



Council Auditor's Office

Independent Agency Quarterly Summary for the Six Months Ended March 31, 2021

May 14, 2021

Report #847

Released on: May 14, 2021

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



May 14, 2021

Special Report #847

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 six months ended March 31, 2021 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 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 April 30, 2021 and we are to submit the consolidated financial report by May 15, 2021. The independent agencies, JEA, JAA, JPA and JTA, submitted their reports on time.

The City and the Jacksonville Housing Finance Authority have not submitted a quarterly financial report for the six months ended March 31, 2020, which is the second quarterly summary report deadline that has not been met this fiscal year. Per the City's Chief Financial Officer,

"The City's quarterly report is not yet available due to challenges being worked through in converting to the new ICloud system. The Accounting Division is currently focused on building the Comprehensive Annual Financial Report for the first time in the new system. While focus is diverted to this large task, the routine closing of the current fiscal year quarters is being delayed. We have many people working long hours to complete this systems conversion in an accurate manner and will provide the quarterly report upon availability."

While the Council Auditor's Office understands the circumstances in place, 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. When we receive the City's report, we will review it, draft our comments, and issue a separate report.

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 six months ending March 31, 2021, indicates no budgetary stress. Each utility system projects a balanced budget at year end.

Electric System

Fuel Related Revenues & Expenses

For the six months ending March 31, 2021, the Electric System schedule of Fuel Related Revenues and Expenses is balanced. An unfavorable variance of \$15,027,190 in Fuel Revenues is projected due to a mild winter and a decrease in projected sales. There is a projected unfavorable variance of \$22,515,749 for Fuel and Purchased Power Expense due to anticipated increases in fuel costs. If these projections materialize, this will result in a transfer from the Fuel Rate Stabilization Fund of \$2,036,909 to balance the account and the Fuel Rate Stabilization Fund would have an end of year balance of \$71,310,357.

Base Related Revenues & Expenses

For the six months ending March 31, 2021, the Electric System schedule of Base Related Revenues and Expenses shows a surplus in actual revenues and expenses of \$258,475. There is a projected unfavorable budget variance of \$22,858,582 in Base Related Revenues offset by a projected favorable budget variance of \$35,137,131 in Base Related Expenses. The projection for Base Related Revenues is primarily due to a mild winter and a decrease in projected sales. The projection for Base Related Expenses is primarily due to decreases of \$28,090,337 in Operating and Maintenance charges and \$4,885,307 in Non-Fuel Purchase Power. Base Income Before Transfers is projected to incur a favorable budget variance of \$13,934,000, which will be offset by increases in transfers to Operating Capital Outlay, Operating Capital Outlay – Environmental, and a decrease in the transfer to Renewal and Replacements.

Within Base Operating Revenues, the original budgeted amount for Other Revenues of \$25,141,212 was increased by \$106,848,624 for a revised budget amount of \$131,989,836 using available fund balance. There was a corresponding increase to the original budget amount for Debt Service, resulting in a revised budget amount of \$238,022,041 for the defeasance/redemption of Electric System Bonds. Pursuant to Ordinance 2020-504-E, Section 2.1, JEA is authorized to withdraw and expend the accumulated balance sheet fund balances available for the retirement, defeasance or purchase of outstanding debt.

Water & Sewer System

For the six months ending March 31, 2021, the Water & Sewer System schedule of revenues and appropriations showed a surplus of \$1,852,191 in actual revenues and expenses. Operating Revenues are projected to have an unfavorable budget variance of \$16,261,220 due to projected sales being lower than budgeted. Operating Expenses are projected to have a positive budget variance of \$12,053,891 primarily due to projected Operations and Maintenance charges being lower than budgeted. Income Before Transfers is projected to have a favorable budget variance

of \$5,748,292 that will be offset by projected increases in transfers to Capacity/Extension Fees of \$8,992,899 and Operating Capital Outlay of \$410,164 and a projected decrease in the transfer to Environmental Capital Outlay of \$3,715,828.

District Energy System

Although for the six months ending March 31, 2021, the District Energy System schedule of revenues and appropriations showed a deficit of \$62,965 in actual revenues and expenses, it projects a balanced budget at year-end. There is a projected unfavorable variance in Operating Revenues of \$793,226 mainly due to the termination of the service agreement with the San Marco Place Condominium Association. A positive variance is projected in Operating Expenses due to a reduction in charges for Operating and Maintenance costs of \$824,043. Income Before Transfers is projected to have a positive variance of \$32,280 which will be offset by a projected increase in the transfer to Operating Capital Outlay.

Jacksonville Transportation Authority

The financial report of the Jacksonville Transportation Authority (JTA) for the six months ending March 31, 2021, 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 \$334,695 in actual revenues and expenditures, JTA is projecting a favorable budget variance of \$37,289 at year end. For Operating Revenues, there is a projected unfavorable budget variance of \$8,921,069 in Federal, State & Local Grants that is due to the anticipation of less CARES Act funding due to a projected favorable budget variance of \$12,771,007 in Net Sales Tax – Operating. Passenger Fares is projecting an unfavorable budget variance of \$2,044,016 due to lower ridership because of the pandemic. There is a projected unfavorable budget variance of \$2,149,248 in Federal Preventative Maintenance due to JTA's intention of shifting these funds from the Bus Division to the Skyway Division for anticipated preventative maintenance. In Operating Expenses, there are projected unfavorable budget variances in Salaries and Fringe Benefits of \$1,350,778 and 1,733,699, respectively, due mainly to hazard pay for union employees. This is offset by favorable budget variances projected in various expenditure lines, including \$1,883,222 in a Contingency that is projected not to be spent, and a favorable variance of \$2,469,301 for a Transfer to the CTC due to lower than budgeted ridership as a result of the pandemic.

JTA has been awarded a total of \$76,260,029 in CARES Act funding related to the pandemic on a reimbursement basis. JTA has received a total of \$30,092,692, of which \$3,533,293 has been received in Fiscal Year 2020/21.

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 primarily due to higher expenses for repairs. If these projections hold true, then JTA will need to file legislation to amend their Fiscal Year 2020/21 budget.

General Fund/Engineering Division

Although the General Fund/Engineering Division shows a surplus of \$5,128,294 in actual revenues and expenditures, JTA is projecting a favorable budget variance of \$4,685,984 at year end. Operating Revenues is projecting a favorable budget variance of \$4,831,318 which is due to a favorable budget variance of \$5,431,618 in Non-Transportation Revenue because of the sale of property and the settlement of a legal claim, which is being partially offset by an unfavorable budget variance in Interest Earnings of \$600,300. In Operating Expenditures, there are unfavorable budget variances projected in Salaries and Wages of \$421,492, Fringe Benefits of \$50,770, and Services of \$43,957, which are offset by a positive variance of \$366,778 in a Contingency that is projected not to be spent. Also, the General Fund/Engineering Division expenditures are projected to exceed its budgetary appropriation approved by City Council. If these projections hold true, then JTA will need to file legislation to amend their Fiscal Year 2020/21 budget.

As previously mentioned in the last two quarterly summary reports, we noted that JTA needed to file legislation to amend their Fiscal Year 2018/2019 budget and Fiscal Year 2019/20 budget due to expenditures exceeding budgetary appropriation approved by City Council. The JTA Board has approved the budget amendments for Fiscal Year 2018/19 and Fiscal Year 2019/20, but legislation has not been filed. We once again recommend that JTA file legislation to amend their Fiscal Year 2018/19 and Fiscal Year 2019/20 budgets as soon as possible.

Jacksonville Port Authority

The Jacksonville Port Authority's (JPA) financial report for the six months ending March 31, 2021 indicates no budgetary stress. However, JPA is projecting a \$2,000,000 unfavorable budget variance in Cruise Revenue due to the COVID-19 pandemic. This is offset by a projected \$1,959,531 favorable variance in Other Operating Revenues due to higher than budgeted dredge permit fees, vessel lay-up fees, and one-time dockage fees, as well as projected favorable variances of \$1,207,871 and \$303,989 in Container and Auto Revenue, respectively. For Total Operating Expenditures, JPA is projecting a favorable variance of \$1,006,405 due to the management of expenses. Overall, JPA is projecting year-end Net Income Before Transfers of \$13,664,587, with \$10,444,640 being transferred to Operating Capital Outlay and a surplus of \$3,219,947 remaining.

Jacksonville Aviation Authority

Jacksonville Aviation Authority's (JAA) financial report for the six months ending March 31, 2021 indicates an end of quarter surplus of \$11,482,661 before a \$187,062 transfer from the Passenger Facility Charge (PFC) Reserve and a \$11,669,723 transfer to Retained Earnings. Operating Revenues experienced no budgetary stress and are projected to experience a favorable budget variance of \$3,888,395 at year end due to increases in Concessions revenue from non-airline passenger related car rentals and Fees & Charges revenue related to increased aircraft landing weights, cargo, and other aircraft ground support activity. Even though Enplanements improved in the second quarter (when compared to the first quarter of the current fiscal year),

they are still down 45.62% when compared to the second quarter of the previous fiscal year. Operating Expenditures are projected to experience a favorable budget variance of \$6,888,914 due to decreases in expenses related to the projected level of passenger traffic. JAA is projecting a balanced budget at year end. However, if their projections hold true, then JAA's expenditures are projected to exceed its budgetary appropriation approved by City Council and JAA will need to file legislation to amend their Fiscal Year 2020/21 budget. JAA has received a total of \$25.8 million in CARES Act funds, with \$11.2 million received in Fiscal Year 2020/21.

DEBT RATINGS

In an effort to monitor any significant changes in debt ratings on outstanding debt issued by the Independent Agencies, we asked that the Independent Agencies who issue bonds to provide rating information on a quarterly basis. There were no changes to the debt ratings of the Independent Agencies during the first quarter.

Please refer to page 22 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

April 28, 2021

SUBJECT: QUARTERLY FINANCIAL SUMMARY – March 31, 2021

FROM: Joseph E. Orfano, Interim VP, Financial Services and Treasurer, 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 six months ended March 31, 2021, JEA contributed \$60.0 million to the City's General Fund. JEA also paid to the City \$44.5 million in Public Service Taxes and \$19.3 million in City of Jacksonville Franchise Fees for a total combined payment to the City of \$123.8 million. This represents an increase of \$1.4 million from prior year.

The Electric System experienced a positive fund balance of \$0.3m for the six months ended March 31, 2021. This represents 0.02% of the original annual operating budget. The annual projection for the Electric System shows a balanced budget.

The Water and Wastewater System produced a positive fund balance of \$1.8 million for the six months ended March 31, 2021. This represents 0.36% 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 negative fund balance of \$0.06 million for the six months ended March 31, 2021, while the annual projection shows a balanced budget. JEA is currently evaluating options to provide District Energy services to the new JEA headquarters and Ed Ball buildings. Once final cost estimates have been determined, there may be a need for a FY21 budget amendment for District Energy Projects.

JEA experienced no budgetary stress during the six months ended March 31, 2021.

JEA is actively monitoring the credit markets in order to efficiently manage debt. A schedule of JEA's bond ratings as of March 31, 2021 is included with this report.

Joseph E. Orfano
Joseph E. Orfano
Interim VP, Financial Services
and Treasurer

Attachments: As noted

JEA QUARTERLY FINANCIAL SUMMARY - ELECTRIC SYSTEM
March 31, 2021

ASSETS:				LIABILITIES & EQUITY:	
Cash and Investments	280,669,000			Current Liabilities	132,895,000
Other Current Assets	168,095,000			Other Liabilities	2,401,816,000
Fixed and Other Assets	3,498,083,000			Fund Equity (Net Assets)	1,412,136,000
TOTAL ASSETS	3,946,847,000			TOTAL LIABILITIES & EQUITY	3,946,847,000
	Revised Budget	As of 6 Months Actual	Projected	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)	
FUEL RELATED REVENUES & EXPENSES:					
FUEL REVENUES	410,912,775	182,183,975	395,885,585	-15,027,190	
Total Net Fuel Revenues	410,912,775	182,183,975	395,885,585	-15,027,190	
FUEL EXPENSES					
Transfer To/(From) Rate Stabilization, Net	35,506,030	3,012,583	-2,036,909	37,542,939	
Fuel & Purchased Power (1)	375,406,745	179,171,392	397,922,494	-22,515,749	
Total Fuel & Purchased Power	410,912,775	182,183,975	395,885,585	15,027,190	
FUEL SURPLUS/(DEFICIT)	0	0	0	0	
BASE RELATED REVENUES & EXPENSES:					
BASE OPERATING REVENUES					
Base Rate Revenues	793,579,500	357,998,588	770,712,009	-22,867,491	
Environmental Charge Revenue	7,814,100	3,468,453	7,532,299	-281,801	
Conservation Charge & Demand Side Revenue	768,600	299,818	699,541	-69,059	
Other Revenues	131,989,836	119,870,055	132,440,661	450,825	
Natural Gas Pass Through Revenue	967,784	392,834	876,728	-91,056	
Total Base Related Revenues	935,119,820	482,029,748	912,261,238	-22,858,582	
BASE OPERATING EXPENSES					
Operating and Maintenance	239,699,869	95,869,934	211,609,532	28,090,337	
Environmental	1,891,598	352,750	1,134,250	757,348	
Conservation & Demand-side Management	6,422,909	2,141,118	5,364,921	1,057,988	
Natural Gas Pass Through Expense	915,183	498,490	956,074	-40,891	
Non-Fuel Purchased Power	72,642,571	33,435,978	67,757,264	4,885,307	
Non-Fuel Uncollectibles & PSC Tax	2,606,030	1,156,581	2,218,988	387,042	
Emergency Contingency	5,000,000	0	5,000,000	0	
Total Base Related Expenses	329,178,160	133,454,851	294,041,029	35,137,131	
BASE OPERATING INCOME	605,941,660	348,574,897	618,220,209	12,278,549	
NON-OPERATING REVENUE					
Investment Income	7,962,574	1,976,377	5,957,665	-2,004,909	
Total Non-Operating Revenue	7,962,574	1,976,377	5,957,665	-2,004,909	
NON-OPERATING EXPENSES					
Debt Service	238,022,041	170,087,772	232,722,926	5,299,115	
Demand-side Management - Rate Stabilization	750,691	1,014,421	1,545,670	-794,979	
Rate Stabilization - Debt Management	0	0	0	0	
Environmental - Rate Stabilization	-9,423,646	-489,538	-8,579,870	-843,776	
Total Non-Operating Expenses	229,349,086	170,612,655	225,688,726	3,660,360	
BASE INCOME BEFORE TRANSFERS	384,555,148	179,938,619	398,489,148	13,934,000	
City Contribution	-93,609,555	-46,804,778	-93,609,555	0	
Interlocal Agreement	0	0	0	0	
Renewal & Replacements	-64,012,472	-31,270,125	-62,540,250	1,472,222	
Operating Capital Outlay	-217,292,441	-98,000,000	-227,361,425	-10,068,984	
Operating Capital Outlay - Environmental	-9,640,680	-3,605,241	-14,977,918	-5,337,238	
Operating Contingency	0	0	0	0	
BASE SURPLUS/(DEFICIT)	0	258,475	0	0	
TOTAL SURPLUS/(DEFICIT)	0	258,475	0	0	
TOTAL REVENUES	1,353,995,169	666,190,100	1,314,104,488		
TOTAL APPROPRIATIONS	1,353,995,169	665,931,625	1,314,104,488		

(1) March 31, 2021 fuel fund reserve balance equals \$76.4MM

JEA QUARTERLY FINANCIAL SUMMARY - WATER & WASTEWATER SYSTEM

March 31, 2021

ASSETS:		LIABILITIES & EQUITY:	
Cash and Investments	74,406,000	Current Liabilities	33,213,000
Other Current Assets	113,236,000	Other Liabilities	1,690,376,000
Fixed and Other Assets	3,352,775,000	Fund Equity (Net Assets)	1,816,828,000
TOTAL ASSETS	<u><u>3,540,417,000</u></u>	TOTAL LIABILITIES & EQUITY	<u><u>3,540,417,000</u></u>

	Revised Budget	As of 6 Months Actual	Projected	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES AND EXPENSES:				
OPERATING REVENUES				
Water and Sewer Revenues	437,545,588	206,270,008	426,974,149	-10,571,439
Environmental Revenues	27,777,750	11,738,811	25,684,865	-2,092,885
Other Revenues	14,600,000	7,751,622	11,003,104	-3,596,896
Total Operating Revenues	<u>479,923,338</u>	<u>225,760,441</u>	<u>463,662,118</u>	<u>-16,261,220</u>
OPERATING EXPENSES				
Operating and Maintenance	175,430,345	73,563,482	164,985,986	10,444,359
Environmental CUP-DSM	2,394,238	1,522,225	864,713	1,529,525
Uncollectibles	1,395,970	637,881	1,315,963	80,007
Emergency Contingency	1,000,000	0	1,000,000	0
Total Operating Expenses	<u>180,220,553</u>	<u>75,723,588</u>	<u>168,166,662</u>	<u>12,053,891</u>
OPERATING INCOME	<u>299,702,785</u>	<u>150,036,853</u>	<u>295,495,456</u>	<u>-4,207,329</u>
NON-OPERATING REVENUES AND EXPENSES:				
NON-OPERATING REVENUES				
Investment Income	2,975,171	1,277,488	2,765,074	-210,097
Capacity/Extension Fees	29,388,151	19,190,525	38,381,050	8,992,899
Contributed Capital	0	61,057	61,057	61,057
Total Non-Operating Revenues	<u>32,363,322</u>	<u>20,529,070</u>	<u>41,207,181</u>	<u>8,843,859</u>
NON-OPERATING EXPENSES				
Debt Service	65,436,531	30,544,338	61,123,521	4,313,010
Environmental - Rate Stabilization	0	5,402,037	3,201,248	-3,201,248
Total Non-Operating Expenses	<u>65,436,531</u>	<u>35,946,375</u>	<u>64,324,769</u>	<u>1,111,762</u>
INCOME BEFORE TRANSFERS	<u>266,629,576</u>	<u>134,619,548</u>	<u>272,377,868</u>	<u>5,748,292</u>
City Contribution	-26,402,695	-13,201,347	-26,402,695	0
Interlocal Agreements	-942,201	-942,201	-942,201	0
Renewal & Replacements	-26,606,100	-13,303,050	-26,606,100	0
Operating Capital Outlay	-166,506,917	-83,675,610	-166,917,081	-410,164
Environmental Capital Outlay	-16,783,512	-2,393,567	-13,067,684	3,715,828
Capacity/Extension Fees	-29,388,151	-19,190,525	-38,381,050	-8,992,899
Contributed Capital	0	-61,057	-61,057	-61,057
Operating Contingency	0	0	0	0
TOTAL SURPLUS/(DEFICIT)	<u>0</u>	<u>1,852,191</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>512,286,660</u>	<u>246,289,511</u>	<u>504,869,299</u>	
TOTAL APPROPRIATIONS	<u>512,286,660</u>	<u>244,437,320</u>	<u>504,869,299</u>	

JEA QUARTERLY FINANCIAL SUMMARY - DISTRICT ENERGY SYSTEM

March 31, 2021

ASSETS:		LIABILITIES & EQUITY:	
Cash and Investments	1,302,000	Current Liabilities	72,000
Other Current Assets	258,000	Other Liabilities	32,101,000
Fixed and Other Assets	<u>36,862,000</u>	Fund Equity (Net Assets)	<u>6,249,000</u>
TOTAL ASSETS	<u>38,422,000</u>	TOTAL LIABILITIES & EQUITY	<u>38,422,000</u>

	Revised Budget	As of 6 Months Actual	Projected	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES AND EXPENSES:				
OPERATING REVENUES				
Operating Revenue	<u>9,328,327</u>	<u>3,658,763</u>	<u>8,535,101</u>	<u>-793,226</u>
Total Operating Revenues	<u>9,328,327</u>	<u>3,658,763</u>	<u>8,535,101</u>	<u>-793,226</u>
OPERATING EXPENSES				
Operating and Maintenance	<u>5,193,927</u>	<u>1,994,770</u>	<u>4,369,884</u>	<u>824,043</u>
Total Operating Expenses	<u>5,193,927</u>	<u>1,994,770</u>	<u>4,369,884</u>	<u>824,043</u>
OPERATING INCOME	<u>4,134,400</u>	<u>1,663,993</u>	<u>4,165,217</u>	<u>30,817</u>
NON-OPERATING REVENUES AND EXPENSES:				
NON-OPERATING REVENUES				
Investment Income	<u>0</u>	<u>1,463</u>	<u>1,463</u>	<u>1,463</u>
Total Non-Operating Revenues	<u>0</u>	<u>1,463</u>	<u>1,463</u>	<u>1,463</u>
NON-OPERATING EXPENSES				
Debt Service	<u>3,023,891</u>	<u>1,511,946</u>	<u>3,023,891</u>	<u>0</u>
Rate Stabilization - Debt Management	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Operating Expenses	<u>3,023,891</u>	<u>1,511,946</u>	<u>3,023,891</u>	<u>0</u>
INCOME BEFORE TRANSFERS	<u>1,110,509</u>	<u>153,510</u>	<u>1,142,789</u>	<u>32,280</u>
Renewal & Replacements	<u>-437,313</u>	<u>-216,475</u>	<u>-435,132</u>	<u>2,181</u>
Operating Capital Outlay	<u>-673,196</u>	<u>0</u>	<u>-707,657</u>	<u>-34,461</u>
TOTAL SURPLUS/(DEFICIT)	<u>0</u>	<u>-62,965</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	9,328,327	3,660,226	8,536,564	
TOTAL APPROPRIATIONS	9,328,327	3,723,191	8,536,564	

**JEA QUARTERLY FINANCIAL SUMMARY
RATE STABILIZATION AND FUEL RECOVERY FUNDS
March 31, 2021**

**FUEL RATE
STABILIZATION
FUND**

\$73,347,266	October 1, 2020 Balance
3,012,583	Transfers to Fuel Rate Stabilization
-	Withdrawals from Fuel Rate Stabilization
\$76,359,849	Stabilization Balance as of March 31, 2021



**JACKSONVILLE
TRANSPORTATION
AUTHORITY**

Administration

121 W. Forsyth Street,
Suite 200
Jacksonville, FL 32202

Operations

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

Main (904) 630-3181
Fax (904) 630-3166
www.jtafla.com

April 30, 2021

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 March 31, 2021. I am including a full-year projection variance narrative for each division.

The COVID-19 pandemic has had a continuing negative impact on the JTA's FY21 financial results. Anticipated revenue deficits for FY21 were offset through a combination of strategic cost containment initiatives and funds from the CARES Act. JTA was the recipient of CARES Act funding by virtue of being the designated recipient of formula funding from the Federal Transit Administration.

Bus Fund

Bus revenues are projected to be unfavorable for the year primarily due to a decrease in local option gas tax driven by higher debt service payment associated with the Series 2020 bond issue, and lower projected passenger fares. Sales taxes are expected to be substantially favorable to budget and will result in a lower allocation of CARES Act funding. Expenses are projected to be slightly under budget, as the operating contingency is sufficient to cover any line item variances.

CTC Fund (Connexion)

The forecast for Connexion reflects expenses under budget by \$3.2 million primarily resulting from lower ridership due to the pandemic. As a result, the transfer from the Bus fund is expected to be \$2.5 million lower 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 slightly unfavorable primarily due to repairs needed to ensure the Skyway continues to run safely and reliably. As a result, the transfer from the Bus fund is forecast to be over budget by \$0.4 million. 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 revenues due to the unexpected length of time the Ferry was closed. Expenses are also projected to be below budget, as most expense categories are expected to be favorable. The transfer from the Bus fund is forecast to be \$0.2 million lower than budgeted.

General Fund

The General Fund revenues are projected to be higher than budget due to the sale of surplus property. Expenses are expected to be over budget primarily due to higher salaries expense which is directly related to the elimination of supplemented staff wage recovery from projects as these funds are redirected to cover design and construction costs.

Please call me at 632-5520 if you have any questions about these quarterly reports.

Respectfully,

Kendra Burton

Kendra Burton
Manager, Financial Planning and Analysis
Jacksonville Transportation Authority

cc: Nathaniel P. Ford, Sr.
Greg Hayes
Khisha Dukes

Jacksonville Transportation Authority
 Mass Transit Division - Bus
 Quarterly Summary
 For The Period Ended
 March 31, 2021

BALANCE SHEET INFORMATION

Cash & Investments	-\$1,808,826	Current Liabilities	\$9,904,482
Current Assets	295,635,927	Other Liabilities	301,916,618
Fixed Assets	<u>190,755,343</u>	Fund Equity	<u>172,761,344</u>
Total Assets	<u><u>\$484,582,444</u></u>	Total Liab. & Equity	<u><u>\$484,582,444</u></u>

BUDGET INFORMATION

	FY21 Original Budget	6 MOS YTD Actual	FY21 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$24,647,593	\$10,263,262	\$15,726,524	-\$8,921,069
Local Option Gas Tax	18,056,827	8,658,134	17,316,268	-740,559
Net Sales Tax - Operating	54,937,209	33,854,108	67,708,216	12,771,007
Passenger Fares	8,296,692	2,876,338	6,252,676	-2,044,016
Federal Preventative Maintenance	2,500,000	175,376	350,752	-2,149,248
Non-Transportation Revenue	600,995	616,263	732,526	131,531
Interest Earnings	<u>1,580</u>	<u>0</u>	<u>0</u>	<u>-1,580</u>
Total Operating Revenues	<u>\$109,040,896</u>	<u>\$56,443,481</u>	<u>\$108,086,962</u>	<u>-\$953,934</u>
<u>Operating Expenditures</u>				
Salaries and Wages	\$36,655,904	\$20,016,341	\$38,006,682	-\$1,350,778
Fringe Benefits	19,172,747	10,953,223	20,906,446	-1,733,699
Fuel and Lubricants	4,672,344	1,598,761	4,197,522	474,822
Materials and Supplies	5,157,568	1,862,861	5,325,722	-168,154
Services	16,511,591	9,860,607	16,821,214	-309,623
Insurance	584,801	244,329	488,658	96,143
Travel/Training/Dues & Subscriptions	339,333	159,687	319,374	19,959
All Other/Miscellaneous	2,405,099	955,557	2,281,114	123,985
Contingency	1,883,222	0	0	1,883,222
Transfer to CTC (ADA expense)	13,310,635	5,660,267	10,841,334	2,469,301
Transfer to Skyway	6,628,157	3,758,195	6,976,691	-348,534
Transfer to Ferry	<u>1,719,495</u>	<u>1,038,958</u>	<u>1,884,916</u>	<u>-165,421</u>
Total Operating Expenditures	<u>\$109,040,896</u>	<u>\$56,108,786</u>	<u>\$108,049,673</u>	<u>\$991,223</u>
Surplus/(Deficit)	<u><u>\$0</u></u>	<u><u>\$334,695</u></u>	<u><u>\$37,289</u></u>	<u><u>\$37,289</u></u>

Jacksonville Transportation Authority
 Mass Transit Division - CTC
 Quarterly Summary
 For The Period Ended
 March 31, 2021

BALANCE SHEET INFORMATION

Cash & Investments	\$656,972	Current Liabilities	\$1,824,405
Current Assets	74,479,352	Other Liabilities	76,055,190
Fixed Assets	1,319,155	Fund Equity	-1,424,116
Total Assets	\$76,455,479	Total Liab. & Equity	\$76,455,479

BUDGET INFORMATION

	FY21 Original Budget	6 MOS YTD Actual	FY21 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$542,036	\$79,182	\$558,364	\$16,328
Passenger Fares	1,222,311	337,159	1,003,318	-218,993
State Transportation Disadvantaged Funds	2,090,616	951,678	2,053,356	-37,260
City of Jacksonville (Paratransit Contribution)	1,496,760	748,380	1,496,760	0
Federal Preventative Maintenance	1,000,000	166,667	533,334	-466,666
Non-Transportation Revenue	3,129	11	22	-3,107
Transfer from Bus Operations	13,310,635	5,660,267	10,841,334	-2,469,301
Total Operating Revenues	\$19,665,487	\$7,943,344	\$16,486,488	-\$3,178,999
<u>Operating Expenditures</u>				
Salaries and Wages	\$2,818,512	\$912,434	\$1,824,868	\$993,644
Fringe Benefits	1,184,868	767,701	1,285,402	-100,534
Fuel and Lubricants	1,370,890	416,656	1,133,312	237,578
Materials and Supplies	944,421	229,789	909,578	34,843
Services	12,682,596	5,532,856	11,065,712	1,616,884
Insurance	2,847	2,981	5,962	-3,115
Travel/Training/Dues & Subscriptions	60,288	26,796	53,392	6,896
All Other/Miscellaneous	118,065	54,131	208,262	-90,197
Contingency	483,000	0	0	483,000
Total Operating Expenditures	\$19,665,487	\$7,943,344	\$16,486,488	\$3,178,999
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
 Mass Transit Division - Skyway
 Quarterly Summary
 For The Period Ended
 March 31, 2021

BALANCE SHEET INFORMATION

Cash & Investments	\$27,457	Current Liabilities	\$981,861
Current Assets	43,638,625	Other Liabilities	47,884,013
Fixed Assets	66,609,032	Fund Equity	61,409,240
Total Assets	\$110,275,114	Total Liab. & Equity	\$110,275,114

BUDGET INFORMATION

	FY21 Original Budget	6 MOS YTD Actual	FY21 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$136,870	\$52,472	\$191,644	\$54,774
Federal Preventative Maintenance	500,000	0	500,000	0
Non-Transportation Revenue	13,000	0	13,000	0
Transfer from Bus Operations	6,628,157	3,758,195	6,976,691	348,534
Total Operating Revenues	\$7,278,027	\$3,810,667	\$7,681,335	\$403,308
<u>Operating Expenditures</u>				
Salaries and Wages	\$2,469,906	\$1,352,682	\$2,405,365	\$64,541
Fringe Benefits	1,337,877	804,465	1,408,930	-71,053
Fuel and Lubricants	8,961	909	1,818	7,143
Materials and Supplies	1,062,522	582,944	1,665,888	-603,366
Services	1,339,505	651,446	1,502,892	-163,387
Insurance	497,512	189,010	378,020	119,492
Travel/Training/Dues & Subscriptions	25,535	11,298	22,596	2,939
All Other/Miscellaneous	344,209	217,913	295,826	48,383
Contingency	192,000	0	0	192,000
Total Operating Expenditures	\$7,278,027	\$3,810,667	\$7,681,335	-\$403,308
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
 Mass Transit Division - Ferry
 Quarterly Summary
 For The Period Ended
 March 31, 2021

BALANCE SHEET INFORMATION

Cash & Investments	-\$6,912	Current Liabilities	\$590,980
Current Assets	27,097,618	Other Liabilities	28,958,948
Fixed Assets	19,465,814	Fund Equity	17,006,592
Total Assets	\$46,556,520	Total Liab. & Equity	\$46,556,520

BUDGET INFORMATION

	FY21 Original Budget	6 MOS YTD Actual	FY21 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Federal, State & Local Grants	\$0	\$0	\$0	\$0
Passenger Fares	1,321,289	349,800	849,600	-471,689
Non-Transportation	0	0	0	0
Transfer from Bus Operations	1,719,495	1,038,958	1,884,916	165,421
Total Operating Revenues	\$3,040,784	\$1,388,758	\$2,734,516	-\$306,268
<u>Operating Expenditures</u>				
Salaries and Wages	\$228,413	\$118,656	\$237,312	-\$8,899
Fringe Benefits	67,799	59,216	118,432	-50,633
Fuel and Lubricants	294,524	72,736	145,472	149,052
Materials and Supplies	17,430	2,878	5,756	11,674
Services	2,248,676	1,064,453	2,128,906	119,770
Insurance	54,464	25,862	51,724	2,740
Travel/Training/Dues & Subscriptions	7,817	4,484	5,968	1,849
All Other/Miscellaneous	46,661	40,473	40,946	5,715
Contingency	75,000	0	0	75,000
Total Operating Expenditures	\$3,040,784	\$1,388,758	\$2,734,516	\$306,268
Surplus/(Deficit)	\$0	\$0	\$0	\$0

Jacksonville Transportation Authority
 General Fund
 Quarterly Summary
 For the Period Ended
 March 31, 2021

BALANCE SHEET INFORMATION

Cash & Investments	\$61,106,589	Current Liabilities	\$600,233
Current Assets	65,804,040	Other Liabilities	2,296,559
Fixed Assets	<u>0</u>	Fund Equity	<u>124,013,837</u>
TOTAL ASSETS	<u><u>\$126,910,629</u></u>	TOTAL LIAB & EQUITY	<u><u>\$126,910,629</u></u>

BUDGET INFORMATION

	FY21 Original Budget	6 MOS YTD Actual	FY21 Projected	Projected Favorable (Unfavorable) Budget Variance
<u>Operating Revenues</u>				
Net Sales Tax - Operating	\$2,032,848	\$1,016,424	\$2,032,848	\$0
Non-Transportation Revenue	95,706	5,527,324	5,527,324	5,431,618
Interest Earnings	<u>763,700</u>	<u>81,700</u>	<u>163,400</u>	<u>-600,300</u>
Total Operating Revenues	<u><u>\$2,892,254</u></u>	<u><u>\$6,625,448</u></u>	<u><u>\$7,723,572</u></u>	<u><u>\$4,831,318</u></u>
<u>Operating Expenditures</u>				
Salaries & Wages	\$1,096,082	\$758,787	\$1,517,574	-\$421,492
Fringe Benefits	417,332	409,051	468,102	-50,770
Materials and Supplies	26,432	-8,417	18,166	8,266
Services	913,407	278,682	957,364	-43,957
Insurance	513	689	1,378	-865
Training/Travel/Dues & Subscriptions	14,164	8,630	15,260	-1,096
All Other/Miscellaneous	57,546	49,872	59,744	-2,198
Contingency	<u>366,778</u>	<u>0</u>	<u>0</u>	<u>366,778</u>
Total Operating Expenditures	<u><u>\$2,892,254</u></u>	<u><u>\$1,497,294</u></u>	<u><u>\$3,037,588</u></u>	<u><u>-\$145,334</u></u>
Surplus/(Deficit)	<u><u>\$0</u></u>	<u><u>\$5,128,154</u></u>	<u><u>\$4,685,984</u></u>	<u><u>\$4,685,984</u></u>



April 29, 2021

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 3-31-21

Dear Ms. Taylor:

Enclosed is the Jacksonville Port Authority Unaudited Quarterly Report as of March 31, 2021.

Revenue projections for FY2021 reflect positive trends in containers, auto, break-bulk, and other revenue categories through the first six months of the year, resulting in favorable variances in the YTD forecast. Other revenues, which include dredge permit fees, vessel lay-up fees, and one-time dockage fees account for approximately \$2 million in positive other revenue variances. Cruise revenue projections FY 2021 have been adjusted to zero versus a budget of \$2 million. Expenses are well managed, forecasting modest savings to budget in most line items, with the exception of berth maintenance dredging. JAXPORT anticipates no budgetary stress in fiscal year 2021.

As of March 31, 2021, JAXPORT Bond Ratings (unchanged) are as follows:

Fitch – A (Affirmed Rating – April 2021)

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

MM/bd
Attachments

JACKSONVILLE PORT AUTHORITY
QUARTERLY REPORT SUMMARY
For the Six Months Ending March 31, 2021
UNAUDITED

BALANCE SHEET

Cash and Investments	\$38,474,075	Current Liabilities	\$10,300,010
Accounts Receivable & Other Assets	42,426,994	Notes and Bonds Payable	269,886,200
Fixed Assets	845,183,545	Other Liabilities	162,055,138
TOTAL ASSETS	\$926,084,613	Net Position	483,843,265
		TOTAL LIABILITIES & EQUITY	\$926,084,613

OPERATING & NON-OPERATING ITEMS

	ORIGINAL BUDGET	YTD ACTUAL	ANNUAL PROJECTED	FAVORABLE (UNFAVORABLE) BUDGET VARIANCE
OPERATING REVENUES				
Containers	\$31,064,366	\$16,740,054	\$32,272,237	\$1,207,871
Autos	14,985,447	7,796,712	15,289,436	303,989
Military	1,270,000	473,327	1,108,327	-161,673
Break Bulk	4,093,136	2,810,656	4,857,224	764,088
Liquid Bulk	1,312,622	710,674	1,366,985	54,363
Dry Bulk	2,018,956	1,073,267	2,082,745	63,789
Cruise	2,000,000	0	0	-2,000,000
Other Operating Revenues	2,550,480	3,234,771	4,510,011	1,959,531
TOTAL OPERATING REVENUES	\$59,295,007	\$32,839,461	\$61,486,965	\$2,191,958
OPERATING EXPENDITURES				
Salaries	\$12,229,040	\$5,949,010	\$12,063,530	\$165,510
Employee Benefits	5,356,482	2,640,881	5,319,122	37,360
Services & Supplies	4,090,702	1,839,737	3,885,088	205,614
Security Services	5,009,338	2,276,540	4,781,209	228,129
Business Travel & Training	443,111	58,832	280,388	162,724
Promotion, Advertising & Dues	631,897	282,138	598,087	33,811
Utility Services	803,875	325,740	727,678	76,198
Repairs & Maintenance Projects	1,812,165	799,078	1,705,161	107,005
Crane Maintenance Pass Thru	-450,000	-176,140	-401,140	-48,860
Berth Maintenance Dredging	5,499,738	2,627,398	5,499,738	0
Miscellaneous	234,457	78,313	195,542	38,916
TOTAL OPERATING EXPENDITURES	\$35,660,805	\$16,701,527	\$34,654,401	\$1,006,405
OPERATING INCOME	\$23,634,202	\$16,137,934	\$26,832,564	\$3,198,362
NON-OPERATING REVENUES				
Investment Income	\$146,344	\$5,005	\$10,000	-\$136,344
Shared Revenue from Primary Govt	9,588,317	4,962,930	9,757,089	168,772
Other Revenue	8,500	180	4,430	-4,070
	\$9,743,161	\$4,968,115	\$9,771,519	\$28,358
NON-OPERATING EXPENSES				
Debt Service	\$22,929,363	\$11,142,132	\$22,229,363	\$700,000
Crane Relo/Demo	0	706,429	706,429	-706,429
Other Expenditures	3,360	2,024	3,704	-344
	\$22,932,723	\$11,850,585	\$22,939,496	-\$6,773
NET INCOME BEFORE CAPITAL OUTLAY AND CONTINGENCY	\$10,444,640	\$9,255,464	\$13,664,587	\$3,219,947
Transfer (to)/from Operating Capital Outlay	-\$10,444,640	-\$3,618,039	-\$10,444,640	\$0
SURPLUS (DEFICIT)	\$0	\$5,637,425	\$3,219,947	\$3,219,947
TOTAL REVENUES	\$69,038,168	\$37,807,576	\$71,258,483	
TOTAL APPROPRIATIONS	\$69,038,168	\$32,170,151	\$68,038,537	



April 30, 2021

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 six months ended March 31, 2021.

Year-to-date Operating Revenues were \$33.45 million which projects to a positive budget variance of \$3.89 million at year end. Year-to-date Operating Expenditures were \$24.61 million which projects a full-year positive budget variance of \$6.89 million at year end. The quarter closes with a positive budget Operating Income variance of \$10.78 million at year end. The Jacksonville Aviation Authority is operating in a challenging financial and operational environment, however we are 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 Carolyn Reed, 904-741-2351.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ross Jones", is written over a white rectangular background.

Ross Jones
Chief Financial Officer

Jacksonville Aviation Authority
Jacksonville, Florida
Quarterly Report Summary
For the SIX months ended March 31, 2021
UNAUDITED

Cash and investments	\$154,387,228	Current liabilities		\$27,929,596
Other current assets	10,136,318	Other liabilities		77,370,160
Fixed and other assets	517,179,995	Total equity		576,403,785
Total assets	\$681,703,541	Total liabilities and equity		\$681,703,541

	2020/2021 Revised Budget	YTD Actual	Annual Projected	Budget Variance Favorable (Unfavorable)
OPERATING REVENUES				
Concessions	\$10,351,720	\$5,179,378	\$12,068,223	\$1,716,503
Fees & Charges	16,547,348	8,388,099	18,972,944	2,425,596
Space & Facility Rentals	31,102,721	15,294,609	30,607,588	-495,133
Parking	10,730,115	3,906,454	11,015,502	285,387
Sale of Utilities	1,364,883	591,205	1,306,403	-58,480
Other Miscellaneous Operating Revenue	153,798	88,022	168,320	14,522
TOTAL OPERATING REVENUES	\$70,250,585	\$33,447,767	\$74,138,980	\$3,888,395
OPERATING EXPENDITURES				
Salaries	\$19,240,369	\$9,463,509	\$19,039,688	\$200,681
Benefits	7,937,135	3,557,821	7,535,903	401,232
Services and Supplies	16,050,716	6,045,581	13,641,662	2,409,054
Repairs & Maintenance	7,837,893	2,243,377	7,693,684	144,209
Promotion, Advertising and Dues	632,130	309,378	628,756	3,374
Registration & Travel	327,990	33,190	193,691	134,299
Insurance Expense	1,939,722	853,330	1,608,674	331,048
Cost of Goods for Sale	660,000	225,215	483,844	176,156
Utilities, Taxes & Gov't Fees	4,714,790	1,882,314	3,939,628	775,162
Operating Contingency	2,313,699	0	0	2,313,699
TOTAL OPERATING EXPENDITURES	\$61,654,444	\$24,613,715	\$54,765,530	\$6,888,914
OPERATING INCOME	\$8,596,141	\$8,834,052	\$19,373,450	\$10,777,309
NON-OPERATING REVENUES				
Passenger Facility Charges	\$8,558,827	\$2,815,999	\$6,931,998	-\$1,626,829
Investment income	1,209,000	648,281	1,296,562	87,562
Other Revenues	772,860	6,007,359	6,266,791	5,493,931
TOTAL NON-OPERATING REVENUES	\$10,540,687	\$9,471,639	\$14,495,351	\$3,954,664
NON-OPERATING EXPENDITURES				
Debt Service	\$7,270,000	\$6,769,825	\$7,274,650	-\$4,650
Other Expenditures	726,100	53,205	226,856	499,244
TOTAL NON-OPERATING EXPENDITURES	\$7,996,100	\$6,823,030	\$7,501,506	\$494,594
NET INCOME BEFORE OPERATING CAPITAL OUTLAY, PFC RESERVE AND RETAINED EARNINGS	\$11,140,728	\$11,482,661	\$26,367,295	\$15,226,567
Transfer (to) Operating Capital Outlay	-4,715,000	0	-911,293	3,803,707
Transfer (to)/from Passenger Facility Charge Reserve	-3,206,915	187,062	-641,383	2,565,532
Transfer (to)/from Retained Earnings	-3,218,813	-11,669,723	-24,814,619	-21,595,806
SURPLUS/(DEFICIT)	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$80,791,272	\$42,919,406	\$88,634,331	\$7,843,059
TOTAL APPROPRIATIONS	\$80,791,272	\$42,919,406	\$88,634,331	-\$7,843,059
FULLTIME POSITIONS	255	246	255	0
TEMPORARY EMPLOYEE HOURS	5,220	0	0	5,220

Bond Ratings for Independent Agencies				
As of March 31, 2021				
	<u>Fitch</u>	<u>S&P</u>	<u>Moody</u>	
<u>JEA</u>				
Uninsured Long Term				
Electric Senior Bonds	AA	A+	A2	
Electric Subordinated Bonds	AA	A	A3	
Uninsured Short Term				
Electric Senior Bonds	F1+	A-1	VMIG-1	
Electric Subordinated Bonds	F1+	A-1	VMIG-2	
Uninsured Long Term				
SJRPP Bonds	AA	A+	A2	
Uninsured Long Term				
Water and Sewer Senior Bonds	AA	AA+	Aa3	
Water and Sewer Subordinated Bonds	AA	AA	Aa3	
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+	A2	
District Energy System Bonds	AA	AA	A1	
<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	
Source: JEA- Joe Orfano, Interim Chief Financial Officer and Treasurer				
JTA- Kendra Burton, Manager of Financial Planning & Analysis				
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-		F2
Baa1	P-3	BBB+	A-2	BBB+		
Baa2		BBB		BBB	F3	
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