



Council Auditor's Office

**Independent Agency
Quarterly Summary for the Nine Months Ended June 30, 2022**

August 15, 2022

Report #860

Released on: August 15, 2022

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



August 15, 2022

Special Report #860

Honorable Members of the City Council
City of Jacksonville

Pursuant to Chapter 106 of the Ordinance Code, attached are the required financial statements and narratives for the nine months ended June 30, 2022 for the City's Independent Agencies. The various reporting entities prepared and submitted these unaudited reports to the Council Auditor's Office. These reports are not audited by the Council Auditor's Office, but rather are assessed for reasonableness. Thus, our report does not represent an audit or attestation conducted pursuant to Government Auditing Standards.

Municipal Code Sections 106.421 through 106.423 require this quarterly financial report. To meet the reporting dates specified by law, the Director of Finance and Administration/CFO of the City and the Chief Financial Officer of each of its Independent Agencies were to submit their reports to the Council Auditor on or before July 30, 2022, and we are to submit the consolidated financial report by August 15, 2022. JEA, JPA, JAA and JTA submitted their reports on time.

The City did not submit a quarterly financial report for the nine months ended June 30, 2022, which also includes the Jacksonville Housing Finance Authority's report. We have not received any quarterly reports for the City and Jacksonville Housing Finance Authority since the last quarter in fiscal year 2019/2020. Per the City's Chief Financial Officer (CFO), meeting the revised September 30, 2021 Annual Comprehensive Financial Report targeted completion date of September 30, 2022 is their top priority. However, the Accounting Division has recently finalized the closeouts for the period ending June 30, 2022 and is now on track to close accounting months by the 15th of the following month going forward which will better allow for them to meet future quarterly summary and financial reporting deadlines. An accurate and timely quarterly summary is an important financial monitoring tool for the Administration and City Council as evidenced by the municipal code requirements of the report itself and the timing of each report. In order to meet our reporting deadline required by the municipal code, we are issuing this report on the independent agencies.

The narrative reports from the reporting entities are generally sufficient for understanding the statements presented; however, we have commented to provide further clarification.

INDEPENDENT AGENCIES

JEA

All Systems

JEA's quarterly summary for the nine months ending June 30, 2022, projects a balanced budget at year end for the Electric System, the Water & Wastewater System, and the District Energy System. However, as discussed below, JEA is currently projected to exceed its budgetary appropriation authority approved by Council for the Electric and Water & Wastewater Systems and will need to file legislation to amend their FY 2021/22 budget if the projections hold.

Electric System

Fuel Related Revenues & Expenses

For the nine months ending June 30, 2022, the Electric System schedule of Fuel Related Revenues and Expenses is balanced. The projected favorable variance of \$251,976,645 in Fuel Revenues is due to projected higher fuel rates charged to customers based on higher fuel prices for JEA. The Regulatory Fund transfer of \$23,743,965 represents an under recovery of fuel costs for the first nine months which will be recovered in future fuel charges. There is a projected unfavorable variance of \$299,952,944 for Fuel and Purchased Power Expense due to projected increases in fuel and purchased power costs.

Base Related Revenues & Expenses

For the nine months ending June 30, 2022, the Electric System schedule of Base Related Revenues and Expenses shows a surplus of \$41,757,250 although it is projected to be a balanced budget at year end. There is a projected favorable budget variance of \$19,162,248 in Total Base Related Revenues and a projected favorable budget variance of \$32,409,683 in Total Base Related Expenses. The projected favorable variance for Base Rate Revenues of \$16,008,564 is primarily due to projected sales exceeding budgeted sales. Also contributing to the projected favorable variance in revenue is an increase of \$2,732,364 in Other Revenues from a Dark Fiber contract not being cancelled, FEMA reimbursements from Hurricane Dorian, and a transfer from the Environmental Liability Reserve to fund mitigation projects. The favorable variance for Base Related Expenses is primarily due to a projected favorable variance of \$29,158,205 in Operating and Maintenance charges for industrial services, rental & lease costs, salaries & benefits, maintenance agreements & repair services, other legal expense, supplemental workforce, professional services, and maintenance of right of ways. Non-Operating Expenses show a projected unfavorable variance of \$2,315,722 mainly due to projected unfavorable variances of \$2,146,161 in the Environmental – Rate Stabilization transfer due to a lower withdrawal from the rate stabilization fund for environmental capital projects and previously incurred solar expenses, and \$2,058,510 for a transfer to the Demand-side Management – Rate Stabilization fund, offset by a projected favorable variance of \$1,888,949 in Debt Service due to projections for lower than budgeted interest rates on variable rate debt. If the Operating and Non-Operating Revenue and Expense projections materialize, Base Income Before Transfers is projected to incur a favorable variance of \$48,612,503 which will be used to fund increases in the projected transfer amounts to Operating Capital Outlay and Operating Capital Outlay – Environmental.

If JEA's projections hold true, JEA will exceed its budgetary appropriation authority approved by Council by approximately \$270.5 million. As discussed above, the overage is mainly due to projected fuel expenses which will be recovered by collecting additional fuel revenues via the variable fuel charge. As a result, JEA will need to file legislation to amend their FY 2021/22 budget.

Water & Wastewater System

For the nine months ending June 30, 2022, the Water & Wastewater System schedule of Revenues and Expenses shows a surplus of \$1,158,448 although it is projected to show a balanced budget at year end. Total Operating Revenues shows a projected favorable budget variance of \$13,610,311 mainly due to a projected favorable variance of \$9,572,899 in Water and Sewer revenues based on projected sales being higher than budget due to fewer days of rain and a projected favorable variance of \$4,153,733 in Other Revenues due to actual Sewer Service Connection Fee Revenue coming in higher than budgeted year to date. Total Operating Expenses shows a projected favorable budget variance of \$9,144,123 primarily due to a projected favorable variance of \$4,236,756 in Operations and Maintenance expenses for insurance, intercompany charges & allocations, professional services, and industrial services along with a projected favorable variance of \$4,480,502 in Environmental CUP-DSM expenses due to less payouts for incentive programs, professional services, and marketing & business promotion. Total Non-Operating Revenues project a favorable variance of \$7,937,815 primarily due to a projected favorable variance of \$7,700,816 in Capacity Extension Fees based on forecasted activity and on scheduled rate increases that were effective in April 2022. Total Non-Operating Expenses shows a projected favorable variance of \$10,237,932 due to a projected favorable variance of \$6,978,648 in Debt Service due to projected lower variable interest rates, lower fixed rates for debt refunded in fiscal year 2021, and projections for no new borrowing in the current fiscal year. Additionally, there is a projected \$3,259,284 transfer from the Environmental Rate Stabilization Fund to cover projected higher capital spending for environmental projects. Income before Transfers is projected to incur a favorable balance of \$40,930,181 which is being used to fund projected additional expenses for Environmental Capital Outlay, Operating Capital Outlay, and for transfers to the Capacity/Extension Fees and Renewal and Replacement reserve accounts for future expansion of the Water & Wastewater System.

If JEA's projections hold true, JEA will exceed its budgetary appropriation authority approved by Council by approximately \$22 million. As discussed above, the overage is mainly due to additional Operating Revenue and Capacity/Extension Fees related to new developments. As a result, JEA will need to file legislation to amend their FY 2021/22 budget.

District Energy System

For the nine months ending June 30, 2022, the District Energy System schedule of Revenues and Expenses shows a surplus of \$173,461. There is a projected unfavorable variance in Operating Revenues of \$297,548 mainly due to projected lower sales. There is a projected favorable variance in Operating Expenses of \$145,147 due to projected lower expenses for Operating and Maintenance costs due to lower sales and associated operating costs. There is a projected favorable variance of \$119,672 in Non-Operating Expenses for debt service due to lower than budgeted interest rates for variable rate debt. Income Before Transfers shows a projected unfavorable variance of \$31,249 which will be mitigated by reducing the transfer to Operating

Capital Outlay and borrowing under the Revolving Credit Facility in FY 2021/22 to fund the capital projects to prevent them from being delayed.

Bond Ratings

On May 31, 2022, Moody's upgraded their ratings for JEA Water Sewer System long-term senior lien bonds and subordinated lien bonds from Aa3 to Aa2. Moody's also upgraded their ratings for the District Energy System (DES) bonds to Aa3 from A1. Moody's maintained JEA's rating outlook of "stable" indicating a low likelihood of a rating change in the near future.

Jacksonville Transportation Authority

The financial report of the Jacksonville Transportation Authority (JTA) for the nine months ending June 30, 2022, indicates no budgetary stress for JTA as a whole. However, the following should be noted:

Bus Division

Although the Bus Division shows a surplus of \$16,458,129 in actual revenues and expenditures, JTA is projecting a favorable budget variance of \$11,642,410 at year-end. This is mainly due to a projected favorable budget variance of \$7,496,071 in Net Sales Tax-Operating based on collections. There is a projected favorable budget variance of \$3,803,656 in Federal, State & Local Grants primarily due to JTA receiving more than budgeted American Rescue Plan Act (ARPA) funds in FY 2021/22. This is partially offset by a projected unfavorable budget variance of \$2,242,728 in Passenger Fares due to decreased ridership. In Operating Expenses there is a projected unfavorable budget variance of \$4,767,218 in Fringe Benefits primarily due to the reclassification of accounts from Salaries and Wages to Fringe Benefits, a projected unfavorable budget variance of \$1,280,556 in Fuel and Lubricants, primarily due to usage and the average price of fuel, and a projected unfavorable budget variance of \$1,196,385 in Services primarily due to the unbudgeted rate increase with JTA's ReadiRide service. This is offset by a projected favorable budget variance of \$3,310,699 in Salaries and Wages primarily due to the reclassification of certain accounts to Fringe Benefits and vacant positions, a projected favorable variance of \$6,432,681 in a contingency that will not be spent and projected favorable budget variances in Materials and Supplies and Transfers to Ferry of \$559,781 and \$306,978 respectively.

Skyway Division

The Skyway Division is projecting a balanced budget at year end. However, the Skyway Division's expenditures are projected to exceed its budgetary appropriation approved by City Council by an amount of \$486,575. This is primarily due to higher expenses for supplies and continual maintenance to keep the Skyway operating safely and reliably. If these projections hold true, then JTA will need to file legislation to amend their Fiscal Year 2021/22 budget.

Ferry Division

The Ferry Division is projecting a balanced budget at year-end. However, within Operating Revenues, Transfers from Bus Operations has a projected unfavorable budget variance of \$306,978, due to not needing the full transfer amount based on the projected favorable budget variance of \$227,758 in Passenger fares due to increased ridership. For Operating Expenditures,

the overall projected favorable budget variance of \$47,123 is primarily due to a projected favorable budget variance of \$313,667 in Services due to budgeted maintenance work for equipment and support vehicles not occurring. This is partially offset by a projected unfavorable budget variance of \$233,907 in Fuel and Lubricants primarily due to higher fuel costs.

General Fund/Engineering Division

The General Fund/Engineering Division for the nine months ending June 30, 2022, shows a surplus of \$8,892,524 and is projecting a favorable budget variance of \$10,070,735 at year end. This is primarily due to a projected favorable budget variance of \$12,085,626 in Non-Transportation Revenue due to the sale of surplus property. This is partially offset by a projected unfavorable budget variance of \$1,455,081 in negative interest earnings due to JTA's investment performance for the first nine months of the fiscal year. For Operating Expenditures, Fringe Benefits showed a projected unfavorable budget variance of \$133,977 due to JTA's reclassification of fringe benefits from Salaries to the appropriate expenditure line, and Services showed a projected unfavorable budget variance of \$890,583 primarily due to using outside consulting agencies for project management. This was offset by projected favorable budget variances in various expenditure lines, including \$463,846 in Salaries and Wages due to reclassifications of accounts.

The General Fund/Engineering Division's expenditures are projected to exceed its budgetary appropriation approved by City Council by an amount of \$559,810. If these projections hold true, then JTA will need to file legislation to amend their Fiscal Year 2021/22 budget.

Jacksonville Port Authority

The Jacksonville Port Authority's (JPA) financial report for the nine months ended June 30, 2022, indicates no budgetary stress. Overall, JPA is projecting year-end Net Income Before Transfers of \$14,065,099, with \$8,079,604 being transferred to Operating Capital Outlay (which is \$4,000,000 less than budgeted due to JPA receiving \$4,000,000 in American Rescue Plan Act funds from the City), and a surplus of \$5,985,495 remaining.

JPA is projecting a favorable variance of \$2,607,947 for Total Operating Revenues. This is due to a favorable budget variance in Break Bulk of \$1,624,793 due to shippers shifting products such as coffee, wood products, and fertilizer from containers to bulk, as well as a projected \$975,870 favorable budget variance in Cruise revenue due to a higher than budgeted occupancy rate on cruises for this fiscal year. Additionally, there is a projected \$706,614 favorable budget variance in Other Operating Revenues primarily due to a dredge spoil disposal event that occurred in May 2022 where JPA's dredge spoil sites were utilized by an outside entity, as well as higher than budgeted other dockage revenue (maintenance stops and changing of flags the ships sail under, etc.). These favorable variances are offset by an unfavorable budget variance of \$333,060 in Military revenue, due to the uncertainty of when military supplies will be shipped. As mentioned in JPA's cover letter, Auto revenue is projecting an unfavorable budget variance of \$255,650 primarily due to supply chain issues.

For Total Operating Expenditures, JPA is projecting a favorable budget variance of \$802,187. This is primarily due to JPA projecting a \$761,420 favorable budget variance in Security Services, primarily due to bringing some contract security personnel in-house, along with projected favorable budget variances in various expenditure line items. This is partially offset by a projected unfavorable budget variance of \$445,911 in Services and Supplies primarily due to increased fuel costs. As previously discussed in the Quarterly Summary for March 31, 2022, under Non-Operating Expenses, the projected unfavorable budget variance of \$1,531,455 in Debt Service is due to an unbudgeted termination fee of \$4,064,100 for the early redemption of debt to allow another tenant to take over a terminal located at Dames Point Marine Terminal. The termination fee was partially offset by advanced rent payments received by the former tenant in the amount of \$924,173 and paying \$665,687 less in interest than budgeted for the terminated bonds. Also, JPA is projecting to pay \$894,436 less interest than budgeted for its line of credit.

Jacksonville Aviation Authority

Jacksonville Aviation Authority's (JAA) financial report for the nine months ending June 30, 2022, indicates no budgetary stress. JAA is showing an end of quarter Net Income Before Transfers of \$44,690,858 before transfers to Operating Capital Outlay and the Passenger Facility Charge (PFC) Reserve, with an overall surplus of \$24,818,791. JAA projects an overall surplus of \$22,206,597 at year end. Total passenger activity for the third quarter was approximately 1.7 million passengers, which is an increase of 31.78% over the same quarter in fiscal year 2020/21, but still a decrease of 9.16% compared to fiscal year 2018/19 (prior to the Pandemic).

Total Operating Revenues are projected to experience a favorable budget variance of \$15,074,580 at year end. The projected favorable variance is primarily due to a projected favorable variance of \$6,884,973 in Concessions from car rentals, \$5,406,816 in Parking charges due to projected increased passenger activity and increased parking rates as of June 1, 2022, and \$2,487,644 in Fees & Charges revenue related to projected increases in aircraft landings.

Total Operating Expenditures are projected to experience a favorable budget variance of \$2,112,741 at year end. The projected favorable variance is primarily due to projected favorable variances of \$982,884 in Operating Contingency due to projecting to not utilize the contingency in this fiscal year, \$547,728 in benefits due to projected lower costs for employee health and dental benefits, and hiring delays, \$218,007 in Registration and Travel due to conference spending being lower than budget, and \$205,078 in Utilities, Taxes & Gov't Fees due to continued efficiency gains from equipment replacement and lower projections for bad debt expense. As previously discussed in the quarterly summary report for March 31, 2022, the projected favorable variance is partially offset by a projected unfavorable variance of \$365,327 in Salaries due to increases in salaries above the 2% increase that was budgeted, reinstatement of the Employee Incentive Pay Plan (EIPP) with a \$388,500 projected payout that was not budgeted, and approximately \$155,000 in other incentives and bonuses that were not budgeted.

Total Non-Operating Revenues are projected to experience a favorable budget variance of \$19,221,007 which is mainly due to a projected favorable variance of \$4,518,374 in Passenger Facility Charges based on increased passenger activity and a projected favorable variance of

\$14,546,640 in Other Revenues due to JAA receiving \$6,400,000 of American Recovery Plan Act (APRA) funds during the quarter in addition to \$7,800,000 previously received Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) funds. Total Non-Operating Expenditures are projected to experience an unfavorable variance of \$4,519,857 primarily due to a projected unfavorable variance in Debt Service of \$5,355,030 due to the issuance of debt for the Boeing project at Cecil Airport that was not budgeted. If the projections for Operating and Non-Operating Revenues and Expenditures hold true, this will result in Net Income Before Transfers of \$53,978,758 and an overall surplus of \$22,206,597 after transfers to Operating Capital Outlay and Passenger Facility Charge Reserve at the end of the fiscal year.

DEBT RATINGS

In an effort to monitor any significant changes in debt ratings on outstanding debt issued by the Independent Agencies, we asked the Independent Agencies who issue bonds to provide rating information on a quarterly basis. As mentioned above, Moody's upgraded their ratings for JEA Water System long-term senior lien bonds and subordinated lien bonds from Aa3 to Aa2. Moody's also upgraded their ratings for District Energy System bond from A1 to Aa3. There were no changes to the debt ratings of the other Independent Agencies during the quarter.

Please refer to page 23 for a detailed list of individual bond ratings.

FINANCIAL REPORTS

The following financial reports are presented as prepared by the various reporting entities.

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Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor



BUILDING COMMUNITY

July 27, 2022

SUBJECT: QUARTERLY FINANCIAL SUMMARY – June 30, 2022

FROM: Joseph E. Orfano, VP, Financial Services, JEA

TO: Ms. Kim Taylor, CPA Council Auditor City Hall

The attached financial summary for JEA has been prepared in accordance with the instructions provided by the Council Auditor's Office.

For the nine months ended June 30, 2022, JEA contributed \$90.9 million to the City's General Fund. JEA also paid to the City \$67.1 million in Public Service Taxes and \$31.1 million in City of Jacksonville Franchise Fees for a total combined payment to the City of \$189.1 million. This represents an increase of just under \$5.0 million from prior year.

The Electric System experienced a positive fund balance of \$41.8 million for the nine months ended June 30, 2022. This represents 3.2% of the original annual operating budget. The annual projection for the Electric System shows a balance budget.

The Water and Wastewater System produced a positive fund balance of \$1.2 million for the nine months ended June 30, 2022. This represents 0.21% of the original annual operating budget. The annual projection for the Water and Wastewater System shows a balanced budget.

The District Energy System produced a positive fund balance of \$0.17 million for the nine months ended June 30, 2022, while the annual projection shows a balanced budget.

JEA experienced no budgetary stress during the nine months ended June 30, 2022. JEA is actively monitoring the credit markets in order to efficiently manage debt. A schedule of JEA's bond ratings as of June 30, 2022, is included with this report.

Joseph E. Orfano

Joseph E. Orfano
VP, Financial Services and Treasurer

Attachments: As noted

JEA QUARTERLY FINANCIAL SUMMARY - ELECTRIC SYSTEM
June 30, 2022

ASSETS:				LIABILITIES & EQUITY:
Cash and Investments	\$138,875,000			Current Liabilities
Other Current Assets	301,933,000			\$202,225,000
Fixed and Other Assets	3,756,590,000			Other Liabilities
TOTAL ASSETS	\$4,197,398,000			Fund Equity (Net Assets)
				1,609,347,000
				TOTAL LIABILITIES & EQUITY
				\$4,197,398,000
	Revised	As of 9 Months		BUDGET VARIANCE
	Budget	Actual	Projected	FAVORABLE
				(UNFAVORABLE)
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES	368,899,940	371,948,093	620,876,585	251,976,645
Total Net Fuel Revenues	\$368,899,940	\$371,948,093	\$620,876,585	\$251,976,645
FUEL EXPENSES				
Transfer to (from) Rate Stabilization, Net ¹	-7,284,992	-41,766,996	-41,766,996	34,482,004
Transfer to (from) Other Regulatory Funds, Net ²	0	-23,743,965	-13,494,295	13,494,295
Fuel & Purchased Power	376,184,932	437,459,054	676,137,876	-299,952,944
Total Fuel & Purchased Power	\$368,899,940	\$371,948,093	\$620,876,585	-\$251,976,645
FUEL SURPLUS/(DEFICIT)	\$0	\$0	\$0	\$0
BASE RELATED REVENUES & EXPENSES:				
BASE OPERATING REVENUES				
Base Rate Revenues	785,192,000	569,950,483	801,200,564	16,008,564
Environmental Charge Revenue	7,442,000	5,411,883	7,603,656	161,656
Conservation Charge & Demand Side Revenue	732,000	465,240	680,824	-51,176
Other Revenues	123,615,440	120,443,942	126,347,804	2,732,364
Natural Gas Pass Through Revenue	823,420	928,403	1,134,260	310,840
Total Base Related Revenues	\$917,804,860	\$697,199,951	\$936,967,108	\$19,162,248
BASE OPERATING EXPENSES				
Operating and Maintenance	255,776,299	156,414,413	226,618,094	29,158,205
Environmental	2,263,500	682,883	1,248,767	1,014,733
Conservation & Demand-side Management	7,227,800	3,446,508	5,268,319	1,959,481
Natural Gas Pass Through Expense	918,473	1,103,091	1,334,044	-415,571
Non-Fuel Purchased Power	263,361,133	137,146,757	263,361,133	0
Non-Fuel Uncollectibles & PSC Tax	1,391,596	297,886	698,761	692,835
Emergency Contingency	5,000,000	0	5,000,000	0
Total Base Related Expenses	\$535,938,801	\$299,091,538	\$503,529,118	\$32,409,683
BASE OPERATING INCOME	\$381,866,059	\$398,108,413	\$433,437,990	\$51,571,931
NON-OPERATING REVENUE				
Investment Income	3,194,911	1,742,463	2,551,205	-643,706
Total Non-Operating Revenue	\$3,194,911	\$1,742,463	\$2,551,205	-\$643,706
NON-OPERATING EXPENSES				
Debt Service	109,816,948	80,778,963	107,927,999	1,888,949
Demand-side Management - Rate Stabilization	-395,800	1,438,421	1,662,710	-2,058,510
Rate Stabilization - Debt Management	0	0	0	0
Environmental - Rate Stabilization	-3,821,756	486,727	-1,675,595	-2,146,161
Total Non-Operating Expenses	\$105,599,392	\$82,704,111	\$107,915,114	-\$2,315,722
BASE INCOME BEFORE TRANSFERS	\$279,461,578	\$317,146,765	\$328,074,081	\$48,612,503
City Contribution	-94,545,651	-70,909,238	-94,545,651	0
Interlocal Agreement	0	0	0	0
Renewal & Replacements	-66,329,200	-49,746,900	-66,329,200	0
Operating Capital Outlay	-115,291,939	-150,000,000	-158,677,642	-43,385,703
Operating Capital Outlay - Environmental	-3,294,788	-4,733,377	-8,521,588	-5,226,800
Operating Contingency	0	0	0	0
BASE SURPLUS/(DEFICIT) ³	\$0	\$41,757,250	\$0	\$0
TOTAL SURPLUS/(DEFICIT)	\$0	\$41,757,250	\$0	\$0
TOTAL REVENUES	\$1,289,899,711	\$1,070,890,507	\$1,560,394,898	
TOTAL APPROPRIATIONS	\$1,289,899,711	\$1,029,133,257	\$1,560,394,898	

(1) The Fuel Rate Stabilization Fund was eliminated in Q1, FY22.

(2) Transfer to (from) Other Regulatory Funds, Net represents over or under recovery of fuel costs based on the current fuel rate. A negative fuel fund balance depicts costs to be recovered from future revenues. A positive fund balance depicts revenues to be used for future costs.

(3) The Electric System produced a surplus of \$41.8 million for the Quarter ended June 30, 2022.

JEA QUARTERLY FINANCIAL SUMMARY - WATER & WASTEWATER SYSTEM

June 30, 2022

ASSETS:		LIABILITIES & EQUITY:	
Cash and Investments	\$70,097,000	Current Liabilities	\$57,509,000
Other Current Assets	134,293,000	Other Liabilities	1,681,016,000
Fixed and Other Assets	3,483,931,000	Fund Equity (Net Assets)	1,949,796,000
TOTAL ASSETS	<u>\$3,688,321,000</u>	TOTAL LIABILITIES & EQUITY	<u>\$3,688,321,000</u>

	Revised Budget	As of 9 Months Actual	Projected	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES AND EXPENSES:				
OPERATING REVENUES				
Water and Sewer Revenues	439,929,234	335,527,149	449,502,133	9,572,899
Environmental Revenues	27,010,000	19,799,382	26,893,679	-116,321
Other Revenues	25,494,531	22,374,629	29,648,264	4,153,733
Total Operating Revenues	<u>\$492,433,765</u>	<u>\$377,701,160</u>	<u>\$506,044,076</u>	<u>\$13,610,311</u>
OPERATING EXPENSES				
Operating and Maintenance	184,882,130	128,114,947	180,645,374	4,236,756
Environmental CUP-DSM	7,933,200	1,519,836	3,452,698	4,480,502
Uncollectibles	700,409	98,443	273,544	426,865
Emergency Contingency	1,000,000	0	1,000,000	0
Total Operating Expenses	<u>\$194,515,739</u>	<u>\$129,733,226</u>	<u>\$185,371,616</u>	<u>\$9,144,123</u>
OPERATING INCOME	<u>\$297,918,026</u>	<u>\$247,967,934</u>	<u>\$320,672,460</u>	<u>\$22,754,434</u>
NON-OPERATING REVENUES AND EXPENSES:				
NON-OPERATING REVENUES				
Investment Income	2,075,631	1,793,719	2,312,630	236,999
Capacity/Extension Fees	47,000,000	34,509,073	54,700,816	7,700,816
Contributed Capital	0	0	0	0
Total Non-Operating Revenues	<u>\$49,075,631</u>	<u>\$36,302,792</u>	<u>\$57,013,446</u>	<u>\$7,937,815</u>
NON-OPERATING EXPENSES				
Debt Service	67,135,355	44,893,117	60,156,707	6,978,648
Environmental - Rate Stabilization	0	-205,709	-3,259,284	3,259,284
Total Non-Operating Expenses	<u>\$67,135,355</u>	<u>\$44,687,408</u>	<u>\$56,897,423</u>	<u>\$10,237,932</u>
INCOME BEFORE TRANSFERS	<u>\$279,858,302</u>	<u>\$239,583,318</u>	<u>\$320,788,483</u>	<u>\$40,930,181</u>
City Contribution	-26,666,722	-20,000,042	-26,666,722	0
Interlocal Agreements	-21,758,437	-4,722,619	-20,722,471	1,035,966
Renewal & Replacements	-28,358,000	-21,268,500	-28,358,000	0
Operating Capital Outlay	-149,284,996	-149,284,996	-172,191,429	-22,906,433
Environmental Capital Outlay	-6,790,147	-8,639,640	-18,149,045	-11,358,898
Capacity/Extension Fees	-47,000,000	-34,509,073	-54,700,816	-7,700,816
Contributed Capital	0	0	0	0
Operating Contingency	0	0	0	0
TOTAL SURPLUS/(DEFICIT)	<u>\$0</u>	<u>\$1,158,448</u>	<u>\$0</u>	<u>\$0</u>
TOTAL REVENUES	<u>\$541,509,396</u>	<u>\$414,003,952</u>	<u>\$563,057,522</u>	
TOTAL APPROPRIATIONS	<u>\$541,509,396</u>	<u>\$412,845,504</u>	<u>\$563,057,522</u>	

JEA QUARTERLY FINANCIAL SUMMARY - DISTRICT ENERGY SYSTEM

June 30, 2022

ASSETS:		LIABILITIES & EQUITY:	
Cash and Investments	\$1,300,000	Current Liabilities	\$69,000
Other Current Assets	507,000	Other Liabilities	33,314,000
Fixed and Other Assets	<u>37,738,000</u>	Fund Equity (Net Assets)	<u>6,162,000</u>
TOTAL ASSETS	<u><u>\$39,545,000</u></u>	TOTAL LIABILITIES & EQUITY	<u><u>\$39,545,000</u></u>

	Revised Budget	As of 9 Months Actual	Projected	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES AND EXPENSES:				
OPERATING REVENUES				
Operating Revenue	<u>8,839,543</u>	<u>6,022,730</u>	<u>8,541,995</u>	<u>-297,548</u>
Total Operating Revenues	<u>\$8,839,543</u>	<u>\$6,022,730</u>	<u>\$8,541,995</u>	<u>-\$297,548</u>
OPERATING EXPENSES				
Operating and Maintenance	<u>5,127,990</u>	<u>3,269,853</u>	<u>4,982,843</u>	<u>145,147</u>
Total Operating Expenses	<u>\$5,127,990</u>	<u>\$3,269,853</u>	<u>\$4,982,843</u>	<u>\$145,147</u>
OPERATING INCOME	<u>\$3,711,553</u>	<u>\$2,752,877</u>	<u>\$3,559,152</u>	<u>-\$152,401</u>
NON-OPERATING REVENUES AND EXPENSES:				
NON-OPERATING REVENUES				
Investment Income	<u>0</u>	<u>1,480</u>	<u>1,480</u>	<u>1,480</u>
Total Non-Operating Revenues	<u>\$0</u>	<u>\$1,480</u>	<u>\$1,480</u>	<u>\$1,480</u>
NON-OPERATING EXPENSES				
Debt Service	<u>3,171,208</u>	<u>2,279,246</u>	<u>3,051,536</u>	<u>119,672</u>
Rate Stabilization - Debt Management	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Operating Expenses	<u>\$3,171,208</u>	<u>\$2,279,246</u>	<u>\$3,051,536</u>	<u>\$119,672</u>
INCOME BEFORE TRANSFERS	<u>\$540,345</u>	<u>\$475,111</u>	<u>\$509,096</u>	<u>-\$31,249</u>
Renewal & Replacements	<u>-402,200</u>	<u>-301,650</u>	<u>-402,200</u>	<u>0</u>
Operating Capital Outlay	<u>-138,145</u>	<u>0</u>	<u>-106,896</u>	<u>31,249</u>
TOTAL SURPLUS/(DEFICIT)	<u><u>\$0</u></u>	<u><u>\$173,461</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
TOTAL REVENUES	\$8,839,543	\$6,024,210	\$8,543,475	
TOTAL APPROPRIATIONS	\$8,839,543	\$5,850,749	\$8,543,475	



JACKSONVILLE
TRANSPORTATION
AUTHORITY

Administration

Jacksonville Regional
Transportation Center
at LaVilla
100 LaVilla Center Drive
Jacksonville, FL 32204

Operations

P.O. Drawer "0"
100 N. Myrtle Avenue
Jacksonville, FL 32203

Main (904) 630-3181

Fax (904) 630-3166

www.jtafla.com

July 29, 2022

Ms. Kim Taylor, CPA
Council Auditor
City Hall – Suite 200
117 West Duval Street
Jacksonville, Florida 32202

Dear Ms. Taylor,

Enclosed are the quarterly reports for the Jacksonville Transportation Authority for the quarter ended June 30, 2022. I am including a full-year projection variance narrative for each division.

Bus Fund

Bus revenues are projected to be favorable for the year primarily due to projected tax revenues combined with a larger than budgeted proceeds from the American Recovery Plan Act booked in January. Expenses are forecast to be under budget, as the contingency will offset increased salary expenses and fuel costs, and the impact of the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant match of approximately \$1 million. As a reminder, a portion of the contingency was intended to cover union contract increases, which were negotiated after the FY22 budget was finalized.

CTC Fund (Connexion)

The forecast for Connexion reflects expenses slightly under budget for the full year. Revenues are projected to be lower than budgeted directly resulting from continued lower ridership. As a result, the transfer from the Bus fund is expected to be \$0.3 million higher than budgeted.

The majority of service provided by this fund is for riders covered under the federally mandated ADA program. The Connexion service requires a Bus fund transfer to support operations.



Skyway Fund

Skyway expenses are projected to be unfavorable to budget, due to increased materials and supplies and services expenses. As a result, the forecast of the transfer from the Bus fund is higher than budget. The Skyway is a fare-free service and requires a transfer from the Bus fund to support operations.

Ferry Fund

The St. Johns River Ferry is projected to be below budget for expenses, as lower services expenses offset higher fuel costs. The transfer from the Bus fund is forecast to be \$0.3 million lower than budgeted. Improved ridership and higher passenger fares are forecast for the remainder of the year.

General Fund

The General Fund revenues are projected to be substantially higher than budget due to the sale of surplus real estate. Expenses are expected to be over budget resulting from increased professional services costs due primarily to grant-funded expenditures. Despite higher expenses, a substantial surplus is projected.

Please call me at 630-3196 if you have any questions about these quarterly reports.

Respectfully,

Greg Hayes

Greg Hayes
Vice President of Finance / CFO
Jacksonville Transportation Authority

cc: Nathaniel P. Ford, Sr.

Jacksonville Transportation Authority
 Mass Transit Division - Bus
 Quarterly Summary
 For The Period Ended
 June 30, 2022

BALANCE SHEET INFORMATION

Cash & Investments	\$9,579,579	Current Liabilities	\$7,072,854
Current Assets	332,676,576	Other Liabilities	301,827,500
Fixed Assets	<u>206,108,691</u>	Fund Equity	<u>239,464,493</u>
Total Assets	<u><u>\$548,364,847</u></u>	Total Liab. & Equity	<u><u>\$548,364,847</u></u>

BUDGET INFORMATION

	<u>FY22 Original Budget</u>	<u>9 MOS YTD Actual</u>	<u>FY22 Projected</u>	<u>Projected Favorable (Unfavorable) Budget Variance</u>
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$18,783,669	\$21,108,761	\$22,587,325	\$3,803,656
Local Option Gas Tax	14,658,748	11,065,344	14,753,792	95,044
Net Sales Tax - Operating	73,073,556	64,927,220	80,569,627	7,496,071
Passenger Fares	8,545,927	4,361,881	6,303,199	-2,242,728
Federal Preventative Maintenance	1,750,000	1,337,046	1,751,304	1,304
Non-Transportation Revenue	1,040,275	1,324,898	916,521	-123,754
Interest Earnings	<u>1,987</u>	<u>1,720</u>	<u>2,293</u>	<u>306</u>
Total Operating Revenues	<u>\$117,854,162</u>	<u>\$104,126,870</u>	<u>\$126,884,061</u>	<u>\$9,029,899</u>
<u>Operating Expenditures</u>				
Salaries and Wages	\$40,464,875	\$28,090,630	\$37,154,176	\$3,310,699
Fringe Benefits	18,175,581	17,207,099	22,942,799	-4,767,218
Fuel and Lubricants*	3,498,523	3,584,309	4,779,079	-1,280,556
Materials and Supplies	5,035,291	3,356,633	4,475,510	559,781
Insurance	998,400	523,172	697,563	300,837
Services	21,501,651	17,023,528	22,698,036	-1,196,385
Travel/Training/Dues & Subscriptions	528,254	438,634	584,844	-56,590
All Other/Miscellaneous	2,258,059	1,850,993	2,467,991	-209,932
Contingency	6,432,681	0	0	6,432,681
Transfer to CTC (ADA expense)	12,729,376	10,148,367	13,031,155	-301,779
Transfer to Skyway	4,680,402	4,362,305	5,166,408	-486,006
Transfer to Ferry	<u>1,551,069</u>	<u>1,083,071</u>	<u>1,244,091</u>	<u>306,978</u>
Total Operating Expenditures	<u>\$117,854,162</u>	<u>\$87,668,741</u>	<u>\$115,241,651</u>	<u>\$2,612,511</u>
Surplus/(Deficit)	<u><u>\$0</u></u>	<u><u>\$16,458,129</u></u>	<u><u>\$11,642,409</u></u>	<u><u>\$11,642,410</u></u>

Jacksonville Transportation Authority
Mass Transit Division - Connexion (CTC)
Quarterly Summary
For The Period Ended
June 30, 2022

BALANCE SHEET INFORMATION

Cash & Investments	-\$2,200	Current Liabilities	\$2,098,105
Current Assets	16,260,488	Other Liabilities	14,979,943
Fixed Assets	1,680,292	Fund Equity	860,532
Total Assets	\$17,938,580	Total Liab. & Equity	\$17,938,580

BUDGET INFORMATION

	FY22 Original Budget	9 MOS YTD Actual	FY22 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$347,327	\$328,949	\$438,599	\$91,272
Passenger Fares	1,109,380	524,451	799,268	-310,112
State Transportation Disadvantaged Funds	1,826,890	1,249,619	1,666,159	-160,731
City of Jacksonville (Paratransit Contribution)	1,525,919	1,179,309	1,572,412	46,493
Federal Preventative Maintenance	250,000	187,500	250,000	0
Non-Transportation Revenue	0	150	200	200
Transfer from Bus Operations	12,729,376	10,148,367	13,031,155	301,779
Total Operating Revenues	\$17,788,892	\$13,618,344	\$17,757,792	-\$31,100
<u>Operating Expenditures</u>				
Salaries and Wages	\$2,633,342	\$1,930,573	\$2,574,097	\$59,245
Fringe Benefits	1,082,210	980,674	1,207,565	-125,355
Fuel and Lubricants	890,010	961,538	1,182,051	-292,041
Materials and Supplies	865,676	320,354	427,139	438,537
Insurance	1,174	2,521	3,361	-2,187
Services	12,061,666	9,258,160	12,144,213	-82,547
Travel/Training/Dues & Subscriptions	67,509	52,150	69,533	-2,024
All Other/Miscellaneous	187,305	112,374	149,832	37,473
Contingency	0	0	0	0
Total Operating Expenditures	\$17,788,892	\$13,618,344	\$17,757,792	\$31,100
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
 Mass Transit Division - Skyway
 Quarterly Summary
 For The Period Ended
 June 30, 2022

BALANCE SHEET INFORMATION

Cash & Investments	\$27,708	Current Liabilities	\$2,202,718
Current Assets	9,613,489	Other Liabilities	7,870,079
Fixed Assets	64,541,220	Fund Equity	64,109,620
Total Assets	\$74,182,417	Total Liab. & Equity	\$74,182,417

BUDGET INFORMATION

	FY22 Original Budget	9 MOS YTD Actual	FY22 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$234,611	\$62,967	\$233,956	-\$655
Federal Preventative Maintenance	2,000,000	1,500,000	2,000,000	0
Non-Transportation Revenue	0	918	1,224	1,224
Transfer from Bus Operations	4,680,402	4,362,305	5,166,408	486,006
Total Operating Revenues	\$6,915,013	\$5,926,191	\$7,401,588	\$486,575
<u>Operating Expenditures</u>				
Salaries and Wages	\$2,903,521	\$2,087,741	\$2,783,655	\$119,866
Fringe Benefits	1,398,747	1,094,915	1,459,887	-61,140
Fuel and Lubricants	7,798	6,877	9,169	-1,371
Materials and Supplies	1,041,018	1,003,106	1,237,475	-196,457
Insurance	496,947	586,304	581,739	-84,792
Services	697,860	824,844	899,792	-201,932
Travel/Training/Dues & Subscriptions	30,378	22,216	29,621	757
All Other/Miscellaneous	338,744	300,188	400,251	-61,507
Contingency	0	0	0	0
Total Operating Expenditures	\$6,915,013	\$5,926,191	\$7,401,588	-\$486,575
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
 Mass Transit Division - Ferry
 Quarterly Summary
 For The Period Ended
 June 30, 2022

BALANCE SHEET INFORMATION

Cash & Investments	\$0	Current Liabilities	\$37,193
Current Assets	6,601,017	Other Liabilities	6,816,247
Fixed Assets	24,078,935	Fund Equity	23,826,512
Total Assets	\$30,679,952	Total Liab. & Equity	\$30,679,952

BUDGET INFORMATION

	FY22 Original Budget	9 MOS YTD Actual	FY22 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$127,823	\$119,940	\$159,920	\$32,097
Passenger Fares	1,180,702	1,056,345	1,408,460	227,758
Non-Transportation	0	0	0	0
Transfer from Bus Operations	1,551,069	1,083,071	1,244,091	-306,978
Total Operating Revenues	\$2,859,594	\$2,259,356	\$2,812,471	-\$47,123
<u>Operating Expenditures</u>				
Salaries and Wages	\$222,375	\$159,451	\$212,601	\$9,774
Fringe Benefits	63,376	79,388	105,851	-42,475
Fuel and Lubricants	213,593	335,625	447,500	-233,907
Materials and Supplies	10,210	7,949	10,599	-389
Insurance	55,210	41,062	54,749	461
Services	2,182,832	1,551,874	1,869,165	313,667
Travel/Training/Dues & Subscriptions	9,278	8,037	10,716	-1,438
All Other/Miscellaneous	102,720	75,967	101,289	1,431
Contingency	0	0	0	0
Total Operating Expenditures	\$2,859,594	\$2,259,356	\$2,812,471	\$47,123
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
General Fund
Quarterly Summary
For the Period Ended
June 30, 2022

BALANCE SHEET INFORMATION

Cash & Investments	\$134,139,052	Current Liabilities	\$526,566
Current Assets	171,033	Other Liabilities	7,784,175
Fixed Assets	<u>0</u>	Fund Equity	<u>125,999,344</u>
TOTAL ASSETS	<u>\$134,310,085</u>	TOTAL LIAB & EQUITY	<u>\$134,310,085</u>

BUDGET INFORMATION

	FY22 Original Budget	9 MOS YTD Actual	FY22 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Net Sales Tax - Operating	\$2,032,848	\$1,524,636	\$2,032,848	\$0
Non-Transportation Revenue	124,098	11,122,882	12,209,724	12,085,626
Interest Earnings	<u>350,615</u>	<u>-1,304,466</u>	<u>-1,104,466</u>	<u>-1,455,081</u>
Total Operating Revenues	<u>\$2,507,561</u>	<u>\$11,343,052</u>	<u>\$13,138,106</u>	<u>\$10,630,545</u>
<u>Operating Expenditures</u>				
Salaries & Wages	\$1,493,493	\$772,235	\$1,029,647	\$463,846
Fringe Benefits	418,807	414,588	552,784	-133,977
Materials and Supplies	10,721	17,223	22,964	-12,243
Services	503,738	1,195,741	1,394,321	-890,583
Insurance	220	185	247	-27
Training/Travel/Dues & Subscriptions	49,787	28,816	38,421	11,366
All Other/Miscellaneous	30,795	21,740	28,987	1,808
Contingency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenditures	<u>\$2,507,561</u>	<u>\$2,450,528</u>	<u>\$3,067,371</u>	<u>-\$559,810</u>
Surplus/(Deficit)	<u>\$0</u>	<u>\$8,892,524</u>	<u>\$10,070,735</u>	<u>\$10,070,735</u>

Jacksonville Port Authority (JAXPORT)

July 21, 2022

Ms. Kim Taylor
Council Auditor
City Hall at St. James, Suite 200
117 W. Duval St.
Jacksonville, FL 32202

Re: Quarterly Report for period ending 6-30-22

Dear Ms. Taylor,

Enclosed is the Jacksonville Port Authority Unaudited Quarterly Report as of June 30, 2022.

JAXPORT revenues are trending above budget nine months to date and forecasted to exceed budget by \$2.6 million for the full year. Cruise operations are back in service as of March 2022 and are sailing at close to full occupancy. Auto volumes are impacted negatively by supply chain issues, but auto revenues are steady as most processors have fixed lease rates. Break bulk revenues, which includes paper and wood pulp, and other non-containerized cargo, are projected to exceed budget by \$1.6 million, 40% over budget. Total operating expenses are projected to stay under budget for the full year.

JAXPORT has experienced no budgetary stress in FY2022.

As of June 2022, JAXPORT Bond Ratings are as follows:

Fitch – A (Affirmed Rating – April 2022)

Moody's – A2 (Affirmed Rating – September 2020).

If you have any questions or need additional information, please call me at 357-3004.

Sincerely,

Mike McClung

Mike McClung
Director of Finance

Attachments

Corporate Headquarters – 2831 Talleyrand Avenue, Jacksonville, FL 32206
JAXPORT.COM

JACKSONVILLE PORT AUTHORITY
QUARTERLY REPORT SUMMARY
For the Nine Months Ending June 30, 2022
UNAUDITED

BALANCE SHEET

Cash and Investments	\$61,302,906		Current Liabilities	\$10,581,726
Accounts Receivable & Other Assets	37,091,917		Notes and Bonds Payable	228,979,197
Fixed Assets	850,579,817		Other Liabilities	165,153,662
TOTAL ASSETS	\$948,974,640		Net Position	544,260,055
			TOTAL LIABILITIES & EQUITY	\$948,974,640

OPERATING & NON-OPERATING ITEMS

	ORIGINAL BUDGET	YTD ACTUAL	ANNUAL PROJECTED	FAVORABLE (UNFAVORABLE) BUDGET VARIANCE
OPERATING REVENUES				
Containers	\$29,856,732	\$22,053,459	\$29,706,732	-\$150,000
Autos	15,220,500	11,201,591	14,964,850	-255,650
Military	998,133	365,073	665,073	-333,060
Break Bulk	4,133,415	4,380,968	5,758,208	1,624,793
Liquid Bulk	1,490,922	1,133,975	1,569,690	78,768
Dry Bulk	2,078,202	1,564,995	2,038,814	-39,388
Cruise	1,224,130	1,411,711	2,200,000	975,870
Other Operating Revenues	2,778,721	2,882,632	3,485,335	706,614
TOTAL OPERATING REVENUES	\$57,780,755	\$44,994,404	\$60,388,702	\$2,607,947
OPERATING EXPENDITURES				
Salaries	\$13,120,191	\$9,728,512	\$13,008,560	\$111,631
Employee Benefits	5,913,133	4,355,528	5,833,811	79,322
Services & Supplies	4,948,700	3,804,612	5,394,611	-445,911
Security Services	5,402,169	3,290,207	4,640,749	761,420
Business Travel & Training	576,725	204,064	367,399	209,326
Promotion, Advertising & Dues	734,327	527,620	711,202	23,125
Utility Services	781,944	504,411	699,897	82,047
Repairs & Maintenance Projects	2,077,416	1,630,007	2,149,361	-71,945
Crane Maintenance Pass Thru	-450,000	-349,561	-462,061	12,061
Berth Maintenance Dredging	5,335,165	3,886,587	5,335,165	0
Miscellaneous	163,115	81,225	122,004	41,111
TOTAL OPERATING EXPENDITURES	\$38,602,885	\$27,663,212	\$37,800,698	\$802,187
OPERATING INCOME	\$19,177,870	\$17,331,192	\$22,588,004	\$3,410,134
NON-OPERATING REVENUES				
Investment Income	\$8,688	\$21,280	\$77,280	\$68,592
Shared Revenue from Primary Govt	9,642,191	7,322,025	9,732,573	90,382
Operating Grants	73,440	0	36,720	-36,720
Other Revenue	8,500	2,421	3,604	-4,896
	\$9,732,819	\$7,345,726	\$9,850,177	\$117,358
NON-OPERATING EXPENSES				
Debt Service	\$16,827,725	\$18,280,847	\$18,359,180	-\$1,531,455
Other Expenditures	3,360	12,235	13,902	-10,542
	\$16,831,085	\$18,293,082	\$18,373,082	-\$1,541,997
NET INCOME BEFORE CAPITAL OUTLAY AND CONTINGENCY	\$12,079,604	\$6,383,836	\$14,065,099	\$1,985,495
Transfer (to)/from Operating Capital Outlay	-\$12,079,604	-\$4,286,085	-\$8,079,604	-\$4,000,000
SURPLUS (DEFICIT)	\$0	\$2,097,751	\$5,985,495	\$5,985,495
TOTAL REVENUES	\$67,513,574	\$52,340,130	\$70,238,879	
TOTAL APPROPRIATIONS	\$67,513,574	\$50,242,379	\$64,253,384	



July 29, 2022

Ms. Kim Taylor, CPA, MACC
Council Auditor
City Hall at St. James, Suite 200
117 W. Duval Street
Jacksonville, FL 32202

RE: Quarterly Report

Dear Ms. Taylor:

The attached financial summary for the Jacksonville Aviation Authority has been prepared in accordance with the instructions provided by the Council Auditor's Office.

Enclosed is the Unaudited Quarterly Report of the Jacksonville Aviation Authority for the nine months ended June 30, 2022.

Year-to-date Operating Revenues were \$74.55 million, which projects a positive budget variance of \$15.07 million at year-end. Year-to-date Operating Expenditures were \$44.92 million which projects a positive budget variance of \$2.11 million at year-end. The quarter closes with a positive budget Operating Income variance of \$17.18 million at year-end.

The Jacksonville Aviation Authority is currently tracking to meet or exceed our budget. Our plan is to monitor passenger activity and adjust spending accordingly, for the purposes of maintaining a stable financial position.

If you have any questions or need additional information, please call Jose Lopez Reed, 904-741-3168.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ross Jones", is written over a light blue horizontal line.

Ross Jones
Chief Financial Officer

Jacksonville Aviation Authority
Jacksonville, Florida
Quarterly Report Summary
For the Nine months ended JUNE 30, 2022
UNAUDITED

Cash and investments	\$329,708,720		Current liabilities	\$31,430,563
Other current assets	10,972,570		Other liabilities	217,450,064
Fixed and other assets	515,125,233		Total equity	606,925,896
Total assets	\$855,806,523.00		Total liabilities and equity	\$855,806,523.00

	2021/2022 Revised Budget	YTD Actual	Annual Projected	Budget Variance Favorable (Unfavorable)
OPERATING REVENUES				
Concessions	\$15,626,166	\$16,883,354	\$22,511,139	\$6,884,973
Fees & Charges	18,052,320	15,404,973	20,539,964	2,487,644
Space & Facility Rentals	30,065,211	22,547,646	30,063,528	-1,683
Parking	18,967,224	18,280,530	24,374,040	5,406,816
Sale of Utilities	1,368,347	1,303,146	1,737,528	369,181
Other Miscellaneous Operating Revenue	247,606	131,441	175,255	-72,351
TOTAL OPERATING REVENUES	\$84,326,874	\$74,551,090	\$99,401,454	\$15,074,580
OPERATING EXPENDITURES				
Salaries	\$20,135,924	\$15,375,938	\$20,501,251	-\$365,327
Benefits	9,006,935	6,344,405	8,459,207	547,728
Services and Supplies	17,191,451	12,111,435	16,806,580	384,871
Repairs & Maintenance	9,284,210	5,360,623	9,216,210	68,000
Promotion, Advertising and Dues	875,539	516,090	875,539	0
Registration & Travel	452,080	175,555	234,073	218,007
Insurance Expense	1,829,000	1,310,589	1,747,452	81,548
Cost of Goods for Sale	695,000	528,786	705,048	-10,048
Utilities, Taxes & Gov't Fees	4,470,114	3,198,777	4,265,036	205,078
Operating Contingency	982,884	0	0	982,884
TOTAL OPERATING EXPENDITURES	\$64,923,137	\$44,922,198	\$62,810,396	\$2,112,741
OPERATING INCOME	\$19,403,737	\$29,628,892	\$36,591,058	\$17,187,321
NON-OPERATING REVENUES				
Passenger Facility Charges	\$8,066,219	\$9,438,445	\$12,584,593	\$4,518,374
Investment income	1,470,343	1,219,752	1,626,336	155,993
Other Revenues	432,660	14,929,300	14,979,300	14,546,640
TOTAL NON-OPERATING REVENUES	\$9,969,222	\$25,587,497	\$29,190,229	\$19,221,007
NON-OPERATING EXPENDITURES				
Debt Service	\$6,297,072	\$10,412,711	\$11,652,102	-\$5,355,030
Other Expenditures	985,600	112,820	150,427	835,173
TOTAL NON-OPERATING EXPENDITURES	\$7,282,672	\$10,525,531	\$11,802,529	-\$4,519,857
NET INCOME BEFORE OPERATING CAPITAL OUTLAY, PFC RESERVE AND RETAINED EARNINGS	\$22,090,287	\$44,690,858	\$53,978,758	\$31,888,471
Transfer (to) Operating Capital Outlay	-\$30,472,500	-\$14,998,926	-\$26,899,020	\$3,573,480
Transfer (to)/from Passenger Facility Charge Reserve	-5,036,751	-4,873,141	-4,873,141	163,610
Transfer (to)/from Retained Earnings	\$13,418,964	\$0	\$0	-\$13,418,964
SURPLUS/(DEFICIT)	\$0	\$24,818,791	\$22,206,597	\$22,206,597
TOTAL REVENUES	\$94,296,096	\$100,138,587	\$128,591,683	\$34,295,587
TOTAL OTHER SOURCES - RETAINED EARNINGS	\$13,418,964	\$0	\$0	-\$13,418,964
TOTAL REVENUES & OTHER SOURCES OF REVENUE	\$107,715,060	\$100,138,587	\$128,591,683	\$20,876,623
TOTAL APPROPRIATIONS	\$107,715,060	\$75,319,796	\$106,385,086	\$1,329,974
FULLTIME POSITIONS	271	259	271	0
TEMPORARY EMPLOYEE HOURS	5,220	465	620	4,600

Bond Ratings for Independent Agencies				
As of June 30, 2022				
	<u>Fitch</u>	<u>S&P</u>	<u>Moody</u>	
<u>JEA</u>				
Uninsured Long Term				
Electric Senior Bonds	AA	A+	A1	
Electric Subordinated Bonds	AA	A	A2	
Uninsured Short Term				
Electric Senior Bonds	F1+	A-1	VMIG-1	
Electric Subordinated Bonds	F1+	A-1	VMIG-1	
Uninsured Long Term				
SJRPP Bonds	AA	A+	A1	
Uninsured Long Term				
Water and Sewer Senior Bonds	AA	AA+	Aa2	
Water and Sewer Subordinated Bonds	AA	AA	Aa2	
Uninsured Short Term				
Water and Sewer Senior Bonds	F1 - F1+	A-1	VMIG-1	
Water and Sewer Subordinated Bonds	F1+	A-1 – A-1+	VMIG-1	
Uninsured Long Term				
Bulk Power Supply System Bonds	AA	A+	A1	
District Energy System Bonds	AA	AA	Aa3	
<u>Jacksonville Transportation Authority</u>				
Local Option Gas Tax Revenue Bonds - Series 2015	AA-	AA	Not Rated	
Local Option Gas Tax Revenue Bonds - Series 2020	AA-	AA	Not Rated	
<u>Jacksonville Port Authority</u>				
Revenue Bonds - Series 2012	A	Not Rated	A2	
Revenue Bonds - Series 2018B	A	Not Rated	A2	
Revenue Bonds - Series 2020B	A	Not Rated	A2	
Source: JEA- Joe Orfano, VP, Financial Services				
JTA- Greg Hayes, VP, Chief Financial Officer				
JPA- Mike McClung, Director of Finance				

Bond Ratings Scale

Moody's		S&P		Fitch		Definition
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		High grade
Aa3		AA-		AA-		
A1	P-2	A+	A-1	A+	F1	Upper medium grade
A2		A		A		
A3		A-		A-2		A-
Baa1	BBB+	BBB+				
Baa2	P-3	BBB	A-3	BBB	F3	Medium grade
Baa3		BBB-		BBB-		
Ba1	Not Prime (NP)	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1		CCC+		C		
Caa2	CCC	CC				
Caa3	CCC-	C	Speculative, in or near default			
Ca	CC	C				
C	C	D	D	RD/D	RD/D	In default, little prospect of recovery
/	D					
/	D					

Municipal Short Term Ratings (Moody's)

Short Term	Demand Obligation	Definition
MIG1	VMIG1	Superior credit quality
MIG2	VMIG2	Strong credit quality
MIG3	VMIG 3	Acceptable credit quality
SG	SG	Speculative-grade credit quality