

FINANCIAL STATEMENTS

(Unaudited)

Nine Months Ended

June 30, 2011 and 2010



GREATER ORLANDO AVIATION AUTHORITY

Orlando, Florida

GREATER ORLANDO AVIATION AUTHORITY

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**MOORE STEPHENS
LOVELACE, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Authority Board
Orlando International Airport
(a Department of the Greater Orlando
Aviation Authority)
Orlando, Florida

We have reviewed the accompanying balance sheet of Orlando International Airport (a department of the Greater Orlando Aviation Authority) as of June 30, 2011, and the related statement of revenues, expenses and changes in net assets, and cash flows for each of the nine-month periods ended June 30, 2011 and 2010. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the "Authority"). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

As discussed in Note 1 of the financial statements, the financial statements of Orlando International Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of the Orlando International Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of June 30, 2011, and the changes in its financial position and its cash flows for the nine-month period ended June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our responsibility is to conduct the reviews in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The balance sheet of the Orlando International Airport as of September 30, 2010, was audited by us and we expressed an unqualified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated January 21, 2011, but we have not performed auditing procedures since that date.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
August 12, 2011

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
BALANCE SHEETS - UNAUDITED
(in thousands)

	<u>June 30,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>
ASSETS AND DEFERRALS		
Current Assets:		
Unrestricted:		
Cash and cash equivalents	\$ 150,456	\$ 129,581
Accounts receivable, less allowance for uncollectibles of \$259 and \$256	9,451	9,565
Investments	14,247	51,174
Interest receivable	164	365
Due from Orlando Executive Airport	268	472
Due from other governmental agencies	460	358
Prepaid expenses and inventory	<u>5,503</u>	<u>5,608</u>
Total unrestricted assets	<u>180,549</u>	<u>197,123</u>
Restricted:		
Cash and cash equivalents	310,621	369,649
Accounts and grants receivable	10,400	9,666
Investments	112,888	71,838
Interest receivable	801	1,168
Due from other governmental agencies	6,751	7,109
Prepaid expenses	<u>23</u>	<u>1,824</u>
Total restricted current assets	<u>441,484</u>	<u>461,254</u>
Total current assets	<u>622,033</u>	<u>658,377</u>
Noncurrent Assets		
Investments, unrestricted	51,271	25,419
Investments, restricted	<u>151,332</u>	<u>144,172</u>
Total noncurrent investments before capital assets	<u>202,603</u>	<u>169,591</u>
Capital assets, net of accumulated depreciation:		
Property and equipment	1,417,178	1,468,714
Property held for lease	488,763	506,900
Construction in progress	<u>62,140</u>	<u>27,779</u>
Total capital assets, net of accumulated depreciation	<u>1,968,081</u>	<u>2,003,393</u>
Total noncurrent assets	<u>2,170,684</u>	<u>2,172,984</u>
Total assets	<u>2,792,717</u>	<u>2,831,361</u>
Deferred swap outflow	<u>15,714</u>	<u>21,557</u>
Total Assets and Deferrals	<u>\$ 2,808,431</u>	<u>\$ 2,852,918</u>

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
BALANCE SHEETS - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>
LIABILITIES AND NET ASSETS		
Current Liabilities (Payable from Unrestricted Current Assets):		
Accounts payable and accrued liabilities	\$ 24,551	\$ 22,307
Deferred revenue	1,926	2,085
Deposits	5,857	5,599
Advance rent from tenants	5,976	6,464
Due to other governmental agencies	465	521
Accrued airline revenue sharing	<u>9,789</u>	<u>26,326</u>
Total current liabilities (payable from unrestricted current assets)	<u>48,564</u>	<u>63,302</u>
Current Liabilities (Payable from Restricted Current Assets):		
Accrued interest	14,805	30,100
Accounts payable and accrued liabilities	6,192	10,030
Deferred revenue	48	43
Due to other governmental agencies	2,322	2,643
Revenue bonds payable, current	<u>81,185</u>	<u>76,956</u>
Total current liabilities (payable from restricted current assets)	<u>104,552</u>	<u>119,772</u>
Total current liabilities	<u>153,116</u>	<u>183,074</u>
Noncurrent Liabilities:		
Revenue bonds payable, long-term	1,127,520	1,212,046
Other long-term liabilities	<u>26,735</u>	<u>23,662</u>
Total noncurrent liabilities	<u>1,154,255</u>	<u>1,235,708</u>
Total liabilities	<u>1,307,371</u>	<u>1,418,782</u>
Net Assets		
Invested in capital assets, net of related debt	888,303	883,782
Restricted:		
For debt service	163,372	181,358
For capital acquisitions	258,041	199,601
Unrestricted	<u>191,344</u>	<u>169,395</u>
Total net assets	<u>1,501,060</u>	<u>1,434,136</u>
Total Liabilities and Net Assets	<u>\$ 2,808,431</u>	<u>\$ 2,852,918</u>

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Airfield area	\$ 27,687	\$ 27,605
Terminal area	102,495	96,051
Ground transportation	102,702	92,568
Other buildings and grounds	11,476	10,522
Hotel	<u>25,892</u>	<u>24,787</u>
Total operating revenues	<u>270,252</u>	<u>251,533</u>
Operating Expenses		
Operations and facilities	83,803	78,870
Safety and security	12,756	11,576
Administration	19,051	18,459
Hotel	19,823	19,368
Other	<u>7,239</u>	<u>7,452</u>
Total operating expenses before depreciation	<u>142,672</u>	<u>135,725</u>
Operating income before depreciation	127,580	115,808
Depreciation	<u>(87,157)</u>	<u>(82,394)</u>
Operating income	40,423	33,414
Nonoperating Revenues (Expenses)		
Investment income	3,790	4,783
Net (decrease) increase in the fair value of investments	(707)	902
Interest expense	(49,059)	(50,771)
Signatory airline net revenue sharing	(9,789)	(10,035)
Passenger facility charges	54,177	51,422
Customer facility charges	17,916	16,977
Federal, state and other grants	1,067	817
Other	<u>1,191</u>	<u>416</u>
Income before capital contributions	59,009	47,925
Capital Contributions	<u>7,915</u>	<u>32,761</u>
Increase in net assets	66,924	80,686
Total Net Assets, Beginning of Period	<u>1,434,136</u>	<u>1,377,169</u>
Total Net Assets, End of Period	<u>\$ 1,501,060</u>	<u>\$ 1,457,855</u>

See accompanying independent accountants' review report and notes to financial statements.

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 270,255	\$ 251,078
Cash paid to suppliers and governmental agencies	(103,842)	(93,288)
Cash paid to employees for services	<u>(33,569)</u>	<u>(33,491)</u>
Net cash provided by operating activities	<u>132,844</u>	<u>124,299</u>
Cash flows from non-capital financing activities		
Operating grants and passenger facility charges received	2,257	1,595
Cash paid to airlines	<u>(26,326)</u>	<u>(19,000)</u>
Net cash used for non-capital financing activities	<u>(24,069)</u>	<u>(17,405)</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	6,355	319,058
Passenger facility charges	53,154	50,081
Customer facility charges	17,797	16,525
Bond issue costs	-	(3,835)
Principal payments – bonds and notes	(86,760)	(218,949)
Interest paid	(61,478)	(58,248)
Acquisition and construction of capital assets	(50,930)	(90,304)
Capital contributed by federal grants and state agencies	<u>7,872</u>	<u>25,713</u>
Net cash (used for) provided by capital and related financing activities	<u>(113,990)</u>	<u>40,041</u>
Cash flows from investing activities		
Purchase of investments	(420,716)	(466,049)
Proceeds from sale and maturity of investments	383,178	184,025
Interest received	<u>4,600</u>	<u>3,873</u>
Net cash used for investing activities	<u>(32,938)</u>	<u>(278,151)</u>
Net decrease in cash and cash equivalents	(38,153)	(131,216)
Cash and Cash Equivalents, Beginning of Period	<u>499,230</u>	<u>498,356</u>
Cash and Cash Equivalents, End of Period (1)	<u>\$ 461,077</u>	<u>\$ 367,140</u>
(1) Cash and Cash Equivalents – Current Assets	\$ 150,456	\$ 163,286
Cash and Cash Equivalents – Restricted Assets	<u>310,621</u>	<u>203,854</u>
	<u>\$ 461,077</u>	<u>\$ 367,140</u>

(continued)

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	2011	2010
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 40,423	\$ 33,414
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	87,157	82,394
(Increase) Decrease in operating assets		
Accounts and grants receivable	161	(648)
Due from other governmental agencies	(28)	(16)
Prepaid expenses	105	(899)
Construction in progress	-	284
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	2,272	6,133
Due to other governmental agencies	(103)	(716)
Accrued airline revenue sharing	-	360
Deferred revenue	(154)	(2,916)
Deposits	258	1,075
Advance rent from tenants	(488)	2,649
Due from other funds	168	54
Other liabilities	3,073	3,131
Total adjustments	92,421	90,885
Net cash provided by operating activities	\$ 132,844	\$ 124,299

Noncash Investing, Capital and Financing Activities

(Decrease) Increase in fair value of investments	\$ (707)	\$ 902
Army reserve property donation	\$ -	\$ 9,785

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

1. ORGANIZATION AND PURPOSE

The Orlando International Airport (OIA) functions as a self-supporting department operated by the Greater Orlando Aviation Authority (the "Authority") and uses the accrual method of accounting.

The Authority also operates Orlando Executive Airport (OEA). The department financial statements of OEA are presented separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending September 30, 2011. For further information, refer to the Authority's financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2010.

The GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB53) in June 2008 and it was adopted by the Authority in fiscal year 2010. GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. In accordance with GASB 53, the Authority determines the effectiveness of its hedging instruments at the end of each reporting period and, if deemed effective, records the fair value of the instruments and corresponding deferrals on the balance sheet. As long as the instruments remain effective, any subsequent changes to the fair value are reported as deferred inflows or outflows in the financial statements. As of June 30, 2011, the Authority has one derivative instrument outstanding, the 1997B pay-fixed, receive-variable interest rate swap. This swap is deemed effective using the consistent critical terms method and has been properly recorded in the financial statements. Disclosure related to the interest rate swap is discussed in Note 16.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), in June 2007, and it was adopted by the Authority in fiscal year 2010. The objective of GASB 51 is to establish accounting and financial reporting requirements for intangible assets. The Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. As of June 30, 2011, the Authority only has one type of intangible asset, software. Software that is internally developed or purchased by the Authority and is modified using more than minimal incremental effort before being placed into operation is considered internally generated software. Internally generated software costs should only be capitalized during the application development stage. Costs incurred during the preliminary project stage and post-implementation stage are to be expensed. Software that is not modified using more than minimal incremental effort will continue to be capitalized upon installation, as is the Authority's current practice. Retroactive reporting of internally generated software is not required and no additional disclosures beyond those of existing capital assets disclosures are necessary.

In the current period, amounts due from other governmental agencies and amounts due to other governmental agencies have been separated from the accounts receivable and accounts payable and accrued liabilities balances, respectively, and reported separately on the balance sheet. The change in the fair value of investments has also been separated from the investment income balance for clarity purposes. The prior period amounts have been reclassified to conform to the current period presentations.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

3. CASH DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents balances include amounts deposited with commercial banks in interest-bearing and non-interest bearing demand deposit accounts, as well as the Florida State Board of Administration's Local Government Surplus Investment Pool (LGIP). The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida (the Act).

The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company provided a power of attorney is delivered to the State's CFO.

The Authority follows GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The LGIP operated by the Florida State Board of Administration is a "2a-7-like" pool in accordance with GASB 31; therefore it is not presented at fair value but at its actual pooled share price which approximates fair value.

At June 30, 2011 and September 30, 2010, the fair value of all securities regardless of the balance sheet classification was as follows (in thousands):

	June 30, 2011	September 30, 2010
U.S. Treasury and government agency securities	\$ 319,085	\$ 289,139
Commercial paper	11,998	5,996
Local government investment pool	580	502
Money market funds	155,558	269,600
U.S. Equities (bankruptcy settlements)	221	-
Securities total	<u>\$ 487,442</u>	<u>\$ 565,237</u>

These securities are classified on the balance sheet as follows (in thousands):

	June 30, 2011	September 30, 2010
Current assets:		
Unrestricted:		
Cash and cash equivalents	\$ 150,456	\$ 129,581
Investments	14,247	51,174
Restricted:		
Cash and cash equivalents	310,621	369,649
Investments	112,888	71,838
Noncurrent assets:		
Investments, unrestricted	51,271	25,419
Investments, restricted	<u>151,332</u>	<u>144,172</u>
Total cash and investments	790,815	791,833
Adjustment for cash balances included in cash and cash equivalents	<u>(303,373)</u>	<u>(226,596)</u>
Total securities, at fair value	<u>\$ 487,442</u>	<u>\$ 565,237</u>

See accompanying independent accountants' review report.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

3. CASH DEPOSITS AND INVESTMENTS (continued)

The Authority is authorized to invest in securities, as described in its investment policy and in each bond resolution. As of June 30, 2011, OIA held the following investments, as categorized below, in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure – an amendment of GASB Statement No. 3*:

Investment Maturities (in thousands)					
Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and govern- ment agency securities	\$ 170,861	\$ 76,565	\$ -	\$ 71,659	\$ 319,085
Commercial paper	11,998	-	-	-	11,998
Local government investment pool	146	-	434	-	580
Money market funds	155,558	-	-	-	155,558
	\$ 338,563	\$ 76,565	\$ 434	\$ 71,659	\$ 487,221

As of June 30, 2011, the Authority had \$0.7 million invested in the State Board of Administration (SBA) LGIP and Fund B with the majority of the funds invested in Fund B. The SBA does not allow participants to withdraw funds from Fund B. As maturities occur in Fund B, the SBA transfers the moneys from Fund B to LGIP. An entry to adjust the fair value of Fund B by \$0.1 million to reflect the approximate fair value of Fund B investments at June 30, 2011 reduced the combined value of the LGIP and Fund B to \$0.6 million.

On October 26, 2010, the SBA disclosed the weighted average maturity of investments held in Fund B as of September 30, 2010 as being 7.49 years. Therefore, as of September 30, 2010, the maturity date of investments held in Fund B was adjusted from May 11, 2016 to March 25, 2018. However, because Fund B consists of restructured or defaulted securities there is a considerable uncertainty regarding the weighted average life.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they become due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue. The Authority portfolio holds a number of callable securities. The schedules above present the maturity date of the securities.

Credit Risk: The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits investments to the highest credit rating category of Moody's Investors Services (Moody's) and Standard & Poor's (S&P), and funds can only be invested in money market funds rated AAAM or AAAM-G by S&P. Investment in commercial paper is limited to those programs rated A-1, P-1, which is the highest rating category. Consistent with the Authority's investment policy and bond resolutions, instrumentality investments held in the portfolio were rated AAA by S&P and Aaa by Moody's at the time of purchase.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

3. CASH DEPOSITS AND INVESTMENTS (continued)

On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to LGIP. Fund B is not rated by any nationally recognized statistical rating agency. Additional information regarding the LGIP and Fund B may be obtained from the State Board of Administration.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investment are either held in the name of the Authority or held in trust under the Authority's name.

Concentration of Credit Risk: At June 30, 2011, the Authority held investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents) with three issuers; Federal Home Loan Bank (12.92%), Federal Home Loan Mortgage Corporation (13.37%) and Federal National Mortgage Association (12.33%). At September 30, 2010, the Authority held investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents) with three issuers; Federal Home Loan Bank (10.21%), Federal Home Loan Mortgage Corporation (14.27%) and Federal National Mortgage Association (7.41%). Each of the investments are rated either AAA by S&P or Aaa by Moody's rating agency. Standard practice limits the maximum investment in any one issuer of commercial paper to \$5 million.

4. RESTRICTED ASSETS

The Bond Resolution and the Master Indenture of Trust authorizing the issuance of the revenue bonds for OIA require segregation of certain assets into restricted accounts. Majority-in-Interest approval of the Signatory Airlines was granted for (1) the issuance of commercial paper to fund various capital improvements that impact rates and charges at OIA, and (2) the use of Airport Facilities Improvement and Development assets to pay all or a portion of project costs with reimbursement from commercial paper, state and federal grants, passenger facility charges, and/or revenue bonds. Composition of restricted accounts is as follows:

Restricted Assets (in thousands)	June 30, 2011	September 30, 2010
Debt Service Accounts	\$ 166,353	\$ 198,398
Capital Acquisition Accounts	112,866	115,082
Bond Construction Accounts	98,221	126,152
Passenger Facility Charges Account	128,279	86,609
Customer Facility Charges Account	54,483	47,625
Operating Reserve Account	32,614	31,560
Total Restricted Assets	\$ 592,816	\$ 605,426

See accompanying independent accountants' review report.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

5. CAPITAL ASSETS

A summary of capital asset activity for the nine months ended June 30, 2011 is as follows (in thousands):

	Balance October 1, 2010	Additions and Reclass- ifications	Deductions	Balance June 30, 2011
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 246,794	\$ -	\$ 30	\$ 246,764
Assets Held for Future Use	<u>78,221</u>	<u>-</u>	<u>-</u>	<u>78,221</u>
	<u>325,015</u>	<u>-</u>	<u>30</u>	<u>324,985</u>
Other Property and Equipment				
Buildings	267,978	-	-	267,978
Improvements	1,626,573	8,864	14	1,635,423
Equipment	196,762	2,704	633	198,833
Motor vehicles	<u>18,795</u>	<u>14</u>	<u>222</u>	<u>18,587</u>
	<u>2,110,108</u>	<u>11,582</u>	<u>869</u>	<u>2,120,821</u>
Accumulated Depreciation				
Buildings	111,596	6,362	-	117,958
Improvements	764,442	47,511	6	811,947
Equipment	75,698	8,033	632	83,099
Motor vehicles	<u>14,673</u>	<u>1,173</u>	<u>222</u>	<u>15,624</u>
	<u>966,409</u>	<u>63,079</u>	<u>860</u>	<u>1,028,628</u>
Net Property and Equipment	<u>1,468,714</u>	<u>(51,497)</u>	<u>39</u>	<u>1,417,178</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	<u>4,473</u>	<u>-</u>	<u>-</u>	<u>4,473</u>
Other Property and Equipment				
Buildings	896,058	1,650	-	897,708
Improvements	75,548	4,291	-	79,839
Equipment	<u>8,774</u>	<u>-</u>	<u>-</u>	<u>8,774</u>
	<u>980,380</u>	<u>5,941</u>	<u>-</u>	<u>986,321</u>
Accumulated Depreciation				
Buildings	435,989	20,094	-	456,083
Improvements	41,546	3,044	-	44,590
Equipment	<u>418</u>	<u>940</u>	<u>-</u>	<u>1,358</u>
	<u>477,953</u>	<u>24,078</u>	<u>-</u>	<u>502,031</u>
Net Property and Equip - Held for Lease	<u>506,900</u>	<u>(18,137)</u>	<u>-</u>	<u>488,763</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	<u>27,779</u>	<u>50,474</u>	<u>16,113</u>	<u>62,140</u>
Net Capital Assets	<u>\$ 2,003,393</u>	<u>\$ (19,160)</u>	<u>\$ 16,152</u>	<u>\$ 1,968,081</u>

See accompanying independent accountants' review report.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

6. NONCURRENT LIABILITIES

A summary of long-term liability activity for the nine months ended June 30, 2011 was as follows (in thousands):

	Balance October 1, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 17,880	\$ -	\$ 8,690	\$ 9,190	\$ 9,190	\$ -
Series 1998	12,910	-	2,620	10,290	2,425	7,865
Series 1999A	84,370	-	14,845	69,525	-	69,525
Series 1999B	11,760	-	11,760	-	-	-
Series 2002A	46,205	-	1,120	45,085	1,165	43,920
Series 2002B	108,500	-	485	108,015	505	107,510
Series 2003A	53,470	-	440	53,030	445	52,585
Series 2007A	141,485	-	-	141,485	-	141,485
Series 2008A	239,140	-	27,725	211,415	29,525	181,890
Series 2008C	63,238	-	4,886	58,352	6,775	51,577
Series 2009A	98,550	-	-	98,550	-	98,550
Series 2009B	11,275	-	-	11,275	-	11,275
Series 2009C	87,110	-	1,155	85,955	1,490	84,465
Series 2010A	79,705	-	-	79,705	-	79,705
Series 2010B	84,105	-	-	84,105	15,740	68,365
Series 2011A	-	6,355	-	6,355	270	6,085
Subordinated Indebtedness						
Series 1998C Gulf Breeze	15,680	-	2,305	13,375	2,420	10,955
Series 2002A Taxable	10,265	-	3,820	6,445	4,060	2,385
Secondary Subordinated Indebtedness						
Series 1997B	90,055	-	-	90,055	-	90,055
Special Purpose Facilities Bonds						
Series 2009CFC	62,800	-	6,910	55,890	7,175	48,715
Total Revenue Bonds	<u>1,318,503</u>	<u>6,355</u>	<u>86,761</u>	<u>1,238,097</u>	<u>81,185</u>	<u>1,156,912</u>
Less unamortized discounts and (premiums)	2,074	61	(722)	2,857	-	2,857
Less unamortized deferred amounts	48,984	190	6,925	42,249	-	42,249
Add interest rate swap-fair value	21,557	-	5,843	15,714	-	15,714
Net Revenue Bonds	<u>1,289,002</u>	<u>6,104</u>	<u>86,401</u>	<u>1,208,705</u>	<u>81,185</u>	<u>1,127,520</u>
Other Liabilities						
Other Post-Employment Benefits	21,440	3,894	770	24,564	-	24,564
Pollution Remediation Liability (1)	2,493	151	173	2,471	300	2,171
Total Other Liabilities	<u>23,933</u>	<u>4,045</u>	<u>943</u>	<u>27,035</u>	<u>300</u>	<u>26,735</u>
Total Long-Term Liabilities	<u>\$ 1,312,935</u>	<u>\$ 10,149</u>	<u>\$ 87,344</u>	<u>\$ 1,235,740</u>	<u>\$ 81,485</u>	<u>\$1,154,255</u>

(1) Pollution remediation liability due within one year is included in current accounts payable and accrued liabilities on the balance sheet.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

6. NONCURRENT LIABILITIES (continued)

A schedule of debt maturities is as follows (in thousands):

Revenue Bonds	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
	2011	\$ 1,665	\$ 670
	2012	81,262	55,604
	2013	82,857	51,816
	2014	119,533	46,402
	2015	72,910	42,617
	2016-2020	376,205	154,209
	2021-2025	248,960	71,208
	2026-2030	158,790	37,540
	2031-2035	51,100	17,022
	2036-2040	44,815	5,821
		<u>1,238,097</u>	<u>\$ 482,909</u>
Less unamortized premiums and discounts		(2,857)	
Less unamortized deferred amounts		(42,249)	
Add interest rate swap-fair value		15,714	
Total Revenue Bonds		<u>\$ 1,208,705</u>	

7. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the nine months ended June 30, (in thousands):

	<u>2011</u>	<u>2010</u>
Federal Grants	\$ 5,793	\$ 25,712
State of Florida Grants	2,398	3,636
Other Grants	<u>(276)</u>	<u>3,413</u>
	<u>\$ 7,915</u>	<u>\$ 32,761</u>

8. OUTSTANDING CONTRACT COMMITMENTS

As of June 30, 2011, the Authority had entered into contracts related to OIA totaling approximately \$418.8 million for construction, engineering services and equipment, approximately \$63.9 million of which remains unincurred. Grants and passenger facility charges will be utilized to fund a portion of these projects.

9. CONTINGENT LIABILITIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed costs, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

9. CONTINGENT LIABILITIES (continued)

Construction Disputes: The Authority is aware of a current dispute arising from the construction of improvements in which the contractor involved may seek additional compensation. The amount of the dispute is approximately \$180,000. In the opinion of the Authority, based on its experience in resolving similar disputes, there are sufficient assets in the Authority's construction contingency account to pay all amounts the Authority estimates will be paid in settling the construction dispute.

10. PLEDGED REVENUES

The Authority has pledged future airport revenues, net of specified operating expenses, to repay \$1.2 billion in Airport Facilities Revenue Bonds issued from 1997 to 2011. Proceeds from the bonds provided financing for various airport capital projects and refundings for previously issued debt. The bonds are payable solely from the airport system revenues and are payable through the year 2040. The Authority has agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Total principal and interest remaining on the bonds as of June 30, 2011 is \$1.7 billion with annual requirements ranging from \$2.3 million in 2011 to \$10.1 million in the final year, with the highest requirement of \$156.5 million in fiscal year 2014. For the nine-month period ended June 30, 2011, principal and interest requirements were \$99.0 million and total airport net revenues pledged for the year was \$165.8 million.

11. BOND ISSUANCE

On April 15, 2010, the Authority issued \$79.7 million in Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) (the "Series 2010A Bonds") with a true interest rate of 4.81%. The Series 2010A Bonds were issued for the purpose of providing funds, along with other available Authority funds of \$7.7 million, to finance costs of the 2010 Projects, consisting of Baggage System Improvements, Vertical Circulation and Central Plant Improvements, which are partially PFC Projects; make a deposit to the Composite Reserve Subaccount in an amount sufficient to cause the balance to equal the Composite Reserve Requirement, pay capitalized interest on the 2010A Bonds, and to pay certain costs of issuance of the Series 2010A Bonds.

On December 17, 2009, the Authority issued \$87.1 million in Airport Facilities Revenue Bonds, Series 2009C (the "Series 2009C Bonds") with a true interest rate of 4.95%. The Series 2009C Bonds were issued for the purpose of providing funds to pay costs and expenses related to improvements to Airside 1 and 3 (the "2009 PFC Project"), make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account in an amount required to bring the balance equal to the Composite Reserve Requirement, repay the PFC Fund and a portion of the Authority's commercial paper debt that was used to provide interim financing for certain costs of the 2009 PFC Project, and to pay certain costs of issuance of the Series 2009C Bonds.

On October 7, 2009, the Authority issued \$62.8 million in Special Purpose Facilities Taxable Revenue Bonds, Series 2009 (the "Series 2009 Bonds") with a true interest rate of 4.65%. The Series 2009 Bonds were issued for the purpose of providing funds, along with other available Authority funds of \$5.0 million, to pay costs and expenses associated with the design, construction and relocation of automobile rental facilities at OIA, fund the Debt Service Reserve Fund and Coverage Fund requirements, refund the Authority's taxable commercial paper debt used to provide interim financing and to pay certain costs of issuance of the Series 2009 Bonds. The Series 2009 Bonds are payable solely from and secured by a pledge of Pledged Revenues derived by the Authority from Customer Facility Charges (CFC).

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

12. DEFERRED AMOUNT ON REFUNDING OF BONDS

On March 17, 2011, the Authority issued \$6.4 million in General Airport Revenue Refunding Bonds, Series, 2011A (the "Series 2011A Bonds") with a true interest rate of 4.65%. The Series 2011A Bond proceeds, along with \$5.5 million of Authority available funds were deposited into the Bank of New York escrow account to refund \$11.5 million of outstanding Airport Facilities Revenue Bonds, Series 1999B (the "Series 1999B Bonds") and pay associated interest and certain costs of issuance.

The refunding of the Series 1999B Bonds resulted in a loss of \$0.2 million between the amount of the Series 2011A Bonds and the net carrying amount of the refunded bonds. This deferred loss is reported in the financial statements as a deduction from bonds payable and will be charged to operations over the life of the new debt using the effective-interest method. The Authority completed the advance refunding to reduce its total debt service payment over the next 17 years by approximately \$8.9 million and to obtain an economic gain (difference between the present values of the defeased and new debt service payments) of approximately \$5.7 million. The Series 1999B Bonds were considered defeased on March 17, 2011 upon deposit of the proceeds into the escrow account.

On April 15, 2010, the Authority issued \$84.1 million in Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) (the "Series 2010B Bonds") with a true interest rate of 3.51%. The Series 2010B Bonds were issued for the purpose of providing funds to refund \$85.7 million of the Airport Facilities Revenue Bonds, Series 1999A (the "Series 1999A Bonds") and pay associated interest and certain costs of issuance of the Series 2010B Bonds. From the \$84.1 million issuance and \$4.0 million premium, \$87.2 million was deposited to the Refunding Escrow Account and \$0.9 million of the proceeds were used to pay cost of issuance, including underwriter's discount.

The partial refunding of the Series 1999A Bonds resulted in a loss of \$2.2 million between the amount of the Series 2010B Bonds and the net carrying amount of the refunded bonds. This deferred loss is reported in the financial statements as a deduction from bonds payable and will be charged to operations over the life of the Series 2010B bonds using the effective-interest method. The Authority completed the advance refunding to reduce its total debt service payment over the next 8 years by approximately \$4.5 million and to obtain an economic gain (difference between the present values of the defeased and new debt service payments) of approximately \$3.8 million.

13. LINE OF CREDIT INDEBTEDNESS

On December 18, 2009, the Authority entered into an agreement with Wachovia Corporation to provide the Authority with a \$100 million line of credit. The line of credit is to be used as interim financing for capital projects in anticipation of the issuance of long-term bonds and/or receipt of grants, PFCs, CFCs, Authority funds and other permanent funding sources. The term of the line of credit is three years. An upfront fee of \$0.2 million plus attorney's fees was paid at closing from Authority funds. Fees for the unused portion of the line of credit are 25 basis points payable semi-annually. Draw fees are also payable semi-annually with taxable draws calculated based on LIBOR plus 200 basis points, adjusted monthly, and fees for tax-exempt draws are calculated at 82% of LIBOR plus 131 basis points. As of June 30, 2011, the Authority has not drawn on the available line of credit.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

14. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills, whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at \$2.2 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in its financial statements as they become probable. The summary of the environmental activity for the nine months ended June 30, 2011 related to OIA is as follows (in thousands):

	Balance 10/1/10	Additions or adjustments	Payments Current Year	Balance 6/30/11
Pollution Remediation Liability	\$ 2,493	\$ 151	\$ (173)	\$ 2,471
Unrealized Recoveries	-	-	-	-
Net Pollution Remediation Liability Recorded	<u>\$ 2,493</u>	<u>\$ 151</u>	<u>\$ (173)</u>	<u>\$ 2,471</u>

Reported as follows (shown in
Accounts Payable and Accrued
Liabilities and Other Long-Term
Liabilities)

Due within one year	\$ 272	\$ 201	\$ (173)	\$ 300
Due after one year	2,221	(50)	-	2,171
	<u>\$ 2,493</u>	<u>\$ 151</u>	<u>\$ (173)</u>	<u>\$ 2,471</u>

The Authority has certain land sites that are being evaluated for potential remediation, in accordance with GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, or are in the post-remediation stage with monitoring being completed, as necessary, at OIA. In addition, the Authority has a polluted site from chemical and fuel spills, whereas the Authority is involved in litigation at OIA. The liabilities associated with these sites are not reasonably estimable and, as such are not recorded in the financial statements.

15. AIRLINE-AIRPORT LEASE AND USE AGREEMENTS

The Airline-Airport Lease and Use Agreements provide for the sharing of net revenues after the payment of debt service and other fund deposit requirements with the Signatory Airlines. For fiscal year 2010, the net remaining revenues are divided between the Authority and the Signatory Airlines using an allocation percentage of 70% and 30%, respectively. The net remaining revenues will be divided between the Authority and the Signatory Airlines using an allocation percentage of 75% and 25%, respectively, for fiscal years 2011 through 2013. The net remaining revenues are deposited into the Discretionary Account and a liability is established for the Signatory Airline share. Checks are issued to the Signatory Airlines in the subsequent fiscal year.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

16. DERIVATIVES AND HEDGING ACTIVITIES

Objective of the swap: The Authority entered into a pay-fixed, receive-variable interest rate swap associated with the Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997B (1997B Gulf Breeze Swap) to reduce the impact of fluctuations in interest rates on the variable rate debt.

Fair value and classification: Because interest rates have declined, the 1997B Gulf Breeze Swap had a negative fair value as of June 30, 2011. The swap's negative fair value decreased by \$5.8 million from the September 30, 2010 amount. The fair values for each period were obtained from the swap counterparty, Goldman Sachs Mitsui Marine Derivative Products, L.P. (GSMMDP). In accordance with GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments*, the fair value is reflected as a liability in the revenue bonds payable, long-term section on the balance sheet with a corresponding outflow in deferrals.

Terms and risks: The notional amount of the 1997B Gulf Breeze Swap matches the principal amount of the associated debt. The Authority's swap agreement contains scheduled reductions to outstanding notional amounts that approximate scheduled or anticipated reductions in the outstanding principal amounts from debt repayments. The terms, fair value and risks of the outstanding swap as of June 30, 2011 and September 30, 2010, were as follows:

Associated Bond Issue	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	June 30, 2011 Fair Values
1997B	\$90,055,000	Jan. 1, 2003	4.45%	SIFMA	Oct. 2027	(\$15,714,404)

Associated Bond Issue	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Sept. 30, 2010 Fair Values
1997B	\$90,055,000	Jan. 1, 2003	4.45%	SIFMA	Oct. 2027	(\$21,557,443)

Credit risk: As of June 30, 2011, the Authority was not exposed to credit risk because the pay-fixed, receive-variable swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value.

Termination risk: GSMMDP has the right to terminate the 1997B Gulf Breeze Swap upon the occurrence of certain insolvency events with respect to MBIA Insurance Corporation ("MBIA"), the insurer of the payments due from the Authority under the 1997B Gulf Breeze Swap, or the occurrence of certain credit downgrades of MBIA. MBIA Inc. established an intermediate holding company, MuniCo Holdings, Inc., to which the stock of MBIA Insurance Corp. of Illinois, which was renamed National Public Finance Guarantee Corporation ("National"), was transferred. National is managed as a separate entity and dedicated solely to insuring U.S. public finance debt. Its insured portfolio consists primarily of MBIA Insurance Corp.'s U.S. public finance portfolio. If GSMMDP has notified GOAA that an insurance event has occurred and is continuing and GOAA has not, within 30 days of receiving such notice (a) provided a Credit Support Provider acceptable to GSMMDP; (b) executed a collateral agreement with GSMMDP; or (c) provided documentation from S&P establishing a rating of "A-" or better or a rating from Moody's of "A3" or better for GOAA's long-term, unsecured debt, GSMMDP can elect to exercise their right to terminate the 1997B Gulf Breeze Swap. Such an early termination would result in a cash settlement, based upon market conditions at the time of termination. The 1997B Gulf Breeze Swap also contains early termination and cash settlement provisions at the election of the Authority.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2011**

16. DERIVATIVES AND HEDGING ACTIVITIES (continued)

Basis risk: Under the 1997B Gulf Breeze Swap, GSMMDP has the right to convert the SIFMA Index based rate to a rate based upon percentage of London Interbank Offered Rate (“LIBOR”) upon the occurrence of certain taxability events. Such a conversion could result in the Authority having to pay the difference between the LIBOR-based rate and the tax-exempt variable rate.

Market-access risk: The 1997B Gulf Breeze Swap exposes the Authority to market-access risk for issues where access to the markets is limited or where that credit access will become more costly. Depending on the market conditions and the Authority’s credit position, an interim placement may not offer the same level of economic benefit as originally intended. Market access also may become an issue if the Authority decides to terminate or modify the existing swap, either because it is no longer economically beneficial or because the related debt should be restructured. The Authority would evaluate the potential effects of this risk when considering any event where market access becomes an issue.



**MOORE STEPHENS
LOVELACE, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Authority Board
Orlando Executive Airport
(a Department of the Greater Orlando
Aviation Authority)
Orlando, Florida

We have reviewed the accompanying balance sheet of Orlando Executive Airport (a department of the Greater Orlando Aviation Authority) as of June 30, 2011, and the related statement of revenues, expenses and changes in net assets, and cash flows for each of the nine-month periods ended June 30, 2011 and 2010. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the "Authority"). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

As discussed in Note 1 of the financial statements, the financial statements of Orlando Executive Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of the Orlando Executive Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of June 30, 2011, and the changes in its financial position and its cash flows for the nine-month period ended June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our responsibility is to conduct the reviews in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The balance sheet of the Orlando Executive Airport as of September 30, 2010, was audited by us and we expressed an unqualified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated January 21, 2011, but we have not performed auditing procedures since that date.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
August 12, 2011

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
BALANCE SHEETS - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 11,678	\$ 12,823
Accounts and grants receivable	35	644
Investments	7,044	5,053
Interest receivable	5	42
Due from other governmental agencies	-	36
Prepaid expenses	<u>81</u>	<u>57</u>
Total current assets	<u>18,843</u>	<u>18,655</u>
Noncurrent Assets		
Capital assets, net of accumulated depreciation:		
Property and equipment	32,173	33,400
Property held for lease	8,793	8,502
Construction in progress	<u>7</u>	<u>344</u>
Total noncurrent assets	<u>40,973</u>	<u>42,246</u>
Total Assets	<u>\$ 59,816</u>	<u>\$ 60,901</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,284	\$ 1,940
Deposits	67	67
Advance rent from tenants, current	194	194
Due to Orlando International Airport	268	472
Due to other governmental agencies	<u>560</u>	<u>565</u>
Total current liabilities	<u>3,373</u>	<u>3,238</u>
Noncurrent Liabilities		
Advance rent from tenants, long-term	2,189	2,334
Other long-term liabilities	<u>2,238</u>	<u>2,256</u>
Total noncurrent liabilities	<u>4,427</u>	<u>4,590</u>
Total liabilities	<u>7,800</u>	<u>7,828</u>
NET ASSETS		
Invested in capital assets, net of related debt	40,973	42,246
Unrestricted	<u>11,043</u>	<u>10,827</u>
Total net assets	<u>52,016</u>	<u>53,073</u>
Total Liabilities and Net Assets	<u>\$ 59,816</u>	<u>\$ 60,901</u>

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Airfield area	\$ 81	\$ 59
Terminal area	138	138
Commercial property	1,513	1,956
Other airport related	<u>447</u>	<u>462</u>
Total operating revenues	<u>2,179</u>	<u>2,615</u>
Operating Expenses		
Operations and facilities	1,005	722
Safety and security	711	711
Administration	415	395
Other	<u>274</u>	<u>437</u>
Total operating expenses before depreciation	<u>2,405</u>	<u>2,265</u>
Operating (loss) income before depreciation	(226)	350
Depreciation	<u>(1,541)</u>	<u>(1,503)</u>
Operating loss	(1,767)	(1,153)
Nonoperating Revenues		
Investment income	62	130
Federal and state grants	56	90
Other income	<u>5</u>	<u>17</u>
Loss before capital contributions	(1,644)	(916)
Capital Contributions	<u>587</u>	<u>348</u>
Decrease in net assets	(1,057)	(568)
Total Net Assets, Beginning of Period	<u>53,073</u>	<u>51,458</u>
Total Net Assets, End of Period	<u>\$ 52,016</u>	<u>\$ 50,890</u>

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 2,389	\$ 2,664
Cash paid to suppliers and governmental agencies	(1,065)	(1,433)
Cash paid to employees for services	<u>(651)</u>	<u>(612)</u>
Net cash provided by operating activities	<u>673</u>	<u>619</u>
Cash flows from non-capital financing activities		
Operating grants received	<u>61</u>	<u>107</u>
Net cash provided by non-capital financing activities	<u>61</u>	<u>107</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(610)	(413)
Capital contributed by federal grants and state agencies	<u>623</u>	<u>431</u>
Net cash provided by capital and related financing activities	<u>13</u>	<u>18</u>
Cash flows from investing activities		
Purchase of investments	(13,992)	(9,524)
Proceeds from sale and maturity of investments	12,027	10,508
Interest received	<u>73</u>	<u>160</u>
Net cash (used for) provided by investing activities	<u>(1,892)</u>	<u>1,144</u>
(Decrease) Increase in cash and cash equivalents	(1,145)	1,888
Cash and Cash Equivalents, Beginning of Period	<u>12,823</u>	<u>9,838</u>
Cash and Cash Equivalents, End of Period	<u>\$ 11,678</u>	<u>\$ 11,726</u>

(continued)

See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	<u>\$(1,767)</u>	<u>\$ (1,153)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,541	1,503
(Increase) Decrease in operating assets		
Accounts and grants receivable	609	22
Prepaid expenses	(24)	63
Construction in progress	306	-
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	344	251
Due to other governmental agencies	(5)	2
Deposits	-	50
Advance rent from tenants	(145)	(145)
Due to other funds	(168)	(54)
Other liabilities	<u>(18)</u>	<u>80</u>
Total adjustments	<u>2,440</u>	<u>1,772</u>
Net cash provided by operating activities	<u>\$ 673</u>	<u>\$ 619</u>

Noncash Investing, Capital and Financing Activities

Increase (Decrease) in fair value of investments	\$ 26	\$ (13)
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See accompanying independent accountants' review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the Nine Months Ended June 30, 2011**

1. ORGANIZATION AND PURPOSE

The Orlando Executive Airport (OEA) functions as a self-supporting department operated by the Greater Orlando Aviation Authority (the "Authority"), and uses the accrual method of accounting.

The Authority also operates Orlando International Airport (OIA). The department financial statements of OIA are presented separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending September 30, 2011. For further information, refer to the financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2010.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), in June 2007, and was adopted by the Authority in fiscal year 2010. The Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. As of June 30, 2011, the Authority only has one type of intangible asset, software. Software that is internally developed or purchased by the Authority and is modified using more than minimal incremental effort before being placed into operation is considered internally generated software. Internally generated software costs should only be capitalized during the application development stage. Software that is not modified using more than minimal incremental effort will continue to be capitalized upon installation, as is the Authority's current practice. Retroactive reporting of internally generated software is not required and no additional disclosures beyond those of existing capital assets disclosures are necessary.

In the current period, amounts due from other governmental agencies and amounts due to other governmental agencies have been separated from the accounts receivable and accounts payable and accrued liabilities balances, respectively, and reported separately on the balance sheet. The prior period amounts have been reclassified to conform to the current period presentation.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the Nine Months Ended June 30, 2011**

3. CASH DEPOSITS AND INVESTMENTS

At June 30, 2011 and September 30, 2010, the fair value of all securities regardless of the balance sheet classification was as follows (in thousands):

	June 30, 2011	September 30, 2010
U.S. Government agency securities	\$ 7,005	\$ 5,011
Local government investment pool	52	45
Securities total	<u>\$ 7,057</u>	<u>\$ 5,056</u>

These securities are classified on the balance sheet as follows (in thousands):

	June 30, 2011	September 30, 2010
Current assets:		
Cash and cash equivalents	\$ 11,678	\$ 12,823
Investments	7,044	5,053
Total cash and investments	18,722	17,876
Adjustment for cash balances included in cash and cash equivalents	(11,665)	(12,820)
Total securities, at fair value	<u>\$ 7,057</u>	<u>\$ 5,056</u>

As of June 30, 2011, OEA held the following investments, as categorized below, in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

Investment Maturities (in thousands)

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency securities	\$ 5,003	\$ 2,002	\$ -	\$ -	\$ 7,005
Local government investment pool	13	-	39	-	52
	<u>\$ 5,016</u>	<u>\$ 2,002</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 7,057</u>

As of June 30, 2011 the Authority had approximately \$62 thousand dollars of OEA funds invested in the State Board of Administration Pool with the majority of those funds invested in Fund B. A fair market value adjustment has been recorded to decrease the balance of OEA Fund B investments by approximately \$10 thousand dollars to reflect the approximate market value as of June 30, 2011. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the Nine Months Ended June 30, 2011**

4. CAPITAL ASSETS

A summary of capital asset activity for the nine months ended June 30, 2011 was as follows (in thousands):

	Balance October 1, 2010	Additions and Reclas- sifications	Deductions	Balance June 30, 2011
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 10,763	\$ -	\$ -	\$ 10,763
Other Property and Equipment				
Buildings	3,223	-	-	3,223
Improvements	44,262	-	-	44,262
Equipment	167	5	-	172
Motor vehicles	523	-	-	523
	<u>48,175</u>	<u>5</u>	<u>-</u>	<u>48,180</u>
Accumulated Depreciation				
Buildings	380	64	-	444
Improvements	24,510	1,148	-	25,658
Equipment	156	5	-	161
Motor vehicles	492	15	-	507
	<u>25,538</u>	<u>1,232</u>	<u>-</u>	<u>26,770</u>
Net Property and Equipment	<u>33,400</u>	<u>(1,227)</u>	<u>-</u>	<u>32,173</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	3,658	-	-	3,658
Other Property and Equipment				
Buildings	8,136	600	-	8,736
Improvements	829	-	-	829
	<u>8,965</u>	<u>600</u>	<u>-</u>	<u>9,565</u>
Accumulated Depreciation				
Buildings	3,621	215	-	3,836
Improvements	500	94	-	594
	<u>4,121</u>	<u>309</u>	<u>-</u>	<u>4,430</u>
Net Property and Equip - Held for Lease	<u>8,502</u>	<u>291</u>	<u>-</u>	<u>8,793</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	344	263	600	7
Net Capital Assets	<u>\$ 42,246</u>	<u>\$ (673)</u>	<u>\$ 600</u>	<u>\$ 40,973</u>

See accompanying independent accountants' review report.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the Nine Months Ended June 30, 2011**

5. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the nine-month period ended June 30, (in thousands):

	<u>2011</u>	<u>2010</u>
Federal Grants	\$ 1	\$ 221
State of Florida Grants	<u>586</u>	<u>127</u>
	<u>\$ 587</u>	<u>\$ 348</u>

6. OUTSTANDING CONTRACT COMMITMENTS

As of June 30, 2011, the Authority had entered into contracts related to OEA totaling approximately \$1.5 million for construction, engineering services and equipment, approximately \$41 thousand dollars of which remains unincurred. Grants will be utilized to fund a portion of these projects.

7. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills, whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at \$2.0 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in its financial statements as they become probable. The summary of the environmental activity for the nine months ended June 30, 2011 related to OEA is as follows (in thousands):

	<u>Balance 10/1/10</u>	<u>Additions or adjustments</u>	<u>Payments Current Year</u>	<u>Balance 6/30/11</u>
Pollution Remediation Liability	\$ 1,818	\$ -	\$ (91)	\$ 1,727
Net Pollution Remediation Liability Recorded	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ (91)</u>	<u>\$ 1,727</u>
Reported as follows (shown in Other Long-Term Liabilities and Accounts Payable and Accrued Liabilities)				
Due within one year	\$ 109	\$ 91	\$ (91)	\$ 109
Due after one year	<u>1,709</u>	<u>(91)</u>	<u>-</u>	<u>1,618</u>
	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ (91)</u>	<u>\$ 1,727</u>
Realized Recoveries (included in Cash and Cash Equivalents)	<u>\$ 1,418</u>	<u>\$ -</u>	<u>\$ (81)</u>	<u>\$ 1,337</u>

See accompanying independent accountants' review report.