.31 million, asset backed securities of \$7.39 million, municipal bonds of \$0.71 million and foreign bonds of \$4.57 million are valued using a matrix pricing model (Level 2 inputs).

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

- Us Treasury and government agency securities of \$32.33 million were valued using quoted prices in an active market for identical assets (Level 1 inputs).
- Corporate Bonds of \$15.13 million and foreign bonds of \$2.31 million were valued using a matrix pricing model (Level 2 inputs).

The following shows a reconciliation of the investment categories to the statements of net position for cash equivalents and investments for the fiscal years September 30, 2018 and 2017.

(dollar amounts in thousands)

Cash & Investments as of September 30, 2018					
	Cash	Money Market Mutual Funds	Investment Securities	Total Investments	Total Cash & Investments
Current assets:					
Cash and cash equivalents	\$ 57,321	\$ 217	\$ -	\$ 217	\$ 57,538
Investments	-	-	46,814	46,814	46,814
Noncurrent assets:					
Restricted cash and cash equivalents	12,058	-	-	-	12,058
	\$ 69,379	\$ 217	\$ 46,814	\$ 47,031	\$ 116,410

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

(dollar amounts in thousands)

Cash & Investments as of September 30, 2017

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

4. Receivables

Accounts receivable are recorded net of allowances for uncollectible accounts of \$112 thousand and \$430 thousand at September 30, 2018 and 2017, respectively. Accounts receivable at year-end are comprised of the following:

	Percent of Balance September 30,	
	2018	2017
Receivables from:		
Airlines	76.06 %	76.67 %
Concessionaires/non-aviation	15.42 %	19.06 %
Parking customers	8.52 %	4.27 %

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

4. Receivables (continued)

The Authority entered into separate operating and lease agreements with various tenants where the following note receivables were issued: November 01, 2014 for \$87.80 thousand over forty-eight months at no interest, November 01, 2013 for \$250.00 thousand over fifty-four months at an 8% interest rate, April 1, 2009 for \$465.17 thousand over 83 months at an interest rate of 3.5%, and February 25, 2005 for \$4.63 million over twenty-five years at an interest rate ranging from 6% to 9%. The current rate of interest for 2018 is 8%.

(dollar amounts in thousands)

October 1, 2017 Balance	Increases	Decreases	September 30, 2018 Balance	Amounts Due Within One Year
\$ 3,348	\$ -	\$ (214)	\$ 3,134	\$ 173

(dollar amounts in thousands)

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

5. Restricted Assets

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

(dollar amounts in thousands)

	2018	2017
Non current restricted cash and cash equivalents		
Federal forfeiture	\$ 58	\$ 70
Other	7	14
PFC Account (Compass)	7,143	2,559
Restricted O&M Fund	4,849	9,288
Capital recovery	1	1
R & R Fund	-	1,049
Total non current restricted cash and cash equivalents	\$ 12,058	\$ 12,981

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Capital Assets

Capital assets activity for the years ended September 30, 2018 and 2017:

	(dollar amounts in thousands)			
	Beginning Balance October 1, 2017	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2018
Capital assets not being depreciated:				
Land	\$ 71,143	\$ -	\$ -	\$ 71,143
Construction in progress	21,824	23,270	(19,110)	25,984
Total capital assets not being depreciated	92,967	23,270	(19,110)	97,127
Other capital assets:				
Buildings and Structures	148,387	6,220	(1,039)	153,568
Other improvements	721,664	8,863	(12,541)	717,986
Equipment	71,466	4,027	(13,495)	61,998
Total other capital assets	941,517	19,110	(27,075)	933,552
Intangible capital assets	8,146	-	-	8,146
Less amortization	(7,351)	(414)	-	(7,765)
Total intangible assets	794	(414)	-	381
Total assets being depreciated	942,312	18,696	(27,075)	933,933
Total capital assets	1,035,279	41,966	(46,185)	1,031,060
Less: Accumulated depreciation				
Buildings	76,512	4,000	(975)	79,537
Other improvements	376,488	24,455	(11,018)	389,925
Equipment	46,645	4,969	(13,425)	38,189
Total accumulated depreciation	499,645	33,424	(25,418)	507,651
	<u>\$ 535,633</u>	<u>\$ 8,542</u>	<u>\$ (20,767)</u>	<u>\$ 523,409</u>

Depreciation expense for the years ended September 30, 2018 and 2017 was \$33.42 million and \$33.47 million, respectively. During the fiscal years ended September 30, 2018 and 2017 we capitalized \$165 and \$164 thousand in interest, respectively.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Capital Assets (continued)

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans

Plan Description

Florida Retirement System

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

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

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

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

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

Funding Policy

Florida Retirement System

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

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

Year		Special risks participants	Deferred retirement option participants	Senior management participants	Regular participants
07/01/2018-06/30/2019	Employer	24.50 %	14.03 %	24.06 %	8.26 %
	Employee	3.00 %	- %	3.00 %	3.00 %
	Total	27.50 %	14.03 %	27.06 %	11.26 %
07/01/2017-06/30/2018	Employer	23.27 %	13.26 %	22.71 %	7.92 %
	Employee	3.00 %	- %	3.00 %	3.00 %
	Total	26.27 %	13.26 %	25.71 %	10.92 %
07/01/2016-06/30/2017	Employer	22.57 %	12.99 %	21.77 %	7.52 %
	Employee	3.00 %	- %	3.00 %	3.00 %
	Total	25.57 %	12.99 %	24.77 %	10.52 %

For the year ended September 30, contributions are as follows:

	<i>(dollar amounts in thousands)</i>		
	2018	2017	2016
Employer	\$ 2,240	\$ 2,053	\$ 1,878
Employee	565	537	502
Total	\$ 2,805	\$ 2,590	\$ 2,380

Pension Plan

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

At September 30, 2018 and 2017, the Authority reported a liability of \$17.84 million and \$17.88 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018 and 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

The Authority's proportionate share of the net pension liability was based on the Authority's 2018 and 2017 fiscal year contributions relative to the 2018 and 2017 fiscal year contributions of all participating members. At June 30, 2018 and 2017 the Authority's proportionate share was 0.05922483% and 0.06045064% respectively, which was a decrease of 0.00122581% from its proportionate share measured as of June 30, 2017 and an increase of 0.00448358% from its proportionate share measured as of June 30, 2016.

For the fiscal years ended September 30, 2018 and 2017, the Authority recognized pension expense of \$3.27 and \$3.35 million related to the Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(dollar amounts in thousands)</i>			
	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,511	\$ (55)	\$ 1,641	\$ (99)
Change of assumptions	5,829	-	6,009	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(1,378)	-	(443)
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	859	(184)	1,143	-
Authority's contributions subsequent to the measurement date	442	-	373	-
Total	<u>\$ 8,641</u>	<u>\$ (1,617)</u>	<u>\$ 9,166</u>	<u>\$ (542)</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

For fiscal years ended September 30, 2018 and 2017 deferred outflow of resources related to pensions, totaled \$442.63 and \$373.01 thousand, resulting from Authority contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<i>(dollar amounts in thousands)</i>	
	<u>2018</u> Deferred outflows/(inflows) net	
2019	\$	1,365
2020		1,365
2021		1,697
2022		584
2023		1,007
Thereafter		564

Actuarial Assumptions

The total pension liability in the July 1, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2018</u>	<u>2017</u>
Inflation	2.60%	2.60%
Salary increases - average including inflation	3.25%	3.25%
Investment rate of return - net of pension plan investment expense including inflation	7.00%	7.10%

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

The actuarial assumptions used in the July 1, 2018 and 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

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

July 1, 2018
Actuarial Assumptions

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Target Allocation (1)
Cash	1.00 %	2.90 %	2.90 %	1.80 %
Fixed Income	18.00	4.40	4.30	4.00
Global equity	54.00	7.60	6.30	17.00
Real estate (property)	11.00	6.60	6.00	11.30
Private Equity	10.00	10.70	7.80	26.50
Strategic investments	6.00	6.00	5.70	8.60
Total	100.00 %			
Assumed Inflation - Mean			2.60 %	1.90 %

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

July 1, 2017

Actuarial Assumptions

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Target Allocation (1)
Cash	1.00 %	1.00 %	1.00 %	1.80 %
Fixed Income	18.00	18.00	18.00	4.20
Global equity	53.00	53.00	53.00	17.00
Real estate (property)	10.00	10.00	10.00	12.80
Private Equity	6.00	6.00	6.00	30.00
Strategic investments	12.00	12.00	12.00	9.70
Total	<u>100.00 %</u>			

Assumed inflation - Mean

2.60 %

1.90 %

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for 2018 and 7.10% for 2017. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.0% rate of return assumption used in the June 30, 2018 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% and 7.10% for 2018 and 2017, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate.

	<i>(dollar amounts in thousands)</i>					
	2018			2017		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Authority's proportionate share of the net pension liability	\$ 32,557	\$ 17,839	\$ 5,615	\$ 32,363	\$ 17,880	\$ 5,857

Pension Plan Fiduciary Net Position

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

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

Benefits Provided

For the fiscal year ended September 30, 2018 and 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS benefit of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018 and 2017, the contribution rate was 1.66% and 1.66% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

At September 30, 2018 and 2017, the Authority reported a net pension liability of \$6.29 and \$6.45 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

The Authority's proportionate share of the net pension liability was based on the Authority's 2018 and 2017 fiscal year contributions relative to the total 2018 and 2017 fiscal year contributions of all participating members. At June 30, 2018 and 2017, the Authority's proportionate share was 0.06030194%, and 0.05543686% which was an increase of 0.00486508% from its proportionate share measured as of June 30, 2017, and an increase of 0.00270871% from its proportionate share measured as of June 30, 2016.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

For the fiscal year ended September 30, 2018 and 2017, the Authority recognized pension expense of \$724 and \$648 thousand related to the HIS Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(dollar amounts in thousands)</i>			
	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96	\$ (11)	\$ -	\$ (13)
Change of assumptions	700	(665)	906	(558)
Net difference between projected and actual earnings on FRS HIS investments	4	-	4	-
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	590	(76)	724	-
Authority's contributions subsequent to the measurement date	77	-	74	-
Total	\$ 1,467	\$ (752)	\$ 1,708	\$ (571)

For fiscal years ended September 30, 2018 and 2017 deferred outflows of resources related to pensions, totaling \$77 and \$74 thousand, resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019 and 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	<i>(dollar amounts in thousands)</i>
	Deferred Outflow/(Inflows)
	Net
2019	\$ 157
2020	157
2021	157
2022	156
2023	114
Thereafter	(103)

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018 and 2017, actuarial valuations, for the HIS Plan, was determined using the following actuarial assumptions, applied to all periods include in the measurement:

	<u>2018</u>	<u>2017</u>
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	3.87%	3.58%

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of the actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability relating to the HIS Plan were 3.87% and 3.58% for 2018 and 2017. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index as adopted as the applicable municipal bond index.

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

The following presents the Authority's proportionate share of the net pension liability, for the HIS Plan, calculated using the discount rate of 3.87% and 3.58% for 2018 and 2017, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1 % point higher than the current rate.

	(dollar amounts in thousands)					
	<u>2018</u>			<u>2017</u>		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%	2.58%	3.58%	4.58%
Authority's proportionate share of the net pension liability	\$ 7,165	\$ 6,291	\$ 5,562	\$ 7,358	\$ 6,448	\$ 5,690

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

Pension Plan Fiduciary Net Position

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

FRS - Defined Contribution Pension Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Pension Plans (continued)

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

The Authority's Investment Plan pension expense totaled \$395 thousand for the fiscal year ended September 30, 2018, and \$384 thousand for the fiscal year ended September 30, 2017.

8. Deferred Compensation Plans

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

All 457 Plan assets are held by trustees for the exclusive benefits of participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's statements of net position.

The Authority also offers its employees a deferred compensation plan (the 401(a) Plan), created in accordance with the IRS Code Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 401(a) Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. Thus, the assets and liabilities of the 401(a) Plan are not reflected on the Authority's Statement of Net Position.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits

Plan Description

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

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

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

The Authority is required to value their postretirement health and other benefits biennially. The most recent actuarial valuation date was fiscal year ended September 30, 2018. The valuation incorporated 307 active and retired employees, reflecting the sum of 299 active employees and 8 retirees currently receiving benefits. Due to the small amounts involved, vision benefits are not included in the valuation. Life insurance benefits are provided on a fully insured basis and are provided by unsubsidized retiree contributions. As such, life insurance benefits are not included in the valuation.

Funding Policy

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

Annual OPEB Cost and OPEB Liability

Changes to the OPEB liability related to the transition from GASB 45 to 75 are not significant. Accordingly we have applied the provisions of GASB 75 prospectively by recording an increase in expense in 2018 rather than restating opening net position. As a result our OPEB note will not be comparative in these financial statements.

OPEB Expense

OPEB expense recognized by the authority for the fiscal year ended September 30, 2018 was \$149,419.

OPEB Outflows and Inflows

The deferred outflows and inflows associated with the OPEB liability are not considered significant to the Authority. Accordingly, we have not recorded deferred outflows and inflows.

The following table shows the changes in total OPEB liability by source as of September 30, 2018.

	<u>2018</u>
Balance, beginning of year	\$2,346,870
Service Cost	58,595
Interest Cost	90,824
Benefit Payments	<u>(36,089)</u>
Balance, end of year	<u>\$2,460,200</u>

Reconciliation to prior year ending balance under GASB 45:

Net OPEB liability as of 9/30/2017	\$ 2,190,654
Cumulative effect of change in accounting principle	<u>156,216</u>
Total OPEB liability as of 10/1/2017	<u>\$ 2,346,870</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

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.

	<u>September 30, 2018</u>
Measurement Date	09/30/2018
Actuarial Valuation Date	10/01/2017
Salary and Wage Increase	3.5%
Healthcare Cost Trend Rate:	
Pre-65 years old	9.0%
65 years and older	9.0%
Discount Rate	3.9%
Mortality Tables Used	RP2014 Healthy Male and Female Tables
Date of experience study on which significant assumptions were based	10/1/2017

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 a third party actuary.

The September 30, 2018 costs and liabilities were determined using the following assumptions: (1) discount rate of 3.9% per annum, compounded annually; (2) pre-retirement mortality rates and post-retirement mortality rates were based on the RP-2014 Healthy Male and Female tables; (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 9.00% for fiscal year 2018. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend grading down by 0.5% per year, resulting in an ultimate rate of 5.00% by fiscal year 2027; (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.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Postretirement Health and Other Benefits (continued)

Health Care Cost and Discount Rate Sensitivity

The following presents the total OPEB liability of the Authority, as well as what the Authority total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>Health Care Cost Trend Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
As of September 30, 2018	\$1,788,652	\$2,460,200	\$3,442,847

The following presents the total OPEB liability of the Authority, as well as what the Authority total OPEB liability would be if it were calculated using discount trend rates that are one percentage point lower or one percentage point higher than the current rates

	<u>Discount Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
As of September 30, 2018	3,271,443	\$2,460,200	\$1,896,650

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness

A summary of changes to long-term indebtedness follows:

(dollar amounts in thousands)					
	2017 Balance	Increases	Decreases	2018 Balance	Due Within One Year
Revenue refunding notes	\$ 87,090	\$ -	\$ 10,090	\$ 77,000	\$ 11,835
Less amounts due within one year	<u>(7,090)</u>			<u>(11,835)</u>	
Total long term portion	<u>80,000</u>			<u>65,165</u>	
Total long term bonds and notes payable	<u><u>\$ 80,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,090</u></u>	<u><u>\$ 65,165</u></u>	

(dollar amounts in thousands)					
	October 1, 2016 Balance	Increases	Decreases	September 30, 2017 Balance	Due Within One Year
Revenue refunding notes	\$ 102,740	\$ -	\$ 15,650	\$ 87,090	\$ 7,090
Less amounts due within one year	<u>(9,075)</u>			<u>(7,090)</u>	
Total long term portion	<u>93,665</u>			<u>80,000</u>	
Total long term bonds and notes payable	<u><u>\$ 93,665</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,650</u></u>	<u><u>\$ 80,000</u></u>	

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2008 Revenue Note

On April 1, 2008 a note was issued from Compass Bank (Compass) in the amount of \$41.49 million. The purpose of the note was to refund the 2005 airport revenue refunding bonds, pay a portion of the 2005 swap termination fee and pay issue costs. The note has a variable interest rate of 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The annual interest rate at September 30, 2018 was 0.772%.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2018 and the fixed interest rate of 3.412%:

Year Ending September 30,	(dollar amounts in thousands)		
	Principal	Interest	Total
2019	\$ 2,660	\$ 659	\$ 3,319
2020	2,750	567	3,317
2021	2,845	472	3,317
2022	2,945	372	3,317
2023	3,045	271	3,316
2024 - 2025	6,410	221	6,631
Total	<u>\$ 20,655</u>	<u>\$ 2,562</u>	<u>\$ 23,217</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2012 Revenue Refunding Note

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

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2018:

Year Ending September 30,	(dollar amounts in thousands)		
	Principal	Interest	Total
2019	\$ 1,525	\$ 624	\$ 2,149
2020	1,525	598	2,123
2021	1,525	571	2,096
2022	1,525	545	2,070
2023	30,740	266	31,006
Total	<u>\$ 36,840</u>	<u>\$ 2,604</u>	<u>\$ 39,444</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2013 Revenue Refunding Note

On July 10, 2013 a revenue refunding note was issued from Sabadell United Bank, N.A. (Sabadell) in the amount of \$20.00 million. The purpose of the note was to refund the 2003 A-1 and A-2 bonds. The note has a fixed rate of .85%. The net proceeds of \$20.00 million, plus an additional \$6.22 million, for a total of \$26.22 million, were deposited in an irrevocable escrow account to provide for the full in-substance defeasance of the 2003 A-1 and A-2 revenue bonds. The refunding resulted in a present value interest savings \$15.33 million. The result was an in-substance defeasance of the 2003 A-1 and A-2 bonds.

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

2016 Revenue Refunding Note

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

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2018.

Year Ending September 30,	(dollar amounts in thousands)		
	Principal	Interest	Total
2019	\$ 7,650	\$ 283	\$ 7,933
2020	1,860	197	2,057
2021	1,895	164	2,059
2022	1,930	129	2,059
2023	1,960	94	2,054
2024 - 2026	4,210	81	4,291
Total	\$ 19,505	\$ 948	\$ 20,453

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

Annual Requirements

Annual requirements to repay all outstanding long-term debt as of September 30, 2018 are as follows:

Year Ending September 30,	(dollar amounts in thousands)					
	2016 Revenue Refunding Note	2008 Note	2012 Revenue Refunding Note	Total Principal and Interest	Total Principal	Total Interest
2019	\$ 7,933	\$ 3,319	\$ 2,149	\$ 13,401	\$ 11,835	\$ 1,567
2020	2,057	3,317	2,123	7,497	6,135	1,362
2021	2,059	3,317	2,096	7,472	6,265	1,206
2022	2,059	3,317	2,070	7,446	6,400	1,047
2023	2,054	3,316	31,006	36,376	35,745	630
2024 - 2026	4,291	6,631	-	10,922	10,620	302
	<u>\$ 20,453</u>	<u>\$ 23,217</u>	<u>\$ 39,444</u>	<u>\$ 83,114</u>	<u>\$ 77,000</u>	<u>\$ 6,114</u>

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

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

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

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

As of September 30, 2018 and 2017 the fair value of the swap was a negative \$0.57 million and \$1.32 million respectively, which represent the amount the Authority would pay to exit the swap transaction as of that date based on prevailing interest rates.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

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

The terms of the floating to fixed rate swap agreement outstanding at September 30, 2018, 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
Counterparty	(0.6435%) Compass

The following table includes fiscal year 2018 and 2017 summary information for the Authority's effective cash flow hedge related to the outstanding floating to fixed interest swap agreement which is recorded as a derivative instrument liability and offsetting deferred outflow of resource.

2008 Revenue Note	(dollar amounts in thousands)			
	Changes in Fair Value	Classification	Fair Value	Notional Amount Outstanding
September 30, 2018	\$ 747	Derivative instrument - swap	\$ (574)	\$ 20,655
September 30, 2017	\$ 930	Derivative instrument - swap	\$ (1,321)	\$ 23,225

Fair value amounts were calculated using market rates as of September 30, 2018 and 2017 respectively, and standard cash flow present valuing techniques (Level 2 inputs).

For fiscal years ended September 30, 2018 and 2017, the weighted average rates of interest for floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

	<u>2018</u>	<u>2017</u>
65% of LIBOR Index:		
Notional amount outstanding	\$ 20,655	\$ 23,225
Variable rate received (weighted average)	0.772 %	0.998 %
Fixed rate paid (weighted average)	3.4116 %	3.4116 %

Risks

Credit Risk:

As of September 30, 2018 the Authority is not exposed to credit risk or the risk of economic loss due to a counterparty default on its outstanding swap because the swap had a negative fair value. However, should the interest rates change and the fair values of the swap become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value. Moody's, S&P and Fitch have assigned ratings of Baa2, BBB and BBB, respectively, to Compass. The swap agreement contains varying collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

Interest Rate Risk:

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

Basis Risk:

The Authority has no basis risk associated with the outstanding swap. The interest rate for the swap interest expense is based on the same index as the interest received from the swap, 65% of the one monthly LIBOR rate plus 64.35 basis points.

Termination Risk:

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. As of September 30, 2018 the swap termination fee had a negative fair value, therefore the Authority would incur additional expenses relating to termination.

Market Access Risk:

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Long-Term Indebtedness (continued)

Swap Payments and Associated Debt

Using rates as of September 30, 2018, 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,	(dollar amounts in thousands)			
	Principal	Interest	Swap, Net	Total
2019	\$ 2,660	\$ 149	\$ 510	\$ 3,319
2020	2,750	128	439	3,317
2021	2,845	107	365	3,317
2022	2,945	84	288	3,317
2023	3,045	61	209	3,315
2024 - 2025	6,410	51	171	6,632
Total	<u>\$ 20,655</u>	<u>\$ 580</u>	<u>\$ 1,982</u>	<u>\$ 23,217</u>

11. Airline Use and Lease Agreements

The Airline Use and Lease Agreement ("Agreement") provides for the lease to signatory airlines exclusive use of certain premises, non-exclusive use of certain public use premises in the terminal and in the ramp area and non-exclusive use of the landing area at JIA. This is a residual Agreement with a five year term ended on September 30, 2017. In December of 2017 all signatory airlines agreed to a ten year extension of the Agreement. The amended Agreement will expire September 30, 2027.

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Airline Use and Lease Agreements (continued)

The Agreement provides that the aggregate of rentals, fees and charges of all signatory airlines will be sufficient to pay for the net costs attributable to the airfield. The net costs attributable to the airfield are allocated among the signatory airlines on the basis of the landed weight of aircraft and are paid as landing fees.

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

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

12. Airport Tenant Agreements

The Authority has entered into concession agreements with tenants for the use of certain airport facilities including, but not limited to, ready/return rental car parking areas, buildings, terminals, customer service areas, advertising, food and beverage, retail, and on-airport rental cars. Normally, the terms of the agreement include a fixed minimum annual guarantee (MAG) payment to the airport as well as additional contingent payments based on the tenants' annual sales volume of business. Revenues exceeded the MAG amounts due in 2018 of \$13.75 million by \$3.37 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, 2018 as follows:

Year	(dollar amounts in thousands)
2019	\$ 44,680
2020	42,185
2021	40,885
2022	39,383
2023	27,658
2024 - 2028	76,654
2029 - 2033	21,263
2034 - 2038	18,306
2039 - 2043	14,907
2044 - 2048	8,339
2049 - Thereafter	1,957
	<u>\$ 336,217</u>

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

13. Capital Contributions

The Authority receives, on a reimbursement basis, grants from the State of Florida and the U.S. Government for certain capital construction projects through the Airport Improvement Program and Aviation Development Project. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. This program is subject to federal and state audit. Total federal and state grant capital contributions were \$12.59 million and \$5.92 million respectively, for the years ended September 30, 2018 and 2017. Management estimates that no material disallowance will result from such audits.

The Authority received federal and state grants for the capital programs for the years ended September 30, 2018 and 2017 as summarized in the table below.

	<u>(dollar amounts in thousands)</u>	
	<u>2018</u>	<u>2017</u>
Capital Programs:		
State grants for construction	\$ 7,649	\$ 1,986
Federal grants for construction	1,177	1,032
TSA grants for construction	3,756	2,889
Other contributions for construction	12	10
	<u>\$ 12,594</u>	<u>\$ 5,917</u>

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

14. Operating Grants

The Authority received TSA funds for operating programs for years ended September 30, 2018 and 2017 as summarized in the tables below.

	<u>(dollar amounts in thousands)</u>	
	<u>Year ended September 30</u>	
	<u>2018</u>	<u>2017</u>
Operating programs:		
TSA K-9 & Federal programs	<u>\$ 259</u>	<u>\$ 410</u>

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

Grants for operating programs for the year ended September 30, 2018 and 2017 are reported in the statements of revenues, expenses and changes in net position as non-operating revenue.

15. Payments to City of Jacksonville

During fiscal years 2018 and 2017, the Authority paid approximately \$4.54 million and \$4.48 million to the City for expenses relating to legal, insurance, firefighting and miscellaneous services.

16. Commitments and Contingencies

Terminal and Capital Improvement Program

As of September 30, 2018 and 2017, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$18.30 million and \$29.00 million of which an estimated \$7.90 million and \$9.60 million are eligible for partial reimbursement, respectively, from the FAA, State of Florida and Transportation Security Administration. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

16. Commitments and Contingencies (continued)

Concentration of Credit Risk

The Authority leases facilities to the airlines under certain leases and/or use agreements and to other businesses under agreements to operate concessions with the airport system. Amounts due from airlines represent approximately 76.06% and 76.67% of accounts receivable for 2018 and 2017, respectively. Airline operating revenues represent approximately 29.72% and 34.96% of total operating revenues for 2018 and 2017, respectively. Revenue received from five major airlines and a leasing company totaled 44.22% and 58.73% of total operating revenues for 2018 and 2017, respectively. This includes 10.77% from Delta Air Lines, 9.80% from American Airlines, and 7.53% from Southwest Airlines Co. in 2018. For 2016 Delta was 15.15%, American Airlines was 14.95% and Southwest was 9.86%.

Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government or agency. The amount, if any, of expenditures which may be disallowed by the granting government or agency is expected to be immaterial.

Litigation

The Authority is named as a defendant in lawsuits from time to time. The Authority is currently a defendant in one minor lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the Authority's attorney the resolution of these matters will not have a material adverse effect on the financial position of the Authority.

17. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees, and natural disasters. The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability, and workers' compensation coverage. The Authority's expense is the premium charge by the City's self-insurance plan. The City has excess coverage for individual workers' compensation claims above \$1.50 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 2018 amounted to \$285.27 thousand. In 2017 the premium was \$296.90 thousand which included an additional premium expense of \$255.01 thousand for excess expenses from 2016.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

17. Risk Management (continued)

The Authority's property insurance premium expenses amounted to \$773.86 thousand and \$723.30 thousand for the years ended September 30, 2018 and 2017, respectively. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$60.24 thousand and \$26.53 thousand for the years ended September 30, 2018 and 2017.

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

Jacksonville Aviation Authority
 Required Supplementary Information
 Schedule of the Changes in the Authority's Total OPEB Liability
 (unaudited)

	2018
Total OPEB Liability	
Service Cost	\$ 58,595
Interest Cost	90,824
Benefit Payments	(36,089)
Net Change in Total OPEB Liability	113,330
Total OPEB Liability - beginning	2,346,870
Total OPEB Liability - ending	2,460,200
Covered Payroll	18,000,793
Total OPEB Liability as a % of Covered Payroll	13.67 %

** The amounts presented were determined as of September 30th. The schedule is presentd to illustrate the requirements of GASB 75. Currently only data for fiscal year ending September 30, 2018 is available.*

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

	<i>(dollar amounts in thousands)</i>				
	2018	2017	2016	2015	2014
Authority's proportion of the FRS net pension liability	0.05922483%	0.06045064%	0.05596706%	0.05388302%	0.05157812%
Authority's proportionate share of the FRS net pension liability	\$ 17,839	\$ 17,880	\$ 14,132	\$ 6,960	\$ 3,147
Authority's covered payroll	\$ 15,287	\$ 14,753	\$ 13,614	\$ 12,692	\$ 11,907
Authority's proportionate share of the FRS net pension liability as a percentage of its covered payroll	116.00%	121.00%	103.0%	54.00%	\$26.00
FRS Plan fiduciary net position as a percentage of the total pension liability	80.00%	\$83.00	\$84	\$92.00	\$96.00

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014-18 are available.

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

(dollar amounts in thousands)

	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 1,852	\$ 1,698	\$ 1,553	\$ 1,314	\$ 1,130
FRS contributions in relation to the contractually required contribution	1,852	1,698	1,553	1,314	1,314
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (184)</u>
Authority's covered payroll	\$ 15,287	\$ 14,753	\$ 13,614	\$ 12,692	\$ 11,907
FRS contributions as a percentage of covered payroll	12.11%	11.51%	11.41%	10.35%	9.49%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014-18 are available.

Jacksonville Aviation Authority
 Required Supplemental Information
 Schedule of Authority's Proportionate Share of the Net Pension Liability
 Health Insurance Subsidy Pension Plan
 Last Ten Years
 September 30, 2018
(unaudited)

	2018	2017	2016	2015	2014
Authority's proportion of the HIS net pension liability	0.05943609%	0.06030194%	0.05543686%	0.05272815%	0.05088140%
Authority's proportionate share of the HIS net pension liability	\$ 6,291	\$ 6,448	\$ 6,460	\$ 5,377	\$ 4,758
Authority's covered payroll	\$ 19,600	\$ 18,807	\$ 17,578	\$ 15,243	\$ 15,109
Authority's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.10%	34.29%	36.75%	35.28%	31.49%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.65%	1.65%	1.64%	0.99%	33.61%

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

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014-18 are available.

Jacksonville Aviation Authority
 Required Supplemental Information
 Schedule of Authority's Contributions - Health Insurance Subsidy Pension Plan
 September 30, 2018
 Last Ten Years
 (unaudited)

(dollar amounts in thousands)

	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 387	\$ 355	\$ 325	\$ 202	\$ 174
HIS contributions in relation to the contractually required HIS contribution	387	355	325	202	202
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28)</u>
Authority's covered payroll	\$ 18,807	\$ 18,807	\$ 12,692	\$ 15,109	\$ 15,243
HIS contributions as a percentage of covered payroll	2.06%	1.89%	2.56%	1.34%	1.14%

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

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2014-18 are available.

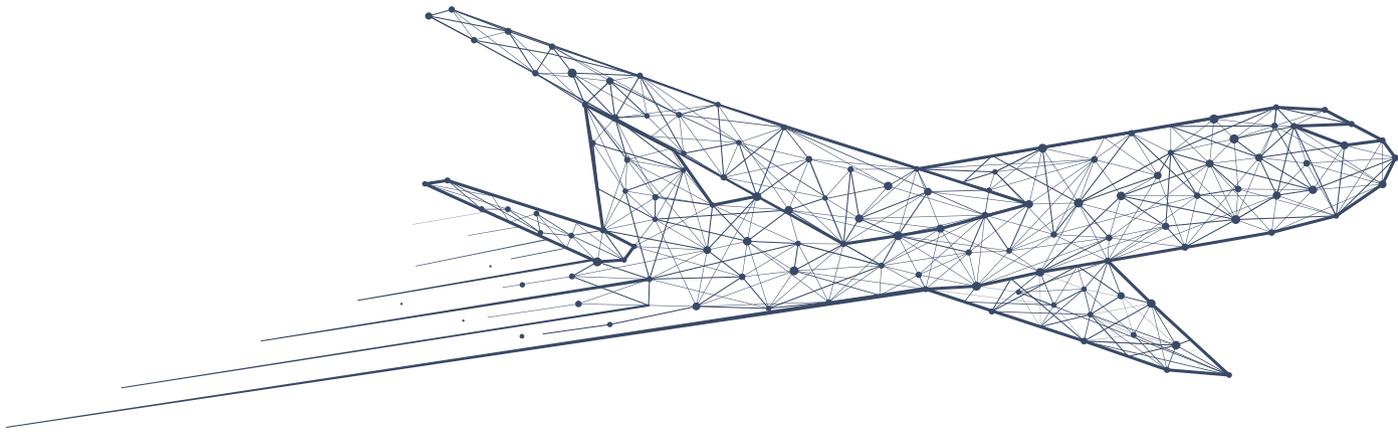
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Statistical

Annual Financial Report

Fiscal Years Ended September 30, 2018 and 2017



Statistical



JAA

Jacksonville
Aviation
Authority

Jacksonville Aviation Authority

The objectives of the Statistical Section Information

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

Statistical information is presented in the following five categories:

Financial Trend Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

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

	<i>(dollar amounts in thousands)</i>		
	2018	2017	2016
Cash flows from operating activities	\$ 28,720	\$ 34,177	\$ 26,018
Cash flows from non-capital financing activities	135	269	202
Cash flows from capital and related financing activities	(9,303)	(25,006)	(38,354)
Cash flows from investing activities	4,471	(12,296)	8,617
Net change in cash and cash equivalents	24,023	(2,856)	(3,517)
Cash and equivalents, beginning of year	45,573	48,429	51,945
Cash and equivalents, end of year	69,596	45,573	48,429
Non-cash investing, capital and financing activities			
Change in fair value of investments	(680)	(282)	468
Capitalized Interest	165	164	(763)
Capital assets acquired through contracts payable and accruals	1,491	420	2,250
Grants Receivable	\$ 2,342	\$ 1,187	\$ 4,201

Source: Jacksonville Aviation Authority unaudited financial statements

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

(dollar amounts in thousands)

	2015	2014	2013	2008	2011	2010	2009
\$	29,433	\$ 22,865	\$ 30,980	\$ 21,739	\$ 20,621	\$ 20,849	\$ 13,512
	253	242	1,157	243	201	1,031	276
	(26,828)	(15,350)	(39,864)	(29,295)	(18,022)	(21,141)	(32,593)
	(493)	5,616	10,588	(1,786)	5,727	(16,776)	(4,723)
	2,365	13,373	2,861	(9,099)	8,527	(16,037)	(23,528)
	49,580	36,207	33,346	42,445	33,918	49,955	73,483
	51,945	49,580	36,207	33,346	42,445	33,918	49,955
	6	(201)	(404)	156	(254)	41	76
	-	-	-	-	(83)	(84)	(393)
	39,787	4,398	(816)	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	<i>(dollar amounts in thousands)</i>				
	2018	2017	2016	2015	2014
Concessions					
Rent-A-Car	\$ 11,438	\$ 10,171	\$ 10,620	\$ 10,521	\$ 9,861
Food & beverage	2,933	2,526	2,449	2,338	2,139
Retail	1,990	1,813	1,814	1,790	1,715
Fuel flowage fees	756	609	1,475	1,035	525
Other concessions	1,140	953	1,413	1,249	1,263
Total concessions	18,257	16,072	17,771	16,933	15,503
Fees & charges					
Landing fees - signatory	10,624	10,408	9,577	8,788	8,237
Landing fees - non-signatory	1,100	468	314	304	75
Passenger screening - signatory	-	-	-	-	-
Passenger screening - non-signatory	-	-	-	-	-
Security user fees	1,205	1,109	1,154	1,156	1,092
Other fees	4,878	4,043	3,623	3,231	2,785
Total Fees & charges	17,807	16,028	14,668	13,479	12,189
Space & facility rentals					
Air cargo building	904	838	826	851	881
Ramp use - signatory	-	-	-	-	-
Ramp use - non-signatory	1,361	1,168	1,303	1,892	1,218
Hangar spaces	5,523	5,347	5,431	5,136	4,120
Terminal space rentals - signatory	7,721	12,969	9,931	7,648	7,575
Terminal space rentals - non-signatory	578	339	309	592	453
Other lease rentals	8,394	8,285	8,905	8,489	7,503
Total space & facility rentals	24,481	28,946	26,705	24,608	21,750
Parking					
Economy lots 1, 2 & 3	3,619	3,129	3,130	3,075	2,942
Garages & daily surface lot	17,021	15,548	15,262	14,512	13,719
Other parking	895	614	601	604	595
Total parking	21,535	19,291	18,993	18,191	17,256
Other revenue					
Electric	554	542	750	820	793
Fuel sales	796	667	624	679	688
Other revenue	453	330	314	296	303
Total other revenues	1,803	1,539	1,688	1,795	1,784
Total operating revenues	\$ 83,883	\$ 81,876	\$ 79,825	\$ 75,006	\$ 68,482

	<i>(amounts in full numbers)</i>				
Signatory airline rates and charges					
Gross landing fee (per 1,000 lbs)	\$ 3.29	\$ 3.43	\$ 3.16	\$ 2.87	\$ 2.80
Average annual terminal rent (per sq. ft.)	\$ 138.03	\$ 166.77	\$ 146.19	\$ 132.38	\$ 133.62
Enplaned passengers	3,118,540	2,759,067	2,799,587	2,722,032	2,602,821
Cost per enplaned passenger	\$ 6.34	\$ 8.70	\$ 7.19	\$ 6.13	\$ 6.27

Source: Jacksonville Aviation Authority audited financial statements

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

	<i>(dollar amounts in thousands)</i>				
	2013	2008	2011	2010	2009
Concessions					
Rent-A-Car	\$ 8,929	\$ 9,040	\$ 9,053	\$ 8,815	\$ 9,252
Food & beverage	1,973	1,808	1,776	1,619	1,618
Retail	1,679	1,771	1,731	1,820	1,752
Fuel flowage fees	547	704	689	622	673
Other concessions	1,233	1,158	885	892	1,128
Total concessions	14,361	14,481	14,134	13,768	14,423
Fees & charges					
Landing fees - signatory	8,835	6,028	5,431	4,357	2,548
Landing fees - non-signatory	25	1,553	1,320	784	709
Passenger screening - signatory	-	1,440	1,408	1,185	1,269
Passenger screening - non-signatory	1	429	399	260	256
Security user fees	1,078	1,005	983	3,415	4,289
Other fees	2,574	2,817	2,944	2,282	2,393
Total Fees & charges	12,513	13,272	12,485	12,283	11,464
Space & facility rentals					
Air cargo building	872	855	849	865	879
Ramp use - signatory	3	874	852	674	510
Ramp use - non-signatory	927	198	136	170	56
Hangar spaces	3,423	2,805	2,726	2,458	2,736
Terminal space rentals - signatory	8,975	2,826	6,200	5,219	6,851
Terminal space rentals - non-signatory	564	696	627	499	571
Other lease rentals	6,714	5,925	5,741	5,833	4,921
Total space & facility rentals	21,478	14,179	17,131	15,718	16,524
Parking					
Economy lots 1, 2 & 3	2,910	2,808	2,793	3,412	3,779
Garages & daily surface lot	13,097	13,016	13,318	11,805	11,964
Other parking	594	348	287	190	243
Total parking	16,601	16,172	16,398	15,407	15,986
Other revenue					
Electric	839	956	966	833	639
Fuel sales	798	843	847	748	681
Other revenue	282	514	521	523	193
Total other revenues	1,919	2,313	2,334	2,104	1,513
Total operating revenues	\$ 66,872	\$ 60,417	\$ 62,482	\$ 59,280	\$ 59,910

	<i>(amounts in full numbers)</i>				
Signatory airline rates and charges					
Gross landing fee (per 1,000 lbs)	\$ 2.63	\$ 2.37	\$ 2.06	\$ 1.42	\$ 1.41
Average annual terminal rent (per sq. ft.)	\$ 143.23	\$ 46.52	\$ 39.29	\$ 40.18	\$ 45.21
Enplaned passengers	2,563,570	2,644,059	2,783,809	2,777,807	2,813,208
Cost per enplaned passenger	\$ 6.78	\$ 7.46	\$ 6.46	\$ 5.30	\$ 5.72

Source: Jacksonville Aviation Authority audited financial statements

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

	<i>(dollar amounts in thousands)</i>				
	2018	2017	2016	2015	2014
Operating revenues:					
Concessions	\$ 18,257	\$ 16,072	\$ 17,771	\$ 16,933	\$ 15,504
Fees & charges	17,807	16,028	14,668	13,479	12,189
Space & facility rentals	24,481	28,946	26,705	24,608	21,751
Parking	21,535	19,291	18,993	18,191	17,257
Other revenue	1,803	1,539	1,688	1,794	1,783
Total operating revenues	<u>83,883</u>	<u>81,876</u>	<u>79,825</u>	<u>75,005</u>	<u>68,484</u>
Operating expenses:					
Wages & benefits	29,273	27,945	25,328	21,579	19,612
Services & supplies	15,646	15,368	14,581	14,537	14,208
Repairs & maintenance	4,071	2,733	2,607	2,097	2,209
Promotion, advertising & dues	1,879	1,033	1,052	2,453	1,672
Registration & travel	505	345	386	313	289
Utilities & taxes	4,339	4,629	4,855	5,116	5,223
Other operating expenses	1,781	1,796	2,151	1,877	1,682
Depreciation and amortization	34,649	33,717	31,346	28,575	28,951
Total operating expenses	<u>92,143</u>	<u>87,566</u>	<u>82,306</u>	<u>76,547</u>	<u>73,846</u>
Operating (loss)/income	(8,260)	(5,690)	(2,481)	(1,542)	(5,362)
Nonoperating revenues:					
Passenger facility charges	12,538	10,881	10,983	10,955	10,554
Investment income	1,422	817	1,451	926	667
Payments from primary government	-	-	-	-	-
Payment from federal & state agencies	374	383	318	369	483
Contributions from other governments	-	-	-	-	-
Other revenues	-	980	1,387	319	100
Total nonoperating revenues	<u>14,334</u>	<u>13,061</u>	<u>14,139</u>	<u>12,569</u>	<u>11,804</u>
Nonoperating expenses:					
Interest expense	1,660	2,228	3,946	4,775	5,071
Contributions to other governments	-	-	-	-	-
Other expenses	274	414	444	204	1,582
Total nonoperating expenses	<u>1,934</u>	<u>2,642</u>	<u>4,390</u>	<u>4,979</u>	<u>6,653</u>
Income (loss) before capital contributions	4,140	4,729	7,268	6,048	(211)
Capital contributions	12,594	5,917	21,762	16,526	14,047
Change in net position	<u>\$ 16,734</u>	<u>\$ 10,646</u>	<u>\$ 29,030</u>	<u>\$ 22,574</u>	<u>\$ 13,836</u>
Net position at end of year:					
Net investment in capital assets	\$ 446,304	\$ 449,755	\$ 441,000	\$ 404,670	\$ 386,557
Restricted	12,058	12,980	14,576	30,468	30,437
Unrestricted	75,365	54,258	49,654	41,001	37,750
Total net position	<u>\$ 533,727</u>	<u>\$ 516,993</u>	<u>\$ 505,230</u>	<u>\$ 476,139</u>	<u>\$ 454,744</u>

Source: Jacksonville Aviation Authority audited financial statements

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

	(dollar amounts in thousands)				
	2013	2008	2011	2010	2009
Operating revenues:					
Concessions	\$ 14,361	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423
Fees & charges	12,513	13,272	12,485	12,283	11,464
Space & facility rentals	21,478	14,179	17,131	15,718	16,524
Parking	16,601	16,171	16,398	15,406	15,985
Other revenue	1,919	2,313	2,334	2,104	1,513
Total operating revenues	<u>66,872</u>	<u>60,417</u>	<u>62,482</u>	<u>59,279</u>	<u>59,909</u>
Operating expenses:					
Wages & benefits	20,139	19,014	18,390	16,862	16,833
Services & supplies	14,054	13,755	13,355	12,332	11,671
Repairs & maintenance	1,811	1,978	1,981	2,200	2,085
Promotion, advertising & dues	1,409	881	824	486	563
Registration & travel	248	275	202	237	254
Utilities & taxes	5,255	5,425	5,534	5,259	5,973
Other operating expenses	1,661	1,797	1,743	1,549	1,833
Depreciation and amortization	27,812	27,525	30,753	30,394	30,284
Total operating expenses	<u>72,389</u>	<u>70,650</u>	<u>72,782</u>	<u>69,319</u>	<u>69,496</u>
Operating (loss)/income	(5,517)	(10,233)	(10,300)	(10,040)	(9,587)
Nonoperating revenues:					
Passenger facility charges	10,310	10,743	11,195	11,329	11,506
Investment income	659	1,037	981	1,549	3,312
Payments from primary government	31	-	1	1	31
Payment from federal & state agencies	392	243	201	280	245
Contributions from other governments	-	-	-	750	-
Other revenues	1,400	1,180	516	538	-
Total nonoperating revenues	<u>12,792</u>	<u>13,203</u>	<u>12,894</u>	<u>14,447</u>	<u>15,094</u>
Nonoperating expenses:					
Interest expense	7,273	8,874	9,330	9,369	10,191
Contributions to other governments	-	-	-	-	10,000
Other expenses	238	144	166	228	1,463
Total nonoperating expenses	<u>7,511</u>	<u>9,018</u>	<u>9,496</u>	<u>9,597</u>	<u>21,654</u>
Income (loss) before capital contributions	(236)	(6,048)	(6,902)	(5,190)	(16,147)
Capital contributions	11,989	8,347	9,502	10,011	16,132
Change in net position	<u>\$ 11,753</u>	<u>\$ 2,299</u>	<u>\$ 2,600</u>	<u>\$ 4,821</u>	<u>\$ (15)</u>
Net position at end of year:					
Net investment in capital assets	\$ 381,529	\$ 355,251	\$ 349,691	\$ 352,264	\$ 359,245
Restricted	27,413	39,093	39,875	39,495	34,406
Unrestricted	44,403	47,248	49,727	44,934	38,221
Total net position	<u>\$ 453,345</u>	<u>\$ 441,592</u>	<u>\$ 439,293</u>	<u>\$ 436,693</u>	<u>\$ 431,872</u>

Source: Jacksonville Aviation Authority audited financial statements

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

(dollar amounts in thousands)

	<u>2018</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2017</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2016</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>
Delta Air Lines	\$ 9,033	10.77 %	\$ 12,565	15.35 %	\$ 12,092	15.15 %
American Airlines	8,222	9.80 %	12,097	14.77 %	11,933	14.95 %
Southwest Airlines Co.	6,313	7.53 %	8,032	9.81 %	7,873	9.86 %
Enterprise Leasing Company	5,293	6.31 %	4,956	6.05 %	4,842	6.07 %
United Airlines	4,553	5.43 %	5,477	6.69 %	5,197	6.51 %
JetBlue	3,683	4.39 %	4,956	6.05 %	4,707	5.90 %
Flightstar Aircraft Services, Inc	3,016	3.60 %	-	-	-	-
Host International Inc.	2,939	3.50 %	2,820	3.44 %	2,743	3.44 %
Hertz Corporation, The	2,701	3.22 %	2,561	3.13 %	2,628	3.29 %
Budget Rent a Car System, Inc	2,197	2.62 %	2,024	2.47 %	2,037	2.55 %
Avis Rent A Car	2,077	2.48 %	1,957	2.39 %	2,053	2.57 %
US Airways Group, Inc.	-	-	-	-	-	-
U.S General Services Administration	-	-	-	-	-	-
DTG Operations	-	-	-	-	-	-
Total Principal Revenue Payers	<u>\$ 50,027</u>	<u>59.64 %</u>	<u>\$ 57,445</u>	<u>70.16 %</u>	<u>\$ 56,105</u>	<u>70.28 %</u>
Total operating revenues	\$ 83,883		\$ 81,876		\$ 79,825	

Source: Jacksonville Aviation Authority Records

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

(dollar amounts in thousands)

	<u>2015</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2014</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>	<u>2013</u> <u>Amount</u>	<u>% Of</u> <u>Revenue</u>
Delta Air Lines	\$ 13,017	17.35 %	\$ 12,042	17.58 %	\$ 11,451	17.12 %
American Airlines	9,480	12.64 %	4,393	6.41 %	4,113	6.15 %
Southwest Airlines Co.	8,489	11.32 %	9,235	13.48 %	9,358	13.99 %
Enterprise Leasing Company	4,681	6.24 %	3,995	5.83 %	-	- %
United Airlines	5,162	6.88 %	4,980	7.27 %	-	- %
JetBlue	4,595	6.13 %	3,150	4.60 %	2,864	4.28 %
Flightstar Aircraft Services, Inc	-	- %	-	- %	-	- %
Host International Inc.	2,651	3.53 %	2,525	3.69 %	2,402	3.59 %
Hertz Corporation, The	2,592	3.46 %	2,527	3.69 %	2,354	3.52 %
Budget Rent a Car System, Inc	2,112	2.82 %	-	- %	-	- %
Avis Rent A Car	2,076	2.77 %	-	- %	1,910	2.86 %
US Airways Group, Inc.	3,430	4.57 %	7,197	10.51 %	6,323	9.46 %
U.S General Services Administration	-	- %	2,304	3.36 %	-	- %
DTG Operations	-	- %	-	- %	1,597	2.39 %
Total Principal Revenue Payers	<u>\$ 58,285</u>	<u>77.71 %</u>	<u>\$ 52,348</u>	<u>76.44 %</u>	<u>\$ 44,040</u>	<u>65.86 %</u>
Total operating revenues	\$ 75,005		\$ 68,484		\$ 66,872	

Source: Jacksonville Aviation Authority Records

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

(dollar amounts in thousands)

	2008 Amount	% Of Revenue	2011 Amount	% Of Revenue	2010 Amount	% Of Revenue	2009 Amount	% Of Revenue
Delta Air Lines	\$ 8,044	13.31 %	\$ 7,683	12.30 %	\$ 3,959	6.68 %	\$ 3,489	5.82 %
American Airlines	2,333	3.86 %	2,426	3.88 %	-	-	-	-
Southwest Airlines Co.	6,491	10.74 %	5,916	9.47 %	3,163	5.34 %	2,984	4.98 %
Enterprise Leasing Company	-	-	1,592	2.55 %	-	-	-	-
United Airlines	-	-	-	-	-	-	-	-
JetBlue	2,026	3.35 %	-	-	-	-	-	-
Flightstar Aircraft Services, Inc	-	-	-	-	-	-	-	-
Host International Inc.	2,249	3.72 %	1,748	2.80 %	1,933	3.26 %	2,027	3.38 %
Hertz Corporation, The	2,292	3.79 %	2,334	3.74 %	2,332	3.93 %	2,337	3.90 %
Budget Rent a Car System, Inc	-	-	-	-	1,614	2.72 %	-	-
Avis Rent A Car	1,908	3.16 %	1,915	3.06 %	2,000	3.37 %	2,247	3.75 %
US Airways Group, Inc.	4,152	6.87 %	4,231	6.77 %	2,334	3.94 %	2,300	3.84 %
U.S General Services Administration	-	-	-	-	-	-	-	-
DTG Operations	-	-	1,621	2.59 %	-	-	-	-
Total Principal Revenue Payers	<u>\$ 33,487</u>	<u>55.43 %</u>	<u>\$ 31,645</u>	<u>50.65 %</u>	<u>\$ 21,307</u>	<u>35.94 %</u>	<u>\$ 19,429</u>	<u>32.43 %</u>
Total operating revenues	\$ 60,417		\$ 62,482		\$ 59,279		\$ 59,909	

Source: Jacksonville Aviation Authority Records

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

(dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Expenses Other than Depreciation</u>	<u>Ratio of Debt Service to Expenditures</u>
2018	\$ 10,090	\$ 1,660	\$ 11,750	\$ 57,494	20.44 %
2017	15,650	2,228	17,878	53,849	33.20
2016	12,020	3,946	15,966	50,960	31.33
2015	11,765	4,775	16,540	47,972	34.48
2014	6,390	5,071	11,461	45,547	25.16
2013	10,220	7,273	17,493	44,576	39.24
2008	9,775	8,733	18,508	43,124	42.92
2011	9,400	6,528	15,928	32,450	49.08
2010	9,005	9,369	18,374	38,925	47.20
2009	7,335	9,396	16,731	39,212	42.67 %

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

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

	<i>(dollar amounts in thousands)</i>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:			
Concessions	\$ 18,257	\$ 16,072	\$ 17,771
Fees & charges	17,807	16,028	14,668
Space & facility rentals	24,481	28,946	26,705
Parking	21,535	19,291	18,993
Other revenue	1,803	1,539	1,688
Interest income	1,422	817	1,451
Transfers-signatory airline agreement	-	-	-
Transfers-PFC Series 2006, 2012	10,336	5,639	8,091
Total revenues and transfers	<u>95,641</u>	<u>88,332</u>	<u>89,367</u>
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	<u>57,494</u>	<u>53,849</u>	<u>50,960</u>
Net operating revenues	38,147	34,483	38,407
Revenue note service charges for:			
Series 2016 note	5,411	2,459	114
Series 2013 note	-	8,655	6,253
Series 2012 note (PFC backed)	3,193	3,215	3,258
Series 2008 note	3,319	3,286	3,302
Series 2006 bonds (PFC backed)	-	-	5,251
Series 2003A bonds	-	-	-
Total revenue note service charges	<u>\$ 11,923</u>	<u>\$ 17,615</u>	<u>\$ 18,178</u>
Revenue note service coverage	3.20	1.96	2.11
Required bond service coverage	-	-	1.25
Total enplanements	<u>3,119</u>	<u>2,759</u>	<u>2,800</u>
Debt per enplanement	<u>\$ 3.82</u>	<u>\$ 6.38</u>	<u>\$ 6.49</u>

Source: Jacksonville Aviation Authority Records

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

(dollar amounts in thousands)

	2015	2014	2013	2008	2011	2010	2009
\$	16,933	\$ 15,504	\$ 14,361	\$ 14,482	\$ 14,134	\$ 13,768	\$ 14,423
	13,479	12,189	12,513	13,272	12,485	12,283	11,464
	24,608	21,751	21,478	14,179	17,131	15,718	16,524
	18,191	17,257	16,601	16,171	16,398	15,406	15,985
	1,794	1,783	1,919	2,313	2,334	2,104	1,513
	926	667	659	1,037	981	1,549	2,773
	-	-	-	3,750	4,667	5,041	4,397
	8,073	7,115	6,124	7,175	7,541	7,548	7,334
	<u>84,004</u>	<u>76,266</u>	<u>73,655</u>	<u>72,379</u>	<u>75,671</u>	<u>73,417</u>	<u>74,413</u>
	47,972	44,895	44,577	43,125	42,029	38,925	39,212
	<u>36,032</u>	<u>31,371</u>	<u>29,078</u>	<u>29,254</u>	<u>33,642</u>	<u>34,492</u>	<u>35,201</u>
	-	-	-	-	-	-	-
	5,306	170	38	-	-	-	-
	3,302	2,337	692	-	-	-	-
	3,297	3,298	3,301	3,302	3,319	3,317	1,960
	5,221	5,243	5,843	7,673	7,875	7,815	7,554
	-	-	7,156	7,174	7,182	7,238	7,217
\$	<u>17,126</u>	<u>11,048</u>	<u>17,030</u>	<u>18,149</u>	<u>18,376</u>	<u>18,370</u>	<u>16,731</u>
	2.10	2.84	1.71	1.61	1.83	1.88	2.10
	1.25	1.25	1.25	1.25	1.25	1.25	1.25
	2,722	2,603	2,564	2,644	2,784	2,778	2,813
\$	<u>6.29</u>	<u>4.24</u>	<u>6.64</u>	<u>6.86</u>	<u>6.60</u>	<u>6.61</u>	<u>5.95</u>

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
Debt Service Note Tables
As of September 30, 2018
(unaudited)

Note Year	Date	Fiscal Year	2008 swap variable interest income/expense				2008 swap fixed interest expense			
			Principal	Coupon	Interest	Debt Svs. Yr	Principal	Coupon	Interest	Debt Svs. Yr
2018	10/01/18	2019	\$ 2,660,000	0.772 %	\$ 79,728	\$ -	\$ 2,660,000	3.412 %	\$ 352,374	\$ -
2019	04/01/19	2019	-		69,461	2,809,189	-		306,995	3,319,369
2019	10/01/19	2020	2,750,000	0.772 %	69,461	-	2,750,000	3.412 %	306,995	-
2020	04/01/20	2020	-		58,846	2,878,307	-		260,080	3,317,075
2020	10/01/20	2021	2,845,000	0.772 %	58,846	-	2,845,000	3.412 %	260,080	-
2021	04/01/21	2021	-		47,864	2,951,710	-		211,544	3,316,624
2021	10/01/21	2022	2,945,000	0.772 %	47,864	-	2,945,000	3.412 %	211,544	-
2022	04/01/22	2022	-		36,496	3,029,360	-		161,302	3,317,846
2022	10/01/22	2023	3,045,000	0.772 %	36,496	-	3,045,000	3.412 %	161,302	-
2023	04/01/23	2023	-		24,743	3,106,239	-		109,355	3,315,657
2023	10/01/23	2024	3,150,000	0.772 %	24,743	-	3,150,000	3.412 %	109,355	-
2024	04/01/24	2024	-		12,584	3,187,327	-		55,616	3,314,971
2024	10/01/24	2025	3,260,000	0.772 %	12,584	3,272,584	-		55,616	3,315,616
TOTAL			<u>\$ 20,655,000</u>		<u>\$ 579,716</u>	<u>\$ 21,234,716</u>	<u>\$ 20,655,000</u>		<u>\$ 2,562,158</u>	<u>\$ 23,217,158</u>

Call Feature

Purpose: 100% New Money

Refunding Eligibility

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority
Debt Service Note Tables
As of September 30, 2018
(unaudited)

Note Year	Date	Fiscal Year	Series 2012 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2018	10/01/18	2019	\$ 1,525,000	1.730 %	\$ 318,666	\$ -
2019	04/01/19	2019	-		305,475	2,149,141
2019	10/01/19	2020	1,525,000	1.730 %	305,475	-
2020	04/01/20	2020	-		292,284	2,122,759
2020	10/01/20	2021	1,525,000	1.730 %	292,284	-
2021	04/01/21	2021	-		279,092	2,096,376
2021	10/01/21	2022	1,525,000	1.730 %	279,092	-
2022	04/01/22	2022	-		265,901	2,069,993
2022	10/01/22	2023	30,740,000	1.730 %	265,901	31,005,901
TOTAL			<u>\$ 36,840,000</u>		<u>\$ 2,604,170</u>	<u>\$ 39,444,170</u>

Call Feature

Purpose: 2006 Bond Partial Refinance

Refunding Eligibility

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
Debt Service Note Tables
As of September 30, 2018
(unaudited)

Series 2016 Revenue Refunding Note						
<u>Note Year</u>	<u>Date</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Svs. Yr</u>
2018	10/01/18	2019	\$ 7,650,000	1.807 %	\$ 176,228	\$ -
2019	04/01/19	2019	-		107,110	7,933,338
2019	10/01/19	2020	1,860,000	1.807 %	107,110	-
2020	04/01/20	2020	-		90,305	2,057,415
2020	10/01/20	2021	1,895,000	1.807 %	90,305	-
2021	04/01/21	2021	-		73,184	2,058,489
2021	10/01/21	2022	1,930,000	1.807 %	73,184	-
2022	04/01/22	2022	-		55,746	2,058,930
2022	10/01/22	2023	1,960,000	1.807 %	55,746	-
2023	04/01/23	2023	-		38,037	2,053,783
2023	10/01/23	2024	2,000,000	1.807 %	38,037	-
2024	04/01/24	2024	-		19,967	2,058,004
2024	10/01/24	2025	2,035,000	1.807 %	19,967	-
2025	04/01/25	2025	-		1,581	2,056,548
2025	10/01/25	2026	175,000	1.807 %	1,581	176,581
TOTAL			<u>\$ 19,505,000</u>		<u>\$ 948,088</u>	<u>\$20,453,088</u>

Call Feature

Purpose: Defeasement of 2006 Bonds

Refunding Eligibility

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
Total Debt Service
As of September 30, 2018
(unaudited)

<u>Note Year</u>	<u>Date</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Svs. Yr</u>
2018	10/01/18	2019	\$ 11,835,000	\$ 847,268	\$ -
2019	04/01/19	2019	-	719,580	13,401,848
2019	10/01/19	2020	6,135,000	719,580	-
2020	04/01/20	2020	-	642,669	7,497,249
2020	10/01/20	2021	6,265,000	642,669	-
2021	04/01/21	2021	-	563,820	7,471,489
2021	10/01/21	2022	6,400,000	563,820	-
2022	04/01/22	2022	-	482,949	7,446,769
2022	10/01/22	2023	35,745,000	482,949	-
2023	04/01/23	2023	-	147,392	36,375,341
2023	10/01/23	2024	5,150,000	147,392	-
2024	04/01/24	2024	-	75,583	5,372,975
2024	10/01/24	2025	5,295,000	75,583	-
2025	04/01/25	2025	-	1,581	5,372,164
2025	10/01/25	2026	175,000	1,581	-
2026	04/01/26	2026	-	-	176,581
TOTAL			<u>\$ 77,000,000</u>	<u>\$ 6,114,416</u>	<u>\$83,114,416</u>

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
 Outstanding Debt by Type
 Years Ended September 30, 2018
 Last Ten Fiscal Years
 (unaudited)

(dollar amounts in thousands)

Fiscal Year	Revenue				Total
	Revenue Bonds	Revenue Notes	Refunding Bonds	Notes Payable	
2018	\$ -	\$ 77,000	\$ -	\$ -	\$ 77,000
2017	-	87,090	-	-	87,090
2016	-	102,740	-	-	102,740
2015	50,530	87,350	-	-	137,880
2014	53,265	97,380	-	-	150,645
2013	55,885	68,465	32,685	-	157,035
2008	111,950	34,855	37,055	-	183,860
2011	121,095	36,955	42,430	-	200,480
2010	123,320	38,985	47,575	-	209,880
2009	125,375	40,950	52,560	-	218,885

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority Top 10 Employers of Jacksonville

(unaudited)

	2017	2016	2015	2014	2013
Naval Air Station Jacksonville	20,000	20,000	20,000	20,000	25,240
Duval County Public Schools	13,106	13,106	13,106	12,744	14,480
Baptist Health	10,748	10,615	10,615	9,159	8,270
Naval Station Mayport	9,000	9,000	9,000	9,000	9,000
City of Jacksonville	7,273	7,273	7,273	8,003	8,820
Mayo Clinic	6,100	-	-	5,211	4,970
UF Health Jacksonville	6,000	6,000	6,000	3,214	-
St. Vincent's HealthCare	5,505	5,392	-	5,156	-
Florida Blue	5,200	6,000	6,000	6,000	6,500
Clay County School Board	4,616	4,616	4,616	5,000	-
Citigroup Inc.	4,580	4,317	4,317	3,500	4,200
St. Johns County School District	4,388	4,388	4,388	4,046	-
Bank of America Merrill Lynch	-	-	-	-	8,000
J P Morgan Chase	-	-	-	3,900	4,200
Total	96,516	90,707	88,715	109,323	93,680

Information for 2018 is not currently available. Each employer's percentage of total employment is also unavailable.

Source: 2017 Jacksonville Business Journal-Book of Lists 17-18 (government employer information not available - used 2016 data). 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, 2013 About.com Jacksonville, 2012 Jacksonville Economic Development 2011 and 2010 Jacksonville Cornerstone Regional Development Partnership, 2009 Jacksonville Economic Development, 2008 Jacksonville Cornerstone, 2007 Data The Florida Times-Union, Largest Employers in Jacksonville Area

Jacksonville Aviation Authority Top 10 Employers of Jacksonville

(unaudited)

	2008	2011	2010	2009	2008
Naval Air Station Jacksonville	25,240	25,240	25,245	19,500	22,245
Duval County Public Schools	14,480	14,480	14,489	14,489	14,489
Baptist Health	8,270	8,270	8,276	5,600	7,000
Naval Station Mayport	9,000	12,670	12,677	15,293	15,293
City of Jacksonville	8,820	8,820	8,828	8,828	8,828
Mayo Clinic	4,970	4,970	4,978	5,000	5,000
UF Health Jacksonville	-	-	-	-	-
St. Vincent's HealthCare	-	-	-	-	-
Florida Blue	6,500	6,000	6,000	9,000	7,000
Clay County School Board	-	-	-	-	-
Citigroup Inc.	4,200	5,000	4,863	5,000	4,200
St. Johns County School District	-	-	-	-	-
Bank of America Merrill Lynch	8,000	6,400	3,800	-	4,000
J P Morgan Chase	4,200	-	-	-	-
Total	93,680	95,950	93,256	95,525	88,055

Information for 2018 is not currently available. Each employer's percentage of total employment is also unavailable.

Source: 2017 Jacksonville Business Journal-Book of Lists 17-18 (government employer information not available - used 2016 data). 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, 2013 About.com Jacksonville, 2012 Jacksonville Economic Development 2011 and 2010 Jacksonville Cornerstone Regional Development Partnership, 2009 Jacksonville Economic Development, 2008 Jacksonville Cornerstone, 2007 Data The Florida Times-Union, Largest Employers in Jacksonville Area

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2017	1,504,980	\$71,707,300	\$ 47,647	3.9%
2016	1,478,212	67,211,625	45,468	4.7%
2015	1,449,481	64,094,915	44,219	5.2%
2014	1,419,127	61,608,676	43,413	6.2%
2013	1,394,624	60,175,990	43,149	6.9%
2008	1,377,850	57,731,463	41,900	10.6%
2011	1,360,998	55,394,044	40,701	10.6%
2010	1,349,103	53,308,761	39,514	11.7%
2009	1,328,144	52,297,000	39,175	10.1%
2008	1,316,528	53,381,000	40,357	4.3%

Note: Population for 2017-2008 is estimated.

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

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

	2018	Market Share 2018	2017	Market Share 2017
DELTA AIR LINES INC	895,524	28.72 %	839,728	30.44 %
AMERICAN AIRLINES CORPORATION	743,805	23.85 %	730,942	26.49 %
SOUTHWEST AIRLINES CO	548,368	17.58 %	486,684	17.64 %
JETBLUE AIRWAYS CORPORATION	360,769	11.57 %	332,489	12.05 %
UNITED AIRLINES	349,214	11.20 %	275,952	10.00 %
FRONTIER AIRLINES	99,077	3.18 %	-	-
ALLEGIANT AIR LLC	85,324	2.74 %	68,026	2.47 %
SILVER AIRWAYS CORP	15,061	0.48 %	12,559	0.46 %
AIR CANADA	14,199	0.46 %	7,464	0.27 %
AIR GROUND LOGISTICS INC	7,199	0.23 %	5,223	0.19 %
US AIRWAYS INC	-	-	-	-
AIRTRAN AIRLINES INC	-	-	-	-
REPUBLIC AIRLINES INC	-	-	-	-
AMERICAN EAGLE AIRLINES	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
COMAIR INC	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
PSA AIRLINES INC	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL ENPLANEMENTS	<u>3,118,540</u>	<u>100.00 %</u>	<u>2,759,067</u>	<u>100.00 %</u>

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

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

	2016	2015	2014	2013
DELTA AIR LINES INC	852,218	858,787	818,900	766,754
AMERICAN AIRLINES CORPORATION	761,343	742,374	278,360	251,578
SOUTHWEST AIRLINES CO	501,395	524,376	604,257	652,585
JETBLUE AIRWAYS CORPORATION	346,128	299,555	200,309	186,118
UNITED AIRLINES	258,055	234,496	222,320	249,782
FRONTIER AIRLINES	-	-	-	-
ALLEGIANT AIR LLC	60,914	18,497	-	-
SILVER AIRWAYS CORP	13,083	40,681	17,043	6,119
AIR CANADA	2,274	-	-	-
AIR GROUND LOGISTICS INC	4,177	3,266	1,833	2,054
US AIRWAYS INC	-	-	459,799	448,580
AIRTRAN AIRLINES INC	-	-	-	-
REPUBLIC AIRLINES INC	-	-	-	-
AMERICAN EAGLE AIRLINES	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
COMAIR INC	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
PSA AIRLINES INC	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL ENPLANEMENTS	<u>2,799,587</u>	<u>2,722,032</u>	<u>2,602,821</u>	<u>2,563,570</u>

Source: Jacksonville Aviation Authority Records

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

	2008	2011	2010	2009
DELTA AIR LINES INC	626,376	609,465	659,530	566,209
AMERICAN AIRLINES CORPORATION	153,084	166,969	163,434	139,687
SOUTHWEST AIRLINES CO	594,816	629,020	609,766	653,444
JETBLUE AIRWAYS CORPORATION	187,189	147,195	118,761	103,559
UNITED AIRLINES	33,872	45,072	53,003	49,205
FRONTIER AIRLINES	-	-	-	-
ALLEGIANT AIR LLC	-	-	-	-
SILVER AIRWAYS CORP	2,927	-	-	-
AIR CANADA	-	-	-	-
AIR GROUND LOGISTICS INC	4,416	4,543	4,191	3,258
US AIRWAYS INC	291,616	355,870	400,453	408,943
AIRTRAN AIRLINES INC	127,231	146,138	166,504	165,770
REPUBLIC AIRLINES INC	116,842	76,740	49,598	48,834
AMERICAN EAGLE AIRLINES	103,958	118,783	85,634	74,711
CONTINENTAL EXPRESS	92,771	128,975	147,976	119,950
UNITED EXPRESS AIRLINES CO MESA AIRLINES	51,446	55,888	39,843	57,791
SHUTTLE AMERICA CORPORATION	35,691	13,463	5,899	-
PINNACLE AIRLINES	34,525	28,892	39,506	42,633
GOJET AIRLINES	32,552	22,740	58,063	44,845
COMPASS AIRLINES INC	30,232	44,836	41,195	47,205
UNITED EXPRESS	26,366	1,645	-	-
ATLANTIC SOUTHEAST AIRLINES	23,425	51,217	4,326	3,471
US AIRWAYS EXPRESS MESA	19,835	10,465	7,264	1,531
SHUTTLE AMERICA CORPORATION (UNITED)	13,033	9,294	-	-
COMAIR INC	11,532	61,685	63,305	79,563
CHAUTAUQUA AIRLINES INC	7,901	7,226	19,409	54,097
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	6,217	13,533	-	-
CONTINENTAL AIRLINES	6,048	2,593	24,739	77,715
GOJET AIRLINES (DELTA AIRLINES)	4,035	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	3,702	-	-	-
PSA AIRLINES INC	1,268	1,239	1,462	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	918	550	15	824
MESABA AIRLINES	235	784	7,219	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	19,011	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	9,978	1,464	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	5,248	-
NORTHWEST AIRLINES INC	-	-	-	69,963
TOTAL ENPLANEMENTS	<u>2,644,059</u>	<u>2,783,809</u>	<u>2,777,807</u>	<u>2,813,208</u>

Source: Jacksonville Aviation Authority Records

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

	2018	Market Share 2018	2017	Market Share 2017
DELTA AIR LINES INC	967,439	24.61 %	934,981	26.27 %
AMERICAN AIRLINES CORPORATION	817,981	20.81 %	858,142	24.11 %
SOUTHWEST AIRLINES CO	647,620	16.47 %	556,721	15.64 %
JETBLUE AIRWAYS CORPORATION	418,327	10.64 %	380,594	10.69 %
UNITED AIRLINES	376,984	9.59 %	298,650	8.39 %
FRONTIER AIRLINES INC.	97,234	2.47 %	-	-
ALLEGiant AIR LLC	87,144	2.22 %	72,299	2.03 %
AIR GROUND LOGISTICS INC	27,816	0.71 %	15,558	0.44 %
SILVER AIRWAYS CORP	21,432	0.55 %	23,456	0.66 %
AIR CANADA	16,444	0.42 %	8,912	0.25 %
US AIRWAYS INC	-	-	-	-
REPUBLIC AIRLINES INC	-	-	-	-
AIRTRAN AIRLINES INC	-	-	-	-
ENVOY AIR	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
PSA AIRLINES INC	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
UNITED EXPRESS	-	-	-	-
COMAIR INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL COMMERCIAL AIRLINES	3,478,421	88.47 %	3,149,313	88.48 %
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	228,445	5.81 %	211,014	5.93 %
UNITED PARCEL SERVICE COMPANY	220,442	5.61 %	195,324	5.49 %
SUBURBAN AIR FREIGHT INC	4,283	0.11 %	3,639	0.10 %
AMERIFLIGHT LLC	16	-	-	-
MOUNTAIN AIR CARGO INC	9	-	34	-
MISCELLANEOUS	-	-	-	-
ABX	-	-	-	-
TOTAL CARGO AIRLINES	453,195	11.53 %	410,011	11.52 %
TOTAL LANDED WEIGHTS	3,931,616	100.00 %	3,559,324	100.00 %

Source: Jacksonville Aviation Authority Records

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

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

	2016	2015	2014	2013
DELTA AIR LINES INC	934,362	993,669	989,362	1,021,543
AMERICAN AIRLINES CORPORATION	877,851	904,261	304,435	284,020
SOUTHWEST AIRLINES CO	565,804	593,027	781,392	859,114
JETBLUE AIRWAYS CORPORATION	388,435	334,258	225,429	216,234
UNITED AIRLINES	266,612	239,356	243,254	288,258
FRONTIER AIRLINES INC.	-	-	-	-
ALLEGiant AIR LLC	62,676	18,514	-	-
AIR GROUND LOGISTICS INC	12,118	9,453	5,289	5,583
SILVER AIRWAYS CORP	24,995	57,827	23,057	8,265
AIR CANADA	3,116	-	-	-
US AIRWAYS INC	-	-	530,093	521,417
REPUBLIC AIRLINES INC	-	-	-	-
AIRTRAN AIRLINES INC	-	-	-	-
ENVOY AIR	-	-	-	-
COMPASS AIRLINES INC	-	-	-	-
UNITED EXPRESS AIRLINES CO MESA AIRLINES	-	-	-	-
PINNACLE AIRLINES	-	-	-	-
GOJET AIRLINES	-	-	-	-
GOJET AIRLINES (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-
US AIRWAYS EXPRESS MESA	-	-	-	-
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	-	-
PSA AIRLINES INC	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	-	-	-	-
UNITED EXPRESS	-	-	-	-
COMAIR INC	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-
CONTINENTAL AIRLINES	-	-	-	-
CHAUTAUQUA AIRLINES INC	-	-	-	-
CONTINENTAL EXPRESS	-	-	-	-
MESABA AIRLINES	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-
DAL GLOBAL SERVICES INC	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	-	-	-	-
NORTHWEST AIRLINES INC	-	-	-	-
TOTAL COMMERCIAL AIRLINES	<u>3,135,969</u>	<u>3,150,365</u>	<u>3,102,311</u>	<u>3,204,434</u>
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	206,557	203,065	205,419	198,341
UNITED PARCEL SERVICE COMPANY	198,386	188,094	186,616	186,859
SUBURBAN AIR FREIGHT INC	954	-	2,479	3,272
AMERIFLIGHT LLC	1,928	3,166	748	14
MOUNTAIN AIR CARGO INC	-	43	-	-
MISCELLANEOUS	-	-	-	-
ABX	-	-	-	-
TOTAL CARGO AIRLINES	<u>407,825</u>	<u>394,368</u>	<u>395,262</u>	<u>388,486</u>
TOTAL LANDED WEIGHTS	<u><u>3,543,794</u></u>	<u><u>3,544,733</u></u>	<u><u>3,497,573</u></u>	<u><u>3,592,920</u></u>

Source: Jacksonville Aviation Authority Records

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

	2008	2011	2010	2009
DELTA AIR LINES INC	813,618	801,499	722,553	733,464
AMERICAN AIRLINES CORPORATION	166,346	180,024	181,958	153,526
SOUTHWEST AIRLINES CO	805,030	890,870	862,176	955,216
JETBLUE AIRWAYS CORPORATION	216,234	171,867	152,829	170,954
UNITED AIRLINES	49,993	66,766	76,189	65,962
FRONTIER AIRLINES INC.	-	-	-	-
ALLEGiant AIR LLC	-	-	-	-
AIR GROUND LOGISTICS INC	12,180	11,463	-	-
SILVER AIRWAYS CORP	3,933	-	-	-
AIR CANADA	-	-	-	-
US AIRWAYS INC	359,066	464,833	529,454	516,137
REPUBLIC AIRLINES INC	145,784	85,395	56,686	55,227
AIRTRAN AIRLINES INC	152,232	192,650	200,976	193,536
ENVOY AIR	107,379	140,674	99,474	88,051
COMPASS AIRLINES INC	36,023	52,538	35,875	46,903
UNITED EXPRESS AIRLINES CO MESA AIRLINES	58,625	67,918	45,630	61,844
PINNACLE AIRLINES	41,596	34,363	45,024	40,519
GOJET AIRLINES	37,855	28,810	-	56,213
GOJET AIRLINES (DELTA AIRLINES)	5,963	-	73,030	-
SHUTTLE AMERICA CORPORATION (UNITED)	16,993	15,258	-	-
US AIRWAYS EXPRESS MESA	22,712	11,172	7,720	1,397
EXPRESSJET AIRLINES INC (DELTA AIRLINES)	4,256	-	-	-
SHUTTLE AMERICA CORPORATION	46,786	17,027	5,997	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	1,598	846	94	-
PSA AIRLINES INC	1,730	1,394	1,851	-
ATLANTIC SOUTHEAST AIRLINES	27,651	64,670	4,730	4,653
UNITED EXPRESS	26,246	1,662	-	-
COMAIR INC	14,125	87,737	68,834	89,465
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	10,051	23,863	-	-
CONTINENTAL AIRLINES	9,880	4,407	30,343	94,625
CHAUTAUQUA AIRLINES INC	7,341	6,907	21,983	56,301
CONTINENTAL EXPRESS	92,131	124,645	142,502	113,231
MESABA AIRLINES	368	956	5,240	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	17,866	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	12,455	-	-
DAL GLOBAL SERVICES INC	-	322	-	-
ATLANTIC COAST AIRLINES	-	-	1,880	-
AIR WISCONSIN (US AIRWAYS)	-	-	-	893
NORTHWEST AIRLINES INC	-	-	-	71,834
TOTAL COMMERCIAL AIRLINES	<u>3,293,725</u>	<u>3,580,857</u>	<u>3,373,028</u>	<u>3,569,951</u>
AIR CARGO CARRIERS:				
FEDERAL EXPRESS CORPORATION	196,971	211,323	212,938	217,465
UNITED PARCEL SERVICE COMPANY	186,599	186,799	189,609	208,064
SUBURBAN AIR FREIGHT INC	3,203	2,090	-	-
AMERIFLIGHT LLC	-	16	-	-
MOUNTAIN AIR CARGO INC	72	886	-	-
MISCELLANEOUS	-	-	16,478	18,474
ABX	-	-	-	7,029
TOTAL CARGO AIRLINES	<u>386,845</u>	<u>401,114</u>	<u>419,025</u>	<u>451,032</u>
TOTAL LANDED WEIGHTS	<u><u>3,680,570</u></u>	<u><u>3,981,971</u></u>	<u><u>3,792,053</u></u>	<u><u>4,020,983</u></u>

Source: Jacksonville Aviation Authority Records

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

	2018		2017		2016		2015		2014	
	Employees		Employees		Employees		Employees		Employees	
	FT	PT								
Executive Director	3	-	3	-	3	-	3	-	3	-
Marketing	3	-	2	-	2	-	3	-	3	-
Information Technology	12	-	12	-	12	-	9	-	8	-
External Affairs	4	-	4	-	4	-	4	-	4	-
Human Resources	9	-	8	-	8	-	6	-	5	-
Procurement	14	-	14	-	13	1	13	1	13	1
Accounting & Finance	11	-	11	-	11	-	10	-	10	-
Planning & Engineering	12	-	12	-	12	-	12	-	11	-
Business Development	7	-	6	-	6	-	7	-	7	-
Cecil Airport	15	-	13	-	13	-	12	-	10	1
JaxEx at Craig Airport	3	-	4	-	4	-	3	-	4	-
Herlong Airport	8	-	9	-	9	-	9	-	9	-
Building Maintenance	28	-	27	-	27	-	28	-	23	-
Field Maintenance	29	-	28	-	27	1	27	1	24	1
HBS	10	-	10	-	10	-	10	-	9	-
Custodial	35	-	35	-	35	-	34	-	31	-
Police/Security	52	-	52	-	52	-	50	-	50	-
Airport Operations	29	-	26	-	26	-	23	-	27	-
DBE	-	-	-	-	-	-	-	-	-	-
Total	284	-	276	-	274	2	263	2	251	3

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

Source: Jacksonville Aviation Authority Records

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

	2013		2008		2011		2010		2009	
	Employees		Employees		Employees		Employees		Employees	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	3	-	3	-	2	-	2	-	1	-
Marketing	3	-	2	-	3	-	3	-	-	-
Information Technology	8	-	7	-	7	-	6	-	7	-
External Affairs	4	-	4	-	4	-	4	-	5	1
Human Resources	7	-	8	-	9	-	8	-	8	-
Procurement	10	1	10	1	9	1	9	1	8	1
Accounting & Finance	9	-	9	-	9	-	10	-	9	-
Planning & Engineering	11	-	11	-	12	-	12	-	12	-
Business Development	8	-	7	-	4	-	6	-	5	-
Cecil Airport	11	-	7	5	5	5	7	5	7	4
JaxEx at Craig Airport	3	-	3	1	3	1	3	1	3	1
Herlong Airport	8	1	5	2	6	2	6	2	5	2
Building Maintenance	25	-	22	-	26	-	26	-	26	-
Field Maintenance	22	1	23	1	22	1	23	1	24	1
HBS	9	-	9	-	10	-	10	-	10	-
Custodial	32	-	32	-	31	-	30	-	30	-
Police/Security	52	-	52	-	53	-	35	-	36	-
Airport Operations	24	-	26	-	23	-	19	1	18	1
DBE	-	-	-	-	1	-	1	-	1	-
Total	249	3	240	10	239	10	220	11	215	11

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

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
Aircraft Operations
Year Ended September 30, 2018
(unaudited)

	Air Carrier	Air Taxi	Gen Aviation	Military	Total Aircraft Operations
2018	61,195	15,529	14,251	8,801	99,776
2017	57,957	11,919	14,245	11,060	95,181
2016	56,307	16,351	12,594	16,315	101,567
2015	54,552	18,528	11,223	9,199	93,502
2014	49,457	20,168	11,544	6,460	87,629
2013	51,358	18,301	13,755	7,145	90,559
2008	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

Source: Jacksonville Aviation Authority Records

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

	2018	2017	2016	2015	2014	2013	2008	2011	2010	2009
<u>Signatory Airlines</u>										
American Airlines	X	X	X	X	X	X	X	X	X	X
Delta Airlines	X	X	X	X	X	X	X	X	X	X
JetBlue	X	X	X	X	X	X	X	X	X	X
Northwest Airlines	-	-	-	-	-	-	-	-	-	X
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	X	X	X	X	X
US Airways	-	-	-	X	X	X	X	X	X	X
Total Signatory Airlines	5	5	5	6	6	6	6	6	6	7
<u>Non-signatory Airlines</u>										
Air Canada	X	X	X	-	-	-	-	-	-	-
AirTran	-	-	-	-	-	X	X	X	X	X
Air Wisconsin (American Air)	-	-	-	-	-	X	X	X	X	X
Allegiant	X	X	X	X	-	-	-	-	-	-
American Eagle	-	-	-	-	-	X	X	X	X	X
Endeavor Airlines (formerly ASA)	-	-	-	-	-	X	X	X	X	X
Charters	-	-	-	-	-	X	X	X	X	X
Chautauqua	-	-	-	-	-	-	X	X	X	X
Comair	-	-	-	-	-	-	X	X	X	X
Compass Airline	-	-	-	-	-	X	X	X	X	X
Continental Airlines	-	-	-	-	-	-	X	X	X	X
Continental Express	-	-	-	-	-	-	X	X	X	X
Express Jet (United Air)	-	-	-	-	-	X	X	-	-	-
Florida Gulf	-	-	-	-	-	-	-	-	-	-
Freedom Airlines	-	-	-	-	-	-	-	-	X	-
Frontier	X	-	-	-	-	-	-	-	-	-
Go Jet (United)	-	-	-	-	-	X	X	X	X	X
Gulfstream	-	-	-	-	-	-	-	-	-	-
Independence Air	-	-	-	-	-	-	-	-	-	-
Mesa (American Air)	-	-	-	-	-	X	X	X	X	X
Mesaba	-	-	-	-	-	-	X	X	X	-
Pinnacle	-	-	-	-	-	X	X	X	X	X
PSA Airlines	-	-	-	-	-	X	X	X	X	-
Republic (American Air)	-	-	-	-	-	X	X	X	X	X
Shuttle America (Delta)	-	-	-	-	-	X	X	X	X	-
Silver Airways	X	X	X	X	X	X	X	-	-	-
Skywest	-	-	-	-	-	-	-	-	-	-
Trans States	-	-	-	-	-	-	-	-	-	-
Total Non-signatory Airlines	4	3	3	2	1	15	20	18	19	15
Total Signatory and Non-signatory Airlines	9	8	8	8	7	21	26	24	25	22
<u>Cargo</u>										
UPS	X	X	X	X	X	X	X	X	X	X
FedEx	X	X	X	X	X	X	X	X	X	X
Mountain Air Cargo	X	-	-	X	-	-	X	X	-	-
Suburban Air Freight	X	X	X	X	X	X	X	X	-	-
Ameriflight, LLC	X	X	X	X	X	X	-	X	-	-
ABX	-	-	-	-	-	-	-	-	X	X
DHL	-	-	-	-	-	-	-	-	-	-
Total Cargo Airlines	5	4	4	5	4	4	4	5	3	3

Starting in 2013 affiliates are reported under signatory airlines.

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
 Primary Origination and Destination Passenger Markets
 Year Ended September 30, 2018
 (unaudited)

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

Source: Jacksonville Aviation Authority Records

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

Jacksonville Aviation Authority
 Airport Capital Asset Information
 Year Ended September 30, 2018
 (unaudited)

Jacksonville International Airport

Location	18 Miles North of Downtown Jacksonville
Area	8,292 Acres
Airport Code	- JAX
Runways	10,000 Feet Runway 7/25 (Primary) 7,700 Feet Runway 13/31
Taxiways	13 75 Foot Wide 2 50 Foot Wide 2 90 Foot Wide 3 60 Foot Wide 1 150 Foot Wide
Aprons	1,575,752 Sq. Yards
Terminal with 2 Concourses	736,138 Sq. Ft.
Aircraft Gates	14 Gates leased by Signatory Airlines 6 Gates operated by JAA 1 International/Charter Gate
Cargo	- South of Terminal 225,000 Sq. Ft. Consisting of 4 Buildings 86,600 Sq. Yrds. Consisting of 3 Cargo Ramps 39,785 Sq. Ft. Aircraft Maintenance Facility
Parking spaces	833 Short-term Hourly Garage 1,963 Daily Garage 1,722 Daily Surface Lot 4,411 Economy Lots <hr style="width: 100%; border: 1px solid black;"/> <u>8,929</u>
Hotel	200 Rooms - Jacksonville Airport Hotel 153,000 Sq. Ft.

General Aviation Airports:

Jacksonville Executive at Craig Airport

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

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority
Airport Capital Asset Information
Year Ended September 30, 2018
(unaudited) (continued)

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

Source: Jacksonville Aviation Authority Records



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