

Jacksonville Aviation Authority

Annual Financial Report Fiscal Year 2022

Comprehensive Annual Financial Report for the
Fiscal Year Ended September 30, 2022
of the Jacksonville Aviation Authority
Jacksonville, Florida



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JAA
Jacksonville
Aviation
Authority

Inside Front Cover
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**JACKSONVILLE AVIATION AUTHORITY
JACKSONVILLE, FLORIDA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
*FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022***

PREPARED BY:
FINANCE DIVISION

ROSS JONES
CHIEF FINANCIAL OFFICER

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TABLE OF CONTENTS

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	i-iii
Board of Directors and Senior Staff	iv
Organizational Chart	v

FINANCIAL SECTION

Report of Independent Certified Public Accountant	1-2
Management's Discussion and Analysis (unaudited)	3-13
Financial Statements:	
Statements of Net Position	14-15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	17-18
Notes to Financial Statements	20-55

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the Authority's Total OPEB Liability	56
Schedule of the Authority's Proportionate Share of the Net Pension Liability	57
Florida Retirement System Pension Plan	
Schedule of the Authority's Contributions Florida Retirement System Pension Plan	58
Schedule of the Authority's Proportionate Share of the Net Pension Liability	
Health Insurance Subsidy Pension Plan	59
Schedule of the Authority's Contributions – Health Insurance Subsidy Pension Plan	60

STATISTICAL SECTION (UNAUDITED)

Objectives of the Statistical Section	62
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STATISTICAL - FINANCIAL TRENDS INFORMATION

Changes in Cash and Cash Equivalents	63-64
Principal Operating Revenues, Airline Rates and Charges and Cost Per Enplaned Passenger	65-66



TABLE OF CONTENTS (CONTINUED)

STATISTICAL - REVENUE CAPACITY INFORMATION

Total Revenues, Expenses and Changed in Net Position	67-68
Principal Revenue Payers	69-71

STATISTICAL - DEBT CAPACITY INFORMATION

Ratio of Annual Bond Debt Service to Total Expenses Excluding Depreciation	72
Debt Service Coverage	73-74
Debt Service Note Tables	75-79
Total Debt Service	80-81
Outstanding Debt by Type	82

STATISTICAL - DEMOGRAPHIC AND ECONOMIC INFORMATION

Top 10 Employers of Jacksonville	83-84
Demographic and Economic Statistics	85

STATISTICAL - OPERATING INFORMATION

Enplanements	86-88
Landed Weights	89-91
Number of Employees	92-93
Aircraft Operations	94
Airlines Serving Jacksonville International Airport	95
Primary Origination and Destination Passenger Markets	96
Airport Capital Asset Information	97-98

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Introductory

Annual Financial Report

Fiscal Year Ended September 30, 2022



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March 9, 2023

To the Board of Directors of the Jacksonville Aviation Authority:

We present the Annual Comprehensive Financial Report of the Jacksonville Aviation Authority (the Authority) for the fiscal year ended September 30, 2022. The Finance Department prepared this report. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rest with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America. Please refer to the Management Discussion and Analysis (MD&A) for additional information of the financial position of the Authority.

Reporting Entity and Its Services

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

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

Mark VanLoh, Chief Executive Officer (CEO) of the Authority, plans and directs all the programs and activities of the Authority, focusing on the future and the development of long-term business strategies.

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

Economic Condition and Outlook

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

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

Long-Term Financial Planning

The Authority is maintaining, at a minimum, nine months of operating cash on hand to guard against significant economic uncertainties. Prudent levels of cash also afford the Authority the ability to maintain long term capital plans, as well as the flexibility to take advantage of market opportunities as they arise. Our current capital plan uses a five year horizon. In an effort to provide revenue diversification the Authority is currently pursuing various options in real estate development and sources of non-aviation revenue.

In regards to the Authority's long-term debt obligations, the Authority had bank debt of \$181.04 million outstanding as of September 30, 2022. The Authority's bond service coverage ratio was 7.44 which exceeds the required 1.25.

Accounting Systems

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

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

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

Budgetary Control

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

Independent Audit

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

Acknowledgements

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ross Jones", with a stylized, flowing script.

Ross Jones
Chief Financial Officer

Jacksonville, Florida

Board of Directors

Jay Demetree.....Chairman

Michelle Barnett.....Vice Chairman

Fernando Acosta-Rua.....Treasurer

Matt Connell.....Secretary

Ray Alfred.....Member

William Gulliford.....Member

David Hodges Jr. Member

Senior Staff

Mark VanLoh.....Chief Executive Officer

Tony Cugno.....Chief Operating Officer

Ross Jones.....Chief Financial Officer

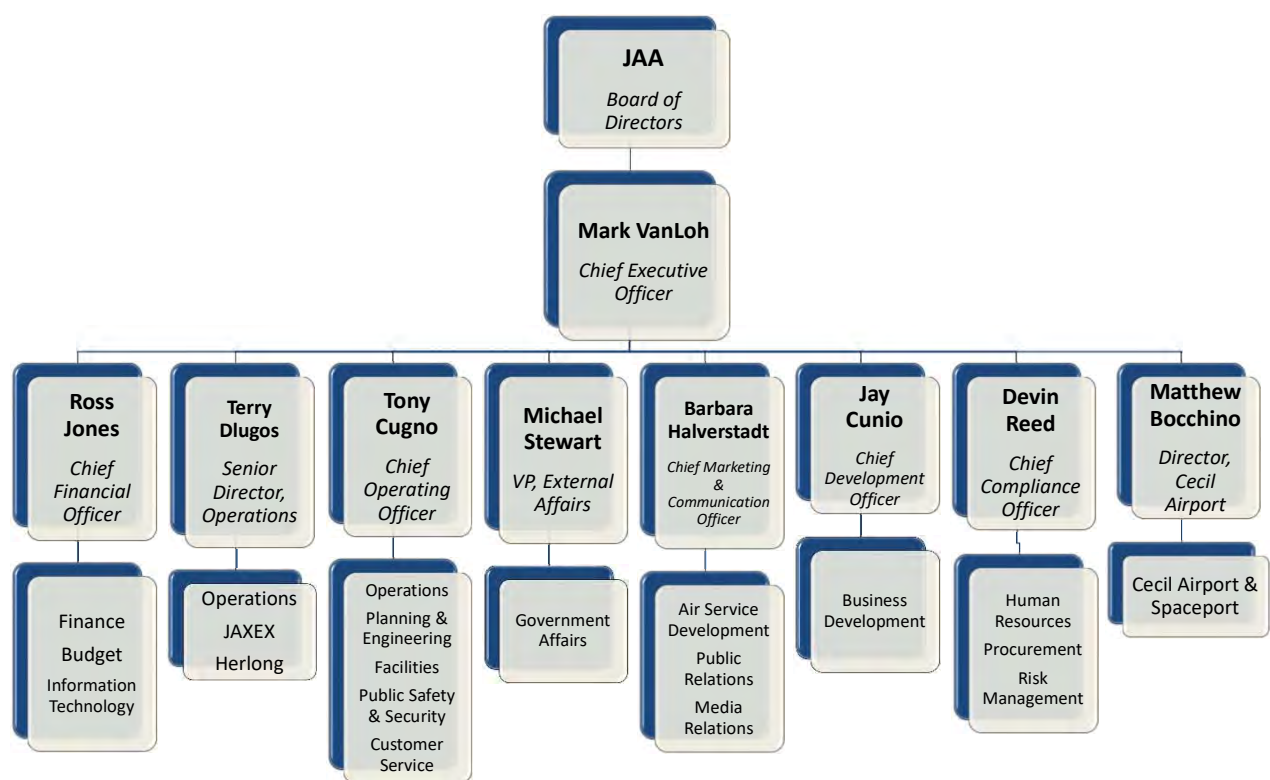
Devin Reed.....Chief Compliance Officer

Jay Cunio.....Chief Development Officer

Barbara Halverstadt.....Chief Marketing & Communications Officer

Jacksonville Aviation Authority

Organizational Chart



Independent Auditor's Report

To the Board of Directors
Jacksonville Aviation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jacksonville Aviation Authority (the "Authority") as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2022 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 16 to the financial statements, the 2021 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the financial statements, during the year ended September 30, 2022, the Authority adopted the provisions of GASB Statement No. 87, *Leases*. This statement requires recognition of lease receivables and deferred inflows, as well as enhanced footnote disclosures, for leases that meet certain criteria based on the provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Jacksonville Aviation Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 1, 2023

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

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 year ended September 30, 2022. The discussion has been prepared by management, 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 265 full-time employees in a structure that includes administration, airport management and operations, and police.

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

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

Using the Financial Statements

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

The statement of net position presents the Authority's financial position as of one point in time, September 30, 2022, and includes all assets and deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. The statement of net position demonstrates that the Authority's assets and deferred outflows of resources equal liabilities and deferred inflows of resources plus net position. Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is displayed in three components: invested in capital assets, restricted, and unrestricted.

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

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Using the Financial Statements (continued)

The statement of cash flows presents information about how the Authority's cash and cash equivalents position changed during the fiscal year. The statement of cash flows classifies 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 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, 2022 totaled 3.2 million, an increase of 53.55% from the prior fiscal year. The increase reflects a significant recovery from the historic lows caused by the COVID-19 pandemic. In fiscal year 2021, JIA had enplanements of 2.08 million, an increase of 5.29% from fiscal year 2020.

Landed weight totaled 4.12 million for fiscal year 2022, an increase of 29.91% from the prior year. In fiscal year 2021, JIA had landed weight of 3.17 million, an increase of 1.03% from fiscal year 2020.

As in 2021, Delta Airlines and American Airlines dominated fiscal year 2022 in enplanements activity and landed weight. Southwest, JetBlue, United, and Breeze comprise the remainder of the signatory airlines providing passenger service at JIA and generated the majority of the enplanements.

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

	2022	2021
Total Passengers	6,387,924	4,162,825
% Increase (decrease)	53.45%	5.11%
Enplanements	3,198,391	2,082,911
% Increase (decrease)	53.55%	5.29%
Landed Weight	4,120,298	3,171,661
% Increase (decrease)	29.91%	1.03%

For fiscal year 2022, JIA's average daily air carrier departures were 82, compared to 69 in 2021.

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Financial Highlights

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows of resources for fiscal year 2022 by approximately \$623.43 million, compared to \$578.97 million in fiscal year 2021. Unrestricted net position as of the end of fiscal years 2022 and 2021 was approximately \$113.93 million and \$109.18 million, respectively. The Authority may use these funds for any lawful purpose.

The overall financial position of the Authority has increased as indicated by this fiscal year's increase in total net position. The improvement for fiscal year 2022 is primarily due to higher than expected passenger traffic contributing to additional operating revenue and PFCs. In addition, Authority reimbursement from the CARES Act and related grants (to include CRSSA and ARPA) increased in 2022 by \$10.1 million from CARES Act reimbursement in fiscal year 2021.

The Authority's total debt increased by \$135.35 million compared to fiscal year 2021, attributable to \$156.1 million new debt to finance the construction of a new hangar, partially offset by the prepayment and satisfaction of an existing note in the amount of \$12.4 million. The new hangar is being constructed at Cecil Airport for existing tenant Boeing. Further detail can be found in note 11. The Authority made normal scheduled debt service payments of \$8.31 million. During fiscal year 2021, the Authority made scheduled debt service payments of \$6.27 million.

Operating Revenues

In fiscal year 2022, operating revenues improved significantly due to the recovery of passenger traffic following the decreasing impact of the COVID-19 pandemic. Total revenue increased by 38.54%, lead by strong results in parking, concessions, and fees and charges. In fiscal year 2021, operating revenue decreased by 1.23% over the prior year due to the full year impact of the pandemic as compared to the partial year impact in fiscal 2020.

Operating Expenses

In fiscal year 2022, operating expenses (before depreciation and amortization) increased by 19.33% over 2021. The main factor driving cost increases was the additional staffing needed to meet the higher passenger levels. Inflationary impacts were felt in both wages and services and supply categories. These two categories increased by 19.44% and 21.71%, respectively as compared to 2021.

Operating Margin

In fiscal year 2022, the operating margin was 35.84%, 10.98% higher than fiscal year 2021. Higher passenger traffic drove higher operational revenue, which outpaced increases in activity based expenditures and inflationary impacts.

Non-operating Revenues

Non-operating revenues in fiscal year 2022 increased 74.76% from 2021. This was primarily the result of higher revenues in PFCs and Federal and State grants. PFC revenue increased by 47.45%, while grant revenue increased 121.76%.

Non-operating Expenses

Non-operating expenses increased by 190.92% in fiscal year 2022 from 2021. This was primarily the result of additional interest expenses and issuance costs of the new 2021 Revenue Note to finance the construction of the Boeing Hangar.

Capital Contributions

Capital contributions decreased by 37.65% in fiscal year 2022 from 2021. These fluctuations are influenced by factors such as grant availability and project timing.

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Summary Statement of Net Position

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

<i>(Dollar amounts in thousands)</i>				
	2022	2021*	Increase/ (Decrease) from 2021	% Increase/ (Decrease) from 2021
Assets				
Current	\$ 186,693	\$ 167,023	\$ 19,670	11.8%
Noncurrent (restricted/other)	151,788	19,961	131,827	660.4%
Capital assets, net	558,803	498,104	60,699	12.2%
Total assets	897,284	685,088	212,196	31.0%
Deferred outflow of resources	7,783	7,029	753	10.7%
Liabilities				
Current	46,598	43,008	3,590	8.4%
Long-term	207,535	51,901	155,634	299.9%
Total liabilities	254,133	94,909	159,224	167.8%
Deferred inflow of resources	27,506	18,233	9,273	50.9%
Net Position				
Net investment in capital assets	482,536	452,222	30,314	6.7%
Restricted	26,967	17,569	9,398	53.5%
Unrestricted	113,925	109,183	4,742	4.3%
Total net position	\$ 623,428	\$ 578,974	\$ 44,454	7.7%
Working Capital				
Current assets	\$ 186,693	\$ 167,023	\$ 19,670	11.8%
Current liabilities	(46,598)	(43,008)	(3,590)	8.4%
Working capital	\$ 140,095	\$ 124,015	\$ 16,080	13.0%
Current ratio	4.01	3.88		

* 2021 excludes the impact of GASB 87.

During 2022, total assets increased by 30.97%, deferred outflow of resources increased by 10.71%, total liabilities increased by 167.76%, and total deferred inflow of resources increased by 50.86%. Liabilities increased mainly due to new debt while changes in deferred balances were driven by FRS pension changes and the implementation of GASB-87 (see note 5 for more details). These changes resulted in an increase in net position of 7.68%.

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Signatory Airline Rates and Charges

The Authority amended the Airline Use and Lease agreement ("Agreement") effective October 1, 2018, extending the expiration date to September 30, 2027. Airlines that enter into the Agreement are considered signatory airlines. Signatory airlines are responsible for their affiliates. The affiliates claimed by the signatory airlines receive the signatory rate. All other airlines are assessed rates and charges at 125% of the signatory rates.

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

The Agreement with the signatory airlines is hybrid in nature, with a residual rate-making methodology for the airfield and terminal, and a compensatory model for all other cost centers. The Authority also had the ability under the Agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were made during fiscal years 2022 and 2021.

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

	2022	2021
Landing fees (per 1,000 lbs. MGLW)	\$ 3.38	\$ 3.15
Average terminal rental rate (per square foot)	161.13	144.01
Conditioned space (per square foot)	202.04	178.79
Unconditioned space (per square foot)	70.71	62.58

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Signatory Airline Rates and Charges (continued)

The following charts and tables show the major sources and the percentage of operating revenues and expenses for fiscal years 2022 and 2021:

(Dollar amounts in thousands)

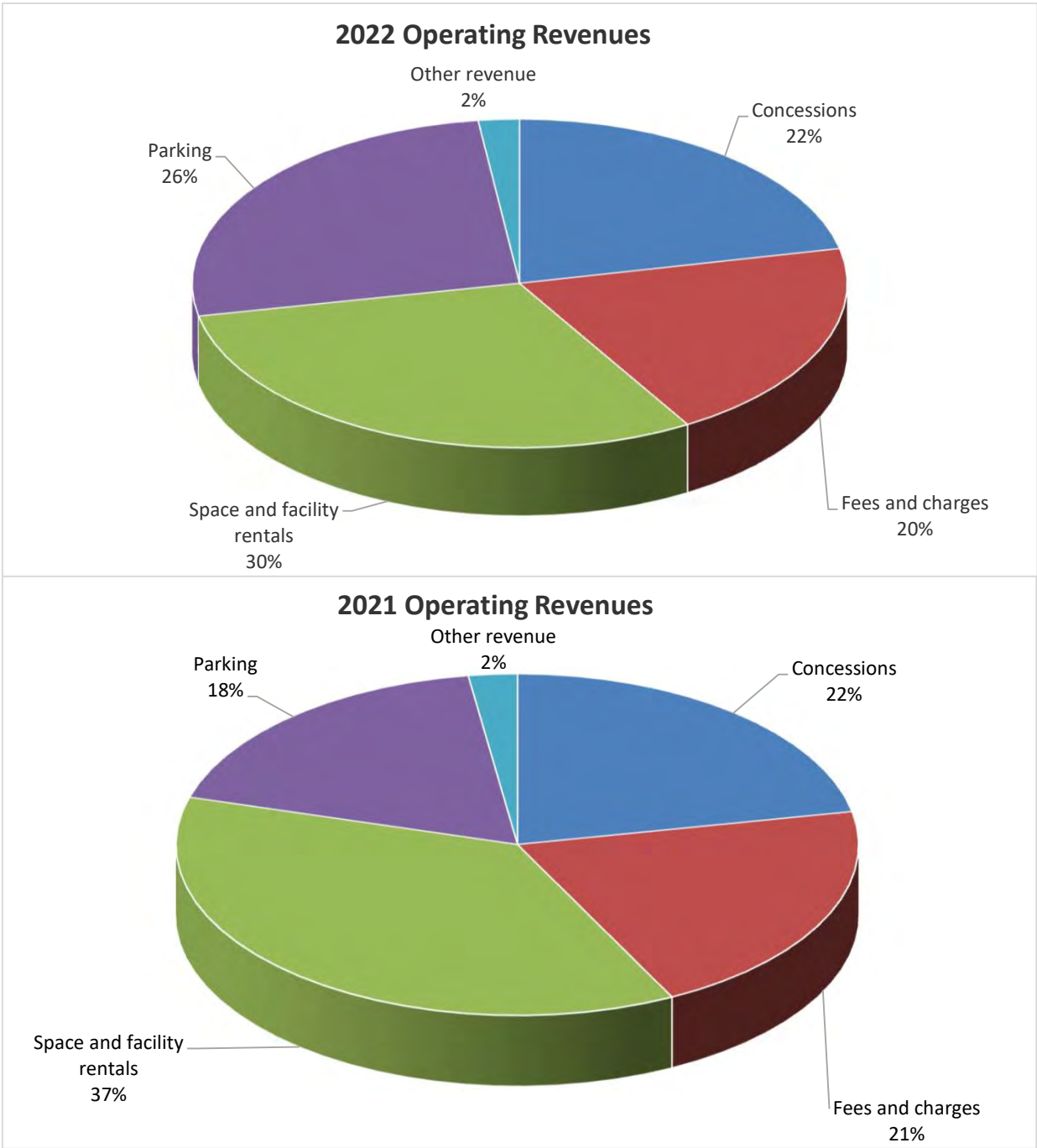
	2022	2021*
Operating revenues:		
Concessions	\$ 21,356	\$ 15,633
Fees and charges	19,598	14,721
Space and facility rentals	30,015	26,345
Parking	25,871	13,000
Other revenue	2,003	1,649
Total operating revenues	98,843	71,348
Operating expenses:		
Wage and benefits	29,053	24,357
Services and supplies	17,110	14,058
Repairs and maintenance	8,817	7,824
Promotions, advertising and dues	710	579
Registration and travel	364	158
Utilities and taxes	4,791	3,868
Other operating expenses	2,537	2,271
Depreciation and amortization	34,125	38,113
Total operating expenses	97,507	91,228
Operating profit (loss)	1,336	(19,879)
Nonoperating revenues:		
Passenger facility charges	12,871	8,729
Investment income (loss)	(200)	593
Payments from federal and state agencies	17,084	7,704
Total nonoperating revenues	29,755	17,026
Nonoperating expenses:		
Interest expense	7,077	1,858
Other expenses (revenues)	(284)	477
Total nonoperating expenses	6,793	2,335
Income before capital contributions	24,297	(5,187)
Capital contributions	9,264	14,859
Change in net position	33,562	9,672
Net position, beginning of year	589,866	569,303
Net position, end of year	\$ 623,428	\$ 578,974

* 2021 excludes the impact of GASB 87.

Management’s Discussion and Analysis (unaudited)

Operating Revenues

Operating revenue increased by 38.5% in fiscal year 2022. Refer to the changes in the net position section of this MD&A for additional information related to operating revenues.



Jacksonville Aviation Authority

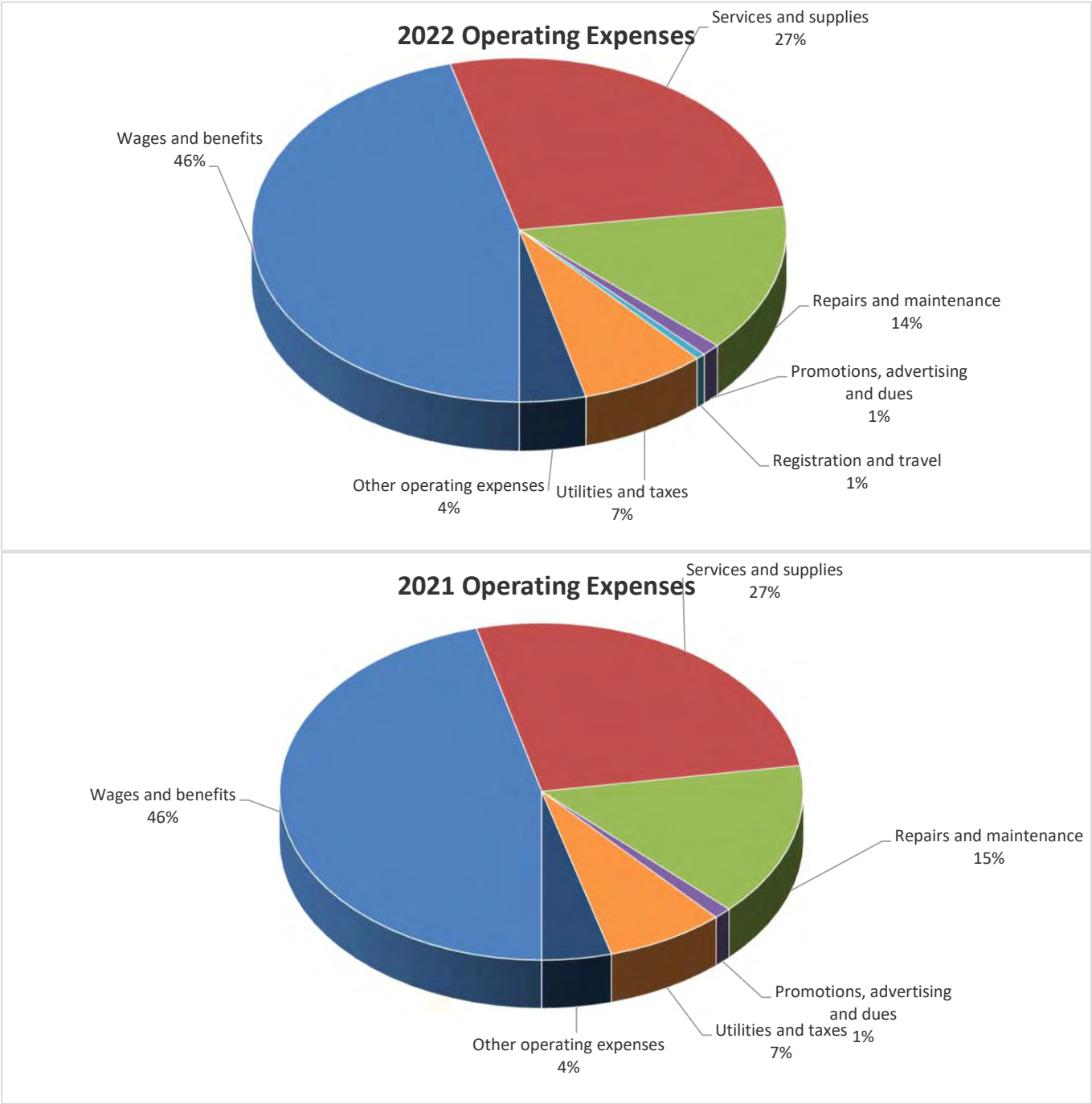
Management's Discussion and Analysis (unaudited)

Operating Revenues by Major Classification

<i>(Dollar amounts in thousands)</i>				
	2022	2021	Increase/ (Decrease) from 2022	% Increase/ (Decrease) from 2021
Concessions	\$ 21,356	\$ 15,633	\$ 5,723	36.61%
Fees and charges	19,598	14,721	4,877	33.13%
Space and facility rentals	30,015	26,345	3,670	13.93%
Parking	25,871	13,000	12,871	99.01%
Other revenue	2,003	1,649	354	21.47%
Total operating revenues	<u>\$ 98,843</u>	<u>\$ 71,348</u>	<u>\$ 27,495</u>	<u>38.54%</u>

Operating Expenses

Operating expenses, before depreciation and amortization, increased by 19.3% in fiscal year 2022. Refer to the changes in the net position section of this MD&A for additional information related to operating expenses.



Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Operating Expense by Major Classification

	<i>(Dollar amounts in thousands)</i>			
	2022	2021	Increase/ (Decrease) from 2022	% Increase/ (Decrease) from 2021
Wages and benefits	\$ 29,053	\$ 24,357	\$ 4,696	19.28%
Services and supplies	17,110	14,058	3,052	21.71%
Repairs and maintenance	8,817	7,824	993	12.69%
Promotions, advertising and dues	710	579	131	22.63%
Registration and travel	364	158	206	130.38%
Utilities and taxes	4,791	3,868	923	23.86%
Other operating expenses	2,537	2,271	266	11.71%
Total operating expenses	<u>\$ 63,382</u>	<u>\$ 53,115</u>	<u>\$ 10,267</u>	<u>19.33%</u>

Debt Activity

In fiscal year 2022, the Authority closed on new debt in the amount of \$156.10 million for construction of a new hangar at Cecil Airport. The Authority also paid off and satisfied its 2008 Compass (now PNC) note in the amount of \$12.4 million. Normal scheduled debt service payments of \$8.31 million were also made in fiscal 2022.

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

Cash and Investment Management

The Authority's cash and cash equivalents increased \$131.72 million for fiscal year 2022 over 2021. Restricted cash and cash equivalents increased by \$117.31 million, and unrestricted cash and cash equivalents increased by \$14.41 million. The increase from prior year is mainly due to the new borrowing related to the Boeing project at Cecil Airport.

Capital Construction

During 2022, the Authority expended approximately \$80.1 million on capital activities. Major projects in 2022 include the construction of the Boeing and ManTech hangars at Cecil Airport, and the expansion of the TSA checkpoint as part of the new Concourse B project at Jacksonville International Airport.

Average monthly capital construction spending was \$6.7 million for fiscal year 2022 and \$2.1 million for fiscal year 2021.

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

Jacksonville Aviation Authority

Management's Discussion and Analysis (unaudited)

Economic Factors, Next Years' Budget, and COVID

The aviation industry continues to recover rapidly from the COVID-19 pandemic. During fiscal year 2022, passenger activity at JIA recovered at a much faster pace than expected. The enplanement increase over the prior year was a robust 53.45%, leading to a \$14.5 million surplus in operating revenues over budget.

Jacksonville has enjoyed a growing population base which, combined with its desirable geographical location, has created additional demand in passenger traffic. These factors are leading the airlines to add additional capacity to the Jacksonville market. As evidence, the Authority signed a new Signatory airline, Breeze Airways, which started offering service in May of 2022. Breeze is currently offering six new non-stop destinations with plans to expand in the coming year.

Due to the rapid passenger increase, Jacksonville International Airport is proceeding with the construction of Concourse B, a new concourse with an estimated cost of \$300 million. Cecil Airport is also expanding its footprint by building new hangar spaces for strategic partners such as the Boeing Company and Mantech Advanced Systems. In addition, the Cecil Spaceport program continues to pursue operators of horizontal reusable launch vehicles (RLV) capable of delivering people, goods, and small satellites into a suborbital or orbital trajectory.

COVID-19 financial impact was aided in fiscal year 2022 through the American Rescue Plan Act ("ARPA"), passed by the federal government in March of 2021, and awarded to the Authority on December 2021. The award allows funds to be used within a four-year time frame. The Authority used a total \$15.9 million in fiscal year 2022, and plans on using remaining funds to reimburse operating expenses later this year.

Management is continuously monitoring the current state of the economy, consumer confidence, and regional and local market trends to properly assess the impact of aviation activity on leisure and business travel. The Authority expects passenger traffic to remain strong leading to an above average increase in passenger traffic during fiscal year 2023. Management will continue to apply conservative budgetary control measures while promoting growth and expansion.

Contacting the Authority's Financial Management

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

Jacksonville Aviation Authority

Statement of Net Position

Year Ended September 30, 2022

(Dollar amounts in thousands)

	2022
Assets:	
Current assets:	
Cash and cash equivalents	\$ 112,918
Investments	52,375
Accounts receivable, net of allowance of \$191 in 2022	8,223
Grants receivable	2,431
Interest receivable	592
Notes receivable	224
Lease receivable - GASB-87	7,608
Inventory and other assets	2,322
Total current assets	186,693
Noncurrent assets:	
Restricted cash and cash equivalents	133,223
Restricted - PFC receivable	1,045
Notes receivable	2,168
Lease receivable - GASB 87, net of current portion	15,352
Total noncurrent assets	151,788
Capital assets:	
Land	71,143
Construction in progress	98,929
Property, plant and equipment	1,002,481
Less accumulated depreciation	(614,355)
Other capital assets, net of amortization	605
Total capital assets	558,803
Total noncurrent and capital assets	710,591
Total assets	897,284
Deferred outflows of resources:	
Pension	7,783
Total deferred outflow of resources	7,783
Total assets and deferred outflows of resources	\$ 905,067

See notes to financial statements.

Jacksonville Aviation Authority

Statement of Net Position (Continued)

Year Ended September 30, 2022

(Dollar amounts in thousands)

	2022
Liabilities	
Current liabilities:	
Accounts payable	\$ 21,196
Accrued expenses	4,266
Unearned revenue	4,194
Other accrued liabilities	12,402
Accrued interest payable	2,310
Construction contracts and retainage payable	2,230
Total current liabilities	46,598
Long-term liabilities:	
OPEB liability	832
Notes payable	181,036
Net pension liability	25,667
Total long-term liabilities	207,535
Total liabilities	254,133
Deferred inflow of resources:	
Gain on refunding	300
Deferred lease revenue - GASB-87* (See Note 5)	22,673
Pension	4,533
Total deferred inflow of resources	27,506
Net position	
Net investment in capital assets	482,536
Restricted for capital acquisition and construction	19,772
Restricted for O&M	5,845
Restricted - PFC receivable	1,045
Restricted - other	305
Unrestricted	113,925
Total net position	623,428
Total liabilities, deferred inflows and net position	\$ 905,067

Jacksonville Aviation Authority

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2022

(Dollar amounts in thousands)

	2022
Operating revenues:	
Concessions	\$ 21,356
Fees and charges	19,598
Space and facility rentals	30,015
Parking	25,871
Other revenue	2,003
Total operating revenues	98,843
Operating expenses:	
Wages and benefits	29,053
Services and supplies	17,110
Repairs and maintenance	8,817
Promotions, advertising and dues	710
Registration and travel	364
Utilities and taxes	4,791
Other operating expenses	2,537
Operating expenses before depreciation and amortization	63,382
Operating income before depreciation and amortization	35,461
Depreciation and amortization	34,125
Operating income (loss)	1,336
Nonoperating revenues:	
Passenger facility charges	12,871
Investment income (loss)	(944)
Lease interest revenue - GASB-87* (See Note 5)	744
Federal and State agency grants	17,084
Total nonoperating revenues	29,755
Nonoperating expenses:	
Interest expense	7,077
Other expenses (revenues)	(284)
Total nonoperating expenses	6,793
Income (loss) before capital contributions	24,298
Capital contributions	9,264
Change in net position	33,562
Net position, beginning of year as restated * See Note 16	589,866
Net Position, end of year	\$ 623,428

See notes to financial statements.

Jacksonville Aviation Authority

Statement of Cash Flows

Year Ended September 30, 2022

(Dollar amounts in thousands)

	2022
Cash flows from operating activities:	
Receipts from customers and tenants	\$ 87,741
Payments to suppliers for goods and services	(19,599)
Payments to employees for services	(29,300)
Other (expense) revenue	282
Net cash flows provided by operating activities	39,124
Cash flows non-capital and related financing activities:	
Federal grants received	27,976
Net cash flows provided by non-capital financing activities	27,976
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(93,486)
Proceeds from issuance of new debt	156,065
Principal paid on capital debt	(20,717)
Interest paid on capital debt	(3,977)
Proceeds from sale of equipment	50
Contributions-in-aid of construction	9,998
Passenger facility charges received	13,484
Net cash provided by capital and related financing activities	61,417
Cash flows from investing activities:	
Collections on notes receivable	204
Interest on investments	3,146
Purchase of investment securities	(26,745)
Proceeds from sale and maturities of investment securities	26,601
Net cash provided by investing activities	3,206
Net change in cash and cash equivalents	131,723
Cash and cash equivalents:	
Beginning of year	114,418
End of year	\$ 246,141

(Continued)

Jacksonville Aviation Authority

Statements of Cash Flows (Continued)

Year Ended September 30, 2022

(Dollar amounts in thousands)

	2022
Reconciliation of operating (loss) to net cash provided by	
Operating activities:	
Operating income	\$ 1,336
Adjustment to reconcile operating loss to net cash provided by	
Operating activities:	
Depreciation and amortization expense	34,125
Decrease (increase) in accounts receivable	(1,519)
Increase (decrease) in inventory and other assets	(337)
Increase (decrease) in accounts payable	13,807
Increase (decrease) in pension deferred outflow	(2,323)
Decrease (increase) in accrued expenses	15,500
Increase in other accrued liabilities	(9,580)
Increase in unearned revenue	1,125
Increase (decrease) in pension deferred inflow	(13,292)
Other operating activities	282
Net cash flows provided by operating activities	\$ 39,124

Supplemental schedule of noncash investing, capital and financing activities:

Change in fair value of investments	<u>\$ (3,808)</u>
Capital assets acquired through contracts payable and accruals	<u>\$ 2,230</u>
Capital contributions receivable	<u>\$ 2,431</u>

See notes to financial statements.

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Notes to Financial Statements

Annual Financial Report

Fiscal Year Ended September 30, 2022

Notes



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Jacksonville Aviation Authority

Notes to Financial Statements

1. Organization and Reporting Entity

Organization

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

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

Reporting Entity

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

2. Summary of Significant Accounting Policies

New Accounting Guidance

GASB 91: Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The standard is not expected to impact the Authority's financial statements.

GASB 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023.

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

GASB 96: Subscription-Based Information Technology Arrangements

The primary objectives of this Statement are to recognize subscription services as a right-to-use asset, and treat the use of the assets similar to qualifying leases under GASB 87.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Authority is currently evaluating the potential impact on the Authority's financial statements.

Adoption of New Accounting Pronouncement

During the current year, JAA adopted GASB Statement No. 87, Leases. As a result, the financial statements of JAA now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 5. There was no effect on net position as a result of the adoption of this standard.

Basis of Accounting

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

The Authority's activities are accounted for similarly to those often found in the private sector, using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

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 and non-capital grants, financing, or investment related transactions are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

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

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Net Position

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

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

Proprietary Accounting and Financial Reporting

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

Budgeting Requirements

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

Prior to July 1 of each year, the Authority prepares and submits its budget to the City Council for the ensuing fiscal year. The City Council may increase or decrease the appropriation requested by the Authority on a total basis or a line-by-line basis. The Authority's Chief Executive Officer has been delegated by the Authority to approve budgetary changes 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 Chief Executive Officer or his designee, line-to-line capital budget transfers may be made with the approval of the Chief Executive Officer or his designee, if it is cumulatively less than or equal to \$250,000. In keeping with the requirements of a proprietary fund budget, 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 the residual cost recovery method, pursuant to the Agreement between the Authority and the signatory airlines based on the operating budget of the Authority, and it is adjusted at year-end for the actual landed weight of all aircraft. Landing fees are recognized as a component of operating revenue when the related facilities are utilized. See separate note on Airline Lease and Use Agreement for further details.

Jacksonville Aviation Authority

Notes to Financial Statements

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

Federal and State Grants - Outlays for airport capital improvements and, from time to time, certain airport operating expenses are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Florida. Funding provided from government grants is considered earned when all eligibility criteria is met in accordance with GASB 33. Revenue is recognized as the related approved capital outlays or expenses are incurred and is recorded as a component of capital contributions and grants. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

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

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

Receivables

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

Inventory

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

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Restricted Assets

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

Restricted for capital acquisition and construction includes the remaining bond proceeds reserved for the remaining construction costs of the Boeing hangar at Cecil Airport. This project is expected to be complete in Q4 of fiscal year 2023.

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

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

Leases

Effective October 1, 2021, the Authority has adopted Governmental Accounting Standards Board Statement No. 87, Leases. (GASB 87)

The Authority is a lessor for noncancelable leases of airport space and other property to airlines, concessionaires, advertisers, and other third parties. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of the payment expected to be received throughout the lease term. Then, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, minus lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines the lease term, lease receipts, and the discount rate used to discount the expected lease receipts to present value:

The Authority uses its incremental borrowing rate at lease inception as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease activity is further described in Note 5.

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at historical cost, net of accumulated depreciation. The Authority’s capitalization threshold is \$5,000. Tenants have funded some construction and improvements of airport facilities from their own working capital. Under agreements with the Authority, the property reverts to the Authority upon termination or expiration of the agreement. These assets, when obtained by the Authority, are recorded at acquisition value as of the 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>Life in Years</u>
Buildings	5-50
Other improvements	3-50
Equipment	3-20
Intangibles	3-10

Debt Issuance Costs

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

Compensated Absences

Employees accrue annual leave in varying amounts based on length of service combined with position level, up to a maximum of 320 hours. Hours accrued over 320 will be rolled into a sick bank at December 31. Sick bank hours may be paid out at employee termination at 25% of total. 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. This liability is reported in the accrued expenses line in the Statement of Net Position.

Pension Plan

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

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This section represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports deferred outflows related to pensions in this category.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This section represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports deferred inflows related to the net deferred gain on refunding of debt, deferred inflows related to pensions, as well as deferred inflows related to GASB 87 lease revenue.

Capital Contributions: Federal and State Grants

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

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

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

Passenger Facility Charges

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

PFC charges at the rate of \$3.00 per enplaned passenger have been levied by the Authority since April 1, 1994, under an FAA approved application to impose \$12.26 million in PFC fees. Since this first record of decision the Authority has submitted and received approval to collect \$363.46 million since inception through November 1, 2024. In February 2003, with an earliest charge effective date of May 1, 2003, the FAA approved an amendment to impose and use passenger facility charges, at JIA at a new rate of \$4.50. This amendment also permits the Authority to finance certain projects with PFC revenues. Through September 30, 2022, the Authority has collected, including interest earnings, PFCs totaling approximately \$281.1 million. PFCs, along with related interest earnings are recognized and recorded as non-operating revenue in the year collected by the air carriers.

The Authority has expended approximately \$261.33 million of PFCs on projects funded on a pay-as-you-go and financing basis.

Jacksonville Aviation Authority

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Management Estimates

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

3. Investments

Credit Risk

The primary objectives of the Authority's investment policy are the safety of capital, the liquidity of the portfolio, and the yield of the investments. Bond proceeds may be invested in securities as permitted in the bond indentures. Otherwise, assets of the Authority may be invested in: (a) the Florida Local Government Surplus Funds Trust Fund (Florida PRIME); (b) United States government securities; (c) United States government agencies, federal instruments; (d) federal instrumentalities; (e) interest bearing time deposit or savings accounts, provided that any such deposits are secured by the Security for Public Deposits Act, Chapter 280, Florida Statutes; (f) repurchase agreements; (g) commercial paper that has an S&P-equivalent rating at the time of purchase, at a minimum "A-1"; (h) corporate notes that have a long-term debt S&P-equivalent rating at the time of purchase, at a minimum "A-"; (i) bankers' acceptances that have an S&P-equivalent rating at the time of purchase, at a minimum "A-1"; (j) state and/or local government debt that has a long-term debt S&P-equivalent rating at the time of purchase, at a minimum "A-", or a short-term debt S&P-equivalent rating at the time of purchase, at a minimum "SP-1"; (k) supranational debt that has a long-term debt S&P-equivalent rating at the time of purchase, at a minimum "AAA-", or a short-term debt S&P-equivalent rating at the time of purchase, at a minimum "A-1"; (l) registered investment companies (money market mutual funds) registered under the Investment Company Act of 1940 that have an S&P-equivalent rating of "AAAm"; (m) mortgage-backed securities; (n) asset-backed securities that have a long-term debt S&P-equivalent rating at the time of purchase, at a minimum "AAA", or short-term debt S&P-equivalent rating at the time of purchase, at a minimum "A-1"; (o) domestic common stock; (p) equity funds.

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

In March 2021, JAA's Board of Directors approved a modification of our existing investment policy. The modification permitted several changes to existing investment policy including 1) establishment of two separately managed portfolios with separate investment policies 2) investment in domestic common stock and equity funds 3) increased the allowable maximum percentage in Corporate Bonds 4) lowered the minimum S&P equivalent rating on Corporate Bonds from A- to BBB.

Jacksonville Aviation Authority

Notes to Financial Statements

3. Investments (Continued)

Domestic common stock balances are as follows:

	<i>(Dollar amounts in thousands)</i>	
	2022	
	Balance	% of Portfolio
Equity	\$ 2,284	4.36%
Fixed Income	50,091	95.64%
Total	\$ 52,375	100.00%

The Authority's fixed income investments for the fiscal year ending September 30, 2022 are rated as follows:

Investment Type	Rating	<i>(Dollar amounts in thousands)</i>	
		Fair Value	
US Treasury and government agency securities	AAA	\$	17,103
US Treasury and government agency securities	AA+		3,438
Corporate Bonds and Notes	AAA		8,187
Corporate Bonds and Notes	AA+		426
Corporate Bonds and Notes	AA		609
Corporate Bonds and Notes	AA-		1,506
Corporate Bonds and Notes	A+		910
Corporate Bonds and Notes	A		2,243
Corporate Bonds and Notes	A-		2,794
Corporate Bonds and Notes	A3		95
Corporate Bonds and Notes	BBB+		2,565
Corporate Bonds and Notes	BBB		781
Corporate Bonds and Notes*	BBB-		900
Corporate Bonds and Notes*	BB+		179
Corporate Bonds and Notes*	BB		90
Foreign Corporate Bonds and Notes	A		1,049
Foreign Corporate Bonds and Notes	A-		1,434
Foreign Corporate Bonds and Notes	A+		376
Foreign Corporate Bonds and Notes	AA-		1,243
Foreign Corporate Bonds and Notes	BBB		492
Foreign Corporate Bonds and Notes*	BBB-		46
Foreign Corporate Bonds and Notes	BBB+		275
Foreign Corporate Bonds and Notes	BAA2		50
Supranationals	AAA		2,390
Municipal Bonds	AA		196
Municipal Bonds	AA-		91
Municipal Bonds	AA+		354
Municipal Bonds	AA1		94
Municipal Bonds	AAA		174
Total		\$	50,091

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

Jacksonville Aviation Authority

Notes to Financial Statements

3. Investments (Continued)

Interest Rate Risk

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

Fixed Income Maturity Distribution

Type of Investment	<i>(Dollar amounts in thousands)</i>		
	Less Than One Year from 09/30/2022	One to Five Years	Total
US Treasury & Government	\$ 1,782	\$ 18,759	\$ 20,542
Corporate Bonds and Notes	388	20,899	21,287
Supranationals	624	4,341	4,965
Municipal Bonds	1,330	1,060	2,390
Foreign Corporate Bonds and	182	725	907
	<u>\$ 4,306</u>	<u>\$ 45,784</u>	<u>\$ 50,091</u>

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, 2022 all investment securities of the Authority are held with an appropriate custodian or trustee or are held in accounts in the name of, and belonging to, the Authority.

Concentration of Credit Risk

JAA Primary Fund (Fixed Income)

Exclusive of restricted funds, the following are the Authority's investment percentages limits within the Primary Fund. The Authority's investment in US Treasury, Government National Mortgage Association, and other US government guaranteed securities shall not exceed 100% of the total investment portfolio. Total investments in United States Federal Agency or Government-Sponsored Enterprise securities shall each not exceed 75% of the total value of the investment portfolio. Maximum exposure to any Interest Bearing Time Deposits, Money Markets, Savings Accounts, or Intergovernmental Pools shall be limited to 50% of the total investment portfolio. Investments in Repurchase Agreements shall not exceed 40% of the total investment portfolio. The Authority's investment in Commercial Paper and Corporate Bonds and Notes shall not exceed 35% of the total investment portfolio. Authority investments in Supranationals, where the United States is a shareholder and voting member shall not exceed 25% of the total investment portfolio. Maximum exposure to Mortgage-Backed Securities, State and/or Local Government Taxable and/or Tax-Exempt Debt, Asset-Backed Securities, and Florida Local Government Surplus Funds Trust Funds shall not exceed 25% of the total investment portfolio. The Authority shall not exceed 20% of its portfolio value for Fixed Income mutual funds and ETFs, and 10% for Bankers Acceptances.

Jacksonville Aviation Authority

Notes to Financial Statements

3. Investments (Continued)

As of September 30, 2022, all investment holdings of the Authority were in compliance with the JAA Primary Fund investment policy in place as of that date. Investments in any one issuer representing 5% or more of the Authority's Primary Fund investments as of September 30, 2022 were as follows: \$13.00 million (24.86%) invested in US Treasury Notes.

	<i>(Dollar amounts in thousands)</i>		
	September 30, 2022		
	Unrestricted	Restricted	Fair Value
Investments:			
US Treasury and government agency	\$ 20,541	\$ -	\$ 20,541
Corporate Bonds and Notes	21,287	-	21,287
Supranationals	2,390	-	2,390
Common Stock	-	-	-
Municipal Bonds	908	-	908
Foreign Corporate Bonds and Notes	4,965	-	4,965
Foreign Common Stock	-	-	-
Total Investments	\$ 50,091	\$ -	\$ 50,091

JAA Long Term Investment Portfolio Fund (Fixed Income & Equity)

The Authority's Long Term Investment Portfolio Fund ("LTIP") was created to optimize returns on Authority assets over a longer time horizon. In order to provide investment flexibility among potentially rapid market shifts, the LTIP policy establishes acceptable asset allocation ranges among the asset classes Domestic Equity, Fixed Income, and Cash Equivalents. Investments in domestic equities shall fall within 20%-60% of the total LTIP portfolio. Acceptable ranges for fixed income securities are between 25%-75% of the total LTIP portfolio. Cash equivalents should be no more than 10% of total LTIP portfolio.

As of September 30, 2022, all investment holdings of the Authority were in compliance with the JAA LTIP Fund investment policy in place as of that date. Investments in any one issuer representing 5% or more of the Authority's LTIP fund investments as of September 30, 2022 were as follows: \$0.15 million (6.38%) invested in Apple Inc. common stock, and \$0.13 million (5.56%) invested in Microsoft Corp. common stock.

	<i>(Dollar amounts in thousands)</i>		
	September 30, 2022		
	Unrestricted	Restricted	Fair Value
Investments:			
US Treasury and government agency	\$ -	\$ -	\$ -
Corporate Bonds and Notes	-	-	-
Municipal Bonds	-	-	-
Foreign Corporate Bonds and Notes	79	-	79
Common Stock	2,205	-	2,205
Total Investments	\$ 2,284	\$ -	\$ 2,284

Jacksonville Aviation Authority

Notes to Financial Statements

3. Investments (Continued)

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

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

The Authority has the following recurring fair value measurements as of September 30, 2022:

- Domestic common stock securities of \$2.21 million are valued using level 1 inputs.
- U.S. Treasury and government agency securities of \$20.54 million are valued using level 1 and level 2 inputs.
- Corporate bonds, domestic and foreign, of \$26.33 million, asset backed securities of \$2.39 million and municipal bonds of \$0.91 million are valued using a matrix pricing model (Level 2 inputs).

The following shows a reconciliation of the investment categories to the statements of net position for cash equivalents and investments for the fiscal year ending September 30, 2022:

Cash and Investments as of September 30, 2022 (Dollar amounts in thousands)				
	Cash	Investment Securities	Total Investments	Total Cash & Investments
Current assets:				
Cash and cash equivalents	\$ 112,918	\$ -	\$ -	\$ 112,918
Investments	-	52,375	52,375	52,375
Noncurrent assets:				
Restricted cash and cash equivalents	133,223	-	-	133,223
	<u>\$ 246,141</u>	<u>\$ 52,375</u>	<u>\$ 52,375</u>	<u>\$ 298,516</u>

Jacksonville Aviation Authority

Notes to Financial Statements

4. Receivables

Accounts receivable are recorded net of allowances for uncollectible accounts of \$191 thousand at September 30, 2022. Accounts receivable at year-end are comprised of the following:

	Percent of Balance
Receivables from:	2022
Airlines	79.78%
Concessionaires/non-aviation	13.22%
Aviation, Other	3.79%
Parking customers	3.21%
	100.00%

The authority entered into separate operating and lease agreements with various tenants where the following note receivables were issued: February 25, 2005 for \$4.63 million over 25 years at an interest rate ranging from 6% to 9%. The current rate of interest for 2022 is 9%.

(Dollar amounts in thousands)

October 1, 2021 Balance	Increases	Decreases	September 30, 2022 Balance	Amounts Due Within One Year
\$ 2,596	\$ -	\$ (204)	\$ 2,392	\$ 224

Jacksonville Aviation Authority

Notes to Financial Statements

5. Lease Accounting (GASB 87)

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's operations as a lessee are immaterial to the financial statements as a whole; therefore, not disclosed in the footnote; whereas the Authority's operations as a lessor are material and disclosures are shown below.

This pronouncement is effective for reporting periods beginning after June 15, 2021 and The Authority has implemented it effective October 1, 2021. The material impact on the financial statements of the Authority is recognized in the opening balances in Lease Receivables and Deferred Inflows of Resources in the Statement of Net Position as of October 1, 2021. There was no effect on net position as a result of the adoption, an equivalent lease receivable and deferred inflow were recorded and, as result, beginning net position was not affected by this standard. The Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2022 includes the recognition of Interest Revenue as a result of the implementation.

The Authority leases certain land and buildings including terminal, office, concession advertisement and hangar space to various third parties. Lease payments received in exchange for the contracted use of these assets is based on a fixed rental amount paid in intervals outlined within the lease agreement, a variable payment directly related to the business performed with or without a minimal annual guarantee (MAG), or a combination of both fixed and variable payments. Fixed rental amounts, as well as minimum annual guarantee amounts, are reflected within the GASB-87 lease receivable calculation, while variable rental amounts are excluded from the calculation. Variable payments not included in the measurement of GASB-87 lease receivable are based on a percentage of the lessee's revenue above the minimum annual guarantee.

During the year ended September 30, 2022, JAA recognized the following inflows of resources related to its GASB 87 lessor agreements:

	<u>(Dollar amounts in thousands)</u>
Lease Revenue	\$ 16,065
Interest income related to its leases	744
Revenue from variable payments not previously included in the measurement of the lease receivable	7,962

Jacksonville Aviation Authority

Notes to Financial Statements

5. Lease Accounting (GASB 87) (Continued)

JAA's principal ongoing operations consist of leasing assets to other entities. Future principal and interest payment requirements included in the measurement of JAA's lease receivable as of September 30, 2022, are as follows:

Fiscal Years Ending September 30,	<i>(Dollar amounts in thousands)</i>		
	Principal	Interest	Total
2023	\$ 7,608	\$ 501	\$ 8,109
2024	2,221	401	2,622
2025	1,527	348	1,875
2026	1,659	304	1,963
2027	1,591	258	1,849
2028-2032	3,987	813	4,800
2033-2037	1,602	505	2,107
2038-2042	1,381	282	1,663
2043-2047	636	144	780
2048-2052	459	71	530
2053-2057	290	19	309
Total	<u>\$ 22,961</u>	<u>\$ 3,646</u>	<u>\$ 26,607</u>

Lease Accounting (GASB 87) - Regulated Leases

JAA has numerous leases which fall under the Jurisdiction of the Federal Aviation Authority and are considered exempt from GASB 87 consideration. These leases include those with the major signatory airlines: American Airlines Corporation, Breeze Airways, Delta Air Lines Inc., JetBlue Airways Corporation and Southwest Airlines. JAA leases assets considered to be leasehold improvements to these airlines including Bag Makeup Areas, Baggage Service Offices, Curbside Space, Hold Rooms, Operations and Management Offices, Ticket Offices, Counter and Kiosk Space.

JAA also has signatory leases with Federal Express Corporation and United Parcel Services, Inc. where they lease Land, Buildings, Leasehold Improvements and Ramp Space for their operations.

JAA also has many leases with companies that perform Maintenance, Repair and Operation (MRO) activities at its' airports. JAA leases ground parcels as well as Hangars, Ramp Space and Building Space to these clients

During the year ended September 30, 2022, JAA recognized the following from regulated leases:

	<i>(Dollar amounts in thousands)</i>
Lease Revenue	\$ 27,609
Revenue from variable payments excluded from the schedule of expected future minimum lease payments	\$ 23,071

Jacksonville Aviation Authority

Notes to Financial Statements

5. Lease Accounting (GASB 87) (Continued)

The schedule below reflects JAA's future minimum lease payments under its Regulated Leases as of September 30, 2022, for each of the five subsequent years and in five-year increments thereafter.

	<i>(Dollar amounts in thousands)</i>	
2023	\$	31,908
2024		33,201
2025		33,466
2026		33,204
2027		33,140
2028-2032		77,017
2033-2037		76,571
2038-2042		68,445
2043-2047		61,530
2048-2052		57,985
2053-2057		63,211
2058-2062		2,956
2063-2067		2,993
2068-2072		3,137
2073-2077		1,356
	\$	580,120

A significant portion of the total future minimum lease payments for regulated leases come from 10 lessees, broken down as follows:

Regulated Lessee	<i>(Dollar amounts in thousands)</i>	
	Total Future Minimum Lease Payments	% of Total
Boeing	\$ 341,374	58.8%
Signatory Airlines (8 total)	82,226	14.2%
FlightStar Aircraft Services, Inc. (MRO)	58,508	10.1%
	\$ 482,108	83.1%

Jacksonville Aviation Authority

Notes to Financial Statements

6. Restricted Assets

Restricted assets, as of September 30, 2022, are as follows:

	<i>(Dollar amounts in thousands)</i>	
Noncurrent restricted cash, cash equivalents and receivables:		
Federal forfeiture	\$	279
Other		24
Construction Projects Account (TD Bank)		107,303
PFC Account (TD Bank)		19,772
Restricted O&M Fund		5,845
Restricted PFC Receivable		1,045
Total noncurrent restricted cash and cash equivalents	\$	134,268

7. Capital Assets

Capital assets activity for the year ended September 30, 2022 are as follows:

	<i>(Dollar amounts in thousands)</i>			
	Beginning Balance October 1, 2021	Transfers and Additions	Transfers and Disposals	Ending Balance September 30, 2022
Capital assets not being depreciated:				
Land	\$ 71,143	\$ -	\$ -	\$ 71,143
Construction in progress	29,323	80,145	(10,540)	98,929
Total capital assets not being depreciated	100,466	80,145	(10,540)	170,071
Other capital assets:				
Buildings	173,009	11,691	-	184,700
Other improvements	728,644	11,928	-	740,571
Equipment	75,676	1,649	(115)	77,210
Total other capital assets	977,329	25,268	(115)	1,002,481
Intangible capital assets	8,942	-	-	8,942
Less amortization	(8,171)	(166)	-	(8,337)
Total intangible assets	771	(166)	-	605
Total assets being depreciated	978,100	25,102	(115)	1,003,088
Total capital assets	1,078,566	105,247	(10,655)	1,173,158
Less: Accumulated depreciation				
Buildings	92,551	4,793	-	97,344
Other improvements	438,173	23,342	-	461,515
Equipment	49,738	5,824	(66)	55,496
Total accumulated depreciation	580,462	33,959	(66)	614,355
	\$ 498,104	\$ 71,288	\$ (10,589)	\$ 558,803

Depreciation expense for the year ended September 30, 2022 was \$34.13 million. During fiscal year ending September 30, 2021, the Authority elected to early adopt GASB 89 and therefore did not capitalize any interest in fiscal year 2022.

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans

Plan Description

Florida Retirement System

All full-time employees of the Authority participate in the Florida Retirement System (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 6 years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) 6 years of service and age 62, or the age after age 62 that the member becomes vested, or 30 years of service regardless of age (may include four years military), whichever comes first; or (2) 6 years of special risk service and age 55, or 25 total years of special risk services and age 52 (may include four years' wartime military service), or 25 total years special risk service, regardless of age, or 30 years of any creditable service, regardless of age (may include four years' wartime military service). Early retirement may be taken any time after completing 6 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 5 highest fiscal years of earnings. The FRS also provides death and disability benefits. Benefits are established by Florida Statutes.

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

The FRS provides vesting of benefits after 8 years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) 8 years of service and age 65, or the age after age 65 that the member becomes vested, or 33 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 30 total years of special risk services and age 57 (may include four years' wartime military service), or 30 total years special risk service, regardless of age, or 30 years of any creditable service, regardless of age (may include 4 years' wartime military service). Early retirement may be taken any time after completing 8 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 8 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 Retirement, P.O. Box 9000, Tallahassee, Florida, 32315-9000, attention Research and Education; or by contacting Public Records by email at PublicRecords@sbafla.com, or by phone at (850) 488-5706.

Jacksonville Aviation Authority

Notes to Financial Statements

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 Senate Bill 2100 enacted in July 2011 created a 3% mandatory pre-tax employee contribution as well as a reduction in contribution rates for the employer.

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

Year		Special Risks Participants	Deferred Retirement Option Participants	Senior Management Participants	Regular Participants
07/01/2022-06/30/2023	Employer	27.83%	18.60%	31.57%	11.91%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	30.83%	18.60%	34.57%	14.91%
07/01/2021-06/30/2022	Employer	25.89%	18.34%	29.01%	10.82%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	28.89%	18.34%	32.01%	13.82%
07/01/2020-06/30/2021	Employer	24.45%	16.98%	27.29%	10.00%
	Employee	3.00%	0.00%	3.00%	3.00%
	Total	27.45%	16.98%	30.29%	13.00%

For the year ended September 30, 2022, contributions are as follows:

<i>(Dollar amounts in thousands)</i>	
2022	
Employer	\$ 3,099
Employee	633
Total	<u>\$ 3,732</u>

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

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

At September 30, 2022, the Authority reported a liability of \$19.77 million for its proportionate share of the Plan's net pension liability. This year's material increase in pension liability is mainly related to FRS pension investment losses. The FRS reported a \$14.24 billion investment loss in fiscal 2022, causing an increase in the net pension liability for all participants. The net pension liability was measured as of July 1, 2022 using an actuarial valuation dated July 1, 2022.

The Authority's proportionate share of the net pension liability was based on the Authority's 2022 fiscal year contributions relative to the 2022 fiscal year contributions of all participating members. At June 30, 2022 the Authority's proportionate share was 0.05314555%, an increase of 0.00385303% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the Authority recognized pension (recovery) expense of \$2.34 million related to the Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(Dollar amounts in thousands)</i>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 939	\$ -
Change of assumptions	2,435	-
Net difference between projected and actual earnings on FRS pension plan investments	1,306	-
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	1,191	(2,718)
Authority's contributions subsequent to the measurement date	674	-
Total	<u>\$ 6,545</u>	<u>\$ (2,718)</u>

For fiscal year ended September 30, 2022, deferred outflow of resources related to pensions totaled \$674.08 thousand, resulting from Authority contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending	<i>(Dollar amounts in thousands)</i>	
	2022 Deferred Outflows/(Inflows), Net	
2023	\$	717
2024		(11)
2025		(871)
2026		3,045
2027		274
	<u>\$</u>	<u>3,154</u>

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022
Inflation	2.40%
Salary increases – average including inflation	3.25%
Investment rate of return – net of pension plan investment expense including inflation	6.70%

Mortality rates were based on the Pub – 2010 based table, generational mortality using gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2022 valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

July 1, 2022
Actuarial Assumptions

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed Income	19.80%	4.40%	4.40%	3.20%
Global equity	54.00%	8.80%	7.30%	17.80%
Real estate (property)	10.30%	7.40%	6.30%	15.70%
Private Equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.80%
Total	<u>100.00%</u>			
Assumed Inflation – Mean			2.40%	1.30%

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

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for 2022. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.70% rate of return assumption used in the June 30, 2022 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.70% for 2022, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate.

	<i>(Dollar amounts in thousands)</i>		
	2022		
	Current		
	1% Decrease 5.70%	Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability	\$ 34,198	\$ 19,774	\$ 7,714

Pension Plan Fiduciary Net Position

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

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

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

Benefits Provided

For the fiscal years ended September 30, 2022 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS benefit of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2022 the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

At September 30, 2022 the Authority reported a net pension liability of \$5.89 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2021.

The Authority's proportionate share of the net pension liability was based on the Authority's 2022 fiscal year contributions relative to the total 2022 fiscal year contributions of all participating members. At June 30, 2022, the Authority's proportionate share was 0.05561422%, an increase of 0.00371924% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the Authority recognized pension expense of \$588 thousand related to the HIS Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<i>(Dollar amounts in thousands)</i>	
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179	\$ (26)
Change of assumptions	338	(911)
Net difference between projected and actual earnings on FRS HIS investments	9	-
Changes in proportion and differences between Authority's FRS contributions and proportionate share of contributions	614	(878)
Authority's contributions subsequent to the measurement date	\$ 98	-
Total	<u>\$ 1,238</u>	<u>\$ (1,815)</u>

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

For fiscal years ended September 30, 2022, deferred outflows of resources related to pensions totaled \$98 thousand, resulting from Authority contributions to the HIS Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>(Dollar amounts in thousands)</i>	
Fiscal Years Ending September 30:	2022
	Deferred Outflows/(Inflows) Net
2023	\$ (112)
2024	(127)
2025	(101)
2026	(170)
2027	(135)
Thereafter	(30)
	<u>\$ (675)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2021 valuation for the HIS Plan was determined using the following actuarial assumptions, applied to all periods include in the measurement:

	2022
Inflation	2.40%
Salary increases	3.25%
Investment rate of return	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability relating to the HIS Plan was 3.54% for 2022. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

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

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the 2022 discount rate of 3.54%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate.

	(Dollar amounts in thousands)		
	2022		
	Current		
	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Authority's proportionate share of the net pension liability	\$ 6,739	\$ 5,890	\$ 5,188

Pension Plan Fiduciary Net Position

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

FRS – Defined Contribution Pension Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

Jacksonville Aviation Authority

Notes to Financial Statements

8. Pension Plans (Continued)

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

The Authority's Investment Plan pension (recovery) expense totaled \$(588) thousand for the fiscal year ended September 30, 2022.

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

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

10. Postretirement Health and Other Benefits

Plan Description

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

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

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

The Authority is required to value their postretirement health and other benefits biennially. The most recent actuarial valuation date was fiscal year ended September 30, 2022. The valuation incorporated 301 active and retired employees, reflecting the sum of 252 active employees and 49 retirees currently receiving benefits. Due to the small amounts involved, vision benefits are not included in the valuation. Life insurance benefits are provided on a fully insured basis and are provided by unsubsidized retiree contributions. As such, life insurance benefits are not included in the valuation.

Notes to Financial Statements

Funding Policy

OPEB Expense

OPEB Outflows and Inflows

	2022
Balance, beginning of year	\$ 1,250,371
Service cost	22,544
Interest cost	53,970
Change in Assumption	(345,459)
Benefit payments	(149,125)
Balance, end of year	\$ 832,301

	September 30, 2022
Measurement Date	09/30/2022
Actuarial Valuation Date	10/1/2021
Salary and Wage Increase	3.8%
Healthcare Cost Trend Rate:	
Pre-65 years old	8.0%
65 years and older	8.0%
Discount Rate	4.6%

Date of experience study on which significant assumptions were based 10/1/2021

Jacksonville Aviation Authority

Notes to Financial Statements

10. Postretirement Health and Other Benefits (Continued)

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. The Authority used demographic assumptions provided by a third-party actuary.

The September 30, 2022 costs and liabilities were determined using the following assumptions: (1) discount rate of 4.6% per annum, compounded annually; (2) pre-retirement mortality rates and post-retirement mortality rates were based on the PUB 2010 Healthy Male and Female tables with Scale; (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 8.00% for fiscal year 2022. Future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend grading down by 0.5% per year, resulting in an ultimate rate of 5.00% by fiscal year 2027; (5) as the plan is unfunded, no assumptions have been made regarding investment returns; (6) the plan is not related to salaries, therefore no assumptions have been made regarding projected salary increases.

The selected discount rate of 4.6% is based on the prescribed discount interest rate methodology under GASB No. 74 and 75 based on an average of two 20-year bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index, and Fidelity GA AA 20 Years) as of September 30, 2022 (most current quarter available) and rounded to the nearest 0.01%.

Health Care Cost and Discount Rate Sensitivity

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

As of	Health Care Cost Trend Sensitivity					
	Rate		1% Decrease		Current Rate	1% Increase
September 2022	8.0%	\$	779,160	\$	832,301	\$ 892,962

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

As of	Discount Rate Sensitivity					
	Rate		1% Decrease		Current Rate	1% Increase
September 2022	4.6%	\$	888,320	\$	832,301	\$ 783,995

Jacksonville Aviation Authority

Notes to Financial Statements

11. Long-Term Indebtedness

All Authority bonds were issued under the Airport Improvement Revenue Bond Resolution adopted by the Board of Directors of the Authority on July 30th, 1987, and a tenth Supplemental Resolution adopted September 27, 2021. The Authority currently has \$181.04 million in outstanding debt. The debt is made up of two bank notes, Series 2016 and Series 2021, and one privately placed bond executed in 2021.

Net revenues (as defined in various bond ordinances) of the Authority have been pledged toward the repayment of the Airport Revenue Bonds. Net revenues consist of operating revenues, interest income, other revenue, and passenger facility charges reduced by operating expenses, not including depreciation. For the year ended September 30, 2022, the net revenue was \$35.39 million compared to the net debt service (principal and interest) of \$4.75 million. For more detail see page #73 in the Statistical Section.

(Dollar amounts in thousands)

	October 1, 2021 Balance	Increases	Decreases	2022 Balance	Due Within One Year
Revenue refunding notes	\$45,688	\$156,065	\$20,717	\$181,036	\$0
Less amounts due within one year	(5,638)			-	
Total long-term portion	40,050	156,065	20,717	181,036	
Total revenue notes payable	\$40,050	\$156,065	\$20,717	\$181,036	

2008 Revenue Note

On April 1, 2008 a note was issued from Compass Bank (Compass) in the amount of \$41.49 million. The purpose of the note was to refund the 2005 airport revenue refunding bonds, pay a portion of the 2005 swap termination fee and pay issue costs. The note had a variable interest rate of 65% of 1-month LIBOR plus 64.35 basis points (0.6435%). The annual interest rate at September 30, 2022 was 0.745%. Compass Bank was acquired by PNC Bank in 2021. During the fiscal year ended September 30, 2022, this note was paid in full.

2016 Revenue Refunding Note

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

Jacksonville Aviation Authority

Notes to Financial Statements

11. Long-Term Indebtedness (Continued)

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2022.

Fiscal Years Ending September 30:	<i>(Dollar amounts in thousands)</i>		
	Principal	Interest	Total
2023	\$ -	\$ 20	\$ 20
2024	2,000	22	2,022
2025	210	2	212
Total	\$ 2,210	\$ 44	\$ 2,254

2021 Revenue Refunding Note

On May 4, 2021, the Authority issued a revenue refunding bank note in the amount of \$27.2 million. The note was placed with Trustmark Bank and has a stated interest rate of 0.99%. The net proceeds of these bonds were used to immediately and fully refund \$27.1 million in an outstanding bank note, 2012 TD Bank. The refunded note had a stated interest rate of 1.87%. The refunding was undertaken to refinance a bullet maturity in the 2012 TD Bank note as well as to obtain interest rate savings over the seven year life of the new note. Net interest savings of the new note results in an economic gain (present value) to the Authority of \$169,344.

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2022:

Fiscal Years Ending September 30:	<i>(Dollar amounts in thousands)</i>		
	Principal	Interest	Total
2023	\$ -	\$ 113	\$ 113
2024	3,701	207	3,908
2025	3,737	171	3,908
2026	3,774	133	3,907
2027	3,812	95	3,907
2028	3,849	58	3,907
2029	3,888	19	3,907
Total	\$ 22,761	\$ 796	\$ 23,557

2021 Revenue Note for Boeing Hangar Construction at Cecil Airport

On October 20, 2021, the Authority closed on additional financing with JP Morgan in the amount of \$156.1 million. The funds are being used to construct a large aircraft maintenance facility at Cecil Airport for one of the Authority's existing customers, Boeing. This financing was issued as JAA Revenue Bonds, Series 2021 and was privately placed by JP Morgan as the placement agent. The bonds have a 30-year term at a fixed interest rate of 2.96%. The first payment on the debt was due Oct. 1, 2022 in the amount of \$4.4 million.

Jacksonville Aviation Authority

Notes to Financial Statements

11. Long-Term Indebtedness (Continued)

Payments of the long-term outstanding note will require the following principal and interest payments based on the amounts outstanding at September 30, 2022.

Fiscal Years Ending September 30:	<i>(Dollar amounts in thousands)</i>		
	Principal	Interest	Total
2023	\$ -	\$ 4,620	\$ 4,620
2024	-	4,620	4,620
2025	3,655	4,566	8,221
2026	3,765	4,456	8,221
2027	3,875	4,343	8,218
2028	3,990	4,227	8,217
2029	4,110	4,107	8,217
2030	4,230	3,983	8,213
2031	4,355	3,856	8,211
2032	4,485	3,725	8,210
2033	4,620	3,591	8,211
2034	4,755	3,452	8,207
2035	4,895	3,309	8,204
2036	5,040	3,162	8,202
2037	5,190	3,011	8,201
2038	5,345	2,855	8,200
2039	5,500	2,694	8,194
2040	5,665	2,529	8,194
2041	5,830	2,359	8,189
2042	6,005	2,184	8,189
2043	6,180	2,003	8,183
2044	6,365	1,818	8,183
2045	6,555	1,627	8,182
2046	6,750	1,430	8,180
2047	6,950	1,227	8,177
2048	7,155	1,018	8,173
2049	7,365	803	8,168
2050	7,585	582	8,167
2051	7,810	354	8,164
2052	8,040	119	8,159
Total	\$ 156,065	\$ 82,630	\$ 238,695

Jacksonville Aviation Authority

Notes to Financial Statements

11. Long-Term Indebtedness (Continued)

Annual Requirements

Annual requirements to repay all outstanding long-term debt as of September 30, 2022, are as follows:

Fiscal Years Ending September 30:	<i>(Dollar amounts in thousands)</i>					
	2016 Revenue Refunding Note	2021 Revenue Refunding Note	2021 Boeing Refunding Note	Total Principal and Interest	Total Principal	Total Interest
2023	20	113	4,620	4,753	-	4,753
2024	2,022	3,908	4,620	10,550	5,701	4,849
2025	212	3,908	8,221	12,341	7,602	4,739
2026	-	3,907	8,221	12,128	7,539	4,589
2027	-	3,907	8,218	12,125	7,687	4,438
2028	-	3,907	8,217	12,124	7,839	4,285
2029	-	3,907	8,217	12,124	7,998	4,126
2030	-	-	8,213	8,213	4,230	3,983
2031	-	-	8,211	8,211	4,355	3,856
2032	-	-	8,210	8,210	4,485	3,725
2033	-	-	8,211	8,211	4,620	3,591
2034	-	-	8,207	8,207	4,755	3,452
2035	-	-	8,204	8,204	4,895	3,309
2036	-	-	8,202	8,202	5,040	3,162
2037	-	-	8,201	8,201	5,190	3,011
2038	-	-	8,200	8,200	5,345	2,855
2039	-	-	8,194	8,194	5,500	2,694
2040	-	-	8,194	8,194	5,665	2,529
2041	-	-	8,189	8,189	5,830	2,359
2042	-	-	8,189	8,189	6,005	2,184
2043	-	-	8,183	8,183	6,180	2,003
2044	-	-	8,183	8,183	6,365	1,818
2045	-	-	8,182	8,182	6,555	1,627
2046	-	-	8,180	8,180	6,750	1,430
2047	-	-	8,177	8,177	6,950	1,227
2048	-	-	8,173	8,173	7,155	1,018
2049	-	-	8,168	8,168	7,365	803
2050	-	-	8,167	8,167	7,585	582
2051	-	-	8,164	8,164	7,810	354
2052	-	-	8,159	8,159	8,040	119
Total	\$ 23,557	\$ 165,142	\$ 264,506	\$ 190,014	\$ 139,067	\$ 8,978

Jacksonville Aviation Authority

Notes to Financial Statements

11. Long-Term Indebtedness (Continued)

Subsequent Debt

On October 27, 2022, the Authority closed on new financing in the form of a two-year variable line of credit with Truist Bank in the amount of up to \$200 million. The funds will be used for the initial construction costs of Concourse B at Jacksonville International Airport. This variable line of credit utilizes a rate of 79% of SOFR (secured overnight financing rate), plus 37 basis points.

12. Airline Use and Lease Agreements

The Airline Use and Lease Agreement ("Agreement") provides for the lease 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 to signatory airlines. This is a residual Agreement with a 5-year term ended on September 30, 2018. In December of 2018, all signatory airlines agreed to a 10-year extension of the Agreement. The amended Agreement will expire September 30, 2027.

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

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

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

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

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

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. Some of the agreements provide for a periodic review and re-determination of the payment amounts.

Jacksonville Aviation Authority

Notes to Financial Statements

13. Airport Tenant Agreements (Continued)

The signatory airline Agreements include an annual guaranteed revenue transfer of \$11.28 million. In addition, an airline rate base budget to actual true up calculation occurs at the end of each year. Signatory airlines are entitled to a payout for a positive variance, or required to make payment on a negative variance. Due to the economic uncertainty entering 2021 and the better than expected financial performance, fiscal year 2021 has a large positive variance within the airline rate base. The rate base true up results in \$10.6 million due to the airlines as of year end. Coupled with the \$11.28 million annual revenue transfer, the combined payout is \$21.9 million, grouped under "Other Accrued Liabilities" on the Statement of Net Position. The signatory airline Agreements are renegotiated at the end of their term. The current Agreement expires in six years on September 30, 2027.

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 Airport Improvement Program and Aviation Development Project. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to these programs. These programs are subject to federal and state audit. Total federal and state grant capital contributions were \$9.26 million for the year ended September 30, 2022.

The Authority received federal and state grants for the capital programs for the years ended September 30, 2022, as summarized in the table below.

	2022
Capital Programs:	
State grants for construction	\$ 5,198
Federal grants for construction	1,813
TSA grants for construction	2,253
Other contributions for construction	-
	<u>\$ 9,264</u>

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

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

15. Operating Grants

The Authority received TSA funds in addition to COVID-19 funding for operating programs for the year ended September 30, 2022, as summarized in the tables below.

	2022
Operating Programs:	
CARES Act funding	\$ -
CRSSA Act funding	2,980
ARPA Act funding	13,612
TSA K-9 & Federal programs	492
Total operating grants	<u>\$ 17,084</u>

Jacksonville Aviation Authority

Notes to Financial Statements

15. Operating Grants (continued)

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

In fiscal year 2020, the Authority received a CARES Act grant of \$28.6 million. Approximately \$14.4 million was expended in fiscal year 2020, with \$11.6 million booked to Federal operating grants, and \$2.8 million recorded as a capital contribution. In fiscal year 2021, the Authority expended \$13.9 million, with \$9.2 million booked to Federal operating grants and \$4.7 million to capital contributions. In fiscal year 2022, no CARES Act funds were expended.

In fiscal year 2021, the Authority received a CRSSA grant of \$8.7 million, of which approximately \$5.76 million was expended and booked to Federal operating grants. In fiscal year 2022, approximately \$2.98 million was expended and booked to Federal operating grants.

Grants for operating programs for the years ended September 30, 2022 are reported in the statements of revenues, expenses and changes in net position as non-operating revenue.

16. Restatement of Net Position

Beginning net position has been restated to correct an error in the revenue recognition of Federal and State agency grants during fiscal year 2022. The Authority recognized revenue in the period in which FAA approval was received and funds were drawn. Revenue should have been recognized when expenses were incurred, subject to the agreement award date.

The restatement amounts (in thousands) are as follows:

Net position – September 30, 2021 – as previous reported	\$ 578,974
Adjustment for Grant Revenue	10,892
Net position – September 30, 2021 – as restated	<u>\$ 589,866</u>

17. Payments to City of Jacksonville

During fiscal year 2022, the Authority paid approximately \$5.74 million to the City for expenses relating to legal, insurance, firefighting, and miscellaneous services.

Jacksonville Aviation Authority

Notes to Financial Statements

18. Commitments and Contingencies Terminal and Capital Improvement Program

As of September 30, 2022, the Authority has outstanding contractual commitments for completion of certain capital improvement projects, totaling \$141.6 million, of which an estimated \$5.7 million is eligible for partial reimbursement from the FAA, State of Florida and Transportation Security Administration. The remaining amount is expected to be funded from existing PFCs, debt instruments and/or future debt issuance, and Authority funds.

Concentration of Credit Risk

The Authority leases facilities to the airlines under certain leases and/or use agreements and to other businesses under agreements to operate concessions with the airport system. Amounts due from airlines represent approximately 79.78% of accounts receivable for 2022. Airline operating revenues represent approximately 49% of total operating revenues for 2022. Revenue received from five major airlines and a leasing company totaled 54.58% of total operating revenues for 2022.

Compliance Audits

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

Litigation

The Authority is named as a defendant in lawsuits from time to time. Currently, the authority is not involved in any litigation or proceeding pending that would pose a threat to the authority's existence or materially affect its financial statements.

19. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees, and natural disasters. The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability, and workers' compensation coverage. The Authority's expense is the premium charge by the City's self-insurance plan. The City has excess coverage for individual workers' compensation claims above \$1.50 million.

Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis depending on the claims experience of the Authority and other participants in the City's self-insurance programs. The Authority's workers' compensation expense is the premium charged by the City's self-insurance plan. Premium expense in 2022 amounted to \$80.84 thousand.

The Authority's property insurance premium expenses amounted to \$1.16 million for the year ended September 30, 2022. The Authority is also a participant in the City's general liability insurance program. General liability insurance premium expense amounted to \$67.34 thousand for the year ended September 30, 2022.

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

Jacksonville Aviation Authority

Required Supplementary Information

Schedule of the Changes in the Authority's Total OPEB Liability

Last Ten Years

(Unaudited)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 22,544	\$ 15,077	\$ 14,569	\$ 74,897	\$ 58,595
Interest cost	53,970	29,317	31,161	94,696	90,824
Change in Assumption	(345,459)	(2,422)	(1,855,667)	715,501	(36,089)
Benefit payments	(149,125)	(143,672)	(144,922)	(38,364)	-
Net change in total OPEB liability	\$ (418,070)	\$ (101,700)	\$ (1,954,859)	\$ 846,730	\$ 113,330
Total OPEB Liability – beginning	\$ 1,250,371	\$ 1,352,071	\$ 3,306,930	\$ 2,460,200	\$ 2,346,870
Total OPEB Liability – ending	\$ 832,301	\$ 1,250,371	\$ 1,352,071	\$ 3,306,930	\$ 2,460,200
Covered Employee Payroll	20,000,750	19,317,958	19,433,729	21,285,124	18,000,793
Total OPEB Liability as a % of Covered Employee Payroll	4.16%	6.47%	6.96%	15.54%	13.67%

**The amounts presented were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB 75. Currently only data for fiscal years ending September 30, 2022, 2021, 2020, 2019, and 2018 are available.*

Jacksonville Aviation Authority

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Florida Retirement System Pension Plan

Last Ten Years

(Unaudited)

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the FRS net pension liability	0.05314555%	0.04929252%	0.06162390%	0.06296462%	0.05922483%	0.06045064%	0.05596706%	0.05388330%
Authority's proportion share of the FRS net pension liability	\$ 19,774	\$ 3,723	\$ 26,709	\$ 21,684	\$ 17,839	\$ 17,880	\$ 14,132	\$ 6,960
Authority's covered payroll	\$ 16,226	\$ 13,989	\$ 16,542	\$ 16,412	\$ 15,287	\$ 14,753	\$ 13,614	\$ 12,692
Authority's proportionate share of the FRS net pension liability as a percentage of its covered payroll	122%	27%	161%	129%	116%	121%	103%	54%
FRS Plan fiduciary net position as a percentage of the total pension liability	83%	96%	79%	83%	84%	83%	84%	92%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2015-2022 are available.

Jacksonville Aviation Authority

**Required Supplementary Information
Schedule of the Authority's Contributions
Florida Retirement System Pension Plan
Last Ten Years
(Unaudited)
(Dollar amounts in thousands)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 2,399	\$ 1,912	\$ 2,099	\$ 2,124	\$ 1,852	\$ 1,698	\$ 1,553	\$ 1,314
FRS contributions in relation to the contractually required contribution	\$ 2,399	\$ 1,912	2,099	2,124	1,852	1,698	1,553	1,314
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 16,226	\$ 13,989	\$ 15,765	\$ 16,825	\$ 15,287	\$ 14,753	\$ 13,614	\$ 12,692
FRS contributions as a percentage of covered payroll	14.79%	13.67%	13.31%	13.31%	12.11%	11.51%	11.41%	10.35%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2015-22 are available.

Jacksonville Aviation Authority

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Health Insurance Subsidy Pension Plan

September 30, 2022

(Unaudited)

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the HIS net pension liability	0.05561422%	0.05189498%	0.06276085%	0.06310743%	0.05943609%	0.06030194%	0.05543686%	0.05272815%
Authority's proportion share of the HIS net pension liability	\$ 5,890	\$ 6,366	\$ 7,663	\$ 7,061	\$ 6,291	\$ 6,448	\$ 6,460	\$ 5,377
Authority's covered payroll	\$ 21,842	\$ 18,543	\$ 21,778	\$ 21,114	\$ 19,600	\$ 18,807	\$ 17,578	\$ 15,243
Authority's proportionate share of the HIS net pension liability as a percentage of its covered payroll	26.97%	34.33%	35.19%	33.44%	32.10%	34.29%	36.80%	35.28%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	1.65%	1.65%	1.64%	0.99%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2015-22 are available.

Jacksonville Aviation Authority

**Required Supplemental Information
Schedule of the Authority's Contributions
Health Insurance Subsidy Pension Plan
September 30, 2022
Last Ten Years
(Unaudited)
(Dollar amounts in thousands)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 699	\$ 305	\$ 439	\$ 444	\$ 387	\$ 355	\$ 325	\$ 202
HIS contributions in relation to the contractually required HIS contribution	699	305	439	444	387	355	325	202
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 21,842	\$ 18,543	\$ 20,853	\$ 21,517	\$ 18,807	\$ 18,807	\$ 12,692	\$ 15,109
HIS contributions as a percentage of covered payroll	3.20%	1.64%	2.11%	2.04%	2.06%	1.89%	2.56%	1.34%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement 68. Currently, only data for fiscal years ending June 30, 2015-22 are available.

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Statistical

Annual Financial Report

Fiscal Year Ended September 30, 2022

Statistical



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Jacksonville Aviation Authority

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:

1. Financial Trend Information

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

2. Revenue Capacity Information

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

3. Debt Capacity Information

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

4. Demographic and Economic Information

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

5. 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)

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Cash flows from operating activities	\$ 39,124	\$ 26,089	\$ 6,380	\$ 40,124	\$ 28,720
Cash flows from non-capital financing activities	27,976	7,704	12,073	198	135
Cash flows from capital and related financing activities	61,417	(13,051)	(8,505)	(25,008)	(9,303)
Cash flows from investing activities	3,206	(4,551)	1,306	2,063	4,471
Net change in cash and cash equivalents	131,723	16,191	11,254	17,377	24,023
Cash and equivalents, beginning of year	114,418	98,227	86,973	69,596	45,573
Cash and equivalents, end of year	246,141	114,418	98,227	86,973	69,596
Noncash investing, capital and financing activities					
Change in fair value of investments	\$ (3,808)	\$ (612)	\$ 546	\$ 1,240	\$ (680)
Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ 165
Capital assets acquired through contracts payable and accruals	\$ 2,230	\$ 844	\$ 578	\$ 1,058	\$ 1,491
Grants receivable	\$ 2,431	\$ 3,165	\$ 1,099	\$ 1,731	\$ 2,342

Source: Jacksonville Aviation Authority financial statements

Jacksonville Aviation Authority

Changes in Cash and Cash Equivalents (Continued)
Last Ten Fiscal Years
(Unaudited)
(Dollar amounts in thousands)

	2017	2016	2015	2014	2013
Cash flows from operating activities	\$ 34,177	\$ 26,018	\$ 29,433	\$ 22,865	\$ 30,980
Cash flows from non-capital financing activities	269	202	253	242	1,157
Cash flows from capital and related financing activities	(25,006)	(38,354)	(26,828)	(15,350)	(39,864)
Cash flows from investing activities	(12,296)	8,617	(493)	5,616	10,588
Net change in cash and cash equivalents	(2,856)	(3,517)	2,365	13,373	2,861
Cash and equivalents, beginning of year	48,429	51,945	49,580	36,207	33,346
Cash and equivalents, end of year	45,573	48,429	51,945	49,580	36,207
Noncash investing, capital and financing activities					
Change in fair value of investments	\$ (282)	\$ 468	\$ 6	\$ (201)	\$ (404)
Capitalized Interest	\$ 164	\$ (763)	-	-	-
Capital assets acquired through contracts payable and accruals	\$ 420	\$ 2,250	\$ 39,787	\$ 4,398	\$ (816)
Grants receivable	\$ 1,187	\$ 4,201	\$ -	\$ -	\$ -

Source: Jacksonville Aviation Authority financial statements

Jacksonville Aviation Authority

Principal Operating Revenues, Airline Rates and Charges and Cost Per Enplaned Passenger Last Ten Fiscal Years (Unaudited) (Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Concessions					
Rent-A-Car	\$ 13,777	\$ 10,544	\$ 8,340	\$ 12,128	\$ 11,438
Food & beverage	2,735	1,485	1,652	3,282	2,933
Retail	1,975	1,351	1,194	2,065	1,990
Fuel flowage fees	919	883	697	715	756
Other concessions	1,950	1,369	1,379	1,673	1,140
Total concessions	21,357	15,633	13,262	19,863	18,257
Fees and charges					
Landing fees – signatory	11,204	7,693	6,437	10,503	10,624
Landing fees – non-signatory	886	771	819	1,887	1,100
Passenger screening – signatory	-	-	-	-	-
Passenger screening – non-signatory	-	-	-	-	-
Security user fees	980	672	770	1,269	1,205
Other fees	6,527	5,585	4,841	5,661	4,878
Total fees and charges	19,597	14,721	12,868	19,320	17,807
Space and facility rentals					
Air cargo building	1,323	1,296	1,257	1,122	904
Ramp use – signatory	-	-	-	-	-
Ramp use – non-signatory	2,505	1,871	1,730	2,981	1,361
Hangar spaces	6,844	6,540	6,235	5,704	5,523
Terminal space rentals – signatory	11,382	8,561	12,854	10,291	7,721
Terminal space rentals – non-signatory	341	335	574	765	528
Other lease rentals	7,619	7,741	8,181	5,810	8,394
Total space and facility rentals	30,015	26,345	30,833	26,673	24,481
Parking economy lots 1, 2, and 3					
Economy lots 1, 2, and 3	4,043	1,382	2,299	4,907	3,619
Garages and daily surface lot	21,304	11,374	10,926	19,708	17,021
Other parking	525	244	559	920	895
Total parking	25,872	13,000	13,784	25,535	21,535
Other revenue					
Electric	582	467	483	554	554
Fuel sales	1,038	754	664	853	796
Other revenue	382	428	339	384	453
Total other revenues	2,002	1,649	1,486	1,791	1,803
Total operating revenues	\$ 98,843	\$ 71,348	\$ 72,233	\$ 93,182	\$ 83,883

Signatory airline rates and charges	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs)	\$ 3.38	\$ 3.15	\$ 2.71	\$ 2.94	\$ 3.29
Average annual terminal rent (per sq. ft.)	\$ 161.13	\$ 144.01	\$ 174.54	\$ 152.14	\$ 138.03
Enplaned passengers	3,198,391	2,082,911	1,978,268	3,543,188	3,118,540
Cost per enplaned passenger	\$ 7.72	\$ 8.22	\$ 10.29	\$ 6.50	\$ 6.34

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

Principal Operating Revenues, Airline Rates and Charges and Cost Per Enplaned Passenger (Continued) Last Ten Fiscal Years (Unaudited) (Dollar amounts in thousands)

	2017	2016	2015	2014	2013
Concessions					
Rent-A-Car	\$ 10,171	\$ 10,620	\$ 10,521	\$ 9,861	\$ 8,929
Food & beverage	2,526	2,449	2,338	2,139	1,973
Retail	1,813	1,814	1,790	1,715	1,679
Fuel flowage fees	609	1,475	1,035	525	547
Other concessions	953	1,413	1,249	1,263	1,233
Total concessions	16,072	17,771	16,933	15,503	14,361
Fees and charges					
Landing fees – signatory	10,408	9,577	8,788	8,237	8,835
Landing fees – non-signatory	468	314	304	75	25
Passenger screening – signatory	-	-	-	-	-
Passenger screening – non-signatory	-	-	-	-	-
Security user fees	1,109	1,154	1,156	1,092	1,078
Other fees	4,043	3,623	3,231	2,785	2,574
Total fees and charges	16,028	14,668	13,479	12,189	12,513
Space and facility rentals					
Air cargo building	838	826		881	872
Ramp use – signatory	-	-	851	-	3
Ramp use – non-signatory	1,168	1,303	1,892	1,218	927
Hangar spaces	5,347	5,431	5,136	4,120	3,423
Terminal space rentals – signatory	12,969	9,931	7,648	7,575	8,975
Terminal space rentals – non-signatory	339	309	592	453	564
Other lease rentals	8,285	8,905	8,489	7,503	6,714
Total space and facility rentals	28,946	26,705	24,608	21,750	21,478
Parking economy lots 1, 2, and 3					
Economy lots 1, 2, and 3	3,129	3,130	3,075	2,942	2,910
Garages and daily surface lot	15,548	15,262	14,512	13,719	13,097
Other parking	614	601	604	595	594
Total parking	19,291	18,993	18,191	17,256	16,601
Other revenue					
Electric	542	750	820	793	839
Fuel sales	667	624	679	688	798
Other revenue	330	314	296	303	282
Total other revenues	1,539	1,688	1,795	1,784	1,919
Total operating revenues	\$ 81,876	\$ 79,825	\$ 75,006	\$ 68,482	\$ 66,872
Signatory airline rates and charges					
	<i>(amounts in full numbers)</i>				
Gross landing fee (per 1,000 lbs)	\$ 3.43	\$ 3.16	\$ 2.87	\$ 2.80	\$ 2.63
Average annual terminal rent (per sq. ft.)	\$ 166.77	\$ 146.19	\$ 132.38	\$ 133.62	\$ 143.23
Enplaned passengers	2,759,067	2,799,587	2,722,032	2,602,821	2,563,570
Cost per enplaned passenger	\$ 8.70	\$ 7.19	\$ 6.13	\$ 6.27	\$ 6.78

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

Total Revenues, Expenses and Changes in Net Position

Last Ten Fiscal Years

(Unaudited)

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Operating revenues:					
Concessions	\$ 21,356	\$ 15,633	\$ 13,262	\$ 19,863	\$ 18,257
Fees and charges	19,598	14,721	12,868	19,320	17,807
Space and facility rentals	30,015	26,345	30,833	26,673	24,481
Parking	25,871	13,000	13,784	25,535	21,535
Other revenue	2,002	1,649	1,486	1,791	1,803
Total operating revenues	<u>98,842</u>	<u>71,348</u>	<u>72,233</u>	<u>93,182</u>	<u>83,883</u>
Operating expenses:					
Wages and benefits	29,053	24,357	33,338	34,614	29,273
Services and supplies	17,110	14,058	16,978	18,017	15,646
Repairs and maintenance	8,817	7,824	4,510	5,048	4,071
Promotion, advertising & dues	710	579	534	733	1,879
Registration and travel	364	158	272	554	505
Utilities and taxes	4,791	3,868	3,809	4,380	4,339
Other operating expenses	2,537	2,271	2,258	2,145	1,781
Depreciation and amortization	34,125	38,113	39,058	35,935	34,649
Total operating expenses	<u>97,507</u>	<u>91,228</u>	<u>100,757</u>	<u>101,426</u>	<u>92,143</u>
Operating loss	1,335	(19,879)	(28,524)	(8,244)	(8,260)
Nonoperating revenues:					
Passenger facility charges	12,871	8,729	7,516	14,053	12,538
Investment income	(200)	593	2,765	3,946	1,422
Payments from primary government	-	-	-	-	-
Payment from federal and state agencies	17,084	7,704	11,878	325	374
Other revenues	-	-	-	-	-
Total nonoperating revenues	<u>29,755</u>	<u>17,027</u>	<u>22,159</u>	<u>18,324</u>	<u>14,334</u>
Nonoperating expenses:					
Interest expense	7,077	1,858	1,417	1,619	1,660
Other expenses	(284)	477	(33)	164	274
Total nonoperating expenses	<u>6,793</u>	<u>2,335</u>	<u>1,384</u>	<u>1,783</u>	<u>1,934</u>
Income (loss) before capital contributions	24,296	(5,187)	(7,749)	8,297	4,140
Capital contributions	9,264	14,859	15,389	19,638	12,594
Change in net position	<u>\$ 33,561</u>	<u>\$ 9,672</u>	<u>\$ 7,640</u>	<u>\$ 27,935</u>	<u>\$ 16,734</u>
Net investment in capital assets	\$482,536	\$452,222	\$459,276	\$467,866	\$446,304
Net position at end of year:					
Restricted	26,967	17,596	13,413	10,063	12,058
Unrestricted	113,925	109,183	96,614	83,734	75,365
Total net position	<u>\$623,428</u>	<u>\$578,974</u>	<u>\$569,303</u>	<u>\$561,663</u>	<u>\$533,727</u>

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

Total Revenues, Expenses and Changes in Net Position (Continued)

Last Ten Fiscal Years

(Unaudited)

(Dollar amounts in thousands)

	2017	2016	2015	2014	2013
Operating revenues:					
Concessions	\$ 16,072	\$ 17,771	\$ 16,933	\$ 15,504	\$ 14,361
Fees and charges	16,028	14,668	13,479	12,189	12,513
Space and facility rentals	28,946	26,705	24,608	21,751	21,478
Parking	19,291	18,993	18,191	17,257	16,601
Other revenue	1,539	1,688	1,794	1,783	1,919
Total operating revenues	<u>81,876</u>	<u>79,825</u>	<u>75,005</u>	<u>68,484</u>	<u>66,872</u>
Operating expenses:					
Wages and benefits	27,945	25,328	21,579	19,612	20,139
Services and supplies	15,368	14,581	14,537	14,208	14,054
Repairs and maintenance	2,733	2,607	2,097	2,209	1,811
Promotion, advertising & dues	1,033	1,052	2,453	1,672	1,409
Registration and travel	345	386	313	289	248
Utilities and taxes	4,629	4,855	5,116	5,223	5,255
Other operating expenses	1,796	2,151	1,877	1,682	1,661
Depreciation and amortization	33,717	31,346	28,575	28,951	27,812
Total operating expenses	<u>87,566</u>	<u>82,306</u>	<u>76,547</u>	<u>73,846</u>	<u>72,389</u>
Operating loss	(5,690)	(2,481)	(1,542)	(5,362)	(5,517)
Nonoperating revenues:					
Passenger facility charges	10,881	10,983	10,955	10,554	10,310
Investment income	817	1,451	926	667	659
Payments from primary government	-	-	-	-	31
Payment from federal and state agencies	383	318	369	483	392
Other revenues	980	1,387	319	100	1,400
Total nonoperating revenues	<u>13,061</u>	<u>14,139</u>	<u>12,569</u>	<u>11,804</u>	<u>12,792</u>
Nonoperating expenses:					
Interest expense	2,228	3,946	4,775	5,071	7,273
Other expenses	414	444	204	1,582	238
Total nonoperating expenses	<u>2,642</u>	<u>4,390</u>	<u>4,979</u>	<u>6,653</u>	<u>7,511</u>
Income (loss) before capital contributions	4,729	7,268	6,048	(211)	(236)
Capital contributions	5,917	21,762	16,526	14,047	11,989
Change in net position	<u>\$ 10,646</u>	<u>\$ 29,030</u>	<u>\$ 22,574</u>	<u>\$ 13,836</u>	<u>\$ 11,753</u>
Net investment in capital assets	\$449,755	\$441,000	\$404,670	\$386,557	\$381,529
Net position at end of year:					
Restricted	12,980	14,576	30,468	30,437	27,413
Unrestricted	54,258	49,654	41,001	37,750	44,403
Total net position	<u>\$516,993</u>	<u>\$505,230</u>	<u>\$476,139</u>	<u>\$454,744</u>	<u>\$453,345</u>

Source: Jacksonville Aviation Authority audited financial statements

Jacksonville Aviation Authority

Principal Revenue Payers

Last Ten Fiscal Years

(Unaudited)

(Dollar amounts in thousands)

	2022 Amount	% of Revenue	2021 Amount	% of Revenue	2020 Amount	% of Revenue
American Airlines	\$13,745	13.91 %	\$13,105	18.37 %	\$10,303	14.26 %
Delta Air Lines	13,476	13.63 %	12,113	16.98 %	9,707	13.44 %
Southwest Airlines Co.	8,150	8.25 %	8,885	12.45 %	7,214	9.99 %
United Airlines	7,621	7.71 %	7,555	10.59 %	5,152	7.13 %
Enterprise Leasing Company	5,833	5.90 %	4,941	6.93 %	4,040	5.59 %
JetBlue	5,357	5.42 %	3,993	5.60 %	3,012	4.17 %
Hertz Corporation, The	3,684	3.73 %	2,393	3.35 %	1,965	2.72 %
Flightstar Aircraft Services, Inc	3,582	3.62 %	3,609	5.06 %	3,724	5.16 %
Budget Rent a Car System, Inc	3,124	3.16 %	-	-%	-	-%
Host International Inc.	2,974	3.01 %	-	-%	1,880	2.60 %
U.S General Services Administration	-	-%	2,581	3.62 %	2,552	3.53%
Federal Express Corporation	-	-%	2,563	3.59 %	-	-%
Avis Rent A Car	-	- %	-	-%	-	-%
US Airways Group, Inc.	-	- %	-	-%	-	-%
Total Principal Revenue Payers	\$67,546	68.34 %	\$61,738	86.54 %	\$49,548	68.59 %
Total operating revenues	\$98,843		\$71,348		\$72,233	

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Principal Revenue Payers (Continued)

Last Ten Fiscal Years

(Unaudited)

(Dollar amounts in thousands)

	2019 Amount	% of Revenue	2018 Amount	% of Revenue	2017 Amount	% of Revenue
American Airlines	\$ 13,216	14.18 %	\$ 8,222	9.80 %	\$ 12,097	14.77 %
Delta Air Lines	14,718	15.79 %	9,033	10.77 %	12,565	15.35 %
Southwest Airlines Co.	9,770	10.48 %	6,313	7.53 %	8,032	9.81 %
United Airlines	6,969	7.48 %	4,553	5.43 %	5,477	6.69 %
Enterprise Leasing Company	5,867	6.30 %	5,293	6.31 %	4,956	6.05 %
JetBlue	5,644	6.06 %	3,683	4.39 %	4,956	6.05 %
Hertz Corporation, The	3,009	3.23 %	2,701	3.22 %	2,561	3.13 %
Flightstar Aircraft Services, Inc	3,657	3.92 %	3,016	3.60 %	-	- %
Budget Rent a Car System, Inc	-	- %	2,197	3%	2,024	2 %
Host International Inc.	3,567	3.83 %	2,939	3.50 %	2,820	3.44 %
U.S General Services Administration	2,525	2.71 %	-	-%	-	-%
Federal Express Corporation	-	-%	-	-%	-	-%
Avis Rent A Car	-	-%	2,077	2%	1,957	2 %
US Airways Group, Inc.	-	-%	-	- %	-	- %
Total Principal Revenue Payers	\$ 68,942	73.98 %	\$ 50,027	59.64 %	\$ 57,445	70.16 %
Total operating revenues	\$ 93,182		\$ 83,883		\$ 81,876	

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Principal Revenue Payers (Continued)
Last Ten Fiscal Years
(Unaudited)
(Dollar amounts in thousands)

	2016 Amount	% of Revenue	2015 Amount	% of Revenue	2014 Amount	% of Revenue	2013 Amount	% of Revenue
American Airlines	\$11,933	14.95 %	\$ 9,480	12.67 %	\$ 4,393	6.41 %	\$ 4,113	6.15 %
Delta Air Lines	12,092	15.15 %	13,017	17.35 %	12,042	17.58 %	11,451	17.12 %
Southwest Airlines Co.	7,873	9.86 %	8,489	11.32 %	9,235	13.48 %	9,358	13.99 %
United Airlines	5,197	6.51 %	5,162	6.88 %	4,980	7.27 %	-	- %
Enterprise Leasing Company	4,842	6.07 %	4,681	6.24 %	3,995	5.83 %	-	- %
JetBlue	4,707	5.90 %	4,595	6.13 %	3,150	4.60 %	2,864	4.28 %
Hertz Corporation, The	2,628	3.29 %	2,592	3.46 %	2,527	3.69 %	2,354	3.52 %
Flightstar Aircraft Services, Inc	-	- %	-	- %	-	- %	-	- %
Budget Rent a Car System, Inc	2,037	2.55 %	2,112	3%	-	- %	-	- %
Host International Inc.	2,743	3.44 %	2,651	3.56 %	2,525	3.69 %	2,402	3.59 %
U.S General Services Administration	-	- %	-	- %	2,304	3.36 %	-	- %
Federal Express Corporation	-	- %	-	- %	-	- %	-	- %
Avis Rent A Car	2,053	2.57 %	2,076	3%	-	- %	1,910	3%
US Airways Group, Inc.	-	- %	3,430	5%	7,197	11%	6,323	9%
Total Principal Revenue Payers	\$56,105	70.28 %	\$58,285	77.71 %	\$52,348	76.42 %	\$40,775	60.97 %
Total operating revenues	\$79,825		\$75,005		\$68,484		\$66,872	

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

**Ratio of Annual Debt Service
to Total Expenses Excluding Depreciation
Last Ten Fiscal Years
(Unaudited)
(Dollar amounts in thousands)**

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenses Other than Depreciation	Ratio of Debt Service to Expenditures
2022	\$ 20,717	\$ 5,946	\$ 26,663	\$ 63,382	42.07%
2021	5,638	1,758	7,396	53,116	13.92%
2020	6,135	1,417	7,552	61,669	12.25%
2019	18,835	1,619	20,454	65,491	31.23%
2018	10,090	1,660	11,750	57,494	20.44%
2017	15,650	2,228	17,878	53,849	33.20%
2016	12,020	3,946	15,966	50,960	31.33%
2015	11,765	4,775	16,540	47,972	34.48%
2014	6,390	5,071	11,461	45,547	25.16%
2013	10,220	7,273	17,493	44,576	39.24%

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Debt Service Coverage Last Ten Fiscal Years (Unaudited) (Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Revenues:					
Concessions	\$ 21,357	\$ 15,633	\$ 13,262	\$ 19,863	\$ 18,257
Fees and charges	19,597	14,721	12,868	19,320	17,807
Space and facility rentals	30,015	26,345	30,833	26,673	24,481
Parking	25,872	13,000	13,784	25,535	21,535
Other revenue	2,002	1,649	1,486	1,791	1,803
Interest income	(200)	593	2,765	3,946	1,422
Transfers-signatory airline agreement	-	-	-	-	-
Transfers-PFC Series 2016, 2012 (now 2021)	133	4,867	4,056	13,834	10,336
Total revenues and transfers	98,776	76,808	79,054	110,962	95,641
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	63,382	53,116	47,805	61,450	57,494
Net operating revenues	35,394	23,692	31,249	49,512	38,147
Revenue note service charges for:					
Series 2021 note (Boeing)	4,620	-	-	-	-
Series 2021 note (PFC backed)	113	872	-	-	-
Series 2016 note (PFC backed)	20	1,985	2,005	9,855	5,411
Series 2013 note	-	-	-	-	-
Series 2012 note (PFC backed)	-	2,010	2,023	7,049	3,193
Series 2008 note	-	3,157	3,269	3,283	3,319
Series 2006 bonds (PFC backed)	-	-	-	-	-
Series 2003A bonds	-	-	-	-	-
Total revenue note service charges	\$ 4,753	\$ 8,024	\$ 7,297	\$ 20,187	\$ 11,923
Revenue note service coverage	7.45	2.95	4.28	2.45	3.20
Required bond service coverage	1.25	1.25	1.25	1.25	1.25
Total enplanements	3,198	2,083	1,978	3,543	3,119
Debt per enplanement	\$ 1.49	\$ 3.85	\$ 3.69	\$ 5.70	\$ 3.82

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Debt Service Coverage (Continued)
Last Ten Fiscal Years
(Unaudited)
(Dollar amounts in thousands)

	2017	2016	2015	2014	2013
Revenues:					
Concessions	\$ 16,072	\$ 17,771	\$ 16,933	\$ 15,504	\$ 14,361
Fees and charges	16,028	14,668	13,479	12,189	12,513
Space and facility rentals	28,946	26,705	24,608	21,751	21,478
Parking	19,291	18,993	18,191	17,257	16,601
Other revenue	1,539	1,688	1,794	1,783	1,919
Interest income	817	1,451	926	667	659
Transfers-signatory airline agreement	-	-	-	-	-
Transfers-PFC Series 2016, 2012	5,639	8,091	8,073	7,115	6,124
Total revenues and transfers	88,332	89,367	84,004	76,266	73,655
Less: Operating and maintenance expenses (excluding depreciation and expenses associated with payments from other governments)	53,849	50,960	47,972	44,895	44,577
Net operating revenues	34,483	34,483	36,032	31,371	29,078
Revenue note service charges for:					
Series 2021 note	-	-	-	-	-
Series 2021 note (PFC backed)	-	-	-	-	-
Series 2016 note (PFC backed)	2,459	114	-	-	-
Series 2013 note	8,655	6,253	5,306	170	38
Series 2012 note (PFC backed)	3,215	3,258	3,302	2,337	692
Series 2008 note	3,286	3,302	3,297	3,298	3,301
Series 2006 bonds (PFC backed)	-	5,251	5,221	5,243	5,843
Series 2003A bonds	-	-	-	-	7,156
Total revenue note service charges	\$ 17,615	\$ 18,178	\$ 17,126	\$ 11,048	\$ 17,030
Revenue note service coverage	1.96	2.11	2.10	2.84	1.71
Required bond service coverage	1.25	1.25	1.25	1.25	1.25
Total enplanements	2,759	2,800	2,722	2,603	2,564
Debt per enplanement	\$ 6.38	\$ 6.49	\$ 6.29	\$ 4.24	\$ 6.64

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Debt Service Note Tables

**Fiscal Years Ending September 30:
(Unaudited)**

Note Year	Date	Fiscal Year	2008 Swap Variable Interest Income/Expense				2008 Swap Fixed Interest Expense			
			Principal	Coupon	Interest	Debt Svs. Yr	Principal	Coupon	Interest	Debt Svs. Yr
2022	10/01/22	2023	-	0.772%	-	-	-	3.412%	-	-
2023	04/01/23	2023	-		-	-	-		-	-
2023	10/01/23	2024	-	0.772%	-	-	-	3.412%	-	-
2024	04/01/24	2024	-		-	-	-		-	-
2024	10/01/24	2025	-	0.772%	-	-	-	3.412%	-	-
TOTAL			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

Call Feature

Purpose: 100% New Money

Refunding Eligibility

Jacksonville Aviation Authority

Debt Service Note Tables

Fiscal Years Ending September 30:

(Unaudited)

Note Year	Date	Fiscal Year	Series 2016 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2023	04/01/23	2023	\$ -		\$ 19,967	\$ 19,967
2023	10/01/23	2024	2,000,000	1.807%	19,967	-
2024	04/01/24	2024	-		1,897	2,021,864
2024	10/01/24	2025	210,000	1.807%	1,897	211,897
Total			<u>\$ 2,210,000</u>		<u>\$ 43,728</u>	<u>\$ 2,253,728</u>

Call Feature

Purpose: Defeas 2006 Bonds

Refunding Eligibility

Jacksonville Aviation Authority

Debt Service Note Tables

**Fiscal Years Ending September 30:
(Unaudited)**

Note Year	Date	Fiscal Year	Series 2021 Revenue Refunding Note			
			Principal	Coupon	Interest	Debt Svs. Yr
2023	04/01/23	2023	\$ -		\$ 112,669	\$ 112,669
2023	10/01/23	2024	3,700,700	0.990%	112,669	
2024	04/01/24	2024	-		94,350	3,907,719
2024	10/01/24	2025	3,737,400	0.990%	94,350	
2025	04/01/25	2025	-		75,850	3,907,600
2025	10/01/25	2026	3,774,400	0.990%	75,850	
2026	04/01/26	2026	-		57,167	3,907,417
2026	10/01/26	2027	3,811,800	0.990%	57,167	
2027	04/01/27	2027	-		38,299	3,907,266
2027	10/01/27	2028	3,849,500	0.990%	38,299	
2028	04/01/28	2028	-		19,244	3,907,043
2028	10/01/28	2029	3,887,600	0.990%	19,244	3,906,844
			<u>\$ 22,761,400</u>		<u>\$ 795,158</u>	<u>\$ 23,556,558</u>

Call Feature

Purpose: Refund 2012 Note

Refunding Eligibility

Jacksonville Aviation Authority

Debt Service Note Tables

Fiscal Years Ending September 30:

(Unaudited)

Note Year	Date	Fiscal Year	2021 Revenue Note for Boeing Hangar Construction			
			Principal	Coupon	Interest	Debt Svs. Yr
2022	10/01/22	2023	\$ -	2.96%	\$ 2,309,762	
2022	04/01/23	2023	-		2,309,762	4,619,524
2023	10/01/23	2024	-	2.96%	2,309,762	
2023	04/01/24	2024	-		2,309,762	4,619,524
2024	10/01/24	2025	3,655,000	2.96%	2,309,762	
2024	04/01/25	2025			2,255,668	8,220,430
2025	10/01/25	2026	3,765,000	2.96%	2,255,668	
2025	04/01/26	2026			2,199,946	8,220,614
2026	10/01/26	2027	3,875,000	2.96%	2,199,946	
2026	04/01/27	2027			2,142,596	8,217,542
2027	10/01/27	2028	3,990,000	2.96%	2,142,596	
2027	04/01/28	2028			2,083,544	8,216,140
2028	10/01/28	2029	4,110,000	2.96%	2,083,544	
2028	4/1/2029	2029			2,022,716	8,216,260
2029	10/1/2029	2030	4,230,000	2.96%	2,022,716	
2029	4/1/2030	2030			1,960,112	8,212,828
2030	10/1/2030	2031	4,355,000	2.96%	1,960,112	
2030	4/1/2031	2031			1,895,658	8,210,770
2031	10/1/2031	2032	4,485,000	2.96%	1,895,658	
2031	4/1/2032	2032			1,829,280	8,209,938
2032	10/1/2032	2033	4,620,000	2.96%	1,829,280	
2032	4/1/2033	2033			1,760,904	8,210,184
2033	10/1/2033	2034	4,755,000	2.96%	1,760,904	
2033	4/1/2034	2034			1,690,530	8,206,434
2034	10/1/2034	2035	4,895,000	2.96%	1,690,530	
2034	4/1/2035	2035			1,618,084	8,203,614
2035	10/1/2035	2036	5,040,000	2.96%	1,618,084	
2035	4/1/2036	2036			1,543,492	8,201,576
2036	10/1/2036	2037	5,190,000	2.96%	1,543,492	
2036	4/1/2037	2037			1,466,680	8,200,172
2037	10/1/2037	2038	5,345,000	2.96%	1,466,680	
2037	4/1/2038	2038			1,387,574	8,199,254
2038	10/1/2038	2039	5,500,000	2.96%	1,387,574	
2038	4/1/2039	2039			1,306,174	8,193,748
2039	10/1/2039	2040	5,665,000	2.96%	1,306,174	
2039	4/1/2040	2040			1,222,332	8,193,506
2040	10/1/2040	2041	5,830,000	2.96%	1,222,332	
2040	4/1/2041	2041			1,136,048	8,188,380
2041	10/1/2041	2042	6,005,000	2.96%	1,136,048	
2041	4/1/2042	2042			1,047,174	8,188,222
2042	10/1/2042	2043	6,180,000	2.96%	1,047,174	
2042	4/1/2043	2043			955,710	8,182,884
2043	10/1/2043	2044	6,365,000	2.96%	955,710	

Jacksonville Aviation Authority

Debt Service Note Tables

**Fiscal Years Ending September 30:
(Unaudited)**

Note Year	Date	Fiscal Year	2021 Revenue Note for Boeing Hangar Construction			
			Principal	Coupon	Interest	Debt Svs. Yr
2043	4/1/2044	2044			861,508	8,182,218
2044	10/1/2044	2045	6,555,000	2.96%	861,508	
2044	4/1/2045	2045			764,494	8,181,002
2045	10/1/2045	2046	6,750,000	2.96%	764,494	
2045	4/1/2046	2046			664,594	8,179,088
2046	10/1/2046	2047	6,950,000	2.96%	664,594	
2046	4/1/2047	2047			561,734	8,176,328
2047	10/1/2047	2048	7,155,000	2.96%	561,734	
2047	4/1/2048	2048			455,840	8,172,574
2048	10/1/2048	2049	7,365,000	2.96%	455,840	
2048	4/1/2049	2049			346,838	8,167,678
2049	10/1/2049	2050	7,585,000	2.96%	346,838	
2049	4/1/2050	2050			234,580	8,166,418
2050	10/1/2050	2051	7,810,000	2.96%	234,580	
2050	4/1/2051	2051			118,992	8,163,572
2051	10/1/2051	2052	8,040,000	2.96%	118,992	8,158,992
			<u>\$ 156,065,000</u>		<u>\$ 82,614,414</u>	<u>\$ 238,679,414</u>

Call Feature

Purpose: Capital Financing

Jacksonville Aviation Authority

**Total Debt Service
Fiscal Years Ending September 30:
(Unaudited)**

Note Year	Date	Fiscal Year	Principal	Interest	Debt Svs. Yr
2022	10/01/22	2023	-	2,309,762	
2022	04/01/23	2023	-	2,442,398	4,752,160
2023	10/01/23	2024	5,700,700	2,442,398	-
2023	04/01/24	2024	-	2,406,009	10,549,107
2024	10/01/24	2025	7,602,400	2,406,009	-
2024	04/01/25	2025		2,331,518	12,339,927
2025	10/01/25	2026	7,539,400	2,331,518	-
2025	04/01/26	2026	-	2,257,113	12,128,031
2026	10/01/26	2027	7,686,800	2,257,113	-
2026	04/01/27	2027	-	2,180,895	12,124,808
2027	10/01/27	2028	7,839,500	2,180,895	-
2027	04/01/28	2028	-	2,102,788	12,123,183
2028	10/01/28	2029	7,997,600	2,102,788	
2028	4/1/2029	2029	-	2,022,716	12,123,104
2029	10/1/2029	2030	4,230,000	2,022,716	
2029	4/1/2030	2030	-	1,960,112	8,212,828
2030	10/1/2030	2031	4,355,000	1,960,112	
2030	4/1/2031	2031	-	1,895,658	8,210,770
2031	10/1/2031	2032	4,485,000	1,895,658	
2031	4/1/2032	2032	-	1,829,280	8,209,938
2032	10/1/2032	2033	4,620,000	1,829,280	
2032	4/1/2033	2033	-	1,760,904	8,210,184
2033	10/1/2033	2034	4,755,000	1,760,904	
2033	4/1/2034	2034	-	1,690,530	8,206,434
2034	10/1/2034	2035	4,895,000	1,690,530	
2034	4/1/2035	2035	-	1,618,084	8,203,614
2035	10/1/2035	2036	5,040,000	1,618,084	
2035	4/1/2036	2036	-	1,543,492	8,201,576
2036	10/1/2036	2037	5,190,000	1,543,492	
2036	4/1/2037	2037	-	1,466,680	8,200,172
2037	10/1/2037	2038	5,345,000	1,466,680	
2037	4/1/2038	2038	-	1,387,574	8,199,254
2038	10/1/2038	2039	5,500,000	1,387,574	
2038	4/1/2039	2039	-	1,306,174	8,193,748
2039	10/1/2039	2040	5,665,000	1,306,174	
2039	4/1/2040	2040	-	1,222,332	8,193,506
2040	10/1/2040	2041	5,830,000	1,222,332	
2040	4/1/2041	2041	-	1,136,048	8,188,380
2041	10/1/2041	2042	6,005,000	1,136,048	
2041	4/1/2042	2042	-	1,047,174	8,188,222
2042	10/1/2042	2043	6,180,000	1,047,174	
2042	4/1/2043	2043	-	955,710	8,182,884
2043	10/1/2043	2044	6,365,000	955,710	
2043	4/1/2044	2044	-	861,508	8,182,218
2044	10/1/2044	2045	6,555,000	861,508	

Jacksonville Aviation Authority

Total Debt Service

Fiscal Years Ending September 30:

(Unaudited)

Note Year	Date	Fiscal Year	Principal	Interest	Debt Svs. Yr
2044	4/1/2045	2045	-	764,494	8,181,002
2045	10/1/2045	2046	6,750,000	764,494	
2045	4/1/2046	2046	-	664,594	8,179,088
2046	10/1/2046	2047	6,950,000	664,594	
2046	4/1/2047	2047	-	561,734	8,176,328
2047	10/1/2047	2048	7,155,000	561,734	
2047	4/1/2048	2048	-	455,840	8,172,574
2048	10/1/2048	2049	7,365,000	455,840	
2048	4/1/2049	2049	-	346,838	8,167,678
2049	10/1/2049	2050	7,585,000	346,838	
2049	4/1/2050	2050	-	234,580	8,166,418
2050	10/1/2050	2051	7,810,000	234,580	
2050	4/1/2051	2051	-	118,992	8,163,572
2051	10/1/2051	2052	8,040,000	118,992	8,158,992
			<u>\$ 181,036,400</u>	<u>\$ 83,453,300</u>	<u>\$ 264,489,700</u>

Jacksonville Aviation Authority

Outstanding Debt by Type
Fiscal Years Ending September 30:
Last Ten Fiscal Years
(Unaudited)
(Dollar amounts in thousands)

Fiscal Year	Revenue Bonds	Revenue Notes	Revenue Refunding Bonds	Total
2022	\$ -	\$ 181,036	\$ -	\$ 181,036
2021	-	45,688	-	45,688
2020	-	52,030	-	52,030
2019	-	58,165	-	58,165
2018	-	77,000	-	77,000
2017	-	87,090	-	87,090
2016	-	102,740	-	102,740
2015	50,530	87,350	-	137,880
2014	53,265	97,380	-	150,645
2013	55,885	68,465	32,685	157,035

Jacksonville Aviation Authority

Top 10 Employers of Jacksonville (Unaudited)

	2022	2021	2020	2019	2018
Naval Air Station Jacksonville	20,000	20,000	20,000	20,000	20,000
Duval County Public Schools	13,113	13,113	13,113	13,113	13,113
Baptist Health	12,000	12,000	10,651	10,651	10,651
Fleet Readiness Center Southeast	5,350	5,350	4,300	-	4,200
UF Health Jacksonville	4,767	4,200	4,200	7,136	-
Deloitte LLP and Subsidiaries	4,315	-	-	-	-
UF Health Jacksonville Cancer Center	4,200	-	-	-	-
Memorial Hospital Jacksonville	3,440	-	-	-	-
University of North Florida	3,048	3,048	-	-	2,280
CSX Corp.	2,525	-	-	-	2,925
Naval Station Mayport	-	-	10,032	9,000	-
City of Jacksonville	-	-	-	8,998	-
Mayo Clinic Hospital	-	7,280	6,400	6,400	-
St. Vincent's HealthCare	-	-	5,379	5,379	5,379
St. Johns County School District	-	-	-	5,298	-
Clay County School Board	-	-	-	4,616	-
Florida Blue	-	5,704	5,704	-	-
Citigroup Inc.	-	-	-	-	-
Gate Petroleum	-	3,000	3,000	-	-
Marcus & Millichap	-	3,000	-	-	-
Aerotek	-	-	-	-	2,486
One Call	-	-	-	-	2,277
Brooks Rehabilitation	-	-	-	-	2,237
FNF Group	-	-	-	-	-
Southeastern Grocers LLC	-	-	-	-	-
United States Postal Service	-	-	-	-	-
Publix Supermarkets	-	-	-	-	-
Total	72,758	76,695	82,779	90,591	65,548

Government employer information confirmed online and over the phone if possible. Each employer's percentage of total employment is also unavailable.

Sources: 2022 Jacksonville Business Journal - Book of Lists 22-23, 2021 Jacksonville Business Journal - Book of Lists 21-22, 2020 Jacksonville Business Journal - Book of Lists 20-21, 2019 Jacksonville Business Journal - Book of Lists 19-20, 2018 Jacksonville Business Journal - Book of Lists 18-19, 2017 Jacksonville Business Journal - Book of Lists 17-18, 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, and 2013 About.com Jacksonville.

Jacksonville Aviation Authority

Top 10 Employers of Jacksonville (Continued) (Unaudited)

	2017	2016	2015	2014	2013
Naval Air Station Jacksonville	20,000	20,000	19,800	20,000	22,700
Duval County Public Schools	13,106	13,106	12,060	12,744	13,540
Baptist Health	10,748	10,615	9,851	9,159	9,266
Fleet Readiness Center Southeast	-	-	-	-	-
UF Health Jacksonville	6,000	6,000	-	-	-
Deloitte LLP and Subsidiaries	-	-	-	-	-
UF Health Jacksonville Cancer Center	-	-	-	-	-
Memorial Hospital Jacksonville	-	-	-	-	-
University of North Florida	-	-	-	-	-
CSX Corp.	2,400	-	-	-	-
Naval Station Mayport	-	9,000	9,000	9,000	10,087
City of Jacksonville	-	7,273	7,260	8,003	8,167
Mayo Clinic Hospital	6,100	-	5,500	5,211	4,900
St. Vincent's HealthCare	5,505	5,392	-	5,156	5,300
St. Johns County School District	-	4,388	-	-	-
Clay County School Board	-	4,616	5,000	5,000	-
Florida Blue	5,200	6,000	6,000	6,000	5,000
Citigroup Inc.	4,580	-	-	-	4,786
Gate Petroleum	-	-	-	-	-
Marcus & Millichap	-	-	-	-	-
Aerotek	-	-	-	-	-
One Call	-	-	-	-	-
Brooks Rehabilitation	-	-	-	-	-
FNF Group	3,200	-	-	-	-
Southeastern Grocers LLC	-	-	5,700	-	-
United States Postal Service	-	-	11,500	-	-
Publix Supermarkets	-	-	-	6,000	8,660
Total	76,839	86,390	91,671	86,273	92,406

Government employer information confirmed online and over the phone if possible. Each employer's percentage of total employment is also unavailable.

Sources: 2022 Jacksonville Business Journal - Book of Lists 22-23, 2021 Jacksonville Business Journal - Book of Lists 21-22, 2020 Jacksonville Business Journal - Book of Lists 20-21, 2019 Jacksonville Business Journal - Book of Lists 19-20, 2018 Jacksonville Business Journal - Book of Lists 18-19, 2017 Jacksonville Business Journal - Book of Lists 17-18, 2016 Jacksonville Business Journal - Book of Lists 16-17, 2015 Jacksonville Business Journal - Book of Lists 15-16, 2014 Jacksonville Business Journal - Book of Lists 14-15, and 2013 About.com Jacksonville.

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
2021	1,637,666	\$	97,066,568	\$ 59,271	3.2%
2020	1,587,892	\$	87,532,441	\$ 55,125	3.7%
2019	1,559,514	\$	80,191,700	\$ 51,421	2.9%
2018	1,534,701	\$	76,357,000	\$ 49,754	3.4%
2017	1,504,980	\$	71,707,300	\$ 47,647	3.9%
2016	1,478,212	\$	67,211,625	\$ 45,468	4.7%
2015	1,449,481	\$	64,094,915	\$ 44,219	5.2%
2014	1,419,127	\$	61,608,676	\$ 43,413	6.2%
2013	1,394,624	\$	60,175,990	\$ 43,149	6.9%
2012	1,377,850	\$	57,731,463	\$ 41,900	10.6%
2011	1,360,998	\$	55,394,044	\$ 40,701	10.6%

Note: Population for 2021 - 2012 is estimated

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

Jacksonville Aviation Authority

**Jacksonville, Florida
Jacksonville International Airport
Enplanements
(Unaudited)
Year Ended September, 30:**

	2022	Market Share 2022	2021	Market Share 2021
American Airlines Corporation	876,976	27.42%	618,129	29.68%
Delta Air Lines Inc	875,710	27.38%	528,705	25.38%
Southwest Airlines Co	499,860	15.63%	397,573	19.09%
United Airlines	429,076	13.42%	290,837	13.96%
Jetblue Airways Corporation	340,940	10.66%	166,816	8.01%
Breeze Airways	11,164	0.35%	-	-
Allegiant Air LLC	80,960	2.53%	46,206	2.22%
Frontier Airlines	58,546	1.83%	21,349	1.02%
Silver Airways Corp	12,276	0.38%	8,043	0.39%
Air Ground Logistics Inc	4,625	0.14%	4,978	0.24%
Sun Country Airlines	8,258	0.26%	-	-
Spirit Airlines Inc	-	-	275	0.01%
Air Canada	-	-	-	-
US Airways Inc	-	-	-	-
Total Enplanements	<u>3,198,391</u>	<u>100.00%</u>	<u>2,082,911</u>	<u>100.00%</u>

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

**Jacksonville, Florida
Jacksonville International Airport
Enplanements (Continued)
(Unaudited)
Year Ended September, 30:**

	2020	2019	2018	2017
American Airlines Corporation	548,789	824,420	743,805	730,942
Delta Air Lines Inc	543,088	991,560	895,524	839,728
Southwest Airlines Co	363,253	616,933	548,368	486,684
United Airlines	216,707	388,297	349,214	275,952
Jetblue Airways Corporation	156,522	358,011	360,769	332,489
Breeze Airways	-	-	-	-
Allegiant Air LLC	52,914	72,926	85,324	68,026
Frontier Airlines	34,105	165,253	99,077	-
Silver Airways Corp	-	1,018	15,061	12,559
Air Ground Logistics Inc	4,727	6,235	7,199	5,223
Sun Country Airlines	-	-	-	-
Spirit Airlines Inc	58,163	110,808	-	-
Air Canada	-	7,727	14,199	7,464
US Airways Inc	-	-	-	-
Total Enplanements	<u>1,978,268</u>	<u>3,543,188</u>	<u>3,118,540</u>	<u>2,759,067</u>

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

**Jacksonville, Florida
Jacksonville International Airport
Enplanements (Continued)
(Unaudited)
Year Ended September, 30:**

	2016	2015	2014	2013
American Airlines Corporation	761,343	742,374	278,360	251,578
Delta Air Lines Inc	852,218	858,787	818,900	766,754
Southwest Airlines Co	501,395	524,376	604,257	652,585
United Airlines	258,055	234,496	222,320	249,782
Jetblue Airways Corporation	346,128	299,555	200,309	186,118
Breeze Airways	-	-	-	-
Allegiant Air LLC	60,914	18,497	-	-
Frontier Airlines	-	-	-	-
Silver Airways Corp	13,083	40,681	17,043	6,119
Air Ground Logistics Inc	4,177	3,266	1,833	2,054
Sun Country Airlines	-	-	-	-
Spirit Airlines Inc	-	-	-	-
Air Canada	2,274	-	-	-
US Airways Inc	-	-	459,799	448,580
Total Enplanements	<u>2,799,587</u>	<u>2,722,032</u>	<u>2,602,821</u>	<u>2,563,570</u>

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Jacksonville, Florida

Landed Weights

(weights in 1000 lbs)

(Unaudited)

Year Ended September, 30:

	2022	Market Share 2022	2021	Market Share 2021
American Airlines Corporation	954,726	23%	709,790	22%
Breeze Airways	15,009	<1%	-	0%
Delta Air Lines Inc	957,507	23%	703,563	22%
Southwest Airlines Co	514,042	12%	467,641	15%
United Airlines	478,615	12%	354,392	11%
Jetblue Airways Corporation	402,517	10%	204,794	6%
Allegiant Air LLC	81,434	2%	53,450	2%
Air Ground Logistics Inc	37,354	1%	37,080	1%
Frontier Airlines Inc.	56,534	1%	22,227	1%
Sun Country Airlines Inc	8,496	<1%	-	0%
Silver Airways Corp	14,054	<1%	10,870	<1%
Spirit Airlines	142	<1%	1,195	<1%
Air Canada	-	0%	-	0%
US Airways Inc	-	0%	-	0%
TOTAL COMMERCIAL AIRLINES	3,520,430	85.44%	2,565,002	80.87%
AIR CARGO CARRIERS:				
United Parcel Service Company	305,990	7%	329,577	10%
Federal Express Corporation	289,614	7%	272,811	9%
Suburban Air Freight Inc	4,154	<1%	4,154	<1%
Ameriflight LLC	74	<1%	45	<1%
Mountain Air Cargo Inc	36	<1%	72	<1%
TOTAL CARGO AIRLINES	599,868	14.56%	606,659	19.13%
TOTAL LANDED WEIGHTS	4,120,298	100.00%	3,171,661	100.00%

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Jacksonville, Florida

Landed Weights (Continued)

(weights in 1000 lbs)

(Unaudited)

Year Ended September, 30:

	2020	2019	2018	2017
American Airlines Corporation	692,412	932,414	817,981	858,142
Breeze Airways	-	-	-	-
Delta Air Lines Inc	682,930	1,060,744	967,439	934,981
Southwest Airlines Co	518,336	731,556	647,620	556,721
United Airlines	265,724	421,460	376,984	298,650
Jetblue Airways Corporation	211,912	419,003	418,327	380,594
Allegiant Air LLC	65,810	71,128	87,144	72,299
Air Ground Logistics Inc	19,434	25,644	27,816	15,558
Frontier Airlines Inc.	34,899	159,498	97,234	-
Sun Country Airlines Inc	-	-	-	-
Silver Airways Corp	-	1,539	21,432	23,456
Spirit Airlines	72,943	135,203	-	-
Air Canada	-	9,400	16,444	8,912
US Airways Inc	-	-	-	-
TOTAL COMMERCIAL AIRLINES	2,564,400	3,967,589	3,478,421	3,149,313
AIR CARGO CARRIERS:				
United Parcel Service Company	317,257	254,761	220,442	195,324
Federal Express Corporation	253,493	295,501	228,445	211,014
Suburban Air Freight Inc	4,186	4,057	4,283	3,639
Ameriflight LLC	-	-	16	-
Mountain Air Cargo Inc	36	9	9	34
TOTAL CARGO AIRLINES	574,972	554,328	453,195	410,011
TOTAL LANDED WEIGHTS	3,139,372	4,521,917	3,931,616	3,559,324

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Jacksonville, Florida Landed Weights (Continued) (weights in 1000 lbs) (Unaudited) Year Ended September, 30:

	2016	2015	2014	2013
American Airlines Corporation	877,851	904,261	304,435	284,020
Breeze Airways	-	-	-	-
Delta Air Lines Inc	934,362	993,669	989,362	1,021,543
Southwest Airlines Co	565,804	593,027	781,392	859,114
United Airlines	266,612	239,356	243,254	288,258
Jetblue Airways Corporation	388,435	334,258	225,429	216,234
Allegiant Air LLC	62,676	18,514	-	-
Air Ground Logistics Inc	12,118	9,453	5,289	5,583
Frontier Airlines Inc.	-	-	-	-
Sun Country Airlines Inc	-	-	-	-
Silver Airways Corp	24,995	57,827	23,057	8,265
Spirit Airlines	-	-	-	-
Air Canada	3,116	-	-	-
US Airways Inc	-	-	530,093	521,417
TOTAL COMMERCIAL AIRLINES	3,135,969	3,150,365	3,102,311	3,204,434
AIR CARGO CARRIERS:				
United Parcel Service Company	198,386	188,094	186,616	186,859
Federal Express Corporation	206,557	203,065	205,419	198,341
Suburban Air Freight Inc	954	-	2,479	3,272
Ameriflight LLC	1,928	3,166	748	14
Mountain Air Cargo Inc	-	43	-	-
TOTAL CARGO AIRLINES	407,825	394,368	395,262	388,486
TOTAL LANDED WEIGHTS	3,543,794	3,544,733	3,497,573	3,592,920

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Number of Employees

Fiscal Years Ending September 30:

(Unaudited)

	2022		2021		2020		2019		2018	
	Employees		Employees		Employees		Employees		Employees	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Executive Director	4	-	3	-	3	-	3	-	3	-
Marketing	5	-	4	-	4	-	3	-	3	-
Information Technology	15	-	15	-	11	-	14	-	12	-
External Affairs	1	-	1	-	1	-	4	-	4	-
Human Resources	7	-	6	-	7	-	9	-	9	-
Procurement	14	-	12	-	13	-	9	-	14	-
Accounting and Finance	11	-	11	-	11	-	9	2	11	-
Planning and Engineering	11	-	10	-	10	-	12	-	12	-
Business Development	7	-	5	-	6	-	7	-	7	-
Cecil Airport	13	-	14	-	13	-	13	-	15	-
JaxEx at Craig Airport	4	-	3	-	4	-	4	-	3	-
Herlong Airport	9	-	8	-	8	-	9	-	8	-
SpacePort	1	-	1	-	1	-	-	-	-	-
Building Maintenance	25	-	22	-	20	-	33	-	28	-
Field Maintenance	29	-	26	-	25	-	31	-	29	-
HBS	9	-	7	-	9	-	10	-	10	-
Custodial	28	-	28	-	23	-	37	-	35	-
Police/Security	43	-	41	-	41	-	51	-	52	-
Airport Operations	29	-	27	-	27	-	28	-	29	-
DBE	-	-	-	-	-	-	-	-	-	-
Total	265	-	244	-	237	-	286	2	284	-

FT – Full-time employee working more than 35 hours

PT – Part-time employee working 35 hours or less

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Number of Employees (Continued)
Fiscal Years Ending September 30:
(Unaudited)

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

FT – Full-time employee working more than 35 hours

PT – Part-time employee working 35 hours or less

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Aircraft Operations Year Ended September 30, 2022 (Unaudited)

	Air Carrier	Air Taxi	Gen Aviation	Military	Total Aircraft Operations
2022	62,598	12,865	15,150	8,571	99,184
2021	47,360	10,551	13,368	9,894	81,173
2020	45,977	11,238	11,374	9,935	78,524
2019	68,124	16,466	13,707	9,661	107,958
2018	61,195	15,529	14,251	8,801	99,776
2017	57,957	11,919	14,245	11,060	95,181
2016	56,307	16,351	12,594	16,315	101,567
2015	54,552	18,528	11,223	9,199	93,502
2014	49,457	20,168	11,544	6,460	87,629
2013	51,358	18,301	13,755	7,145	90,559

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Airlines Serving Jacksonville International Airport Fiscal Years Ending September 30: (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Signatory Airlines										
American Airlines	X	X	X	X	X	X	X	X	X	X
Breeze Airways	X	-	-	-	-	-	-	-	-	-
Delta Airlines	X	X	X	X	X	X	X	X	X	X
JetBlue	X	X	X	X	X	X	X	X	X	X
Southwest Airlines	X	X	X	X	X	X	X	X	X	X
United Airlines	X	X	X	X	X	X	X	X	X	X
US Airways	-	-	-	-	-	-	-	X	X	X
Total Signatory Airlines	6	5	5	5	5	5	5	6	6	6
Non-signatory Airlines										
Air Canada	-	-	-	X	X	X	X	-	-	-
AirTran	-	-	-	-	-	-	-	-	-	X
Air Wisconsin (American Air)	-	-	-	-	-	-	-	-	-	X
Allegiant	X	X	X	X	X	X	X	X	-	-
American Eagle	-	-	-	-	-	-	-	-	-	X
Endeavor Airlines (formerly ASA)	-	-	-	-	-	-	-	-	-	X
Charters	-	-	-	-	-	-	-	-	-	X
Chautauqua	-	-	-	-	-	-	-	-	-	-
Comair	-	-	-	-	-	-	-	-	-	-
Compass Airline	-	-	-	-	-	-	-	-	-	X
Continental Airlines	-	-	-	-	-	-	-	-	-	-
Continental Express	-	-	-	-	-	-	-	-	-	-
Express Jet (United Air)	-	-	-	-	-	-	-	-	-	X
Freedom Airlines	-	-	-	-	-	-	-	-	-	-
Frontier	X	X	X	X	X	-	-	-	-	-
Go Jet (United)	-	-	-	-	-	-	-	-	-	X
Mesa (American Air)	-	-	-	-	-	-	-	-	-	X
Mesaba	-	-	-	-	-	-	-	-	-	-
Pinnacle	-	-	-	-	-	-	-	-	-	X
PSA Airlines	-	-	-	-	-	-	-	-	-	X
Republic (American Air)	-	-	-	-	-	-	-	-	-	X
Shuttle America (Delta)	-	-	-	-	-	-	-	-	-	X
Silver Airways	X	X	-	X	X	X	X	X	X	X
Spirit Airlines	-	X	X	X	-	-	-	-	-	-
Sun Country Airlines	X	-	-	-	-	-	-	-	-	-
Total Non-signatory Airlines	4	4	3	5	4	3	3	2	1	15
Total Signatory and Non-signatory Airlines	10	9	9	10	9	8	8	8	7	21
Cargo										
UPS	X	X	X	X	X	X	X	X	X	X
FedEx	X	X	X	X	X	X	X	X	X	X
Mountain Air Cargo	X	X	X	X	X	-	-	X	-	-
Suburban Air Freight	X	X	X	X	X	X	X	X	X	X
Ameriflight, LLC	X	-	-	-	X	X	X	X	X	X
ABX	-	-	-	-	-	-	-	-	-	-
Total Cargo Airlines	5	4	4	4	5	4	4	5	4	4

Starting in 2013 affiliates are reported under signatory airlines.

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Primary Origination and Destination Passenger Markets
Year Ended September 30, 2022
(Unaudited)

Rank	Market	Trip Length
1	JFK	MH
2	EWR	MH
3	BOS	MH
4	LGA	MH
5	ATL	SH
6	PHL	MH
7	DCA	MH
8	BNA	SH
9	BWI	MH
10	DFW	MH
11	ORD	MH
12	DEN	MH
13	MIA	SH
14	LAX	LH
15	DTW	MH
16	IAD	MH
17	LAS	LH
18	IAH	MH
19	MSP	MH
20	STL	MH
21	PHX	MH
22	PIT	MH
23	MDW	MH
24	IND	MH
25	ORF	SH

Source: Jacksonville Aviation Authority Records

Trip Length

SH (short haul) = 0 to 600 miles

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

LH (long haul) = over 1,801 miles

Jacksonville Aviation Authority

Airport Capital Asset Information Year Ended September 30, 2022 (Unaudited)

Jacksonville International Airport

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

General Aviation Airports:

Jacksonville Executive at Craig Airport

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

Source: Jacksonville Aviation Authority Records

Jacksonville Aviation Authority

Airport Capital Asset Information (Continued) Year Ended September 30, 2022 (Unaudited)

Herlong Airport

Location	9	Miles Southwest of Downtown Jacksonville
Area	1,449	Acres
Runways	4,000	Feet
	3,500	Feet

Cecil Airport

Location	13	Miles Southwest of Downtown Jacksonville
Area	6,098	Acres
Runways	12,500	Feet
	8,000	Feet
	8,000	Feet
	4,439	Feet
Aprons	672,953	Sq. Yrds.

Source: Jacksonville Aviation Authority Records

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Jacksonville Aviation Authority

**Single Audit and Passenger Facility Charge Program Reports
September 30, 2022**

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Projects Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and Report on Schedule of Passenger Facility Charges Collected and Expended and Available Cash Balances Required by the Guide 1

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 2-3

Report on Compliance for the Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Chapter 10.550, *Rules of the Auditor General*; the *Passenger Facility Charge Audit Guide for Public Agencies*; and 14 CFR 158.63 4-6

Schedule of Expenditures of Federal Awards and State Financial Assistance Projects 7

Schedule of Findings and Questioned Costs 8-11

Schedule of Passenger Facility Charges (PFC) Collected and Expended and Available Cash Balances 12

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Projects and Passenger Facility Charges (PFC) Collected and Expanded and Available Cash Balances 13-14

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Projects Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and Report on Schedule of Passenger Facility Charges Collected and Expended and Available Cash Balances Required by the Guide

Independent Auditor's Report

To the Board of Directors
Jacksonville Aviation Authority

We have audited the financial statements of Jacksonville Aviation Authority (the "Authority") as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated March 1, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to March 1, 2023.

The accompanying schedule of expenditures of federal awards and state financial assistance projects and schedule of passenger facility charges (PFC) collected and expended and available cash balances are presented for the purpose of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (the "Uniform Guidance"); Chapter 10.550, *Rules of the Auditor General*; the *Passenger Facility Charge Audit Guide for Public Agencies*; and the requirements in 14 CFR 158.63 (collectively, the "Guide") and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

March 1, 2023

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

Independent Auditor's Report

To Management and the Board of Directors
Jacksonville Aviation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jacksonville Aviation Authority (the "Authority") as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 1, 2023.

Report on Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. 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*.

The Authority's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion it.

To Management and the Board of Directors
Jacksonville Aviation Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 1, 2023

Report on Compliance for the Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Chapter 10.550, *Rules of the Auditor General*; the *Passenger Facility Charge Audit Guide for Public Agencies*; and 14 CFR 158.63

Independent Auditor's Report

To the Board of Directors
Jacksonville Aviation Authority

Report on Compliance for the Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

Opinion on the Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

We have audited Jacksonville Aviation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on the Authority's major federal program and state financial assistance projects for the year ended September 30, 2022. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide") for the year ended September 30, 2022. The Authority's major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the schedule of passenger facility charges collected and expended.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program, state financial assistance projects, and passenger facility charge program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); Chapter 10.550 of the *Rules of the Auditor General* (Chapter 10.550); the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration; and the requirements in 14 CFR 158.63. Our responsibilities under those standards, the Uniform Guidance, and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program, state financial assistance project, and the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program, state financial assistance project, and passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program state financial assistance project and passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, and the Guide we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-002 to be a material weakness.

To the Board of Directors
Jacksonville Aviation Authority

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.550, and the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moreau, PLLC

March 1, 2023

Jacksonville Aviation Authority

Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

Year Ended September 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration - Direct Program - Airport Improvement Program:				
3-12-0035-059-2020	20.106	N/A	\$ -	\$ 24,322
3-12-0035-060-2021	20.106	N/A	-	809,230
3-12-0032-023-2021	20.106	N/A	-	484,369
3-12-0033-029-2022	20.106	N/A	-	103,400
3-12-0032-026-2022	20.106	N/A	-	392,136
COVID-19 - 3-12-0035-061-2021	20.106	N/A	-	2,980,253
COVID-19 - 3-12-0035-063-2021	20.106	N/A	-	12,852,951
COVID-19 - 3-12-0035-064-2022	20.106	N/A	-	758,880
Total U.S. Department of Transportation			-	18,405,541
U.S. Department of the Treasury Equitable Sharing Program	21.106	N/A	-	1,847
			-	1,847
Total federal awards			\$ -	\$ 18,407,388

Program Title/Project Number/Subrecipient Name	State CFSA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	State Expenditures
Florida Department of Transportation - Aviation Development Grants: Aviation Development Grants:				
GI597	55.004	N/A	-	85,508
G1A67	55.004	N/A	-	1,171,387
GIH83	55.004	N/A	-	2,481,909
G1K13	55.004	N/A	-	160,210
G2100	55.004	N/A	-	196,317
Total Aviation Development Grants			-	4,095,332
Economic Development Tax Refund, Tax Credit, and Grant Program - G0080	40.043	N/A	-	490,715
Spaceport Improvement Program - C20066	55.037	N/A	-	611,814
Total state awards			\$ -	\$ 5,197,860

See notes to schedule of expenditures of
federal awards and state financial assistance projects.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards and State Projects

Internal control over major programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No

Identification of major federal programs and state projects:

Assistance Listing Number	Name of Federal Program/Cluster	Opinion
20.106	Federal program - Airport Improvement Program	Unmodified

CSFA Number	Name of State Project	Opinion
55.004	State project - Aviation Development Grants	Unmodified

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Dollar threshold used to distinguish between type A and type B State projects: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	Finding Type - Material weakness Criteria - Governmental Accounting Standards Board (GASB) Statement No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. Further, GASB Implementation Guide No. 2021-1 Q4.23 clarifies that contractual agreements provide evidence of acceptance of the terms and conditions of the program, including eligibility in that program. Based on this guidance, recipients should recognize revenue related to federal awards when a grant award is in place and when all applicable eligibility requirements, including time requirements, are met. To meet this eligibility criteria, the recipient would have to incur allowable costs under the grant. However, in the absence of a grant award, the airport does not have allowable costs. Thus, financial statement reporting of grant revenue would be appropriate when there is a grant agreement in place and when the related grant expenditures have been incurred. Condition - Fiscal year 2021 grant expenditures were applied to various federal grants in fiscal year 2022; however, the awards related to these federal grants were made prior to fiscal year 2022. Therefore, an adjustment to grant revenue required a prior period adjustment to restate fiscal year 2021 end of the year net position. Context - The Authority began receiving COVID-19 funding through various federal grants in fiscal year 2020. The rules related to the requirements of these COVID-19 grants are much different in scope than the Authority's typical AIP funding. Through business decisions, the Authority had the ability to apply back expenditures of \$10,892,000, and this was allowable under the terms of the grant agreement. However, generally accepted accounting principles (GAAP) would have required these to be recorded as revenue and accounts receivable in the year the expenditure was incurred, provided a grant award was in place. Cause and Effect - Internal control procedures relative to the recording of grant revenue and receivables were not updated to consider the varying treatment between allowability related to expenditures of the COVID-19 funds and recognition of that revenue per GAAP. This resulted in the Authority not reporting revenue in the proper period and an adjustment to beginning of the year net position. Recommendation - Internal control procedures should be initiated and enforced to ensure the recording of grant revenue is matched with the corresponding federal/state expense in the proper period. Views of Responsible Officials and Planned Corrective Actions - The Authority will strengthen its controls around the grant review process. In addition to the second-level review and approval process for grant revenue, the Authority will implement a quarterly review to identify eligible expenditures for federal and state grant reimbursements to ensure revenue is recognized in the proper period.

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2022

Section III - Federal Program and State Project Audit Findings

Reference Number	Finding	Questioned Costs
2022-002	ALN, Federal Agency, and Program Name - 20.106 Federal Aviation Administration - Airport Improvement Program State CFSA Number, State Agency, and Program Name - 55.004 Florida Department of Transportation Aviation Development Grants Federal Award Identification Number and Year - N/A Pass-through Entity - N/A Finding Type - Material weakness Repeat Finding - Yes Criteria - Per 2 CFR 200.508 (b), an auditee must properly prepare the schedule of expenditures of federal awards (SEFA). Per 2 CFR 200.510(b), the SEFA for the period covered by the auditee's financial statements must include the total federal awards expended as determined in accordance with 2 CFR 200.502, which describes the basis for determining federal awards expended Condition - The SEFA required adjustments related to expenditures that were both improperly included and excluded, resulting in revisions to correct the SEFA. Questioned Costs - None Identification of How Questioned Costs Were Computed - N/A Context - The adjustments made to the schedule of expenditures of federal awards did not impact major program determination. There were certain expenditures that were identified during testing that should have been both included on and excluded from the SEFA related to ALN 20.106 (Airport Improvement Program) and State CFSA 55.004 (FDOT Aviation Development Grants). Cause and Effect - Internal control procedures relative to the identification of federal expenditures to be reported on the SEFA did not operate effectively. This resulted in the Authority's schedule of expenditures of federal awards provided to the auditors being inaccurate. Recommendation - Internal control procedures should be initiated and enforced to ensure the proper expenditures are reported on the schedule of expenditures of federal awards. Views of Responsible Officials and Corrective Action Plan - The Authority will strengthen its controls around the grant review process. In addition to the second-level review and approval process for grant revenue, the Authority will implement a quarterly review to identify eligible expenditures for federal and state grant reimbursements to ensure revenue is recognized in the proper period.	None

Jacksonville Aviation Authority

Schedule of Passenger Facility Charges (PFC) Collected and Expended and Available Cash Balances

Year Ended September 30, 2022

Collections	Amount Approved For Use	Cumulative Total - September 30, 2021	Quarter 1 October - December	Quarter 2 January - March	Quarter 3 April - June	Quarter 4 July - September	Cumulative Total - September 30, 2022
Passenger facility charge collections		\$ 261,091,537	\$ 1,254,894	\$ 1,222,308	\$ 2,386,057	\$ 2,937,388	\$ 268,892,184
Interest earned		6,225,296	5,107	3,531	46,378	6,110	6,286,422
Total passenger facility charge collections received		\$ 267,316,833	\$ 1,260,001	\$ 1,225,839	\$ 2,432,435	\$ 2,943,498	\$ 275,178,606
APPLICATION NO. 93-01-C-00-JAX	\$ 3,271,655	\$ 3,271,655	-	-	-	-	\$ 3,271,655
APPLICATION NO. 96-02-C-00-JAX; AMENDMENT NO. 96-02-C-03-JAX	11,201,944	11,201,944	-	-	-	-	11,201,944
APPLICATION NO. 97-03-U-00-JAX; AMENDMENT NO. 97-03-U-01-JAX; AMENDMENT NO. 97-03-U-02-JAX	11,697,733	11,697,733	-	-	-	-	11,697,733
APPLICATION NO. 99-04-C-00-JAX; AMENDMENT NO. 99-04-C-01-JAX	4,342,861	4,342,861	-	-	-	-	4,342,861
APPLICATION NO. 00-05-C-00-JAX; AMENDMENT NO. 00-05-C-01-JAX	3,814,930	3,814,930	-	-	-	-	3,814,930
APPLICATION NO. 01-06-U-00-JAX	5,014,458	5,014,458	-	-	-	-	5,014,458
APPLICATION NO. 01-07-C-00-JAX	-	-	-	-	-	-	-
APPLICATION NO. 03-08-C-00-JAX	65,221,541	65,221,541	-	-	-	-	65,221,541
APPLICATION NO. 06-09-C-00-JAX; AMENDMENT NO. 06-09-C-01-JAX; AMENDMENT NO. 06-09-C-02-JAX	240,278,409	131,398,606	1,967,209	18,838	1,734,537	18,838	135,138,028
APPLICATION NO. 11-10-C-00-JAX; AMMENDMENT NO. 11-10-C-01-JAX	10,979,573	9,920,081	-	-	1,059,491	-	10,979,572
APPLICATION NO. 16-11-C-00-JAX; AMMENDMENT NO. 16-11-C-01-JAX	10,643,576	10,827,386	-	-	(183,810)	-	10,643,576
Total passenger facility charge collections expended	\$ 366,466,680	\$ 256,711,195	\$ 1,967,209	\$ 18,838	\$ 2,610,218	\$ 18,838	\$ 261,326,298

See notes to schedule of passenger facility charges (PFC)
collected and expended and available cash balances.

Notes to Schedules of Expenditures of Federal Awards, and State Financial Assistance Projects and Passenger Facility Charges (PFC) Collected and Expended and Available Cash Balances

Year Ended September 30, 2022

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards and state financial assistance projects (the "Schedule") is prepared on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The accompanying Schedule includes the federal and state grant activity of Jacksonville Aviation Authority (the "Authority") under programs of the federal and state government for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*; the Florida Single Audit Act; and Chapter 10.550 of the *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

The schedule of passenger facility charges (PFC) collected and expended and available cash balances is prepared on the cash basis of accounting; however, the Authority's financial statements are prepared on the accrual basis of accounting, and such transactions are recorded in the financial statements when revenue is earned or expenses are incurred. The information in this schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration in September 2000. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The PFC cash available is included in restricted cash in the Authority's financial statements.

Note 2 - Subrecipients

The Authority did not make subawards of federal awards or state financial assistance during the year ended September 30, 2022.

Note 3 - Indirect Cost Recovery

The Authority did not recover its indirect costs using the 10 percent *de minimis* indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**Notes to Schedules of Expenditures of Federal Awards, and
State Financial Assistance Projects and Passenger Facility
Charges (PFC) Collected and Expanded and Available Cash
Balances**

Year Ended September 30, 2022

Note 4 - General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers. 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
- Furnish opportunities for enhanced competition between or among carriers

Since 1993, the Federal Aviation Administration (FAA) has approved 11 PFC applications and amendments submitted by Jacksonville Aviation Authority. The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of approximately \$363 million. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2022, the Authority had received approximately \$269 million of PFC revenue and \$6 million of interest earnings. The Authority had expended approximately \$261 million on approved projects and debt repayments.

March 1, 2023

To the Board of Directors and Management
Jacksonville Aviation Authority

We have audited the financial statements of Jacksonville Aviation Authority (the "Authority") as of and for the year ended September 30, 2022 and have issued our report thereon dated March 1, 2023. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Management Letter and State Reporting Requirements

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board members of the Authority.

Section II includes comments and recommendations pursuant to Section 218.39(4), Florida Statutes, and Rule 10.557(3)(g), *Rules of the Auditor General*.

We would like to take this opportunity to thank the Authority's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board members of Jacksonville Aviation Authority and management and is not intended to be and should not be used by anyone other than these specified parties. We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Pamela L. Hill".

Pamela L. Hill
Partner

A handwritten signature in black ink, appearing to read "Rumzei Abdallah".

Rumzei Abdallah
Principal

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 6, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and material weaknesses in internal control that we identify during our audit. Toward this end, we issued a separate letter dated March 1, 2023 regarding 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated October 6, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 2 to the financial statements.

As described in Note 2, the Authority changed accounting policies related to GASB 87, *Leases*.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

- Net pension liability and related disclosures - Management's estimate of the net pension liability and related disclosures is based on actuarial valuations and other financial data.

Section I - Required Communications with Those Charged with Governance (Continued)

- Lease receivables and liabilities - Significant estimates in the Authority's contracts with third parties, including the estimate of interest cost and the terms of such agreements, are based on the Authority's estimated incremental borrowing rate and the likelihood of exercise of renewal or termination options.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures. However, see the separate report on internal controls related to financial reporting included in the federal awards audit report that discusses a prior period adjustment to the Authority's financial statements.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 1, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections of the Annual Comprehensive Financial Report, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Management Letter and State Reporting Requirements

Report on the Financial Statements

We have audited the financial statements of Jacksonville Aviation Authority as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated March 1, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, as it relates to the federal compliance audit, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

During the audit, we also adhered to the requirements under Chapter 10.550, *Rules of the Auditor General*, which requires certain additional procedures and the reporting of certain items addressed in this letter.

Other Reporting Requirements

We have issued our independent auditor's report 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*; independent auditor's report on compliance for the major federal program required by the Uniform Guidance, State Financial Assistance Project, Chapter 10.550, *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies*; report on internal control over compliance; schedule of findings and questioned costs; and independent accountant's report on compliance with local government investment policies, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. This letter should be considered in conjunction with those reports and schedules, which are dated March 1, 2023.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No recommendations were made in the preceding financial audit report. For findings related to the single audit and passenger facility charge program, please see the Report on Compliance for the Major Federal Awards Program, Major State Financial Assistance Project, and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, Chapter 10.550 of the *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies* and the requirements of 14 CFR 158.63 dated March 1, 2023.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority has included such disclosures in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. Management of the Authority has determined that the Authority does not meet any of the conditions that are used in the determination of a financial emergency, as described in Section 218.503(1), Florida Statutes. In connection with our audit of the financial statements, the results of our tests did not indicate that the Authority has met any of the conditions in Section 218.503(1), Florida Statutes.

Section II - Management Letter and State Reporting Requirements (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Authority based on the audited financial statements as of and for the year ended September 30, 2022. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by the same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported the following:

- a. The total number of authority employees compensated in the last pay period of the Authority's fiscal year as of September 17, 2022 is 266.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as of September 30, 2022 is 92.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for the pay period as of September 30, 2022 is \$799,061.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as of September 30, 2022 is \$2,737,866.
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:

Project Name	Total Expenditure
IT Infrastructure Refresh FY22	\$471,299
Replace Loading Dock Freight Elevators (2 Units)	201,242
Flex Warehouse Roof Refurbishment	0
Garage Structure Rehab (Ph 4 of 4)	49,578
JAX Canopy and Steel Support Replacement and Refurbishment	761,187
Slope Mower	210,082
Elgin Runway Sweeper	0
Project Shockwave	42,151,251
RWY 18R/36L Rehab (Phase 2 of 2)	0
RWY 18L/36R PCN Upgrade	0
Hangar 975	0
Cecil Airport and Spaceport Master Plan	484,728
Mission Ops Center IT Build Out	56,867
Airfield Drainage Assessment	65,628

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes - Original Budget & Modified Budget Report is being submitted separately by management.

Section II - Management Letter and State Reporting Requirements (Continued)

Additional Matter

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. Please see the report on internal control over financial reporting dated March 1, 2023.

Purpose of This Section

Section II of this letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and federal and other granting agencies and to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this section is not suitable for any other purpose.

**Independent Accountant's Report on Compliance
with Local Government Investment Policies**

To the Members of the Board of Directors
Jacksonville Aviation Authority

We have examined Jacksonville Aviation Authority's (the "Authority") compliance with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2022. The Authority's management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified criteria referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied, in all material respects, with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2022.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and *Rules of the Auditor General*.

Plante & Moran, PLLC

March 1, 2023