

Jacksonville Aviation Authority

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Annual Financial Report Fiscal Year 2011

*Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2011
of the Jacksonville Aviation Authority
(A Component Unit of the City of Jacksonville, Florida)*



Jacksonville Aviation Authority
14201 Pecan Park Road - Jacksonville, FL 32218 - (904) 741-2000

ONE TEAM. ONE DIRECTION.





Jacksonville Aviation Authority Jacksonville, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

**PREPARED BY:
FINANCE DIVISION**

**RICHARD A. ROSSI
CHIEF FINANCIAL OFFICER**

**DIANE PINKERMAN
DIRECTOR OF FINANCE**

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September 30, 2011

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Introductory

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January 12, 2012

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, 2011. The Finance Department prepared this report. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America.

This annual financial report consists of the following items:

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

Reporting Entity and Its Services

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

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

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

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

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

Economic Condition and Outlook

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

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

Long-term Financial Planning

The Authority maintains a five year financial planning horizon. The controlling documents are a five year plan for operating and capital. The Authority is currently working on a 5 year IT plan.

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

In regards to the Authority's long-term debt obligations, the Authority had \$121.1 million outstanding in revenue bonds, \$42.4 million outstanding in revenue refunding bonds, and \$37 million outstanding in a revenue note, for a total of \$200.5 million in long-term debt outstanding as of September 30, 2011. For the same period the Authority's debt service coverage was 1.83 which exceeds the required 1.25.

Accounting Systems

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

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

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

Budgetary Control

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

Independent Audit

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

Acknowledgements

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

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

Respectfully submitted,

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

Richard A. Rossi
Chief Financial Officer



Jacksonville, Florida

Board of Directors

Dr. Chester Aikens	Chairman
A. L. Kelly	Vice Chairman
Ron M. Weaver	Secretary
Deborah Pass-Durham	Treasurer
Ernest Isaac, Jr.	Member
Cyrus Jollivette	Member
Jack Demetree	Member

Executive Staff

Steven Grossman	Executive Director/CEO
Robert Simpson	Interim Chief Operating Officer
Richard A. Rossi	Chief Financial Officer
Debra Braga	Chief Legal Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Jacksonville Aviation Authority
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

JAA ORGANIZATIONAL STRUCTURE



Executive Director
Chief Executive Officer
(*Steve Grossman*)

Senior
Executive Assistant
(*Melissa Marcha'-Lee*)



Financial

Annual Financial Report Fiscal Year 2011

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Report of Independent Certified Public Accountants

The Board of Directors of
Jacksonville Aviation Authority

We have audited the accompanying balance sheets Jacksonville Aviation Authority (the Authority), a component unit of the City of Jacksonville, Florida, as of September 30, 2011 and 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jacksonville Aviation Authority, as of September 30, 2011 and 2010 and the changes in its financial position and cash flows for the years then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2012 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the Schedule of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the Authority's basic financial statements taken as a whole. 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 express no opinion on them.

Ernst + Young LLP

January 11, 2012

Jacksonville Aviation Authority

Management's Discussion and Analysis

September 30, 2011 and 2010

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, 2011 and 2010. The discussion has been prepared by management and is unaudited and should be read in conjunction with the financial statements and associated notes thereto, which follow this section.

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

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

The Authority operates an airport system that consists of four airports: Jacksonville International Airport (JIA), Jacksonville Executive at Craig Airport, Herlong Recreational Airport and Cecil Airport. The organization consists of approximately 239 full-time employees in a structure that includes administration, airport management and operations, and police.

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

The Authority is a component unit within the City of Jacksonville, Florida's (the City's) basic financial statements based on the City's approval of the Authority's budget. As a component unit of the City, the Authority's financial statements are discretely presented in the City's basic financial statements. The accompanying financial statements present the financial position of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

Using the Financial Statements

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

The balance sheets each present the Authority's financial position as of one point in time – September 30, 2011 and 2010, and include all assets and liabilities of the Authority. The balance sheets demonstrate that the Authority's assets equal liabilities plus net assets. Net assets represent the residual interest in the Authority's assets after liabilities are deducted. Net assets are displayed in three components – invested in capital assets net of related debt, restricted, and unrestricted.

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

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

Authority's Activity Highlights

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

Passenger enplanements at JIA for the fiscal year ended September 30, 2011 totaled 2,783,809, an increase of .22% from the prior fiscal year. This increase reflects a relatively flat economy. In fiscal year 2010, JIA had enplanements of 2,777,807, a decrease of 1.26% from fiscal year 2009.

Landed weight totaled 3,986,137 for fiscal year 2011, an increase of 2.84% from the prior year. In fiscal year 2010, JIA had landed weight of 3,875,921 a decrease of 3.35% from fiscal year 2009.

As in 2010, Delta Airlines and Southwest Airlines dominated 2011 in both enplanement activity and landed weight. AirTran, American, Continental, Jet Blue, and US Airways, comprise the remainder of the signatory airlines serving JIA and generate the majority of the enplanements.

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

	2011	2010	2009
Total passengers	5,566,207	5,556,098	5,661,550
% (decrease) increase	0.18 %	(1.86) %	(7.50) %
Enplanements	2,783,809	2,777,807	2,813,208
% (decrease) increase	0.22 %	(1.26) %	(8.01) %
Landed weight	3,986,137	3,875,921	4,010,072
% (decrease) increase	2.84 %	(3.35) %	(10.56) %

For fiscal year 2011, the Jacksonville International Airport daily air carrier departures remained unchanged at 90 compared to 90 and 89 departures in 2010 and 2009, respectively.

Financial Highlights

The Authority’s assets exceeded liabilities for fiscal year 2011 by approximately \$439.29 million compared to \$436.69 million and \$431.87 million in fiscal years 2010 and 2009, respectively. Unrestricted net assets as of the end of fiscal years 2011, 2010 and 2009 were approximately \$49.73 million, \$46.93 million and \$44.68 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased slightly as indicated by this fiscal year’s increase in total net assets. The improving trend for fiscal years 2011 and 2010 is due primarily to earnings from continuing operations and grants-in-aid of construction.

The Authority’s total debt decreased by \$9.40 million and \$9.05 million in fiscal years 2011 and 2010, respectively. This is the result of normal scheduled debt service payments.

Operating Revenues

Fiscal year 2011 operating revenues increased by 5.40% from 2010 and fiscal year 2010 operating revenues decreased by 1.05% from 2009. A large percentage of operating revenues at the Authority are directly related to passenger volumes and aircraft operations.

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

The increase in the landing and ramp fees from 2009 to 2010 of 7.14% is primarily attributable to increased landing rates charged the airlines. The increase in other revenue of 39.06% in fiscal year 2010 over 2009 is due to terminated lease charges from Northwest.

Operating Expenses

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

In fiscal year 2010 operating expenses before depreciation and amortization decreased by 0.73% from 2009. The primary decrease was in other operating expense of 15.49%, due to lower costs of fuel and insurance. Utilities decreased in fiscal year 2010 over 2009 by 11.95%, due to reduced storm water fees in fiscal year 2010. Promotion, advertising and dues decreased by 13.68% in fiscal year 2010 from 2009, due to fewer promotional events being sponsored.

Operating Margin

In fiscal year 2011 the operating margin decreased 1.61% from 34.34% in 2010 to 32.73% in 2011. In fiscal year 2010 the operating margin decreased .21% from 34.55% in 2009 to 34.34% in 2011.

Nonoperating Revenues

Nonoperating revenues in fiscal year 2011 decreased 10.76% from 2010 and decreased 2.31% in fiscal year 2010 from 2009. The decrease in non-operating revenues in both fiscal years was primarily due to decreased investment income due to declining balances in the 2006 construction fund account.

Nonoperating Expenses

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

Nonoperating expenses decreased by 55.63% in fiscal year 2010 due to a contribution to another government agency in the amount of \$10 million relating to an aviation project in fiscal year 2009.

Capital contributions

Capital contributions decreased by 5.08% in 2011. Capital contributions in fiscal year 2010 decreased by 37.94% over 2009. These fluctuations are influenced by factors such as grant availability and project timing.

Summary Statements of Net Assets

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

Summary Statements of Net Assets (continued)

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

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

Summary Statements of Net Assets (continued)

	2010	2009	Increase/ (Decrease) from 2009	% Increase/ (Decrease) from 2009
<i>(dollar amounts in thousands)</i>				
Assets and deferred outflows				
Current	\$ 59,282	\$ 54,756	\$ 4,526	8.27 %
Noncurrent (restricted/other)	51,737	55,600	(3,863)	(6.95)
Capital assets, net	548,231	553,706	(5,475)	(0.99)
Deferred outflow of resources	3,579	2,008	1,571	78.24
Total assets and deferred outflows	<u>662,829</u>	<u>666,070</u>	<u>(3,241)</u>	<u>(0.49)</u>
Liabilities				
Current	10,930	12,071	(1,141)	(9.45)
Restricted	13,586	13,334	252	1.89
Long-term	201,620	208,793	(7,173)	(3.44)
Total liabilities	<u>226,136</u>	<u>234,198</u>	<u>(8,062)</u>	<u>(3.44)</u>
Net assets				
Invested in capital assets, net of related debt	352,264	354,963	(2,699)	(0.76)
Restricted	39,495	34,406	5,089	14.79
Unrestricted	44,934	42,503	2,431	5.72
Total net assets	<u>\$ 436,693</u>	<u>\$ 431,872</u>	<u>\$ 4,821</u>	<u>1.12 %</u>
Unrestricted working capital				
Current assets	59,282	54,756	4,526	8.27
Current liabilities	(24,516)	(25,405)	889	(3.50)
Working capital	<u>\$ 34,766</u>	<u>\$ 29,351</u>	<u>\$ 5,415</u>	<u>18.45 %</u>
Current ratio	2.42	2.16		

Total assets and deferred outflows decreased by .49% during 2010 while total liabilities decreased by 3.44%. These changes resulted in an increase in net assets of 1.12%.

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

	2011	2010	2009
Operating revenues:	<i>(dollar amounts in thousands)</i>		
Concessions	\$ 14,134	\$ 13,768	\$ 14,423
Fees & Charges	12,485	12,283	11,464
Space & Facility Rentals	17,131	15,718	16,524
Parking	16,398	15,406	15,985
Other revenue	2,334	2,104	1,513
Total operating revenues	<u>62,482</u>	<u>59,279</u>	<u>59,909</u>
Operating expenses:			
Wages & Benefits	18,390	16,862	16,833
Service & Supplies	13,355	12,332	11,671
Repairs & Maintenance	1,981	2,200	2,085
Promotion, advertising and dues	824	486	563
Registration & travel	202	237	254
Utilities & Taxes	5,534	5,259	5,973
Other operating expenses	1,743	1,549	1,833
Depreciation and amortization	30,753	30,394	30,284
Total operating expenses	<u>72,782</u>	<u>69,319</u>	<u>69,496</u>
Operating loss	(10,300)	(10,040)	(9,587)
Nonoperating revenues:			
Passenger facility charges	11,195	11,329	11,506
Investment income	981	1,549	2,773
Payments from primary government	1	1	31
Payments from federal and state agencies	201	280	245
Contributions from other governments	0	750	0
Other revenues	516	539	0
Total Nonoperating revenues	<u>12,894</u>	<u>14,448</u>	<u>14,555</u>
Nonoperating expenses:			
Interest expense	9,330	9,369	9,652
Contributions to other governments	-	-	10,000
Other expenses	166	229	1,463
Total Nonoperating expenses	<u>9,496</u>	<u>9,598</u>	<u>21,115</u>
Capital contributions	<u>9,502</u>	<u>10,011</u>	<u>16,132</u>
Changes in net assets	<u>\$ 2,600</u>	<u>\$ 4,821</u>	<u>\$ (15)</u>

Source: Jacksonville Aviation Authority audited financial statements

Signatory Airline Rates and Charges

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

The agreement with the signatory airlines is hybrid in nature, with a residual rate-making methodology for the airfield and a compensatory methodology for the terminal. The Authority also has the ability under the agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2011, 2010, and 2009.

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

	2011	2010	2009
Landing fees (per 1,000 lbs. MGLW)	\$ 2.07	\$ 1.42	\$ 1.41
Apron fee rental (per linear foot)	346.64	295.68	296.80
Average terminal rental rate (per square foot)	39.39	40.18	45.21
Ticket counter (per square foot)	52.58	54.01	62.15
Bag claim (per square foot)	42.07	43.21	49.72

Note: 2011 rates are estimates

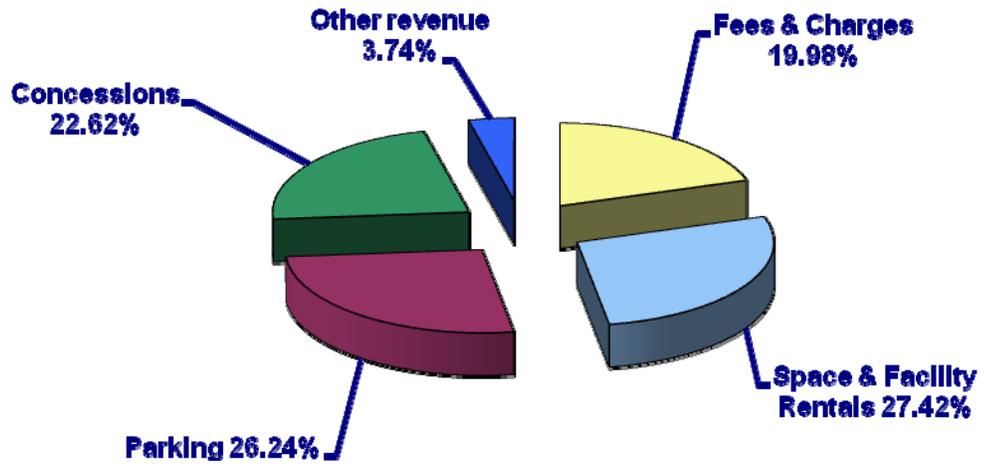
Operating Revenues

The following charts and tables show the major sources and the percentage of operating revenues for fiscal years 2011, 2010 and 2009.

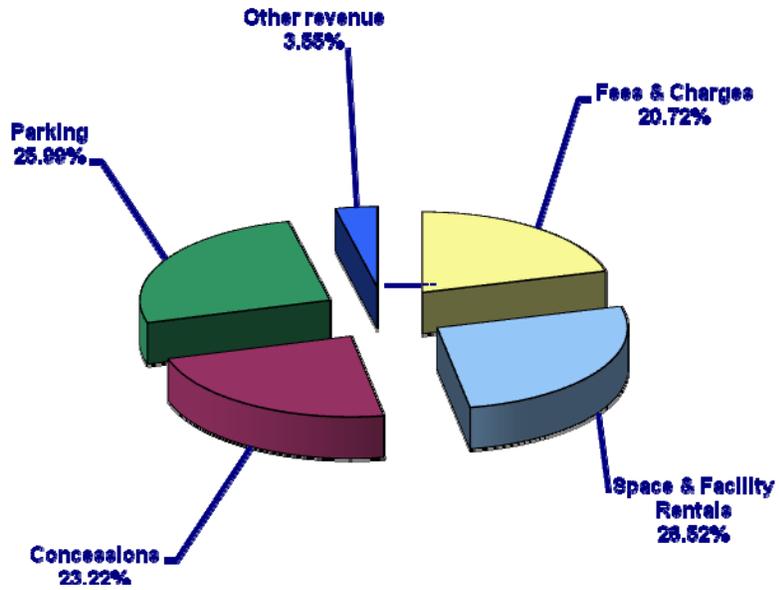
Operating revenue for fiscal year 2011 increased by 5.40% over 2010. Operating revenue for fiscal year 2010 decreased 1.05% over 2009.

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

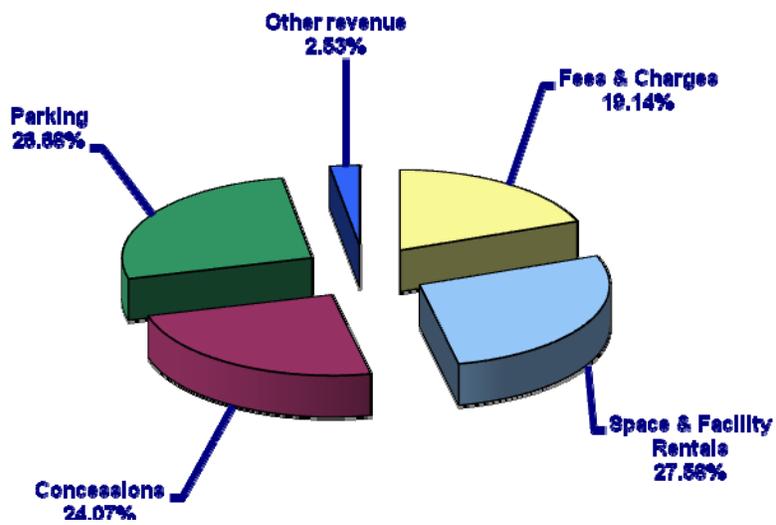
2011 Operating Revenues



2010 Operating Revenues



2009 Operating Revenues



Operating Revenues by Major Source

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

	2010	2009	Increase/ (Decrease) from 2009	% Increase/ (Decrease) from 2009
<i>(dollar amounts in thousands)</i>				
Concessions	\$ 13,768	\$ 14,423	\$ (655)	(4.54) %
Fees & Charges	12,283	11,464	819	7.14
Space & Facility Rentals	15,718	16,524	(806)	(4.88)
Parking	15,406	15,985	(579)	(3.62)
Other revenue	2,104	1,513	591	39.06
Total operating revenues	<u>\$ 59,279</u>	<u>\$ 59,909</u>	<u>\$ (630)</u>	<u>(1.05) %</u>

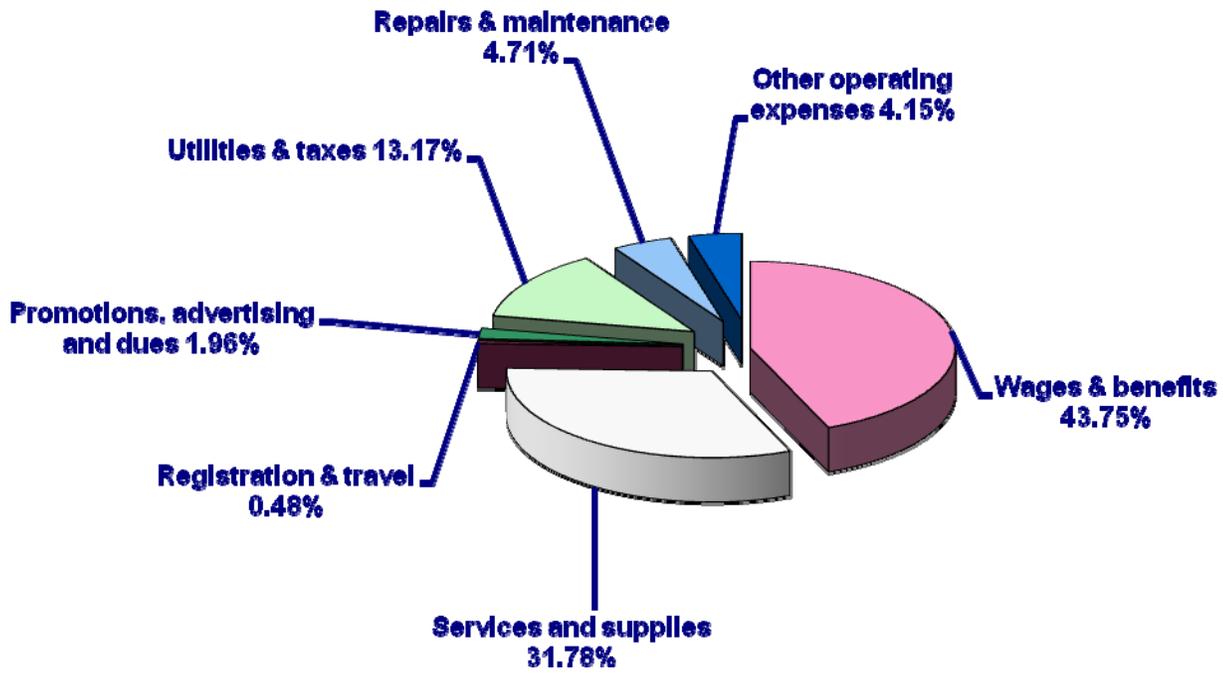
Operating Expenses

The following charts show the major cost categories for the Authority for fiscal years 2011, 2010 and 2009.

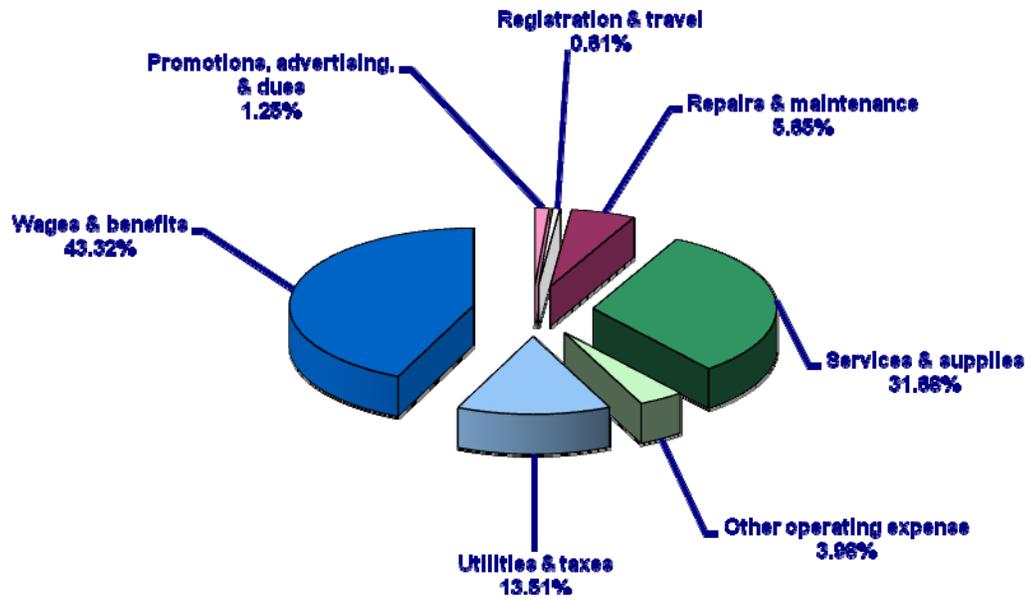
Operating expenses, before depreciation and amortization, for fiscal year 2011 increased 7.97% over 2010. Operating expenses, before depreciation and amortization, for fiscal year 2010 decreased .73% over 2009.

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

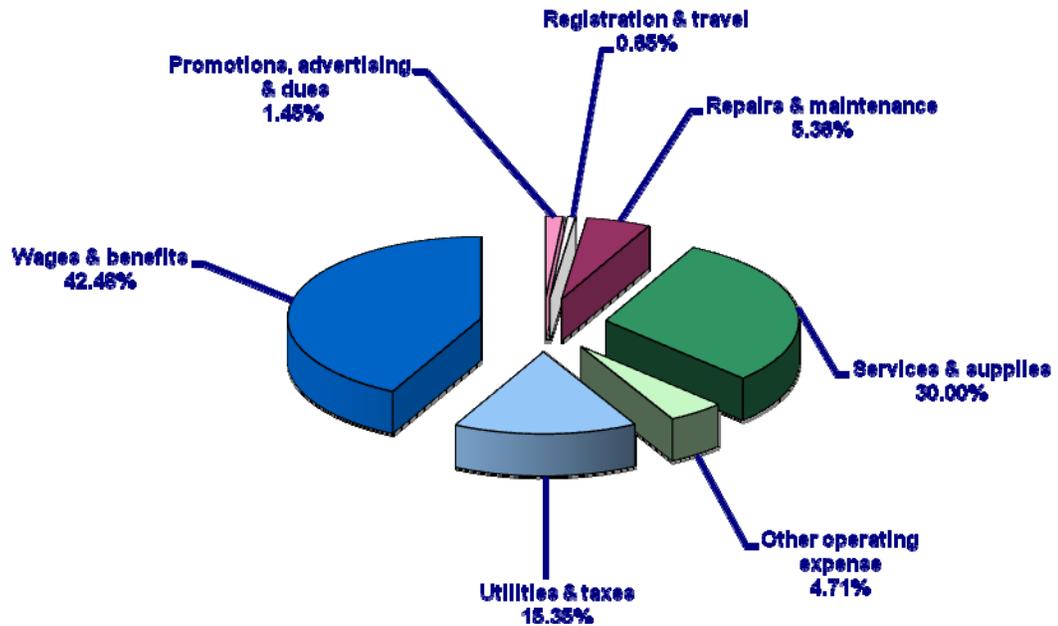
2011 Operating Expenses



2010 Operating Expenses



2009 Operating Expenses



Operating Expenses by Major Source

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

	2010	2009	Increase/ (Decrease) from 2009	% Increase/ (Decrease) from 2009
<i>(dollar amounts in thousands)</i>				
Wages & benefits	\$ 16,862	\$ 16,833	\$ 29	0.17 %
Services & supplies	12,332	11,671	661	5.66
Repairs & maintenance	2,200	2,085	115	5.52
Promotion, advertising and dues	486	563	(77)	(13.68)
Registration & travel	237	254	(17)	(6.69)
Utilities & taxes	5,259	5,973	(714)	(11.95)
Other operating expenses	1,549	1,833	(284)	(15.49)
Total operating expenses	\$ 38,925	\$ 39,212	\$ (287)	(0.73) %

Debt Activity

The Authority did not issue any new debt in fiscal years 2011 or 2010. Normal debt service payments reduced the overall debt by \$9.40 million and \$9.01 million in 2011 and 2010, respectively.

Refer to note 11 for a more detailed explanation of long-term debt activity.

Debt Service Coverage

Debt service coverage is a covenant of the bond resolutions requiring that a surplus of funds be available in the amount 125% of principal and interest due in the subsequent year. This coverage serves as an indicator to bond holders that funds are available for timely debt service payments. Historically, the Authority has maintained a coverage ratio higher than its requirement. The actual debt service coverage ratio for the fiscal years 2011, 2010 and 2009 was 1.83, 1.88 and 2.10, respectively.

Cash and Investment Management

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

The Authority's cash and cash equivalents decreased by \$16.04 million for fiscal year 2010 from 2009. This was primarily due to an increase in cash used by capital and related financing activities. Cash and cash equivalents, unrestricted, decreased by \$4.23 million and restricted cash and cash equivalents decreased by \$11.81 million.

Capital Construction

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

During 2010, the Authority expended approximately \$25.86 million on capital activities. Major projects in 2010 at JIA were the construction of the future concourse B apron, electrical sub-station upgrades, and the connector bridge and ceiling project.

Average monthly capital construction spending was \$1.98 million, \$2.16 million and \$3.71 million for fiscal years 2011, 2010 and 2009, respectively.

Refer to note 7 for a more detailed discussion of capital activity.

Economic Factors and Next Years' Budget

The Authority projected an increase in enplanements for fiscal year 2012 over the prior year. Revenues for fiscal year 2012 are forecasted to be approximately \$65.4 million or 4.4% above fiscal year 2011. Operating expenses before depreciation and amortization for fiscal year 2012 are forecasted to be approximately \$45.56 million or 4.1% above fiscal year 2011.

The Authority expects to face continued challenges in fiscal year 2012 because of the troubled financial condition of the nation's airlines and reduced federal resources. Costs for security and other operational issues remain on the increase. The Authority continues to seek opportunities to diversify its revenues through new revenue-generating sources such as real estate development and aviation consulting.

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.

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Jacksonville Aviation Authority

Balance Sheets

	September 30,	
	2011	2010
	<i>(dollar amounts in thousands)</i>	
Assets and deferred outflows		
Current assets:		
Cash and cash equivalents	\$ 11,234	\$ 7,795
Investments	33,675	28,942
Cash and cash equivalents - restricted	11,561	11,778
Accounts receivable, net of allowance of \$102 in 2011 and \$397 in 2010	4,538	4,629
Grants receivable	3,452	5,000
Interest receivable	213	227
Notes receivable	176	166
Inventory and other assets	988	745
Total current assets	65,837	59,282
Noncurrent assets:		
Restricted cash and cash equivalents	19,650	14,345
Restricted investments	19,790	29,094
Grants receivable	-	1,927
Notes receivable	4,168	4,339
Deferred outflows	3,951	3,579
Other noncurrent assets	1,891	2,032
Total noncurrent assets	49,450	55,316
Capital assets:		
Land	71,504	71,488
Construction in progress	12,226	17,501
Property, plant and equipment	782,764	755,864
Less: accumulated depreciation	(327,523)	(298,445)
Other capital assets, net of amortization	2,032	1,823
Total capital assets	541,003	548,231
Total noncurrent assets	590,453	603,547
Total assets and deferred outflows	\$ 656,290	\$ 662,829

See accompanying notes.

Jacksonville Aviation Authority

Balance Sheets

	September 30,	
	2011	2010
	<i>(dollar amounts in thousands)</i>	
Liabilities and net assets		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 3,048	\$ 2,051
Accrued expenses	4,265	5,676
Construction contracts and retainage payable	3,004	3,203
Total current liabilities payable from unrestricted assets	10,317	10,930
Current liabilities payable from restricted assets:		
Bonds and notes payable - current portion	9,775	9,400
Accrued interest payable	4,023	4,186
Total current liabilities payable from restricted assets	13,798	13,586
Total current liabilities	24,115	24,516
Long-term liabilities		
OPEB liability	1,297	991
Bonds and notes payable	187,634	197,050
Derivative instrument - swap	3,951	3,579
Total long-term liabilities	192,882	201,620
Total liabilities	216,997	226,136
Net assets		
Invested in capital assets, net of related debt	349,691	352,264
Restricted for debt service	22,154	21,978
Restricted for capital acquisition and construction	7,218	6,913
Restricted other	10,503	10,604
Unrestricted	49,727	44,934
Total net assets	439,293	436,693
Total liabilities and net assets	\$ 656,290	\$ 662,829

See accompanying notes.

Jacksonville Aviation Authority

Statements of Revenues, Expenses, and Changes in Net Assets

	For the Year Ended September 30,	
	2011	2010
	<i>(dollar amounts in thousands)</i>	
Operating revenues:		
Concessions	\$ 14,134	\$ 13,768
Fees & charges	12,485	12,283
Space & facility rentals	17,131	15,718
Parking	16,398	15,406
Other revenue	2,334	2,104
Total operating revenues	<u>62,482</u>	<u>59,279</u>
Operating expenses:		
Wages & benefits	18,390	16,862
Services & supplies	13,355	12,332
Repairs & maintenance	1,981	2,200
Promotions, advertising and dues	824	486
Registration & travel	202	237
Utilities & taxes	5,534	5,259
Other operating expenses	1,743	1,549
Operating expenses before depreciation and amortization	<u>42,029</u>	<u>38,925</u>
Operating income before depreciation and amortization	20,453	20,354
Depreciation and amortization	<u>30,753</u>	<u>30,394</u>
Operating loss	(10,300)	(10,040)
Nonoperating revenues:		
Passenger facility charges	11,195	11,329
Investment income	981	1,549
Payments from primary government	1	1
Payments from federal and state agencies	201	280
Contributions from other governments	-	750
Other revenues	516	539
Total nonoperating revenues	<u>12,894</u>	<u>14,448</u>
Nonoperating expenses:		
Interest expense	(9,330)	(9,369)
Other expenses	<u>(166)</u>	<u>(228)</u>
Total nonoperating expenses	(9,496)	(9,597)
Loss Before Capital contributions	(6,902)	(5,190)
Capital contributions	<u>9,502</u>	<u>10,011</u>
Change in net assets	<u>2,600</u>	<u>4,821</u>
Net assets, beginning of year	436,693	431,872
Net assets, end of year	<u>\$ 439,293</u>	<u>\$ 436,693</u>

Jacksonville Aviation Authority

Statements of Cash Flows

	2011	2010
	<i>(dollar amounts in thousands)</i>	
Cash flows from operating activities		
Receipts from customers and tenants	\$ 62,572	\$ 59,209
Payments to suppliers for goods and services	(23,835)	(22,173)
Payments to employees for services	(18,544)	(16,464)
Other	428	277
Net cash provided by operating activities	<u>20,621</u>	<u>20,849</u>
Cash flows from non-capital and related financing activities		
Nonoperating grants received	201	1,031
Net cash provided by non-capital financing activities	<u>201</u>	<u>1,031</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(23,752)	(25,858)
(Increases) in notes receivable	(5)	-
Payments on notes receivable	166	168
Principal paid on capital debt	(9,400)	(9,005)
Interest paid on capital debt	(9,134)	(9,154)
Proceeds from sale of equipment	92	33
Contributions-in-aid of construction	12,977	11,346
Passenger facility charges received	11,195	11,329
Net cash used in capital and related financing activities	<u>(17,861)</u>	<u>(21,141)</u>
Cash flows from investing activities		
Interest on investments	1,249	1,585
Purchase of investment securities	(63,880)	(96,525)
Proceeds from sale and maturities of investment securities	68,197	78,164
Net cash provided by investing activities	<u>5,566</u>	<u>(16,776)</u>
Net change in cash and cash equivalents	8,527	(16,037)
Cash and equivalents, beginning of year	33,918	49,955
Cash and equivalents, end of year	<u>\$ 42,445</u>	<u>\$ 33,918</u>

See accompanying notes.

Jacksonville Aviation Authority

Statements of Cash Flows - continued

	2011	2010
	<i>(dollar amounts in thousands)</i>	
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating loss	\$ (10,300)	\$ (10,040)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	30,753	30,395
Decrease (Increase) in accounts receivable	91	(70)
(Increase) Decrease in inventory and other assets	(244)	54
Increase (Decrease) in accounts payable	998	(1,424)
(Decrease) Increase in accrued expenses	(1,105)	1,657
Increase in other	428	277
Net cash provided by operating activities	\$ 20,621	\$ 20,849
Non-cash investing, capital and financing activities:		
Change in fair market value of investments	\$ (254)	\$ 41
Capitalized interest	\$ (83)	\$ (84)

Jacksonville Aviation Authority

Notes to Financial Statements

September 30, 2011 and 2010

1. Organization and Reporting Entity

Organization

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

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

Reporting Entity

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Net Assets

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

Proprietary Accounting and Financial Reporting

The accompanying financial statements have been prepared in conformity with GAAP as applied to governmental units. The GASB is the accepted standard-setting body establishing governmental accounting and financial reporting principles. In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Budgeting Requirements

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

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

Revenue Recognition

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

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

Cash, Cash Equivalents and Investments

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

For purposes of reporting cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents, which are stated at cost, consist of money market funds and cash investment pools payable on demand.

The Governing Body has authorized the Authority to invest in obligations of the U.S. Government and certain of its agencies, repurchase agreements, investment grade commercial paper, money market funds, corporate bonds, time deposits, bankers' acceptances, state and/or local debt, and the Florida State Board of Administration Investment Pool. Restricted bond proceeds are invested in accordance with the bond indenture agreements. Investments are stated at fair value using quoted market prices.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Receivables

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

Inventory

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

Restricted Assets

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

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

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

Capital Assets

Capital assets are stated at historical cost, net of accumulated depreciation. The Authority's capitalization threshold is \$5,000. The costs for property and facilities include net interest cost incurred from the date of issuance of the debt to finance construction until completion of the capital project (see Note 7). Tenants have funded some construction and improvements of airport facilities from their own working capital. Under agreements with the Authority, the property reverts to the Authority upon termination or expiration of the agreement. These assets, when obtained by the Authority, are recorded at fair market value as of date of transfer. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed as incurred.

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

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

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

Capitalization of Interest

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Bond Issuance Costs

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

Compensated Absences

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

In fiscal year 2011 the option for employees to sell leave was eliminated. Any employee who will accrue more than 320 hours of annual leave by December 31 will be paid for the excess hours on the last pay period of the calendar year.

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

Pension Plan

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

Capital Contributions: Federal and State Grants

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Passenger Facility Charges

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

PFC charges at the rate of \$3 per enplaned passenger have been levied by the Authority since April 1, 1994, under an FAA approved application to impose \$12,258,255 in PFC fees. Since this first record of decision the Authority has submitted and received approval to collect \$371,954,476, since inception through December 1, 2023. In February 2003, with an earliest charge effective date of May 1, 2003, the FAA approved an amendment to impose and use passenger facility charge, at JIA at a new rate of \$4.50. This amendment also permits the Authority to finance certain projects with PFC revenues. Through September 30, 2011, the Authority has collected, including interest earnings, PFCs totaling approximately \$159,684,397. 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 \$152,465,900 of PFCs on projects funded on a pay-as-you-go and financing basis.

Arbitrage Rebate Liability

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Authority temporarily invests the proceeds of tax-exempt debt in securities with higher yields. As of September 30, 2011 the Authority had no arbitrage liability.

Management Estimates

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments

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; (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 AAA by S&P; 2) the Local Government Surplus Funds Trust Fund is unrated; it is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The value of the Authority's investment position in the Local Government Surplus Funds Trust Fund external investment pool (2a-7-like pool) is the same as the value of the pool shares; 3) the money market mutual funds are each rated AAA by S&P. The investments in the Local Government Surplus Funds Trust Fund and the money market mutual funds are classified as cash equivalents on the accompanying balance sheets.

Interest Rate Risk

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Investment Maturity Distribution

Type of investments	Less than One Year from 9/30/2011	One to Five Years	Total
<i>(dollar amounts in thousands)</i>			
U.S. Government and its agencies' securities	\$ 23,627	\$ 29,838	\$ 53,465
Local Government surplus trust fund	247	-	247
Money market mutual funds	27,750	-	27,750
Total investments	\$ 51,624	\$ 29,838	\$ 81,462

Type of investments	Less than One Year from 9/30/2010	One to Five Years	Total
<i>(dollar amounts in thousands)</i>			
U.S. Government and its agencies' securities	\$ 25,011	\$ 33,025	\$ 58,036
Local Government surplus trust fund	301	-	301
Money market mutual funds	19,252	-	19,252
Total investments	\$ 44,564	\$ 33,025	\$ 77,589

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, 2011, all investments of the Authority are held with an appropriate custodian or trustee or are held in accounts in the name of, and belonging to, the Authority.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

Concentration of Credit Risk

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

As of September 30, 2011, all investment holdings of the Authority are in compliance with these policies. Investments in any one issuer representing 5% or more of the Authority's total investments at September 30, 2011 are as follows: \$7.23 million (8.87%) invested in issues of the Federal National Mortgage Association, \$4.20 million (5.16%) invested in the Federal Home Loan Mortgage Corporation, and \$6.55 million (8.04%) invested in the Federal Home Loan Bank.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

	Unrestricted	Restricted	Fair Value
September 30, 2011	<i>(dollar amounts in thousands)</i>		
Investments:			
U.S. Government and its agencies' securities	\$ 33,675	\$ 19,790	\$ 53,465
Local Government surplus trust fund	14	233	247
Money market mutual funds	4,254	23,496	27,750
Total investments	<u>\$ 37,943</u>	<u>\$ 43,519</u>	<u>\$ 81,462</u>

	Unrestricted	Restricted	Fair Value
September 30, 2010	<i>(dollar amounts in thousands)</i>		
Investments:			
U.S. Government and its agencies' securities	\$ 28,942	\$ 29,094	\$ 58,036
Local Government surplus trust fund	17	284	301
Money market mutual funds	658	18,594	19,252
Total investments	<u>\$ 29,617</u>	<u>\$ 47,972</u>	<u>\$ 77,589</u>

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

3. Investments (continued)

The following shows a reconciliation of the investment categories to the balance sheet for cash equivalents and investments for the fiscal years September 30, 2011 and 2010.

Investments as of September 30, 2011

	Total Cash	Local Government Surplus Fund	Money Market Mutual Funds	U.S Government and agencies' securities	Total Investments
Current assets:					
Cash and cash equivalents	\$ 6,967	\$ 14	\$ 4,254	\$ -	\$ 4,268
Investments				33,675	33,675
Cash and cash equivalents - restricted			11,561		11,561
Noncurrent assets:					
Restricted cash and cash equivalents	7,482	233	11,935		12,168
Restricted investments				19,790	19,790
	\$ 14,449	\$ 247	\$ 27,750	\$ 53,465	\$ 81,462

Investments as of September 30, 2010

	Cash	Local Government Surplus Fund	Money Market Mutual Funds	U.S Government and agencies' securities	Total Investments
Current assets:					
Cash and cash equivalents	\$ 7,120	\$ 17	\$ 658	\$ -	\$ 675
Investments	-	-		28,942	28,942
Cash and cash equivalents - restricted	-	-	11,778	-	11,778
Noncurrent assets:					
Restricted cash and cash equivalents	7,245	284	6,816	-	7,100
Restricted investments	-	-	-	29,094	29,094
	\$ 14,365	\$ 301	\$ 19,252	\$ 58,036	\$ 77,589

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

4. Contributions to Other Governments

On January 31, 2007 the Authority entered into a Letter of Agreement with Florida Community College (FCCJ) in Jacksonville Florida. The Authority and FCCJ agreed to work together to develop an aircraft painting and education facility at the Cecil Commerce Center at the Cecil Airport.

FCCJ received a grant from the State of Florida Department of Education in the amount of \$10 million under a program where FCCJ was eligible for state matching funds equal to cash received from local or private sources. The Authority contributed \$10 million to the FCCJ Foundation (a direct support organization to FCCJ) on behalf of FCCJ. The Authority treated this transaction as a non-exchange transaction, in which the Authority gives value without directly receiving equal value in exchange. The eligibility requirements were that FCCJ receive the matching funds, a search be conducted for a company to manage and operate the painting facility and a managerial contract be negotiated, along with a negotiated lease of the property.

In fiscal year 2010 it was determined that the construction costs were lower than anticipated. The savings of \$1.5 million was split equally between the Authority and FCCJ. The Authority received \$750 thousand of their initial contribution back. This was classified as nonoperating revenue, contributions from other governments.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

6. Restricted Assets

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

	2011	2010
<i>(dollar amounts in thousands)</i>		
Current restricted cash and cash equivalents		
2006 Debt Service	\$ 5,167	\$ 5,506
2003 A-1 & A-2 Debt Service	6,394	6,272
Total current restricted cash and cash equivalents	\$ 11,561	\$ 11,778
Non current restricted cash and cash equivalents		
State Forfeiture Acct	\$ 86	\$ -
Federal Forfeiture Acct	193	351
Forfeited cash-State (SBA)	2	3
PFC approved project reimb (SBA)	16	19
PFC Acct	7,203	6,894
Operating and maintenance (SBA)	215	262
Operating and maintenance Fund (TD)	934	768
Pooled Bond Reserve	3,768	4,136
2006 Construction fund	7,208	1,908
R&R Cash (TD)	25	4
Total non current restricted cash and cash equivalents	\$ 19,650	\$ 14,345
Restricted investments		
Pooled bond reserve fund	\$ 10,742	\$ 10,132
Renewal and replacement	984	1,020
Operating and maintenance	8,064	8,196
2006 Construction Fund Investments	-	9,746
Total restricted investments	\$ 19,790	\$ 29,094

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

7. Capital Assets

Capital asset activity for the years ended September 30, 2011 and 2010 follows:

	Beginning Balance October 1, 2010	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2011
<i>(dollar amounts in thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 71,488	\$ 16	\$ -	\$ 71,504
Total capital assets not being depreciated	71,488	16	-	71,504
Other capital assets:				
Buildings	116,554	12	(102)	116,464
Other improvements	597,358	24,729	(14)	622,073
Equipment	41,954	3,116	(843)	44,227
Total other capital assets	755,864	27,857	(959)	782,764
Intangible capital assets	4,930	954		5,884
Less amortization	(3,107)		(745)	(3,852)
Total intangible assets	1,823	954	(745)	2,032
Total assets before CIP	829,175	28,827	(1,704)	856,300
Construction in progress	17,501	23,553	(28,828)	12,226
Total Capital Assets	846,676	52,380	(30,532)	868,526
Less: Accumulated depreciation				
Buildings	51,774	3,253	(112)	54,915
Other improvements	221,529	22,497	(3)	244,023
Equipment	25,142	4,203	(760)	28,585
Total accumulated depreciation	298,445	29,953	(875)	327,523
	<u>\$ 548,231</u>	<u>\$ 22,427</u>	<u>\$ (29,657)</u>	<u>\$ 541,003</u>

Jacksonville Aviation Authority
Notes to Financial Statements (continued)

7. Capital Assets (continued)

	Beginning Balance October 1, 2009	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2010
<i>(dollar amounts in thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 71,488	\$ -	\$ -	\$ 71,488
Total capital assets not being depreciated	71,488	-	-	71,488
Other capital assets:				
Buildings	113,519	3,034	-	116,554
Other improvements	581,403	15,955	-	597,358
Equipment	41,346	622	(15)	41,954
Total other capital assets	736,268	19,611	(15)	755,864
Intangible capital assets	4,897	33	-	4,930
Less amortization	(2,477)	-	(630)	(3,107)
Total intangible assets	2,420	33	(630)	1,823
Total assets before CIP	810,176	19,644	(645)	829,175
Construction in progress	12,365	24,780	(19,644)	17,501
Total Capital Assets	822,541	44,424	(20,289)	846,676
Less: Accumulated depreciation				
Buildings	48,552	3,222	-	51,774
Other improvements	199,517	22,012	-	221,529
Equipment	20,766	4,390	(14)	25,142
Total accumulated depreciation	268,835	29,624	(14)	298,445
	<u>\$ 553,706</u>	<u>\$ 14,800</u>	<u>\$ (20,275)</u>	<u>\$ 548,231</u>

Depreciation expense for the years ended September 30, 2011 and 2010 was \$29,953,000 and \$29,624,000 respectively. During the fiscal years ended September 30, 2011 and 2010 the Authority capitalized interest of \$83,468 and \$84,354, respectively, as part of the cost of construction in progress.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

8. 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 (6) years of creditable. 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)

8. 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 (8) years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) eight (8) 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.

City of Jacksonville, Florida General Employees' Pension Plan

The Authority no longer has employees who participate in the City's General Employees' Pension Plan (the Plan). No further employees, either current or future, are eligible to participate in the Plan. In fiscal year 2009 after legal review, it was determined that the three employees participating in the plan at the end of fiscal year 2008 should be participating in FRS as compulsory FRS members. This legal opinion is based on the language of House Bill 903, Chapter 2001-319, Laws of Florida. In fiscal year 2009 the three employees were moved to the FRS plan. All required contributions were calculated retroactively to October 2001 and remitted to FRS during fiscal year 2009. The Authority received a refund of prior year's contributions made on behalf of the three employees from the Plan.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

8. Pension Plans (continued)

Funding Policy

Florida Retirement System

The Authority is required by Florida Statute to contribute monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level-percentage-of-payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges, as a result of future plan benefit changes, assumption changes, or methodology changes it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount. The bill enacted in July 2011 created a 3% mandatory pre-tax employee contribution, as well as, a reduction in contribution rates for the employer. For the period July 2011 through June 2012 the contribution percentage was 14.10% for special risk participants, 4.42% for deferred retirement option participants, 6.27% for senior management participants, and 4.91%, for regular participants. For the period July 2010 through June 2011 the contribution percentage was 23.25% for special risk participants, 12.25% for deferred retirement option participants, 14.57% for senior management participants, and 10.77%, for regular participants.

Contributions made to the FRS were \$1,661,789, \$1,444,919 and \$1,391,261 for the years ended September 30, 2011, 2010 and 2009, which were equal to the required contribution.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

9. Deferred Compensation Plans

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

All 457 Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's balance sheet. The fair value of the 457 Plan's investments was \$4,590,772 and \$4,387,452 respectively, as of September 30, 2011 and 2010.

The Authority also offers its employees a deferred compensation plan (the 401(a) Plan), created in accordance with the IRS Code Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 401(a) Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of participants and beneficiaries. The fair value of the 401(a) Plan's investments was \$1,494,861 and \$1,429,032 respectively, as of September 30, 2011 and 2010.

10. Postretirement Health and Other Benefits

Plan Description

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Postretirement Health and Other Benefits (continued)

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, 2011. The Authority implemented GASB Statement 45, Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB), in fiscal year 2008, for certain postemployment healthcare benefits provided by the Authority. Due to the small amounts involved, vision benefits are not included in the valuation. Life insurance benefits are provided on a fully insured basis and are provided by unsubsidized retiree contributions. As such, life insurance benefits are not being included in the valuation.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the Authority's annual OPEB cost for the fiscal years 2011 and 2010, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation. The liability of \$1,297 and \$991 thousand is recorded as a long-term liability on the balance sheet for fiscal years 2011 and 2010, respectively.

Jacksonville Aviation Authority
Notes to Financial Statements (continued)

10. Postretirement Health and Other Benefits (continued)

	September 30, 2011	September 30, 2010
<i>(dollar amounts in thousands)</i>		
Determination of Annual Required Contribution		
Normal cost at year end	\$ 237	\$ 228
Amortization of UAAL	158	143
Annual required contribution (ARC)	\$ 395	\$ 371
Determination of net OPEB obligation		
Annual required contribution	\$ 395	\$ 371
Interest on prior year net OPEB obligation	40	28
Adjustment to ARC	(57)	(40)
Annual OPEB cost	\$ 378	\$ 359
Contributions made*	72	61
Increase in net OPEB obligation	\$ 306	\$ 298
Net OPEB obligation - beginning of year	991	693
Net OPEB obligation - end of year	\$ 1,297	\$ 991

*Assuming no additional funding, employer contributions will be equal to the net expected employer benefit payments (gross benefit cost offset by the retiree's contributions) during the 2010-2011 and 2009-2010 fiscal year. GASB 45 defines contributions for this purpose to be actual benefit payments during the year plus contributions, if any, made to a separate, irrevocable trust.

The following table shows the annual OPEB cost and net OPEB obligation at September 30, 2011, 2010 and 2009.

Fiscal Year Ended	Annual OPEB Cost	Authority Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<i>(dollar amounts in thousands)</i>				
9/30/2011	\$378	\$72	19.10%	\$1,297
9/30/2010	\$359	\$61	16.99%	\$991
9/30/2009	\$410	\$62	15.12%	\$693

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Postretirement Health and Other Benefits (continued)

Funded Status and Funding Progress

As of September 30, 2011 and September 30, 2010 the plan was not funded. The actuarial accrued liability (AAL) for benefits was \$2.74 and \$2.47 million for 2011 and 2010, respectively. The actuarial value of assets for both 2011 and 2010 was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.74 and \$2.47 million in 2011 and 2010. For fiscal years 2011 and 2010 the covered payroll (annual payroll of active employees covered by the plan) was \$13.25 and \$12.13 million, respectively. The ratio of the UAAL to the covered payroll was 20.68% for 2011 and 20.38% for 2010.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents the most recent actuarial valuation date of September 30, 2011 and September 30, 2010 relating to the actuarial accrued liability.

Actuarial Methods and Assumptions

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

The fiscal year 2011 and 2010 actuarial valuations were computed using the unit credit actuarial cost method, which consists of the following components: (1) the normal cost is the actuarial present value of benefits allocated to the valuation year (with the allocation period being from date of hire to date of retirement); (2) the actuarial liability is the actuarial present value of benefits accrued as of the valuation date; (3) and the amortization of the actuarial liability is a level dollar amount over a closed period of 30 years; (4) valuation assets are equal to the market value of assets as of the valuation date, if any; and (5) unfunded actuarial liability is the difference between the actuarial liability and the valuation assets. Since the plan is unfunded there is no assumption of investment return. The actuarial liability is amortized over the maximum permissible period under GASB 45 of 30 years.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

10. Postretirement Health and Other Benefits (continued)

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

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

The September 30, 2011 and 2010 cost and liabilities were determined using the following assumptions: (1) discount rate of 4.0% per annum, compounded annually; (2) pre-retirement mortality rates and post-retirement mortality rates were based on the sex-distinct RP-2000 generational mortality table; (3) assumptions regarding withdrawal rates, retirement rates, disability, marriage assumptions, participation levels and retiree claim costs can be found in the detailed actuarial valuation report; (4) assumed medical care cost trend rates of 6.8% and 7.1%, for fiscal year 2011 and 2010. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend, resulting in an ultimate rate of 3.9% for fiscal year 2011 assumptions and 3.9% for fiscal year 2010 assumptions; (5) dental care cost trend rates were 5% for each year; (6) an implied inflation rate of 2.5% was used; (7) as the plan is unfunded, no assumptions have been made regarding investment returns; (8) the plan is not related to salaries, therefore no assumptions have been made regarding projected salary increases.

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness

A summary of changes to long-term indebtedness follows:

	October 1, 2010 Balance	Increases	Decreases	September 30, 2011 Balance	Amounts Due Within One Year
	<i>(dollar amounts in thousands)</i>				
Revenue bonds	\$ 123,320	\$ -	\$ 2,225	\$ 121,095	\$ 2,300
Revenue refunding bonds	47,575	-	5,145	42,430	5,375
Revenue note	38,985	-	2,030	36,955	2,100
	<u>209,880</u>	<u>-</u>	<u>9,400</u>	<u>200,480</u>	<u>\$ 9,775</u>
Unamortized deferred loss on bond refunding	(8,485)	-	(863)	(7,622)	
Unamortized bond discount	(50)	-	(4)	(46)	
Unamortized bond premium	5,105	-	508	4,597	
Total bonds and notes payable	<u>\$ 206,450</u>	<u>\$ -</u>	<u>\$ 9,041</u>	<u>\$ 197,409</u>	

	October 1, 2009 Balance	Increases	Decreases	September 30, 2010 Balance	Amounts Due Within One Year
	<i>(dollar amounts in thousands)</i>				
Revenue bonds	\$ 125,375	\$ -	\$ 2,055	\$ 123,320	\$ 2,225
Revenue refunding bonds	52,560	-	4,985	47,575	5,145
Revenue note	40,950	-	1,965	38,985	2,030
	<u>218,885</u>	<u>-</u>	<u>9,005</u>	<u>209,880</u>	<u>\$ 9,400</u>
Unamortized deferred loss on bond refunding	(9,348)	-	(863)	(8,485)	
Unamortized bond discount	(53)	-	(3)	(50)	
Unamortized bond premium	5,613	-	508	5,105	
Total bonds and notes payable	<u>\$ 215,097</u>	<u>\$ -</u>	<u>\$ 8,647</u>	<u>\$ 206,450</u>	

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

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

In 2003, the Authority issued \$75,065,000 of airport revenue refunding bonds, with interest rates ranging from 2.0% to 5.25%, and principal maturing in varying amounts through October 1, 2017. The proceeds of the Series 2003A-1 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1993, fund the reserve requirement for the bonds and pay the cost of issuance of the bonds. The proceeds of the Series 2003A-2 bonds were used to refund the Jacksonville Port Authority airport revenue refunding bonds, Series 1998, fund the reserve requirement for the bonds and pay the cost of issuance of the bonds. The 2003A-1 and A-2 bonds are insured by Financial Guaranty Insurance Company. The 2003A-1 and A-2 bonds were assigned an underlying rating “A3” by Moody’s and “A” by Fitch.

Maturities of the long-term outstanding 2003 revenue refunding bond issue will require the following principal and interest payments based on the amounts outstanding at September 30, 2011:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2012	\$ 5,375	\$ 1,918	\$ 7,293
2013	5,610	1,673	7,283
2014	5,865	1,413	7,278
2015	6,125	1,126	7,251
2016	6,425	812	7,237
2017 - 2021	13,030	640	13,670
Total	\$ 42,430	\$ 7,582	\$ 50,012

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

2006 Airport Revenue Bonds

On October 11, 2006, revenue bonds Series 2006 (AMT) were issued in the amount of \$129,190,000. They were issued in fully registered form in initial denominations of \$5,000 or any integral multiple thereof at a fixed rate of interest between 4.4% and 5%. The purpose of the 2006 bonds are for financing the costs of acquisition, construction and installation of capital improvements to JIA, paying the cost of a municipal bond insurance policy, funding a portion of the reserve requirement and paying issuance costs.

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

Moody's, S&P, and Fitch Ratings ("Fitch") have assigned their municipal bond ratings of "Aaa", "AAA" and "AAA" to the 2006 bonds. Moody's, S&P and Fitch have also assigned underlying ratings of "A2", "A-" and "A", respectively, to the 2006 bonds.

Maturities of the long-term outstanding 2006 revenue bond issue will require the following principal and interest payments based on the amounts outstanding at September 30, 2011:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2012	\$ 2,300	\$ 5,676	\$ 7,976
2013	2,440	5,557	7,997
2014	2,620	5,431	8,051
2015	2,735	5,297	8,032
2016	2,910	5,155	8,065
2017 - 2021	22,730	22,717	45,447
2022 - 2026	20,220	17,504	37,724
2027 - 2031	25,690	11,938	37,628
2032 - 2036	32,135	5,366	37,501
2037	7,315	165	7,480
Total	\$ 121,095	\$ 84,806	\$ 205,901

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

2008 Compass Note

On April 1, 2008 a note was issued from Compass Bank (Compass) in the amount of \$41,490,000. The purpose of the note was to refund the 2005 airport revenue refunding bonds, pay a portion of the 2005 swap termination fee and pay issue costs. The note has a variable interest rate of 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The annual interest rate at September 30, 2011 was .787475%.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2011:

Year Ending September 30,	Principal	Interest	Total
	<i>(dollar amounts in thousands)</i>		
2012	\$ 2,100	\$ 283	\$ 2,383
2013	2,170	266	2,436
2014	2,245	249	2,494
2015	2,325	231	2,556
2016	2,405	212	2,617
2017 - 2021	13,310	757	14,067
2022 - 2026	12,400	199	12,599
Total	<u>\$ 36,955</u>	<u>\$ 2,197</u>	<u>\$ 39,152</u>

Annual Requirements

Annual requirements to repay all outstanding long-term debt as of September 30, 2011 are as follows:

Year Ending September 30,	2006 Revenue Bonds	2003 Revenue Refunding Bonds	2008 Notes	Total Principal and Interest	Total Principal	Total Interest
	<i>(dollar amounts in thousands)</i>					
2012	\$ 7,976	\$ 7,293	\$ 2,383	\$ 17,652	\$ 9,775	\$ 7,876
2013	7,997	7,283	2,436	17,716	10,220	7,495
2014	8,051	7,278	2,494	17,823	10,730	7,092
2015	8,032	7,251	2,556	17,839	11,185	6,653
2016	8,065	7,237	2,617	17,919	11,740	6,180
2017 - 2021	45,447	13,670	14,067	73,184	49,070	24,116
2022 - 2026	37,724	-	12,599	50,323	32,620	17,704
2027 - 2031	37,628	-	-	37,628	25,690	11,938
2032 - 2036	37,501	-	-	37,501	32,135	5,366
2037	7,480	-	-	7,480	7,315	165
	<u>\$ 205,901</u>	<u>\$ 50,012</u>	<u>\$ 39,152</u>	<u>\$ 295,065</u>	<u>\$ 200,480</u>	<u>\$ 94,585</u>

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

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

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

The executed transactions consisted of a new \$41,490,000 floating-to-fixed "matched rate" swap effective April 1, 2008 whereby the Authority pays to Compass a fixed rate of 3.4116% and receives from Compass 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The fixed rate interest paid and the interest received from Compass are recorded in interest expense on the statements of revenues, expenses and changes in net assets. The swap's notional amount of \$41.49 million matches the \$41.49 million Compass note. The note and the related swap agreement mature on October 1, 2024.

The Authority received no upfront fees related to the swap transaction executed on March 18, 2008. As per the terms of the swap, on behalf of the Authority, an advisory fee of approximately \$25,000 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, 2011 and 2010 the fair value of the swap was (\$3,950,936) and (\$3,579,048), respectively, which represents the amount the Authority would pay to exit the swap transaction as of that date based on prevailing interest rates.

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

The terms of the floating to fixed rate swap agreement outstanding at September 30, 2011, are as follows:

Associated note	2008 Compass Note
Notional amount	\$ 41,490,000 (amortizing)
Trade date	3/18/2008
Effective date	4/1/2008
Maturity date	10/1/2024
Swap fixed rate	3.4116% (monthly, Act/360)
Swap variable rate	65%*1-Mo LIBOR (monthly, Act/360)
Margin	64.35 basis points (0.6435%)
Counterparty	Compass
Counterpart credit rating	A3/A/A+

The following table includes fiscal year 2011 and 2010 summary information for the Authority's effective cash flow hedge related to the outstanding floating to fixed interest swap agreement.

2008 Compass Note	Changes in Fair Value		Fair Market Value		Notional Amount Outstanding
	Classification	Amount	Classification	Amount	
September 30, 2011	Deferred outflow of resources	\$ 3,951	Derivative instrument - swap	\$ (3,951)	\$ 36,955
September 30, 2010	Deferred outflow of resources	\$ 3,579	Derivative instrument - swap	\$ (3,579)	\$ 38,985

Fair value amounts were calculated using market rates as of September 30, 2011 and 2010, respectively, and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2011 and 2010, the weighted average rates of interest for floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2011	2010
<i>(dollar amounts in thousands)</i>		
68% of LIBOR Index:		
Notional amount outstanding	\$ 36,955	\$ 38,985
Variable rate received (weighted average)	0.81%	0.83%
Fixed rate paid (weighted average)	3.4116%	3.4116%

Jacksonville Aviation Authority
Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

Risks

Credit Risk:

As of September 30, 2011, the Authority is not exposed to credit risk or the risk of economic loss due to a counterparty default on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair values of the swap become positive the Authority would be exposed to credit risk in the amount of the swap's fair value. Moody's, S&P, and Fitch have assigned ratings of A3, A and A+, respectively, to Compass. The swap agreement contains varying collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

Interest Rate Risk:

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

Basis Risk:

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

Termination Risk:

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. As of September 30, 2011 the swap termination fee had a negative fair value, therefore the Authority would incur additional expenses relating to termination.

Market Access Risk:

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

11. Long-Term Indebtedness (continued)

Swap Payments and Associated Debt

Using rates as of September 30, 2011, the following table summarizes the anticipated net cash flows of the debt service requirements of the Compass note and net swap payments, assuming current interest rates remain the same. As rates vary, bond interest payments and swap payments will vary.

Year Ending September 30,	Principal	Interest	Interest Swap, Net	Total
	<i>(dollar amounts in thousands)</i>			
2012	\$ 2,100	\$ 283	\$ 942	\$ 3,325
2013	2,170	266	886	3,322
2014	2,245	249	828	3,322
2015	2,325	231	769	3,325
2016	2,405	212	706	3,323
2017 - 2021	13,310	757	2,525	16,592
2022 - 2026	12,400	199	665	13,264
Total	\$ 36,955	\$ 2,197	\$ 7,321	\$ 46,473

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

12. Airline Lease and Use Agreements

The Airline Agreements provide for the lease to signatory airlines of exclusive use of certain premises, non-exclusive use of certain public use premises in the terminal and in the ramp area and non-exclusive use of the landing area at JIA. The current signatory airline agreement has a 5-year term and expires on September 30, 2012. The Authority is currently working on a new agreement for fiscal year 2013.

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

12. Airline Lease and Use Agreements (continued)

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

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

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

13. 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 2011 of \$10,558,000 by \$2,190,000. Revenues exceeded the MAG amounts due in 2010 of \$10,774,000 by \$2,842,000. 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, 2011, is as follows:

Year	Total
	<i>(dollar amounts in thousands)</i>
2012	\$ 26,686
2013	12,814
2014	6,543
2015	5,131
2016	4,818
2017-2021	17,692
2022-2026	7,019
2027-2031	4,942
2032-thereafter	2,357
	\$ 88,002

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

14. 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 AIP. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. This program is subject to federal and state audit. Total federal and state grant work performed was \$9,502,000 and \$10,011,000, respectively, for the years ended September 30, 2011 and 2010. The Authority estimates that no material disallowances will result from such audits.

The Authority received federal and state grants for capital programs for the years ended September 30, 2011 and 2010 as summarized in the table below.

	2011	2010
Capital programs:	<i>(dollar amounts in thousands)</i>	
State grants for construction	\$ 2,272	\$ 2,335
Federal grants for construction	7,186	7,675
TSA grants for construction	36	-
Other contributions for construction	8	1
	<u>\$ 9,502</u>	<u>\$ 10,011</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 from the airports and airways trust funds in the form of entitlement and discretionary grants for eligible projects. The State also provides discretionary funds for capital programs. On September 30, 2011 the Authority had no long term grant receivable due from the State and \$1,927,000 was due on September 30, 2010. Funds approval and payment are contingent upon annual legislative appropriation.

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

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

15. Operating Grants

The Authority received federal and state grants for operating programs for the years ended September 30, 2011 and 2010 as summarized in the tables below

	Year ended September 30	
	2011	2010
Operating programs:	<i>(dollar amounts in thousands)</i>	
FAA K-9 program	\$ 201	\$ 164
Other	-	750
State government	-	116
Federal law enforcement forfeiture	1	1
	<u>\$ 202</u>	<u>\$ 1,031</u>

The FAA and state grant funds are awarded based on the additional security and training related expenses incurred as a result of September 11, 2001. The FAA K-9 program funds are awarded based on expenses of training, caring for and working with the explosive device detection dogs. The state and federal law enforcement forfeiture programs fund certain expenses associated with law enforcement.

Grants for operating programs for the year ended September 30, 2011 and 2010 are reported in the statements of revenues, expenses and changes in net assets as non-operating revenue.

16. Payments to City of Jacksonville

During fiscal years 2011 and 2010, the Authority paid approximately \$3.47 million and \$3.42 million to the City for expenses relating to legal, insurance, fire fighting and miscellaneous services.

17. Commitments and Contingencies

Terminal and Capital Improvement Program

As of September 30, 2011 and 2010, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$21,922,000 and \$18,505,000 of which an estimated \$16,049,000 and \$14,115,000 is eligible for partial reimbursement, respectively, from both the FAA and the State of Florida. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

17. 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 within the airport system. Amounts due from airlines represent approximately 71.52% and 75.24% of accounts receivable for 2011 and 2010, respectively. Airline operating revenues represent approximately 31.06% and 28.23% for 2011 and 2010, respectively.

Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government or agency. An independent audit of these programs has been performed for the year ended September 30, 2010 in compliance with the Single Audit Act of 1984 and OMB Circular A-133 and is currently being conducted for the year ended September 30, 2011. The amount, if any, of expenditures which may be disallowed by the granting government or agency is expected to be immaterial.

Litigation

The Authority is a defendant in a lawsuit. Although the outcome of this 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.

18. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability, and workers' compensation coverage. The Authority's expense is the premium charged by the City's self-insurance plan. The Authority has excess coverage for individual workers' compensation claims above \$1,200,000.

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 2011 amounted to \$40,500, which included a credit refund of excess premiums from the prior year. In 2010 the premium was \$75,000.

Jacksonville Aviation Authority

Notes to Financial Statements (continued)

18. Risk Management (continued)

The Authority's property insurance premium expenses amounted to \$737,000 and \$734,000 for the years ended September 30, 2011 and 2010, respectively. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$40,297 and \$52,771 for the years ended September 30, 2011 and 2010.

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

19. Subsequent Event

The 2006 Revenue bonds were issued to construct the new A and C concourses. The completed project resulted in excess funds in the construction fund. On November 7, 2011 notice was given to the bondholders of a partial mandatory redemption of the Series 2006 Revenue Bonds in the amount of \$6,740,000. The bonds redeemed were a portion of the bonds maturing on October 1, 2036. The interest accrued on the callable bonds was \$59,817.50. The redemption price is equal to 100% of the principal amount of each bond to be redeemed together with interest accrued thereon to the redemption date. On December 12, 2011 the paying agent disbursed the payment from the debt service fund to the bondholders.

Jacksonville Aviation Authority
 Required Supplementary Information
 September 30, 2011

Schedule of Funding Progress - Postretirement Healthcare Benefits

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

Actuarial liability determined under the unit credit cost method

AAL - Actuarial accrued liability

UAAL - Unfunded actuarial accrued liability

Statistical

Annual Financial Report Fiscal Year 2011

*Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2011
of the Jacksonville Aviation Authority
Jacksonville, Florida.*

Jacksonville Aviation Authority

www.flyjacksonville.com

Statistical (Unaudited)

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Jacksonville Aviation Authority

The objectives of the Statistical Section Information

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

Statistical information is presented in the following five categories:

Financial Trend Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

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

	2011	2010	2009	2008
	<i>(dollar amounts in thousands)</i>			
Cash flows from operating activities	\$ 20,621	\$ 20,849	\$ 13,512	\$ 22,561
Cash flows from non-capital financing Activities	201	1,031	276	256
Cash flows from capital and related financing Activities	(17,861)	(21,141)	(32,593)	(82,103)
Cash flows from investing activities	<u>5,566</u>	<u>(16,776)</u>	<u>(4,723)</u>	<u>746</u>
Net change in cash and cash equivalents	8,527	(16,037)	(23,528)	(58,540)
Cash and equivalents, beginning of year	<u>33,918</u>	<u>49,955</u>	<u>73,483</u>	<u>132,023</u>
Cash and equivalents, end of year	<u>\$ 42,445</u>	<u>\$ 33,918</u>	<u>\$ 49,955</u>	<u>\$ 73,483</u>
Non-cash investing, capital and financing activities				
Changes in FMV of Investments	<u>\$ (254)</u>	<u>\$ 41</u>	<u>\$ 76</u>	<u>\$ (265)</u>
Capitalized Interest	<u>\$ (83)</u>	<u>\$ (84)</u>	<u>\$ (393)</u>	<u>\$ (1,664)</u>

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

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 29,600	\$ 18,795	\$ 23,375	\$ 19,167	\$ 12,893	\$ 13,003
(9,782)	301	434	204	842	861
35,705	(6,638)	(28,870)	20,850	(29,009)	(40,846)
<u>11,194</u>	<u>3,536</u>	<u>1,024</u>	<u>(7,742)</u>	<u>5,358</u>	<u>12,585</u>
66,717	15,994	(4,037)	32,479	(9,916)	(14,397)
65,306	49,312	53,349	20,870	30,786	45,183
<u>\$ 132,023</u>	<u>\$ 65,306</u>	<u>\$ 49,312</u>	<u>\$ 53,349</u>	<u>\$ 20,870</u>	<u>\$ 30,786</u>
\$ (243)	\$ (351)	\$ 157	\$ 279	\$ 311	\$ 4,326
<u>\$ (230)</u>	<u>\$ -</u>				

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

	2011	2010	2009	2008	2007
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 9,053	\$ 8,815	\$ 9,252	\$ 9,456	\$ 9,469
Food & beverage	1,776	1,619	1,618	1,850	1,751
Retail	1,731	1,820	1,752	1,442	1,415
Fuel Flowage Fees	689	622	673	758	776
Other concessions	885	892	1,128	1,282	1,329
Total concessions	14,134	13,768	14,423	14,788	14,740
Fees & Charges					
Landing fees - signatory	5,431	4,357	2,548	2,310	4,806
Landing fees - non-signatory	1,320	784	709	471	1,081
Passenger screening - signatory	1,408	1,185	1,269	1,416	1,337
Passenger screening - non-signatory	399	260	256	142	236
Security user fees	983	3,415	4,289	4,600	4,693
Other fees	2,944	2,282	2,393	3,178	3,023
Total Fees & Charges	12,485	12,283	11,464	12,117	15,176
Space & Facility Rentals					
Air cargo building	849	865	879	950	931
Ramp use - signatory	852	674	510	798	745
Ramp use - non-signatory	136	170	56	100	53
Hangar spaces	2,726	2,458	2,736	2,230	2,108
Terminal space rentals - signatory	6,200	5,219	6,851	3,313	5,493
Terminal space rentals -non-signatory	627	499	571	553	876
Other lease rentals	5,741	5,833	4,921	4,825	4,486
Total Space & Facility Rentals	17,131	15,718	16,524	12,769	14,692
Parking					
Economy lots 1, 2 & 3	2,793	3,412	3,779	4,238	3,538
Garages & daily surface lot	13,318	11,805	11,964	13,447	13,254
Other parking	287	190	243	271	267
Total Parking	16,398	15,406	15,985	17,956	17,058
Other revenue					
Electric	966	833	639	998	890
Fuel Sales	847	748	681	499	474
Gas & oil commissions	-	-	-	-	-
Security use fees	-	-	-	-	-
Passenger screening - signatory	-	-	-	-	-
Passenger screen - non-signatory	-	-	-	-	-
Other revenue	521	523	193	219	813
Total other revenues	2,334	2,104	1,513	1,716	2,177
Total operating revenue	\$ 62,482	\$ 59,279	\$ 59,909	\$ 59,346	\$ 63,843
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 2.07	\$ 1.42	\$ 1.41	\$ 1.07	\$ 1.50
Average annual terminal rent (per sq. ft.)	\$ 39.39	\$ 40.18	\$ 45.21	\$ 22.15	\$ 43.41
Enplaned passengers	2,783,809	2,777,807	2,813,208	3,058,006	3,167,664
Cost per enplaned passenger	\$ 6.47	\$ 5.30	\$ 5.72	\$ 5.68	\$ 4.88

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)

	2006	2005	2004	2003	2002
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions					
Rent-A-Car	\$ 8,091	\$ 7,826	\$ 7,420	\$ 7,255	\$ 6,661
Food & beverage	1,486	1,553	1,298	1,198	1,128
Retail	1,095	1,384	1,145	1,157	1,114
Fuel Flowage Fees	725	684	-	-	-
Other concessions	1,444	1,397	1,406	1,493	1,639
Total concessions	12,841	12,844	11,268	11,103	10,542
Fees & Charges					
Landing fees - signatory	4,752	4,338	4,211	4,319	4,251
Landing fees - non-signatory	943	780	1,827	749	571
Passenger screening - signatory	1,071	1,312	-	-	-
Passenger screening - non-signatory	244	230	-	-	-
Security user fees	4,225	4,074	3,046	-	-
Other fees	2,708	2,889	2,224	1,404	1,310
Total Fees & Charges	13,943	13,623	11,308	6,471	6,132
Space & Facility Rentals					
Air cargo building	931	943	977	952	950
Ramp use - signatory	781	652	-	-	-
Ramp use - non-signatory	68	69	-	-	-
Hangar spaces	1,716	252	-	-	-
Terminal space rentals - signatory	5,954	6,880	4,421	4,575	5,561
Terminal space rentals -non-signatory	955	1,226	2,340	708	138
Other lease rentals	4,588	6,020	5,169	4,114	3,923
Total Space & Facility Rentals	14,993	16,042	12,907	10,350	10,572
Parking					
Economy lots 1, 2 & 3	3,057	2,865	2,598	2,223	1,901
Garages & daily surface lot	11,461	10,582	8,996	7,662	6,779
Other parking	196	159	684	683	596
Total Parking	14,713	13,606	12,278	10,568	9,276
Other revenue					
Electric	948	812	-	-	-
Fuel Sales	529	353	548	547	520
Gas & oil commissions	-	-	1,426	1,037	943
Security use fees	-	-	-	1,976	1,485
Passenger screening - signatory	-	-	1,146	1,087	1,127
Passenger screen - non-signatory	-	-	411	219	176
Other revenue	390	521	938	176	(463)
Total other revenues	1,867	1,686	4,469	5,042	3,787
Total operating revenue	<u>\$ 58,357</u>	<u>\$ 57,801</u>	<u>\$ 52,230</u>	<u>\$ 43,534</u>	<u>\$ 40,309</u>
Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs.)	\$ 1.46	\$ 1.46	\$ 1.62	\$ 1.44	\$ 1.21
Average annual terminal rent (per sq. ft.)	\$ 54.54	\$ 65.17	\$ 55.25	\$ 33.25	\$ 35.01
Enplaned passengers	2,924,527	2,848,830	2,567,586	2,433,317	2,425,734
Cost per enplaned passenger	\$ 4.93	\$ 5.74	\$ 6.34	\$ 4.69	\$ 6.08

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

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

	2011	2010	2009	2008	2007
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions	\$ 14,134	\$ 13,768	\$ 14,423	\$ 14,788	\$ 14,740
Fees & charges	12,485	12,283	11,464	12,117	15,176
Space & facility rentals	17,131	15,718	16,524	12,769	14,692
Parking	16,398	15,406	15,985	17,956	17,058
Other revenue	2,334	2,104	1,513	1,716	2,177
Total operating revenues	62,482	59,279	59,909	59,346	63,843
Operating expenses:					
Wages & benefits	18,390	16,862	16,833	17,405	16,336
Services and supplies	13,355	12,332	11,671	12,438	12,000
Repairs & maintenance	1,981	2,200	2,085	2,590	2,454
Promotion, advertising and dues	824	486	563	525	448
Registration & travel	202	237	254	409	340
Utilities & taxes	5,534	5,259	5,973	4,723	3,571
Other operating expenses	1,743	1,549	1,833	2,788	2,287
Depreciation and amortization	30,753	30,394	30,284	26,273	23,880
Total operating expenses	72,782	69,319	69,496	67,151	61,316
Operating (loss)/income	(10,300)	(10,040)	(9,587)	(7,805)	2,527
Nonoperating revenues:					
Investment income	981	1,549	2,773	6,037	10,992
Passenger facility charges	11,195	11,329	11,506	12,398	13,130
Payments from primary government	1	1	31	8	12
Payments from federal and state agencies	201	280	245	226	206
Contributions from other governments	0	750	0	1,089	697
Other revenues	516	539	0	-	84
Total nonoperating revenues	12,894	14,448	14,555	18,691	24,341
Nonoperating expenses:					
Interest expense	9,330	9,369	9,652	10,226	13,569
Contributions to other governments	-	-	10,000	-	-
Other expenses	166	228	1,463	1,888	226
Total nonoperating expenses	9,496	9,597	21,115	12,114	13,795
Capital contributions	9,502	10,011	16,132	20,442	23,600
Changes in net assets	\$ 2,600	\$ 4,822	\$ (15)	\$ 19,214	\$ 36,673
Net assets at end of year:					
Investments in capital assets net of related debt	\$ 349,691	\$ 352,264	\$ 359,245	\$ 358,313	\$ 336,911
Restricted	39,875	39,495	34,406	32,793	38,323
Unrestricted	49,727	44,934	38,221	40,781	37,439
Total net assets	\$ 439,293	\$ 436,693	\$ 431,872	\$ 431,887	\$ 412,673

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

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

	2006	2005	2004	2003	2002
Operating revenues:	<i>(dollar amounts in thousands)</i>				
Concessions	\$ 12,841	\$ 12,844	\$ 11,268	\$ 11,103	\$ 10,542
Fees & charges	13,943	13,623	11,308	6,471	6,132
Space & facility rentals	14,993	16,042	12,907	10,350	10,572
Parking	14,713	13,606	12,278	10,568	9,276
Other revenue	1,867	1,686	4,469	5,042	3,787
Total operating revenues	58,357	57,801	52,230	43,534	40,309
Operating expenses:					
Wages & benefits	16,840	16,598	14,824	14,035	12,290
Services and supplies	11,641	11,728	12,056	10,603	8,041
Repairs & maintenance	1,979	1,950	2,878	1,865	2,278
Promotion, advertising and dues	477	1,260	774	467	468
Registration & travel	377	332	286	206	131
Utilities & taxes	3,646	3,038	2,088	2,084	1,950
Other operating expenses	2,245	1,658	996	99	168
Depreciation and amortization	21,922	21,726	19,796	18,166	17,977
Total operating expenses	59,127	58,290	53,698	47,525	43,303
Operating (loss)/income	(770)	(489)	(1,468)	(3,991)	(2,994)
Nonoperating revenues:					
Investment income	5,639	1,784	616	709	1,525
Passenger facility charges	12,450	12,060	10,668	8,015	6,654
Payments from primary government	60	79	2	89	512
Payments from federal and state agencies	233	239	136	1,089	697
Contributions from other governments	-	-	-	-	-
Other revenues	9	63	177	-	84
Total nonoperating revenues	18,391	14,225	11,599	9,902	9,472
Nonoperating expenses:					
Interest expense	8,012	6,989	6,316	7,014	7,338
Contributions to other governments	-	340	123	2,457	2,677
Other expenses	334	185	144	26	-
Total nonoperating expenses	8,346	7,514	6,583	9,497	10,015
Capital contributions	13,080	17,172	13,050	19,251	18,261
Changes in net assets	\$ 22,355	\$ 23,394	\$ 16,598	\$ 15,665	\$ 14,724
Net assets at end of year:					
Investments in capital assets net of related debt of related debt	\$ 302,987	\$ 289,098	\$ 280,513	\$ 274,654	\$ 248,889
Restricted	49,805	37,668	28,152	18,092	21,874
Unrestricted	23,208	26,879	21,586	20,907	27,225
Total net assets	\$ 376,000	\$ 353,645	\$ 330,251	\$ 313,653	\$ 297,988

Source: Jacksonville Aviation Authority audited financial statements

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

	2011	% Of	2010	% Of	2009	% Of	2008	% Of
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
	<i>(dollar amounts in thousands)</i>							
Delta Air Lines	\$ 7,683	12.30%	\$ 3,959	6.68%	\$ 3,489	5.82%	\$ 3,519	5.93%
Southwest Airlines Co.	5,916	9.47%	3,163	5.34%	2,984	4.98%	3,042	5.13%
US Airways Group, Inc.	4,231	6.77%	2,334	3.94%	2,300	3.84%	2,489	4.19%
American Airlines	2,426	-	-	-	-	-	1,158	1.95%
Hertz Corporation, The	2,334	3.74%	2,332	3.93%	2,337	3.90%	2,519	4.24%
Vanguard Car Rental USA Inc.	2,179	3.49%	2,251	3.80%	2,358	3.94%	2,438	4.11%
Avis Rent A Car	1,915	3.06%	2,000	3.37%	2,247	3.75%	2,347	3.95%
HMS Host Corporation	1,748	2.80%	1,933	3.26%	2,027	3.38%	2,197	3.70%
DTG Operations	1,621	2.59%	-	-	-	-	-	-
Enterprise Leasing Company	1,592	2.55%	-	-	-	-	-	-
Federal Express Corporation	-	-	1,732	2.92%	2,147	3.58%	2,204	3.71%
Paradies Shops	-	-	1,721	2.90%	1,687	2.82%	1,301	2.19%
Budget Rent a Car System, Inc	-	-	1,614	2.72%	-	-	1,629	2.74%
Continental Airlines	-	-	-	-	1,339	2.24%	1,528	2.57%
Atlantic Coast Airlines	-	-	-	-	-	-	-	-
Signature Flight Support Corp	-	-	-	-	-	-	757	1.28%
Total Principal Revenue Payers	\$ 31,645	50.65%	\$ 23,039	38.87%	\$ 22,915	38.25%	\$ 27,128	45.71%
Total operating revenues	\$ 62,482	100.00%	\$ 59,279	100.00%	\$ 59,909	100.00%	\$ 59,346	100.00%

Source: Authority Records

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

	2004 Amount	% Of Revenue	2003 Amount	% Of Revenue	2002 Amount	% Of Revenue
	<i>(dollar amounts in thousands)</i>					
Delta Air Lines	\$ 3,734	7.15%	\$ 3,989	9.16%	\$ 2,774	6.88%
Southwest Airlines Co.	3,001	5.74%	2,551	5.86%	1,927	4.78%
US Airways Group, Inc.	2,169	4.15%	3,297	7.57%	1,859	4.61%
American Airlines	-	-	1,257	2.89%	-	-
Hertz Corporation, The	2,692	5.15%	2,534	5.82%	2,234	5.54%
Vanguard Car Rental USA Inc.	1,854	3.55%	2,091	4.80%	1,606	3.98%
Avis Rent A Car	1,979	3.79%	1,987	4.56%	1,696	4.21%
HMS Host Corporation	1,441	2.76%	1,349	3.10%	1,269	3.15%
DTG Operations	-	-	-	-	-	-
Enterprise Leasing Company	-	-	-	-	-	-
Federal Express Corporation	-	-	-	-	-	-
Paradies Shops	-	-	-	-	-	-
Budget Rent a Car System, Inc	-	-	1,310	3.01%	1,287	3.19%
Continental Airlines	1,448	2.77%	1,609	3.70%	-	-
Atlantic Coast Airlines	1,430	2.74%	-	-	1,381	3.43%
Signature Flight Support Corp	1,327	2.54%	-	-	1,214	3.01%
Total Principal Revenue Payers	\$ 21,075	40.35%	\$ 21,974	50.48%	\$ 17,247	42.79%
Total operating revenues	\$ 52,230	100.00%	\$ 43,534	100.00%	\$ 40,309	100.00%

Source: Authority Records

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

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Expenses Other than Depreciation</u>	<u>Ratio of Debt Service to Expenditures</u>
		<i>(dollar amounts in thousands)</i>			
2011	9,400	9,330	18,730	42,029	44.56
2010	9,005	9,369	18,374	38,925	47.20
2009	7,335	9,396	16,731	39,212	42.67
2008	7,475	11,911	19,386	40,878	47.42
2007	7,228	13,060	20,288	37,436	54.19
2006	6,021	7,837	13,858	37,205	37.25
2005	7,029	6,906	13,935	36,564	38.11
2004	3,788	6,459	10,247	33,902	30.23
2003	8,105	6,774	14,879	29,359	50.68
2002	4,510	7,051	11,561	25,326	45.65

Note 1: The principal related to bond defeasance is not included in order for the Ratio of Debt to be comparable.

Source: Authority Records

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

	2011	2010	2009	2008
Revenues:				
	<i>(dollar amounts in thousands)</i>			
Concessions	\$ 14,134	\$ 13,768	\$ 14,423	\$ 14,788
Fees & charges	12,485	12,283	11,464	12,117
Space & facility rentals	17,131	15,718	16,524	12,769
Parking	16,398	15,406	15,985	17,956
Other revenue	2,334	2,104	1,513	1,716
Interest income	981	1,549	2,773	6,037
Other, net	-	-	-	-
Transfers – signatory airline agreement	4,667	5,041	4,397	8,872
Transfers – PFC Series 2003B1 & B2, 2006	7,541	7,548	7,334	7,861
Total revenues and transfers	<u>75,671</u>	<u>73,417</u>	<u>74,413</u>	<u>82,116</u>
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	42,029	38,925	39,212	40,878
Net operating revenues	<u>33,642</u>	<u>34,492</u>	<u>35,201</u>	<u>41,238</u>
Revenue bond service charges for:				
Series 2008 note	3,319	3,317	1,960	1,209
Series 2006 bonds (PFC backed)	7,875	7,815	7,554	7,861
Series 2005 RR bonds	-	-	-	1,945
Series 2003B-1 bonds (PFC backed)	-	-	-	-
Series 2003B-2 bonds	-	-	-	-
Series 2003A bonds	7,182	7,238	7,217	7,231
Series 2000 bonds	-	-	-	-
Series 1998 bonds (defeased 7/3/03)	-	-	-	-
Series 1993 bonds (defeased 7/3/03)	-	-	-	-
Total revenue bond service charges	<u>\$ 18,376</u>	<u>\$ 18,370</u>	<u>\$ 16,731</u>	<u>\$ 18,246</u>
Revenue bond service coverage	1.83	1.88	2.10	2.26
Required bond service coverage	1.25	1.25	1.25	1.25
Total enplanements	<u>2,784</u>	<u>2,778</u>	<u>2,813</u>	<u>3,058</u>
Debt per enplanement	<u>\$ 6.60</u>	<u>\$ 6.61</u>	<u>\$ 6.14</u>	<u>\$ 5.97</u>

Source: Aviation Records

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

2007	2006	2005	2004	2003	2002
<i>(dollar amounts in thousands)</i>					
\$ 14,740	\$ 12,841	\$ 12,844	\$ 11,268	\$ 11,103	\$ 10,542
15,176	13,943	13,623	11,308	6,471	6,132
14,692	14,993	16,042	12,907	10,350	10,572
17,058	14,713	13,606	12,278	10,568	9,276
2,177	1,867	1,686	4,469	5,042	3,787
10,992	5,639	1,483	779	939	1,733
-	-	41	33	(26)	87
5,984	4,030	2,258	2,143	3,616	3,194
41,264	1,966	2,302	2,210	-	-
<u>122,083</u>	<u>69,992</u>	<u>63,885</u>	<u>57,395</u>	<u>48,063</u>	<u>45,323</u>
<u>37,436</u>	<u>37,205</u>	<u>36,246</u>	<u>33,764</u>	<u>28,472</u>	<u>24,125</u>
<u>84,647</u>	<u>32,787</u>	<u>27,639</u>	<u>23,631</u>	<u>19,591</u>	<u>21,198</u>
-	-	-	-	-	-
5,737	-	-	-	-	-
4,148	3,228	300	-	-	-
26,561	865	2,283	1,768	-	-
8,966	291	205	88	-	-
7,262	7,294	7,367	7,410	769	-
192	982	3,455	3,471	3,473	3,470
-	-	-	-	1,329	5,276
-	-	-	-	716	2,641
<u>\$ 52,866</u>	<u>\$ 12,660</u>	<u>\$ 13,610</u>	<u>\$ 12,737</u>	<u>\$ 6,287</u>	<u>\$ 11,387</u>
1.60	2.59	2.03	1.86	3.12	1.86
1.25	1.25	1.25	1.25	1.25	1.25
3,168	2,925	2,849	2,568	2,426	2,645,551
<u>\$ 16.69</u>	<u>\$ 4.33</u>	<u>\$ 4.78</u>	<u>\$ 4.96</u>	<u>\$ 2.59</u>	<u>\$ 4.30</u>

Source: Aviation Records

**Jacksonville Aviation Authority
Debt Service
As of September 30, 2011
(unaudited)**

Bond Year	Date	Fiscal Year	Series 2003A-1 (Non-AMT)				Series 2003A-2 (AMT)			
			Principal	Coupon	Interest	Debt Svs. Yr	Principal	Coupon	Interest	Debt Svs. Yr
2011	10/01/11	2012	1,805,000	2.800%	295,267	2,370,264	3,570,000	5.250%	723,219	4,922,725
2012	04/01/12	2012	-	-	269,997	-	-	-	629,506	-
2012	10/01/12	2013	1,855,000	3.000%	269,997	2,367,169	3,755,000	5.250%	629,506	4,915,444
2013	04/01/13	2013	-	-	242,172	-	-	-	530,938	-
2013	10/01/13	2014	1,915,000	3.125%	242,172	2,369,422	3,950,000	5.250%	530,938	4,908,188
2014	04/01/14	2014	-	-	212,250	-	-	-	427,250	-
2014	10/01/14	2015	1,970,000	5.000%	212,250	2,345,250	4,155,000	5.000%	427,250	4,905,625
2015	04/01/15	2015	-	-	163,000	-	-	-	323,375	-
2015	10/01/15	2016	2,070,000	5.000%	163,000	2,344,250	4,355,000	5.000%	323,375	4,892,875
2016	04/01/16	2016	-	-	111,250	-	-	-	214,500	-
2016	10/01/16	2017	2,170,000	5.000%	111,250	2,338,250	4,580,000	5.000%	214,500	4,894,500
2017	04/01/17	2017	-	-	57,000	-	-	-	100,000	-
2017	10/01/17	2018	2,280,000	5.000%	57,000	2,337,000	4,000,000	5.000%	100,000	4,100,000
2018	04/01/18	2018								
2018	10/01/18	2019								
2019	04/01/19	2019								
2019	10/01/19	2020								
2020	04/01/20	2020								
2020	10/01/20	2021								
2021	04/01/21	2021								
2021	10/01/21	2022								
2022	04/01/22	2022								
2022	10/01/22	2023								
2023	04/01/23	2023								
2023	10/01/23	2024								
2024	04/01/24	2024								
2024	10/01/24	2025								
2025	04/01/25	2025								
2025	10/01/25	2026								
2026	04/01/26	2026								
2026	10/01/26	2027								
2027	04/01/27	2027								
2027	10/01/27	2028								
2028	04/01/28	2028								
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2029	04/01/29	2029								
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2030	10/01/30	2031								
2031	04/01/31	2031								
2031	10/01/31	2032								
2032	04/01/32	2032								
2032	10/01/32	2033								
2033	04/01/33	2033								
2033	10/01/33	2034								
2034	04/01/34	2034								
2034	10/01/34	2035								
2035	04/01/35	2035								
2035	10/01/35	2036								
2036	04/01/36	2036								
2036	10/01/36	2037								
2037	04/01/37	2037								
2037	10/01/37	2038								
2038	04/01/38	2038								
2038	10/01/38	2039								
	TOTAL		14,065,000		2,406,604	16,471,604	28,365,000		5,174,356	33,539,356
			Call Feature: 10/01/2013 @ 100%				10/01/2013 @ 100%			
			Purpose: Refunding of all Series 1993 Bonds 100% New Money				Refunding of all Series 1998 Bonds 100% New Money			
			Refunding Eligibility: Advance Refundable				AMT bonds are not advance refundable Forward Refundable			

Source: Jacksonville Aviation Authority

**Jacksonville Aviation Authority
Debt Service
As of September 30, 2011
(unaudited)**

Bond Year	Date	Fiscal Year	Series 2006 Revenue Bonds			
			Principal	Coupon	Interest	Debt Svs. Yr
2011	10/01/11	2012	2,300,000	5.000%	2,866,504	7,975,509
2012	04/01/12	2012	-		2,809,004	
2012	10/01/12	2013	2,440,000	5.000%	2,809,004	7,997,009
2013	04/01/13	2013	-		2,748,004	
2013	10/01/13	2014	2,620,000	5.000%	2,748,004	8,050,509
2014	04/01/14	2014	-		2,682,504	
2014	10/01/14	2015	2,735,000	5.000%	2,682,504	8,031,634
2015	04/01/15	2015	-		2,614,129	
2015	10/01/15	2016	2,910,000	5.000%	2,614,129	8,065,509
2016	04/01/16	2016	-		2,541,379	
2016	10/01/16	2017	3,070,000	5.000%	2,541,379	8,076,009
2017	04/01/17	2017	-		2,464,629	
2017	10/01/17	2018	4,045,000	4.000%	2,464,629	8,893,359
2018	04/01/18	2018	-		2,383,729	
2018	10/01/18	2019	8,810,000	5.000%	2,383,729	13,357,209
2019	04/01/19	2019	-		2,163,479	
2019	10/01/19	2020	3,320,000	5.000%	2,163,479	7,563,959
2020	04/01/20	2020	-		2,080,479	
2020	10/01/20	2021	3,485,000	5.000%	2,080,479	7,558,834
2021	04/01/21	2021	-		1,993,354	
2021	10/01/21	2022	3,660,000	5.000%	1,993,354	7,555,209
2022	04/01/22	2022	-		1,901,854	
2022	10/01/22	2023	3,840,000	5.000%	1,901,854	7,547,709
2023	04/01/23	2023	-		1,805,854	
2023	10/01/23	2024	4,035,000	5.000%	1,805,854	7,545,834
2024	04/01/24	2024	-		1,704,979	
2024	10/01/24	2025	4,235,000	5.000%	1,704,979	7,539,084
2025	04/01/25	2025	-		1,599,104	
2025	10/01/25	2026	4,450,000	5.000%	1,599,104	7,536,961
2026	04/01/26	2026	-		1,487,856	
2026	10/01/26	2027	4,670,000	5.000%	1,487,854	7,528,959
2027	04/01/27	2027	-		1,371,104	
2027	10/01/27	2028	4,905,000	4.625%	1,371,104	7,533,781
2028	04/01/28	2028	-		1,257,676	
2028	10/01/28	2029	5,130,000	4.625%	1,257,676	7,526,721
2029	04/01/29	2029	-		1,139,045	
2029	10/01/29	2030	5,370,000	4.625%	1,139,045	7,523,909
2030	04/01/30	2030	-		1,014,864	
2030	10/01/30	2031	5,615,000	4.625%	1,014,864	7,514,881
2031	04/01/31	2031	-		885,017	
2031	10/01/31	2032	5,875,000	4.625%	885,017	7,509,174
2032	04/01/32	2032	-		749,158	
2032	10/01/32	2033	6,145,000	4.400%	749,158	7,508,125
2033	04/01/33	2033	-		613,968	
2033	10/01/33	2034	6,415,000	4.400%	613,968	7,501,805
2034	04/01/34	2034	-		472,838	
2034	10/01/34	2035	6,700,000	4.500%	472,838	7,494,925
2035	04/01/35	2035	-		322,088	
2035	10/01/35	2036	7,000,000	4.500%	322,088	7,486,675
2036	04/01/36	2036	-		164,588	
2036	10/01/36	2037	7,315,000	4.500%	164,588	7,479,588
2037	04/01/37	2037	-			
2037	10/01/37	2038				
2038	04/01/38	2038				
2038	10/01/38	2039				
TOTAL			121,095,000		84,807,875	205,902,875
Call Feature						
Purpose			100% New Money			
Refunding Eligibility						

Source: Jacksonville Aviation Authority

**Jacksonville Aviation Authority
Debt Service
As of September 30, 2011
(unaudited)**

Bond Year	Date	Fiscal Year	2008 Revenue Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2011	10/01/11	2012	2,100,000	0.787%	145,506	2,382,743
2012	04/01/12	2012	-		137,237	
2012	10/01/12	2013	2,170,000	0.787%	137,237	2,435,930
2013	04/01/13	2013	-		128,693	
2013	10/01/13	2014	2,245,000	0.787%	128,693	2,493,547
2014	04/01/14	2014	-		119,854	
2014	10/01/14	2015	2,325,000	0.787%	119,854	2,555,553
2015	04/01/15	2015	-		110,699	
2015	10/01/15	2016	2,405,000	0.787%	110,699	2,616,929
2016	04/01/16	2016	-		101,230	
2016	10/01/16	2017	2,485,000	0.787%	101,230	2,677,675
2017	04/01/17	2017	-		91,446	
2017	10/01/17	2018	2,570,000	0.787%	91,446	2,742,772
2018	04/01/18	2018	-		81,326	
2018	10/01/18	2019	2,660,000	0.787%	81,326	2,812,180
2019	04/01/19	2019	-		70,853	
2019	10/01/19	2020	2,750,000	0.787%	70,853	2,880,878
2020	04/01/20	2020	-		60,025	
2020	10/01/20	2021	2,845,000	0.787%	60,025	2,953,849
2021	04/01/21	2021	-		48,823	
2021	10/01/21	2022	2,945,000	0.787%	48,823	3,031,051
2022	04/01/22	2022	-		37,228	
2022	10/01/22	2023	3,045,000	0.787%	37,228	3,107,466
2023	04/01/23	2023	-		25,239	
2023	10/01/23	2024	3,150,000	0.787%	25,239	3,188,074
2024	04/01/24	2024	-		12,836	
2024	10/01/24	2025	3,260,000	0.787%	12,836	3,272,836
2025	04/01/25	2025				
2025	10/01/25	2026				
2026	04/01/26	2026				
2026	10/01/26	2027				
2027	04/01/27	2027				
2027	10/01/27	2028				
2028	04/01/28	2028				
2028	10/01/28	2029				
2029	04/01/29	2029				
2029	10/01/29	2030				
2030	04/01/30	2030				
2030	10/01/30	2031				
2031	04/01/31	2031				
2031	10/01/31	2032				
2032	04/01/32	2032				
2032	10/01/32	2033				
2033	04/01/33	2033				
2033	10/01/33	2034				
2034	04/01/34	2034				
2034	10/01/34	2035				
2035	04/01/35	2035				
2035	10/01/35	2036				
2036	04/01/36	2036				
2036	10/01/36	2037				
	TOTAL		36,955,000		2,196,484	39,151,484
	Call Feature					
	Purpose					
	Refunding Eligibility					

Source: Jacksonville Aviation Authority

**Jacksonville Aviation Authority
Debt Service
As of September 30, 2011
(unaudited)**

TOTAL			Bond Year	Date	Fiscal Year
Principal	Interest	Debt Svs. Yr			
9,775,000	4,030,496		2010	10/01/10	2012
-	3,845,745	17,651,240	2011	04/01/11	2012
10,220,000	3,845,745		2011	10/01/11	2013
-	3,649,807	17,715,552	2012	04/01/12	2013
10,730,000	3,649,807		2012	10/01/12	2014
-	3,441,858	17,821,665	2013	04/01/13	2014
11,185,000	3,441,858		2013	10/01/13	2015
-	3,211,204	17,838,062	2014	04/01/14	2015
11,740,000	3,211,204		2014	10/01/14	2016
-	2,968,359	17,919,563	2015	04/01/15	2016
12,305,000	2,968,359		2015	10/01/15	2017
-	2,713,075	17,986,434	2016	04/01/16	2017
12,895,000	2,713,075		2016	10/01/16	2018
-	2,465,056	18,073,131	2017	04/01/17	2018
11,470,000	2,465,056		2017	10/01/17	2019
-	2,234,332	16,169,388	2018	04/01/18	2019
6,070,000	2,234,332		2018	10/01/18	2020
-	2,140,505	10,444,837	2019	04/01/19	2020
6,330,000	2,140,505		2019	10/01/19	2021
-	2,042,178	10,512,682	2020	04/01/20	2021
6,605,000	2,042,178		2020	10/01/20	2022
-	1,939,082	10,586,260	2021	04/01/21	2022
6,885,000	1,939,082		2021	10/01/21	2023
-	1,831,093	10,655,175	2022	04/01/22	2023
7,185,000	1,831,093		2022	10/01/22	2024
-	1,717,815	10,733,908	2023	04/01/23	2024
7,495,000	1,717,815		2023	10/01/23	2025
-	1,599,104	10,811,920	2024	04/01/24	2025
4,450,000	1,599,104		2024	10/01/24	2026
-	1,487,856	7,536,961	2025	04/01/25	2026
4,670,000	1,487,854		2025	10/01/25	2027
-	1,371,104	7,528,959	2026	04/01/26	2027
4,905,000	1,371,104		2026	10/01/26	2028
-	1,257,676	7,533,781	2027	04/01/27	2028
5,130,000	1,257,676		2027	10/01/27	2029
-	1,139,045	7,526,721	2028	04/01/28	2029
5,370,000	1,139,045		2028	10/01/28	2030
-	1,014,864	7,523,909	2029	04/01/29	2030
5,615,000	1,014,864		2029	10/01/29	2031
-	885,017	7,514,881	2030	04/01/30	2031
5,875,000	885,017		2030	10/01/30	2032
-	749,158	7,509,174	2031	04/01/31	2032
6,145,000	749,158		2031	10/01/31	2033
-	613,968	7,508,125	2032	04/01/32	2033
6,415,000	613,968		2032	10/01/32	2034
-	472,838	7,501,805	2033	04/01/33	2034
6,700,000	472,838		2033	10/01/33	2035
-	322,088	7,494,925	2034	04/01/34	2035
7,000,000	322,088		2034	10/01/34	2036
-	164,588	7,486,675	2035	04/01/35	2036
7,315,000	164,588		2035	10/01/35	2037
-	-	7,479,588	2036	04/01/36	2037
-	-	-	2036	10/01/36	2038
-	-	-	2037	04/01/37	2038
-	-	-	2037	10/01/37	2039
200,480,000	94,585,320	295,065,320		TOTAL	

Source: Jacksonville Aviation Authority

Jacksonville Aviation Authority
 Top 10 Employers of Jacksonville
 (unaudited)

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

Each employer's percentage of total employment is unavailable.

Source: 2011 and 2010 Jacksonville Cornerstone Regional Development Partnership, 2009 Jacksonville Economic Development, 2008 Jacksonville Cornerstone, 2007 and 2006 Data Information was not available for the prior 4 years

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2010	1,354,707 *	\$ 53,752,000 (1)	\$ 39,840 (1)	10.6% (1)
2009	1,328,144	52,297,000	39,175	11.7%
2008	1,316,528	53,381,000	40,357	10.1%
2007	1,304,199	48,931,673	40,633	4.3%
2006	1,278,626	47,972,228	37,519	3.3%
2005	1,247,828	42,785,474	34,288	3.8%
2004	1,222,134	40,347,961	33,014	4.6%
2003	1,194,785	37,185,391	31,123	5.0%
2002	1,172,966	35,123,316	29,944	5.3%
2001	1,148,173	33,804,492	29,442	4.1%
2000	1,126,248	33,150,664	29,435	3.2%

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

Note: Population for 2010 is estimated.

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

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

		Market Share		Market Share	
	2011	2011	2010	2010	2009
SOUTHWEST AIRLINES CO	629,020	22.60%	609,766	21.95%	653,444
DELTA AIR LINES INC	609,465	21.89%	659,530	23.74%	566,209
US AIRWAYS INC	355,870	12.78%	400,453	14.42%	408,943
AMERICAN AIRLINES CORPORATION	166,969	6.00%	163,434	5.88%	139,687
JETBLUE AIRWAYS CORPORATION	147,195	5.29%	118,761	4.28%	103,559
AIRTRAN AIRLINES INC	146,138	5.25%	166,504	5.99%	165,770
CONTINENTAL EXPRESS	128,975	4.63%	147,976	5.33%	119,950
AMERICAN EAGLE AIRLINES	118,783	4.27%	85,634	3.08%	74,711
REPUBLIC AIRLINES INC	76,740	2.76%	49,598	1.79%	48,834
COMAIR INC	61,685	2.22%	63,305	2.28%	79,563
UNITED EXPRESS AIRLINES CO MESA AIRLINES	55,888	2.01%	39,843	1.43%	57,791
ATLANTIC SOUTHEAST AIRLINES	51,217	1.84%	4,326	0.16%	3,471
UNITED AIRLINES	45,072	1.62%	53,003	1.91%	49,205
COMPASS AIRLINES INC	44,836	1.61%	41,195	1.48%	47,205
PINNACLE AIRLINES	28,892	1.04%	39,506	1.42%	42,633
GOJET AIRLINES	22,740	0.82%	58,063	2.09%	44,845
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	19,011	0.68%	-	0.00%	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	13,533	0.49%	-	0.00%	-
SHUTTLE AMERICA CORPORATION	13,463	0.48%	5,899	0.21%	-
US AIRWAYS EXPRESS MESA	10,465	0.38%	7,264	0.26%	1,531
ATLANTIC SOUTHEAST AIRLINES (UNITED)	9,978	0.36%	1,464	0.05%	-
SHUTTLE AMERICA CORPORATION (UNITED)	9,294	0.33%	-	0.00%	-
CHAUTAQUA AIRLINES INC	7,226	0.26%	19,409	0.70%	54,097
AIR GROUND LOGISTICS INC	4,543	0.16%	4,191	0.15%	3,258
CONTINENTAL AIRLINES	2,593	0.09%	24,739	0.89%	77,715
UNITED EXPRESS	1,645	0.06%	-	0.00%	-
PSA AIRLINES INC	1,239	0.04%	1,462	0.05%	-
MESABA AIRLINES	784	0.03%	7,219	0.26%	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIR'	550	0.02%	15	0.00%	824
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	0.00%	5,248	0.19%	-
AIR TRAN EXPRESS (AIR WISCONSIN)	-	0.00%	-	0.00%	-
DELTA CONNECTION (ATLANTIC SE)	-	0.00%	-	0.00%	-
EXPRESS JET	-	0.00%	-	0.00%	-
FLORIDA GULF (MESA)	-	0.00%	-	0.00%	-
FRONTIER	-	0.00%	-	0.00%	-
GULFSTREAM (CONTINENTAL CONN.)	-	0.00%	-	0.00%	-
INDEPENDENCE AIR	-	0.00%	-	0.00%	-
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%	-
MIDWAY AIRLINES (US AIRWAYS)	-	0.00%	-	0.00%	-
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%	-
TRANS STATES (AMERICAN)	-	0.00%	-	0.00%	-
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%	69,963
TOTAL ENPLANEMENTS	2,783,809	100.00%	2,777,807	100.00%	2,813,208

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2002-2005)

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

	2008	2007	2006	2005	2004	2003	2002
SOUTHWEST AIRLINES CO	624,289	657,338	638,860	559,189	524,727	694,553	680,333
DELTA AIR LINES INC	563,394	579,370	512,706	663,066	655,680	501,883	519,955
US AIRWAYS INC	460,583	487,063	470,872	404,611	338,709	308,045	342,633
AMERICAN AIRLINES CORPORATION	153,956	154,886	160,401	135,798	103,978	152,108	154,141
JETBLUE AIRWAYS CORPORATION	114,510	111,377	34,684	-	-	126,527	160,331
AIRTRAN AIRLINES INC	182,364	185,536	196,583	156,876	100,546	91,786	57,742
CONTINENTAL EXPRESS	77,426	103,739	109,468	76,733	62,679	27,072	1,442
AMERICAN EAGLE AIRLINES	123,084	120,006	96,343	63,757	44,647	9,941	-
REPUBLIC AIRLINES INC	20,742	11,764	1,693	-	-	-	1,589
COMAIR INC	133,481	146,296	152,333	179,572	143,187	107,265	93,698
UNITED EXPRESS AIRLINES CO MESA AIRLINES	36,684	65,563	45,030	-	-	18,148	2,771
ATLANTIC SOUTHEAST AIRLINES	803	13,727	-	-	-	-	-
UNITED AIRLINES	88,149	22,622	-	-	-	-	-
COMPASS AIRLINES INC	32,493	-	-	-	-	-	-
PINNACLE AIRLINES	30,892	42,338	35,599	34,385	41,807	5,180	9,939
GOJET AIRLINES	26,151	60,106	60,611	-	-	47,837	50,645
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-	-	-	-
US AIRWAYS EXPRESS MESA	1,653	2,786	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-	-	-	-
CHAUTAUQUA AIRLINES INC	34,746	11,126	9,896	5,502	3,160	18,300	8,492
AIR GROUND LOGISTICS INC	3,792	6,835	4,733	8,471	5,586	-	13,455
CONTINENTAL AIRLINES	128,916	137,554	131,352	132,766	124,340	144,335	169,080
UNITED EXPRESS	-	-	-	-	-	-	-
PSA AIRLINES INC	1,626	1,697	6,249	19,342	3,914	119,459	106,866
MESABA AIRLINES	6,373	-	11,290	14,653	-	21,803	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIR'	2,878	3,855	-	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-	-	-	-
AIR TRAN EXPRESS (AIR WISCONSIN)	-	-	17,800	126,734	38,875	7,252	5,068
DELTA CONNECTION (ATLANTIC SE)	-	-	-	10,365	48,522	-	-
EXPRESS JET	54,531	29,042	-	-	-	-	-
FLORIDA GULF (MESA)	-	-	5,308	7,326	33,364	7,157	47,075
FRONTIER	20,719	11,694	-	-	-	-	-
GULFSTREAM (CONTINENTAL CONN.)	5,606	14,053	13,187	17,171	16,426	-	-
INDEPENDENCE AIR	-	-	21,187	63,409	117,881	5,356	479
MESA/FREEDOM (DELTA)	-	-	8,066	-	-	6,565	-
MIDWAY AIRLINES (US AIRWAYS)	-	-	-	-	1,871	-	-
SKYWEST (DELTA CONNECTION)	462	18,074	22,450	4,028	1,829	3,499	-
TRANS STATES (AMERICAN)	33,075	40,486	39,237	26,737	23,887	9,246	-
NORTHWEST AIRLINES INC	94,628	128,731	118,589	138,656	131,971	-	-
TOTAL ENPLANEMENTS	3,058,006	3,167,664	2,924,527	2,848,830	2,567,586	2,433,317	2,425,734

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2002-2005)

Jacksonville Aviation Authority
Jacksonville, Florida
Landed Weights
(unaudited)

	2011	Market Share 2011	2010	Market Share 2010	2009
	<i>(weights in 1000 lbs)</i>				
SOUTHWEST AIRLINES CO	890,870	22.35%	862,176	22.24%	955,216
DELTA AIR LINES INC	805,666	20.21%	801,499	20.68%	722,553
US AIRWAYS INC	464,833	11.66%	529,454	13.66%	516,137
AIRTRAN AIRLINES INC	192,650	4.83%	200,976	5.19%	193,536
AMERICAN AIRLINES CORPORATION	180,024	4.52%	181,958	4.69%	153,526
JETBLUE AIRWAYS CORPORATION	171,867	4.31%	152,829	3.94%	170,954
AMERICAN EAGLE AIRLINES	140,674	3.53%	99,474	2.57%	88,051
CONTINENTAL EXPRESS	124,645	3.13%	142,502	3.68%	113,231
COMAIR INC	87,737	2.20%	68,834	1.78%	89,465
REPUBLIC AIRLINES INC	85,395	2.14%	56,686	1.46%	55,227
UNITED EXPRESS AIRLINES CO MESA AIRLINES	67,918	1.70%	45,630	1.18%	61,844
UNITED AIRLINES	66,766	1.67%	76,189	1.97%	65,962
ATLANTIC SOUTHEAST AIRLINES	64,670	1.62%	4,730	0.12%	4,653
COMPASS AIRLINES INC	52,538	1.32%	35,875	0.93%	46,903
PINNACLE AIRLINES	34,363	0.86%	45,024	1.16%	40,519
GOJET AIRLINES	28,810	0.72%	73,030	1.88%	56,213
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	23,863	0.60%	-	0.00%	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	17,866	0.45%	-	0.00%	-
SHUTTLE AMERICA CORPORATION	17,027	0.43%	5,997	0.15%	-
SHUTTLE AMERICA CORPORATION (UNITED)	15,258	0.38%	-	0.00%	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	12,455	0.31%	-	0.00%	-
AIR GROUND LOGISTICS INC	11,463	0.29%	-	0.00%	-
US AIRWAYS EXPRESS MESA	11,172	0.28%	7,720	0.20%	1,397
CHAUTAUQUA AIRLINES INC	6,907	0.17%	21,983	0.57%	56,301
CONTINENTAL AIRLINES	4,407	0.11%	30,343	0.78%	94,625
UNITED EXPRESS	1,662	0.04%	-	0.00%	-
PSA AIRLINES INC	1,394	0.03%	1,851	0.05%	-
MESABA AIRLINES	956	0.02%	5,240	0.14%	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	846	0.02%	94	0.00%	-
DAL GLOBAL SERVICES INC	322	0.01%	-	0.00%	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	0.00%	4,922	0.13%	-
ATLANTIC COAST AIRLINES	-	0.00%	1,880	0.05%	-
AMERICAN (TRANS STATES)	-	0.00%	-	0.00%	-
EXPRESS JET	-	0.00%	-	0.00%	-
FRONTIER	-	0.00%	-	0.00%	-
GULFSTREAM (CONTINENTAL)	-	0.00%	-	0.00%	-
INDEPENDENCE AIR	-	0.00%	-	0.00%	-
MESA/FREEDOM (DELTA)	-	0.00%	-	0.00%	-
SKYWEST (DELTA CONNECTION)	-	0.00%	-	0.00%	-
TRANS STATES	-	0.00%	-	0.00%	-
AIR WISCONSIN (US AIRWAYS)	-	0.00%	-	0.00%	893
FLORIDA GULF (MESA)	-	0.00%	-	0.00%	-
MIDWAY AIRLINES	-	0.00%	-	0.00%	-
NORTHWEST AIRLINES INC	-	0.00%	-	0.00%	71,834
TWA L.L.C.	-	0.00%	-	0.00%	-
US AIRWAYS EXPRESS (PIEDMONT)	-	0.00%	-	0.00%	-
TOTAL COMMERCIAL AIRLINES	3,585,023	89.94%	3,456,896	89.19%	3,559,040
AIR CARGO CARRIERS:					
FEDERAL EXPRESS CORPORATION	211,323	5.30%	212,938	5.49%	217,465
UNITED PARCEL SERVICE COMPANY	186,799	4.69%	189,609	4.89%	208,064
SUBURBAN AIR FREIGHT INC	2,090	0.05%	-	0.00%	-
MOUNTAIN AIR CARGO INC	886	0.02%	-	0.00%	-
AMERIFLIGHT LLC	16	0.00%	-	0.00%	-
MISCELLANEOUS	-	0.00%	16,478	0.43%	18,474
ABX	-	0.00%	-	0.00%	7,029
DHL	-	0.00%	-	0.00%	-
AIRBORNE EXPRESS	-	0.00%	-	0.00%	-
NORTH STAR	-	0.00%	-	0.00%	-
EMERY	-	0.00%	-	0.00%	-
TOTAL CARGO AIRLINES	401,114	10.06%	419,025	10.81%	451,032
TOTAL LANDED WEIGHTS	3,986,137	100.00%	3,875,921	100.00%	4,010,072

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2002-2007)

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

	2008	2007	2006	2005	2004	2003	2002
	<i>(weights in 1000 lbs)</i>						
SOUTHWEST AIRLINES CO	980,788	970,542	947,608	855,204	816,057	1,036,969	1,110,749
DELTA AIR LINES INC	733,464	768,877	672,714	980,596	969,045	836,967	893,413
US AIRWAYS INC	573,721	584,664	609,737	518,833	430,872	435,565	483,275
AIRTRAN AIRLINES INC	215,674	222,352	229,528	171,184	131,454	125,067	68,338
AMERICAN AIRLINES CORPORATION	181,777	-	185,101	165,280	138,474	219,372	186,718
JETBLUE AIRWAYS CORPORATION	148,825	133,747	51,899	-	-	188,903	250,532
AMERICAN EAGLE AIRLINES	145,095	137,487	102,305	67,353	52,692	16,638	-
CONTINENTAL EXPRESS	80,619	104,876	109,128	74,934	63,243	32,640	1,567
COMAIR INC	152,776	166,499	186,539	227,052	184,526	145,899	141,404
REPUBLIC AIRLINES INC	20,112	15,041	2,169	-	-	10,585	83,620
UNITED EXPRESS AIRLINES CO MESA AIRLINES	40,321	73,408	47,952	-	-	20,022	20,539
UNITED AIRLINES	115,232	28,118	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES	899	14,792	-	12,455	58,186	-	23,598
COMPASS AIRLINES INC	36,776	-	-	-	-	-	-
PINNACLE AIRLINES	37,150	46,671	41,501	37,506	45,966	6,390	18,462
GOJET AIRLINES	42,681	75,040	81,204	-	-	60,468	71,552
SHUTTLE AMERICA CORPORATION (CONTINENTAL)	-	-	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (CONTINENTAL)	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION	-	-	-	-	-	-	-
SHUTTLE AMERICA CORPORATION (UNITED)	-	-	-	-	-	-	-
ATLANTIC SOUTHEAST AIRLINES (UNITED)	-	-	-	-	-	-	-
AIR GROUND LOGISTICS INC	-	-	-	-	-	-	-
US AIRWAYS EXPRESS MESA	2,132	3,363	-	-	-	-	-
CHAUTAQUA AIRLINES INC	32,547	10,707	16,403	9,781	3,676	7,144	-
CONTINENTAL AIRLINES	155,645	159,848	149,838	157,930	169,830	-	-
UNITED EXPRESS	-	-	-	-	-	-	-
PSA AIRLINES INC	2,295	1,900	7,537	21,029	4,981	-	-
MESABA AIRLINES	2,867	-	-	-	-	-	-
AIR WISCONSIN AIRLINES CORPORATION CO US AIRWAYS	-	-	20,022	136,864	44,650	23,077	18,863
DAL GLOBAL SERVICES INC	-	-	-	-	-	-	-
FREEDOM AIRLINES (DELTA) CO MESA AIRLINES	-	-	-	-	-	-	-
ATLANTIC COAST AIRLINES	-	-	24,055	22,865	-	-	-
AMERICAN (TRANS STATES)	-	179,773	41,597	29,848	29,189	11,468	-
EXPRESS JET	74,862	50,733	-	-	-	-	-
FRONTIER	33,574	15,926	-	-	-	-	-
GULFSTREAM (CONTINENTAL)	13,266	26,646	23,790	26,281	23,073	24,999	-
INDEPENDENCE AIR	294	-	36,549	98,069	144,525	4,553	-
MESA/FREEDOM (DELTA)	-	-	10,073	-	-	138,039	134,091
SKYWEST (DELTA CONNECTION)	289	21,735	26,110	4,938	2,115	7,661	789
TRANS STATES	36,235	43,128	-	-	-	-	-
AIR WISCONSIN (US AIRWAYS)	3,854	4,277	-	-	-	-	-
FLORIDA GULF (MESA)	-	-	5,208	7,303	40,611	-	-
MIDWAY AIRLINES	-	-	-	-	2,303	-	2,765
NORTHWEST AIRLINES INC	112,817	165,429	159,241	185,064	182,994	198,218	225,058
TWA L.L.C.	-	-	-	-	-	-	-
US AIRWAYS EXPRESS (PIEDMONT)	-	-	-	-	-	-	-
TOTAL COMMERCIAL AIRLINES	3,976,587	4,025,579	3,787,808	3,810,369	3,538,462	3,550,644	3,735,333
AIR CARGO CARRIERS:							
FEDERAL EXPRESS CORPORATION	215,057	216,005	221,203	224,302	233,947	123,335	121,794
UNITED PARCEL SERVICE COMPANY	249,001	265,114	230,313	169,765	131,441	186,294	196,303
SUBURBAN AIR FREIGHT INC	-	-	-	-	-	-	-
MOUNTAIN AIR CARGO INC	-	-	-	-	-	-	-
AMERIFLIGHT LLC	-	-	-	-	-	-	-
MISCELLANEOUS	16,760	5,918	7,182	4,996	5,054	6,932	13,983
ABX	26,293	28,491	-	-	-	-	-
DHL	-	1,126	-	-	-	-	-
AIRBORNE EXPRESS	-	-	33,337	27,806	27,917	26,878	26,519
NORTH STAR	-	-	-	2,438	3,190	3,138	3,138
EMERY	-	-	-	-	1,610	2,375	304
TOTAL CARGO AIRLINES	507,111	516,654	492,033	429,136	403,159	348,952	362,041
TOTAL LANDED WEIGHTS	4,483,698	4,542,233	4,279,841	4,238,358	3,941,621	3,899,596	4,097,374

Source: Jacksonville Airport Authority (formerly Jacksonville Airport Authority 2002-2007)

Jacksonville Aviation Authority

Number of Employees

Year Ended September 30,

(unaudited)

Department	2011		2010		2009		2008		2007		2006	
	FT	PT										
Executive Director	2	-	2	-	1	-	3	-	3	-	3	-
Marketing	3	-	3	-	-	-	-	-	-	-	-	-
DBE	1	-	1	-	1	-	1	1	1	1	1	1
Information Technology	7	-	6	-	7	-	6	-	6	-	6	1
External Affairs	4	-	4	-	5	1	2	1	2	1	3	1
Administrative Services	9	-	8	-	8	-	10	-	-	-	-	-
Procurement	9	1	9	1	8	1	7	1	7	-	6	-
Accounting & Finance	9	-	10	-	9	-	8	-	9	1	11	1
Planning & Engineering	12	-	12	-	12	-	13	-	12	-	12	-
Business Development	4	-	6	-	5	-	5	-	3	-	4	-
Cecil Airport	5	5	7	5	7	4	10	4	10	4	6	3
Craig Airport	3	1	3	1	3	1	3	2	4	-	4	1
Herlong Airport	6	2	6	2	5	2	6	2	5	3	6	3
Building Maintenance	26	-	26	-	26	-	26	-	25	-	19	-
Field Maintenance	22	1	23	1	24	1	24	1	25	1	31	1
HBS	10	-	10	-	10	-	10	-	10	-	11	-
Custodial	31	-	30	-	30	-	30	-	28	-	29	-
Police /Security	53	-	35	-	36	-	44	-	45	-	39	-
AOCC	23	-	19	1	18	1	21	-	18	2	17	-
Chief Administrative Office	-	-	-	-	-	-	-	-	-	-	2	-
Customer Service	-	-	-	-	-	-	-	-	2	1	3	1
Employee Relations	-	-	-	-	-	-	-	-	7	-	7	-
Training & Development	-	-	-	-	-	-	-	-	3	-	2	1
Chief Operating Officer	-	-	-	-	-	-	-	-	-	-	2	-
Enterprise	-	-	-	-	-	-	-	-	-	-	3	-
Ground Transportation	-	-	-	-	-	-	-	-	-	-	1	-
Air Trade	-	-	-	-	-	-	-	-	1	-	1	-
General Aviation Management	-	-	-	-	-	-	-	-	-	-	2	-
Total	239	10	220	11	215	11	229	12	226	14	231	14

FT - Full time employee working more than 35 hours

PT - Part time employee working 35 hours or less

Source: Authority Records

Comparative information not available prior to 2006

Jacksonville Aviation Authority
Aircraft Operations
Year Ended September 30, 2011
(unaudited)

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

Source : Aviation Records

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>Signatory Airlines</u>										
AirTran	X	X	X	X	X	X	X	X	X	X
American Airlines	X	X	X	X	X	X	X	X	X	X
Continental Airlines	X	X	X	X	X	X	X	X	X	X
Delta Airlines	X	X	X	X	X	X	X	X	X	X
Express Jet	-	-	-	X	X	-	-	-	-	-
Frontier	-	-	-	X	X	-	-	-	-	-
JetBlue	X	X	X	X	X	X	-	-	X	X
Northwest Airlines	-	-	X	X	X	X	X	X	-	-
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	-	-	-	-	-
US Airways	X	X	X	X	X	X	X	X	X	X
Total Signatory Airlines	8	8	9	11	11	8	7	7	7	7
<u>Non-signatory Airlines</u>										
Air Tran Express (Air Wisconsin)	-	-	-	-	-	X	X	X	X	X
Air Wisconsin (US Airways)	X	X	X	X	X	-	-	-	-	-
American Eagle	X	X	X	X	X	X	X	X	X	-
Atlantic Southeast Airlines (ASA)	X	X	X	X	X	-	-	-	-	-
Charters	X	X	X	X	X	X	X	X	-	X
Chautauqua (Delta)	X	X	X	X	X	X	X	X	X	X
Comair (Delta Connection)	X	X	X	X	X	X	X	X	X	X
Compass Airline	X	X	X	X	-	-	-	-	-	-
Continental Express (Jet Express)	X	X	X	X	X	X	X	X	X	X
Delta Connection (Atlantic SE Airlines)	-	-	-	-	-	-	X	X	X	-
Freedom Airlines (Delta)	X	X	-	-	-	-	-	-	-	-
Florida Gulf (Mesa)	-	-	-	-	-	X	X	X	X	X
Go Jet (United)	X	X	X	X	X	X	-	-	X	X
Gulfstream (Continental Connection)	-	-	-	X	X	X	X	X	-	-
Independence Air	-	-	-	-	-	X	X	X	X	X
Mesa (US Airways)	X	X	X	X	X	-	-	-	-	-
Mesa / Freedom (Delta)	-	-	-	-	-	X	-	-	X	-
Mesaba	X	X	-	X	-	X	X	-	X	-
Midway Airlines (US Airways)	-	-	-	-	-	-	-	X	-	-
Pinnacle (Northwest Airlink)	X	X	X	X	X	X	X	X	X	X
PSA Airlines (US Airways)	X	X	-	X	X	X	X	X	X	X
Republic (US Airways)	X	X	X	X	X	X	-	-	-	X
Shuttle America	X	X	-	-	-	-	-	-	-	-
Skywest (Delta Connection)	-	-	-	X	X	X	X	X	X	-
Trans States (American)	-	-	-	X	X	X	X	X	X	-
United Express (Mesa)	X	X	X	X	X	X	-	-	X	X
Total Non-signatory Airlines	18	18	14	19	17	19	16	16	17	13
Total Signatory and Non-signatory Airlines	26	26	23	30	28	27	23	23	24	20
<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	-	-	-	-	-	-	-	-	-
Suburban Air Freight	X	-	-	-	-	-	-	-	-	-
Ameriflight, LLC	X	-	-	-	-	-	-	-	-	-
ABX	-	X	X	X	X	-	-	-	-	-
DHL	-	-	-	-	X	-	-	-	-	-
Airborne Express	-	-	-	-	-	X	X	X	X	X
North Star	-	-	-	-	-	-	X	X	X	X
Emery	-	-	-	-	-	-	-	X	X	X
Total Cargo Airlines	5	3	3	3	4	3	4	5	5	5

Source: Authority Records

Jacksonville Aviation Authority
 Primary Origination and Destination Passenger Markets
 Year Ended September 30, 2011
 (unaudited)

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

Jacksonville Aviation Authority
 Airport Capital Asset Information
 Year Ended September 30, 2011
 (unaudited)

Jacksonville International Airport

Location	18 Miles North of Downtown Jacksonville
Area	8,478 Acres
Airport Code	JAX
Runways	10,000 Feet Runway 7/25 (Primary) 7,700 Feet Runway 13/31
Taxiways	8 75 Foot Wide 2 50 Foot Wide
Aprons	227,800 Sq Yards
Terminal with 2 Concourses	666,078 Sq Ft
Aircraft Gates	17 Gates leased by Signatory Airlines 2 Gates operated by JAA 1 International/Charter Gate
Cargo	South of Terminal 225,000 Sq. Ft. Consisting of 4 Buildings 86,600 Sq. Yrds Consisting of 3 Cargo Ramps 34,000 Sq. Ft. Aircraft Maintenance Facility
Parking spaces	833 Short-term Hourly Garage 1,963 Daily Garage 1,722 Daily Surface Lot 4,306 Economy Lots <hr/> 8,824
Hotel	200 Rooms - Clarion 153,000 Sq Ft

General Aviation Airports:

Craig Airport

Location	9 Miles East of Downtown Jacksonville
Area	1,342 Acres
Runways	4,000 Feet 4,000 Feet
Fixed Based Operators (FBO)	Craig Air Center Sky Harbor

Source: Authority Records

Jacksonville Aviation Authority
Airport Capital Asset Information
Year Ended September 30, 2011
(unaudited)

Herlong Airport

Location 9 Miles Southwest of Downtown Jacksonville

Area 1,434 Acres

Runways 4,000 Feet
3,500 Feet

Cecil Field Airport

Location 13 Miles Southwest of Downtown Jacksonville

Area 6,081 Acres

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

Aprons 537,000 Sq. Yrds.

Source: Authority Records

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

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

We have audited the financial statements of Jacksonville Aviation Authority (the Authority) a component unit of the City of Jacksonville, Florida, as of and for the year ended September 30, 2011 and have issued our report thereon dated January 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

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

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

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

Compliance and other matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Ernst + Young LLP

January 11, 2012