

HISTORICAL OPERATING RESULTS**Historical Operating Results of the Airport**

for the fiscal years ended 2006-2010

	2006	2007	2008	2009	2010
OPERATING REVENUES					
Charges for Services	\$7,064,506	\$7,737,505	\$7,605,726	\$8,202,533	\$8,656,082
Miscellaneous	989	908	860	908	101,441
TOTAL OPERATING REVENUES	\$7,065,495	\$7,738,413	\$7,606,586	\$8,203,441	\$8,757,523
OPERATING EXPENSES					
Personal Services	1,018,160	1,255,439	1,309,867	1,336,415	1,425,680
Contractual Services	1,260,219	1,462,449	1,376,796	1,644,117	1,608,640
Supplies	208,178	227,515	305,203	381,504	565,966
Utilities	544,288	671,046	729,604	827,692	785,564
Other Operating Expenses	1,180,361	1,234,788	1,411,235	1,484,741	1,651,014
Depreciation	2,001,370	2,111,075	2,272,496	2,806,403	3,182,841
TOTAL OPERATING EXPENSES	6,222,576	6,962,312	7,405,201	8,480,872	9,219,705
OPERATING INCOME (LOSS)	842,919	776,101	201,385	(277,431)	(462,182)
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenues	622,581	493,810	347,780	367,054	267,673
Investment Income	397,055	564,199	432,527	353,769	361,149
Other Non-Operating Income	2,839,691	2,218,925	2,837,614	2,583,964	2,544,993
Interest Expense	(567,195)	(560,870)	(826,860)	(776,553)	(1,199,270)
Other Debt Service Costs	(46,180)	(41,799)	(130,989)	(166,581)	(152,531)
Gain/Loss on Disposal of Fixed Assets	4,311	(83,642)	608	(380,398)	(1,800)
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,250,263	2,590,623	2,660,680	1,981,255	1,820,214
INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,093,182	3,366,724	2,862,065	1,703,824	1,358,032
Operating Transfers In					
Operating Transfers Out	(950,569)	(1,036,023)	(1,067,100)	(1,013,427)	(1,119,595)
NET INCOME (LOSS)	3,142,613	2,330,701	1,794,965	690,397	238,437

Management Discussion of Financial Results:

Northwest Florida Regional Airport derives its revenues from landing fees and rentals charged to the airlines serving the Airport and from a variety of non-airline sources. In addition a \$4.50 Passenger Facility Charge (PFC) is collected by Airlines on behalf of the Airport and \$4.39 is remitted on a monthly basis. PFCs are being used to fund the Airport's Current debt service on its 2003 series of bonds, and have recently been approved to assist with local matching of federal and state grants. The Airport also collects a \$3.75 per rental car day (increased from \$3.25 to \$3.75 in December 2010) Customer Facility Charge (CFC) which began in December 2005 to fund debt issued in 2007 for the construction of a consolidated Rental Car Service Facility on 22.6 acres recently leased from the Air Force. The total leasehold is just over 130 acres for which the Airport paid \$37,366 in FY 2010. Landing Fees for the Joint Use of the Air Force runway amounted to \$130,921 in FY 2010 based on 17,740 operations.

The Airport is currently served by Delta Airlines which includes Northwest Airlines and Atlantic Southeast Airlines providing service through hubs in Atlanta and Memphis; Continental (to Houston); as well as American Eagle (to Dallas). US Airways Express returned to Okaloosa in April 2008 with three daily direct flights to Charlotte. The Okaloosa County Airports System also operates two General Aviation airports—Bob Sikes Airport (near Crestview, Florida), and Destin-Fort Walton Beach Airport (Destin, Florida).

Airline Revenue: Landing fees, terminal space rental, security fees, baggage handling and loading bridge fees charged to Airlines comprised 22 percent of the Airport's operating revenues in FY 2010. Landing fees increased 102 percent based on collection of deferred revenue. The security fees increased 6 percent. The overall result was a 10 percent increase in Airline revenue compared with FY 2009. But Airline revenue was only 22 percent of total revenues.

Non-Airline Revenues: These revenues are derived primarily from commissions and space rental from rental car companies and public parking. These two sources accounted for about 60 percent of all Airport operating revenue in FY 2010. There was no increase in parking rates in 2010. Rental car revenue increased 19 percent from FY 2009 due to a full year's sale of fuel to the rental car companies by the Airport.

Non-operating Revenues: Passenger Facility Charge revenue decreased 6 percent due to deferred revenue collections in 2010, while Customer Facility Charges from rental cars decreased 9 percent which reflected the decrease in passenger traffic resulting from adverse publicity of the oil spill.

Operating Expenses: Operating expenses increased 12 percent over FY 2009 primarily due primarily to the reporting of nearly \$468,000 in bad debt expense from a rental car concession default.

Enplanements: Passenger activity as typically measured by enplanements decreased 4.4 percent from 386,321 in CY 2009 to 369,230 in CY 2010. The decrease was largely due to negative media coverage of the effect of the Deepwater Horizons oil spill on the beaches of Northwest Florida. In fact, the effect on beaches near the Airport was minimal. The Airport is making a claim against BP for approximately \$264,000 for lost revenues. On the brighter side, the Airport is pleased to announce the beginning of new service by Vision Airlines with current service to 22 cities including Las Vegas, Orlando, Louisville, Miami and Niagara Falls.

Regional Shares of Enplanements

{See Sheet 2, Table 1}

Historical Enplanements

<u>Fiscal Year</u>	<u>Enplaned Passengers</u>	<u>Annual Percent Change</u>
2001	410,324	1.8%
2002	329,481	-19.7%
2003	355,367	7.9%
2004	388,958	9.5%
2005	407,053	4.7%

2006	<u>370,558</u>	<u>-9.0%</u>
2007	<u>396,045</u>	<u>6.9%</u>
2008	<u>399,690</u>	<u>0.9%</u>
2009	<u>386,321</u>	<u>-3.3%</u>
2010	<u>369,230</u>	<u>-4.4%</u>

Average Compounded Annual Growth Rate

2001-2010	<u>-0.5%</u>
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Historical Enplaned Passengers by Airline

{See Sheet 2, Table 2}

Top 10 Origin and Destination City Markets - Fiscal Year 2010

<u>Rank</u>	<u>City Pairs</u>	<u>Total O&D Passengers</u>	<u>Percent</u>
1	<u>DFW</u>	<u>55,964</u>	<u>23.90%</u>
2	<u>DCA</u>	<u>28,653</u>	<u>12.24%</u>
3	<u>ATL</u>	<u>21,131</u>	<u>9.02%</u>
4	<u>LAS</u>	<u>19,781</u>	<u>8.45%</u>
5	<u>DEN</u>	<u>19,351</u>	<u>8.26%</u>
6	<u>STL</u>	<u>19,032</u>	<u>8.13%</u>
7	<u>ORD</u>	<u>18,864</u>	<u>8.06%</u>
8	<u>IAH</u>	<u>18,068</u>	<u>7.72%</u>
9	<u>BOS</u>	<u>17,765</u>	<u>7.59%</u>
10	<u>MSP</u>	<u>15,563</u>	<u>6.65%</u>
Top 10 O&D Passengers		<u>234,172</u>	<u>32.19%</u>
Remaining O&D Passengers		<u>493,229</u>	<u>67.81%</u>
Total O&D Passengers		<u>727,401</u>	

Commercial Operations

<u>Fiscal Year</u>	<u>Majors/ Nationals</u>	<u>Regionals/ Commuters</u>	<u>Airport Total</u>
2005	<u>5,538</u>	<u>9,806</u>	<u>15,344</u>
2006	<u>3,964</u>	<u>10,726</u>	<u>14,690</u>
2007	<u>9,126</u>	<u>5,590</u>	<u>14,716</u>
2008	<u>9,346</u>	<u>6,716</u>	<u>16,062</u>
2009	<u>7,680</u>	<u>7,338</u>	<u>15,018</u>
2010	<u>6,654</u>	<u>12,038</u>	<u>18,692</u>

Compounded
Annual Growth Rate

2005-2010	<u>3.4%</u>	<u>3.8%</u>	<u>3.6%</u>
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Landed Weight

{See Sheet 2, Table 3}

Air Carrier Market Share of Total Origin & Destination Passengers - 2010

Air Carrier	O&D Passengers	Market Share
Delta Air Lines	204,530	55.4%
Continental	37,161	10.1%
American	71,283	19.3%
US Airways	48,590	13.2%
Northwest	7,666	2.0%
Total	369,230	100.0%

**Calculation of Historical Debt Service Coverage
of the County of its Airports System Enterprise Fund**

FY2010 DEBT SERVICE COVERAGE CALCULATION

Calculation of Amounts Available for Debt Service

Operating Revenues 8,757,522.00

Operating Expenses (less depreciation + transfer to County) 7,156,459.00

Net Revenues 1,601,063.00

Other Revenues:

Interest Earnings on Debt Service and DSRF Accounts 34,623.00

PFC Revenues Applied to Eligible Series 2003 Debt Service 799,213.00

CFC Revenues Applied to Eligible Series 2007 Debt Service 891,775.00

Coverage Amounts from PFC and CFC Revenue 422,747.00

Total Other Revenues 2,148,358.00

Total Amounts Available for Debt Service 3,749,421.00

Debt Service Coverage Calculation

Total Amounts Available for Debt Service 3,749,421.00

Series 2003 Bond Debt Service 799,213.00

Series 2007 Bond Debt Service 891,775.00

Total Revenue Bond Debt Service 1,690,988.00

Revenue Bond Debt Service Coverage 2.22

Regional Shares of Enplanements **TABLE 1**

Calendar Year	Northwest Florida Regional		Pensacola Regional		Panama City-Bay County International		Regional Total
	Enplanements	Regional Share	Enplanements	Regional Share	Enplanements	Regional Share	
2001	388,275	35.7%	526,628	56.6%	173,385	15.9%	1,008,288
2002	342,183	28.9%	668,832	56.6%	171,456	14.5%	1,182,471
2003	359,219	29.1%	690,095	55.8%	187,066	15.1%	1,236,380
2004	395,012	29.7%	741,311	55.7%	195,688	14.7%	1,332,011
2005	404,783	28.6%	821,477	58.0%	189,938	13.4%	1,416,198
2006	365,045	27.0%	812,121	60.0%	176,640	13.0%	1,353,806
2007	396,045	28.2%	840,483	59.8%	169,660	12.1%	1,406,188
2008	399,690	29.7%	776,440	57.8%	167,877	12.5%	1,344,007
2009	386,321	31.1%	700,662	56.3%	156,643	12.6%	1,243,626
2010	369,230	27.4%	719,648	53.4%	259,337	19.2%	1,348,215

Historical Enplaned Passengers by Airline **TABLE 2**

Airline	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	
	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share
Delta										
Carriers	185,752	50.1%	203,111	51.3%	205,211	51.3%	189,831	49.1%	204,530	55.4%
Northwest	78,783	21.3%	85,915	21.7%	82,515	20.6%	59,619	15.4%	7,666	2.1%
American	56,202	15.2%	71,404	18.0%	83,164	20.8%	74,587	19.3%	71,283	19.3%
Continental	49,821	13.4%	35,615	9.0%	15,764	3.9%	25,734	6.7%	37,161	10.1%
US Airways	-	-	0		13,036	3.3%	36,550	9.5%	48,590	13.2%
AIRPORT TOTAL	370,558	100.0%	396,045	100.0%	399,690	100.0%	386,321	100.0%	369,230	100.0%

Landed Weight

TABLE 3

Airline	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	
	Landed Weight (1,000 lbs)	Share	Landed Weight (1,000 lbs)	Share	Landed Weight (1,000 lbs)	Share	Landed Weight (1,000 lbs)	Share	Landed Weight (1,000 lbs)	Share
Delta										
Carriers	215,532	48.1%	213,724	45.7%	179,642	42.1%	207,066	43.6%	241,044	53.0%
Northwest	107,713	24.0%	109,321	23.4%	102,821	24.1%	80,629	17.0%	12,080	2.7%
American	60,250	13.4%	76,932	16.5%	80,356	18.8%	90,318	19.0%	86,947	19.1%
Continental	64,497	14.4%	67,345	14.4%	64,180	15.0%	47,962	10.1%	41,061	9.0%
US Airways	-	-	-	-	-	-	49,062	10.3%	73,652	16.2%
AIRPORT										
TOTAL	447,992	100.0%	467,322	100.0%	426,999	100.0%	475,037	100.0%	454,784	100.0%