Hillsborough County Aviation Authority

Financial Statements, Other Financial Information and Compliance Reports
Years Ended September 30, 2021 and 2020

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Independent Auditors' Report

Members of the Board of Directors
Hillsborough County Aviation Authority

We have audited the accompanying financial statements of the Hillsborough County Aviation Authority (the Authority), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of changes in total OPEB liability, the schedules of the Authority' proportionate share of the net pension liability, and the schedules of Authority contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of bonds issued, redeemed and outstanding, the schedules of cash and investment transactions, and the summary schedule of insurance policies are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance, as required *by Title 2 U.S. Code of Federal Regulations Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Chapter 10.550, *Rules of the Auditor General, State of Florida*, and the Schedule of Passenger Facility Charges Collected and Expended as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance and the Schedule of Passenger Facility Charges Collected and Expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Passenger Facility Charges Collected and Expended provides relevant information that is not provided by the financial statements and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or a complete presentation in accordance with the cash basis of accounting. Under the cash basis, expenditures are recognized when paid rather than when the obligation is incurred and receipts are recorded when cash is received rather than when earned. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance and the Schedule of Passenger Facility Charges Collected and Expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of bonds issued, redeemed and outstanding, the schedules of cash and investment transactions, and the summary schedule of insurance policies have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida
February 10, 2022

The following management's discussion and analysis (MD&A) of the financial performance and activity of the Hillsborough County Aviation Authority (the Authority) is to provide an introduction and understanding of the financial statements of the Authority for the fiscal years ended September 30, 2021 and 2020.

The Authority is a self-supporting organization and generates revenues from airport users to fund operating expenses and debt service requirements. Capital projects are funded through the use of bonds, short-term financing, passenger facility charges, rental car facility fees, federal and state grants and internally generated funds. Although empowered to levy ad valorem property taxes, the Authority has not collected any tax funds since 1973.

Financial and Activity Highlights – Fiscal Year (FY) 2021

FY2021 was a year of recovery from the economic stressors of the pandemic at Tampa International Airport. A combination of improving passenger volumes, effective management and oversight of budgets, and financial relief from federal aid, mitigated both pandemic-related financial impacts and broader revenue risks that have challenged the Airport since March 2020. The airport industry was challenged by the decrease of business and international traffic levels, while domestic leisure traffic recovered at a much quicker pace. Once COVID-19 vaccines became widely available in the spring of 2021, Tampa Bay, as well as other leisure destinations experienced a significant increase in traffic following the pandemic traffic declines. As a result of the passenger recovery, coupled with the cost-recovery rate-making methodology utilized through the Authority's new Rates by Resolution, the Authority's financial results were very strong.

As the air carriers adapted to the new industry normal, the Authority also evolved with changing carrier shares and new carrier introductions. In addition to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, includes $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports. The $1.9 trillion American Rescue Plan (ARPA) Act was signed into law in March 2021, to aid public health and economic recovery from the COVID-19 pandemic. The Authority received a total of $38.8 million from the CARES and CRRSA Acts to reimburse related expenses in fiscal year 2021, and is anticipated to receive $81.8 million from the these federal fundings over the next couple of years.

The COVID-19 Federal Recovery Grants received in FY2021 and 2020, of which $9.4 million must be used for eligible concessions relief, and anticipated ARPA and CRRSA fundings are summarized in the following table (in thousands).

	CARES		CRRSA		Anticipated CARES and CRRSA	Anticipated ARPA	
	2021	2020	2021	2020	2022	2022 - 2023	Total
Tampa International	$ 20,438	$ 60,592	$ 18,210	$ -	$ -	$ 69,812	$ 169,052
Concessions	-	-	-	-	2,351	9,405	11,756
General Aviation	168	-		-	59	150	377
Total	$ 20,606	$ 60,592	$ 18,210	$ -	$ 2,410	$ 79,367	$ 181,185

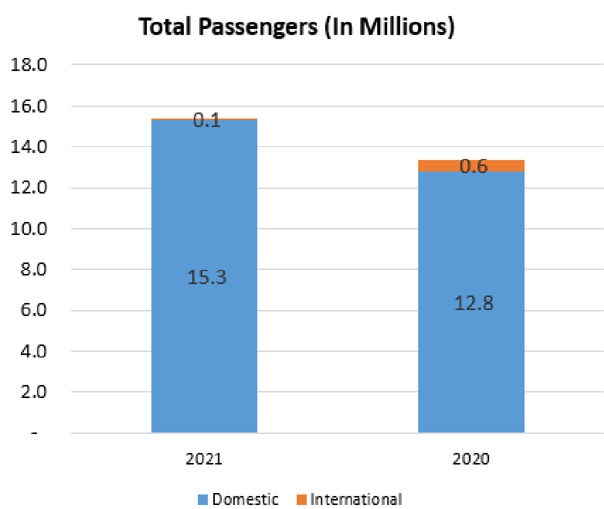
As airport traffic began to improve towards pre-pandemic levels, the operating results for fiscal year 2021 resulted in the growth of financial reserves and overall financial strength. A positive net position of $1.21 billion at current fiscal year end and an increase in net position of $22.4 million compared to 2020, served as an indicator of the Authority's financial strength.

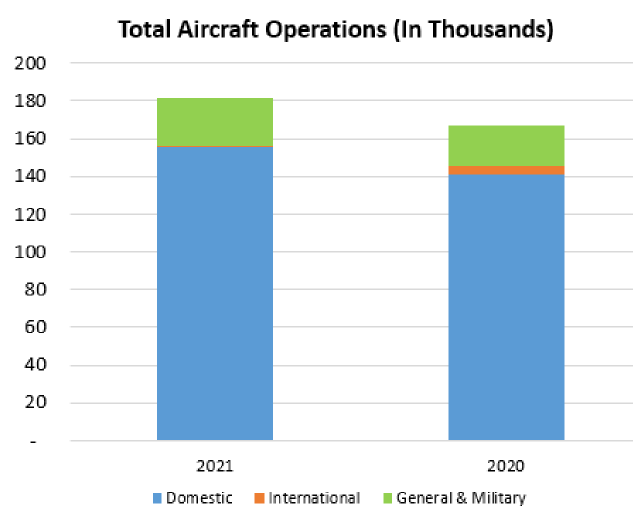
A total of 15.4 million passengers traveled through the Airport in 2021, which was 15.3% higher than 2020. Particularly during the last seven months of the current fiscal year, passenger traffic was up 190.1% versus FY2020.

Passenger enplanements at the Airport for the fiscal year ended September 30, 2021, totaled 7.72 million, a 15.1% increase as compared with 6.68 million enplanements in 2020. Of the total enplanements in 2021, 5.54 million or 72% occurred during the last seven months of the current fiscal year, which was consistent with the leisure travel recovery trends around the country. As a result of these factors, the Airport's operating revenues grew to $224 million, $9.2 million or 4.3% above the fiscal year 2021 budget.

For fiscal year 2021, the top three airlines, in terms of passenger enplanements and market share were Southwest, Delta, and American. Southwest remained the carrier with the highest market share at 28.6%, Delta moved to second at 17.4%, and American was third at 17.3%. During 2020, Southwest had the highest market share of 30.3%, American was second at 16.2%, and Delta was third at 15.3%.

The following graphs represent total passenger activity and aircraft operations at Tampa International Airport for fiscal years 2021 and 2020.





Landed weight in 2021 totaled 10,436,421 thousand pounds, compared to 10,071,738 thousand pounds in 2020. The number of landings for domestic and international flights was 68,830 for 2021, compared to 65,610 for 2020. The increases in 2021 were attributable to an industry-leading traffic recovery from the COVID-19 pandemic. The decreases in landed weight and operations in 2020 were primarily due to the significant capacity and operational reductions of the passenger carriers as a result of the COVID-19 pandemic.

Overview of the Financial Statements

The Authority operates as a single enterprise fund with multiple cost centers. The financial statements are prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except land, over their useful life. This MD&A is intended to serve as an introduction to the basic financial statements, notes to the financial statements, and required supplementary information of the Authority. These statements and schedules, along with the MD&A, are designed to provide readers with an understanding of the Authority's financial position.

The statements of net position present information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2021 and 2020. Increases or decreases in net position over time are relative indicators of the Authority's financial position. The statements of revenues, expenses and changes in net position show the results of our operations reflecting both operating and non-operating activities during the fiscal years ended September 30, 2021 and 2020. Changes in net position reflect the fiscal year's operating impact upon our overall financial position. These statements summarize the recording of financial transactions when the underlying events occur, not the receipt or disbursement of cash. The statements of cash flows relate to the cash and cash equivalent inflows and outflows as a result of financial transactions during the two fiscal years and also include a reconciliation of operating income to the net cash provided by operating activities. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

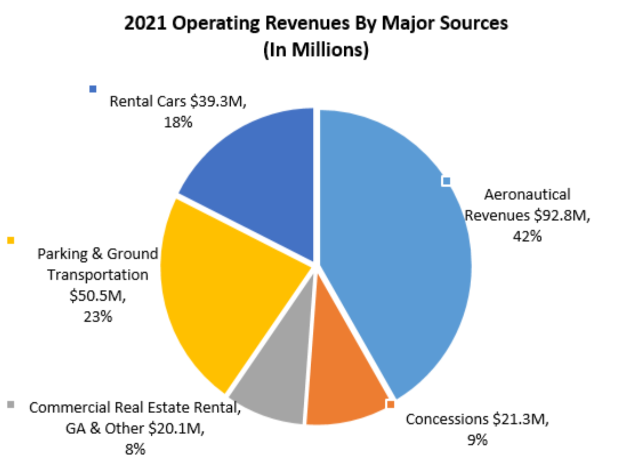
Financial Analysis

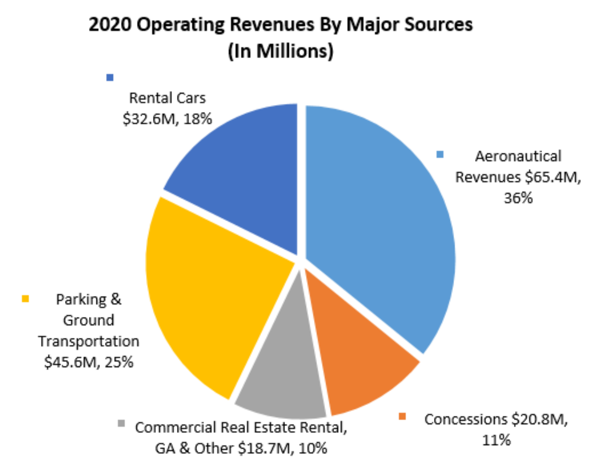
<u>Operating Revenues</u>

The following table presents the major operating revenue sources for fiscal years 2021, 2020 and 2019 in thousands:

	Year			Percent Change	
Revenue Sources	2021	2020	2019	2020 to 2021	2019 to 2020
Aeronautical Space Rental	$ 67,831	$ 49,770	$ 55,668	36.3%	-10.6%
Landing Fees	24,968	15,643	21,063	59.6%	-25.7%
Parking	46,422	41,234	74,132	12.6%	-44.4%
Rental Cars	39,332	32,603	44,919	20.6%	-27.4%
Concessions	21,261	20,796	33,137	2.2%	-37.2%
General Aviation	4,663	4,277	4,283	9.0%	-0.1%
Ground Transportation	4,051	4,343	6,177	-6.7%	-29.7%
Commercial Real Estate Rentals	7,436	4,969	4,220	49.6%	17.7%
Maintenance Hangar and Fuel Farm	3,433	3,052	2,840	12.5%	7.5%
Utilities and Reimbursable	3,490	3,851	3,994	-9.4%	-3.6%
Other	1,113	2,516	3,029	-55.8%	-16.9%
Total	$ 224,000	$ 183,054	$ 253,462	22.4%	-27.8%

The following chart illustrates for the fiscal years 2021 and 2020 that approximately 42% and 36% of revenue sources were generated from aeronautical services; 58% and 64% of revenues were non-aeronautical revenues, derived from parking and ground transportation, rental cars, concessions, general aviation and other revenues.





Overall, the total operating revenues of the Authority were $224.0 million in fiscal year 2021, an increase of $40.9 million, or 22.4%, compared with 2020. As previously mentioned, this increase was primarily due to the implementation of the cost-recovery rate making methodology through the Authority's Rates by Resolution along with the recovery of passenger traffic. Net airline revenues were up by $27.4 million, or 45.3% versus fiscal year 2020 as a result of the transition.

Rental car concessions exceeded the FY21 budget by $9.6 million, or 32.5%, and were $6.7 million, or 20.6% higher than fiscal year 2020. These outstanding results are a reflection of a strong leisure travel recovery as well as increases in the daily rental rate due to vehicle inventory shortages across the nation. Parking revenue has gradually improved through the year and finished up by more than $5.2 million, as compared with last year which offset a slight decrease in ground transportation revenues.

Non-aviation commercial area rental revenues increased by $2.5 million compared with fiscal year 2020, reflecting the continued increase in property and appraised value for the Authority's various leases. Similarly, maintenance hangar, fuel farm rental, and airfield concessions increased by $1.1 million, offsetting a loss in flight kitchen concessions of $0.25 million.

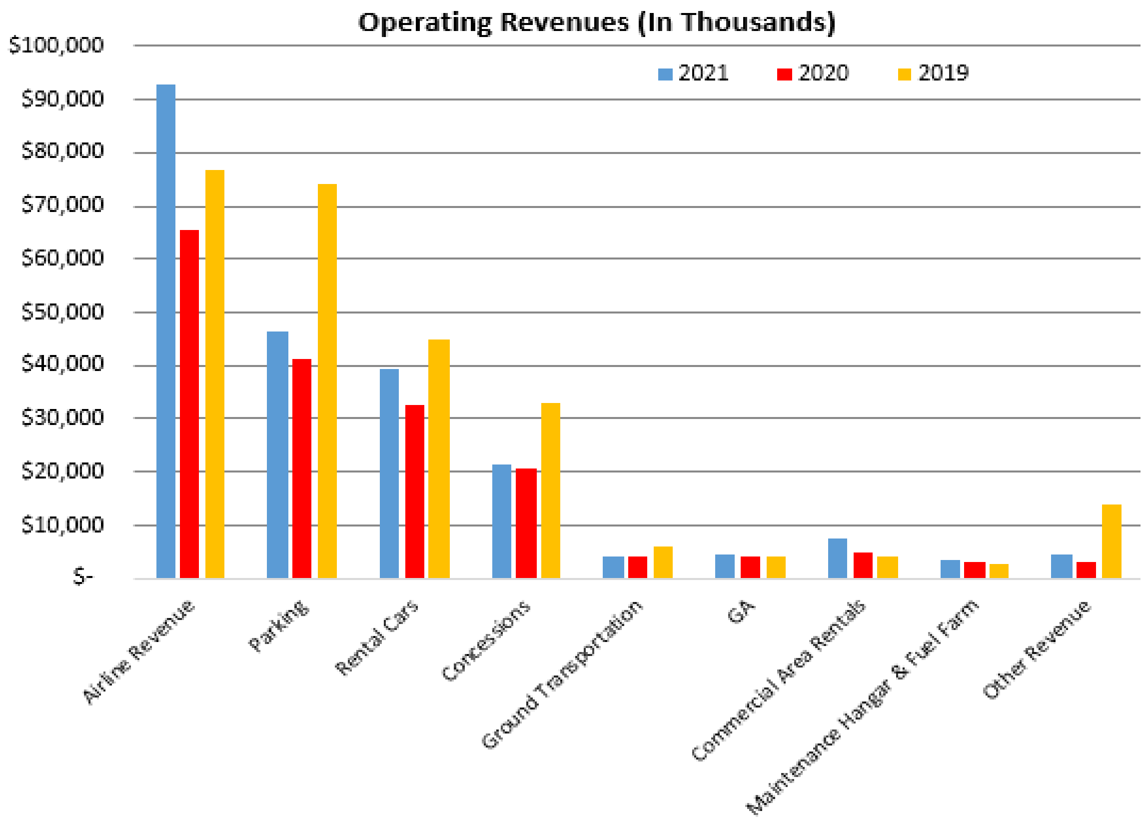
Overall, the total operating revenues for the Authority were $183.1 million in fiscal year 2020, a reduction of $70.4 million, or 27.8%, compared with 2019. The reduction was primarily due to the passenger activity declines as a result of the COVID-19 pandemic.

As mentioned in FY2020's MD&A, the airlines have seen a significant disruption to domestic and international air travel since March of 2020. All commercial and passenger air carriers operating at the airport experienced severe reductions in revenue, which resulted in near-term cash flow challenges for the airlines. In order to help alleviate these issues, the Authority opted to forego the annual year-end settlement on activity related cost centers which resulted in $10.2 million in relief for the signatory airlines.

Similarly, concessionaires operating at the Airport have experienced severe reductions in revenue. The Authority temporarily abated certain rents and minimum annual privilege fees for the concessionaires, ground transportation, and rental car operators to better align the operator cash flows with the passenger growth. These various relief programs totaled $33 million.

The COVID-19 pandemic led to quarantine and shelter-at-home orders, significantly decreasing parking activity nationwide. In 2020, there was no exception at Tampa International Airport (TPA) as parking revenues dropped $32.9 million, or 44.4%, and ground transportation per-trip fee revenues were down $1.8 million, or 29.7%, as compared with fiscal year 2019.

The trends of major revenue sources in the three fiscal years ended September 30, are presented in the following chart:

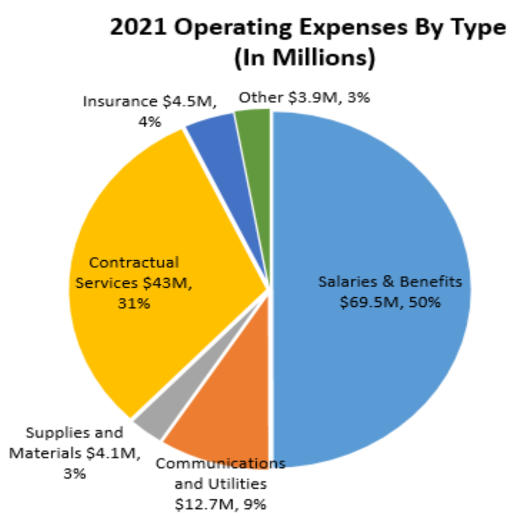


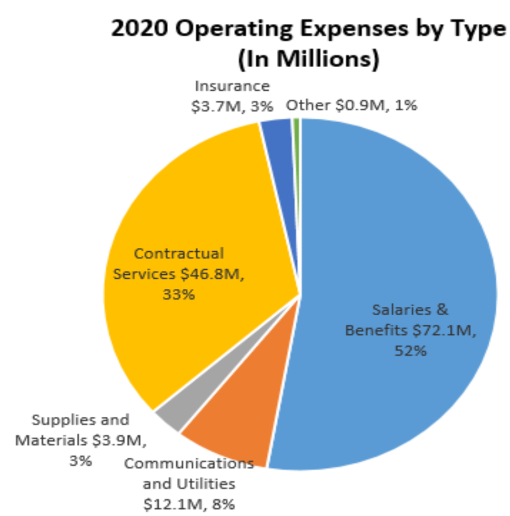
Operating Expenses

The following table presents the major expense classifications by cost centers for fiscal years 2021, 2020 and 2019 in thousands:

	Year			Percent Change	
Expense Classification by Cost Centers	2021	2020	2019	2020 to 2021	2019 to 2020
Airfield	$ 18,325	$ 17,332	$ 16,803	5.7%	3.2%
Terminal Complex	69,477	71,041	74,154	-2.2%	-4.2%
Commercial Landside	31,624	32,757	35,753	-3.5%	-8.4%
Cargo and General Aviation	4,760	4,289	4,395	11.0%	-2.4%
Roads and Grounds	11,129	11,757	11,660	-5.3%	0.8%
Other	2,372	2,298	2,968	3.2%	3.0%
Pension Adjustment	(3,890)	9,297	8,283	-141.8%	103.0%
Total	$ 133,797	$ 148,771	$ 154,016	-10.1%	-3.4%

The following chart shows the major expense categories and their percentages to the total operating expenses in fiscal year 2021 and 2020:





Note: For comparative purposes, the pie charts exclude the annual pension adjustment.

The Authority took action to reduce fiscal year 2020 operating expenses below budgeted expenses by more than $10 million in response to the COVID-19 pandemic crisis. The fiscal year 2021 operating expense budget reflected continued resiliency as the Authority managed the financial and operational impact of the pandemic. The actual results demonstrated management's ability to effectively deal with the economic crisis and not only maintain but build financial reserves during some of the hardest times the industry has ever experienced.

Total operating expenses were $133.8 million for fiscal year 2021, which represents a $15 million, or 10.1% decrease versus fiscal year 2020. Expenses excluding Governmental Accounting Standards Board (GASB) 68 Pension and GASB 75 Other Post Employment Benefits (OPEB) balances were $137.7 million, an increase of $0.5 million compared with fiscal year 2020. A comparative analysis of major expense categories indicates that the gross payroll expenses decreased by $0.9 million, or 1.1%. This decrease is attributable to the hiring freeze and the voluntarily separation incentive program implemented at the end of fiscal year 2020, which reduced approximately $2 million in salaries and wages and helped offset the increase in Florida Retirement System Contributions of $0.5 million and leave and vacation payout of $0.7 million. Due to the budget reduction and cost control measure in place during the pandemic, the contracted services decreased by $2.8 million, or 13.5%, while overall facility maintenance costs were reduced by $0.9 million, or 3.8%. With the passenger traffic levels improving, utilities and insurance expenses increased by $1.4 million while cloud information technology service increased by more than $0.5 million as the Authority continues to transition to cloud products.

Total operating expenses were $148.8 million for fiscal year 2020, a decrease of $5.2 million, or 3.4% versus 2019. Expenses excluding GASB 68 Pension and GASB 75 OPEB balances were $139.4 million, a reduction of $6.5 million, or 4.5% compared with fiscal year 2019. Overall payroll expenses decreased by $1.1 million or 1.4%, as the Authority implemented a hiring freeze and the discontinuation of employee incentive program upon the onset of the pandemic. Due to a significant decrease in passenger traffic during the pandemic months, Rental Care Center (RCC) baggage services were suspended, public parking facilities were partially closed, and all non-essential spending such as professional services, promotions, and promotional advertising were significantly reduced. The lack of activity in the Airport as compared with fiscal year 2019, resulted in decreases of net contractual maintenance service costs by $1.2 million, utility expenses by $1.9 million, and supplies and materials spending by $0.5 million. Other cost saving efforts adopted included reduced travel, marketing activities, and recruiting fees of $2.7 million, to offset the increase of $0.8 million of COVID-19 related additional airport expenses and information technology services to support remote working. In compliance with the GASB requirements, the Authority reported pension and OPEB expenses totaling $9.4 million in 2020, which was an increase of $1.3 million over the last fiscal year, attributable to overall increases in service costs, interest on pension liabilities, and administrative expenses that are allocated to the Authority.

Revenues, Expenses and Changes in Net Position

The following table is a summary of the statements of revenues, expenses and changes in net position in thousands:

	Year			Change	Change
	2021	2020	2019	2020 to 2021	2019 to 2020
Operating Revenues	$ 224,000	$ 183,054	$ 253,462	$ 40,946	$ (70,408)
Operating Expenses	133,797	148,771	154,016	(14,974)	(5,245)
Signatory Airline Revenue Sharing	1,188	538	16,253	650	(15,715)
Operating Income before Depreciation and Amortization	89,015	33,745	83,193	55,270	(49,448)
Depreciation and Amortization	126,931	128,919	150,438	(1,988)	(21,519)
Operating (Loss) Income	(37,916)	(95,174)	(67,245)	57,258	(27,929)
Net Nonoperating (Expense) Revenue	(29,827)	13,686	(35,529)	(43,513)	49,215
Capital Contributions	90,183	134,451	116,450	(44,268)	18,001
Increase (Decrease) in Net Position	$ 22,440	$ 52,963	$ 13,676	$ (30,523)	$ 39,287

In fiscal year 2021, operating income before depreciation and amortization was $89 million, an increase of $55.3 million compared to the prior year, which indicates a strong recovery of the passenger traffic, and illustrates the impact of the adoption of the new Rate by Resolution rate-making methodology.

Depreciation and amortization expenses were $126.9 million in 2021, an decrease of $1.99 million compared with 2020, due to the completion of certain projects being added into the capital assets during FY2021.

Net non-operating expenses in fiscal year 2021 decreased $43.5 million compared to fiscal year 2020 which can be attributable to the decrease in interest income of $8.8 million as construction funds associated with the ongoing Master Plan Phase 2 were spent, as well as $6.0 million unrealized investment loss in accordance with fair market value reporting under the GASB Statement No. 72. A total receipt of $38.8 million in the Federal CARES and CRRSA Acts funds received were $21.8 million less than prior year. The net debt interest expenses decreased by $1.4 million, due to the prepayment of the 2018 Series A Bonds 2021 maturity in fiscal year 2020.

In fiscal year 2020, operating income before depreciation and amortization was $33.7 million, a decrease of $49.4 million compared to the prior year, which reflected the impact of the COVID-19 pandemic.

Depreciation and amortization expenses were $128.9 million, a decrease of $21.5 million compared with 2019, due to certain assets being fully depreciated at the beginning of fiscal year 2020.

Net non-operating expenses in fiscal year 2020 increased $49.2 million, primarily attributable to the receipt of $60.6 million in the Federal CARES Act airport funds, offsetting a decrease of $11.3 million in investment earnings and market value due to a reduction of the investment portfolio size and lower short-term interest rate as compared with fiscal year 2019.

Capital contributions consist of Federal and State Grants, Federal Reimbursements, Passenger Facility Charges (PFCs), and Customer Facility Charges (CFCs), which are being received to fund various construction projects and the land acquisition program at the Airport. PFCs are collected at a $4.50 per passenger level by the airlines, of which $4.39 is remitted to the Authority. CFCs are collected at $5.95 per transaction day for current on-airport companies.

In fiscal year 2021, total capital contributions decreased by $44.3 million, compared with fiscal year 2020. The major drivers for the change were the recognition of one-time maintenance hangar valued at $32.4 million transferred to the Authority during 2020, as well as a reduction of $17.5 million in federal and state grants and reimbursements. An increase of $7.4 million in PFC indicates passenger traffic recovery trends during the current fiscal year.

In fiscal year 2020, total capital contributions increased by $18.0 million compared with fiscal year 2019. Despite the pandemic impact with annual enplanements down approximately 40%, causing $18.2 million and $14.6 million shortfalls in PFCs and CFCs revenue collections as compared with 2019, respectively. In addition, the Authority recorded $32.4 million for maintenance hangar transferred to the Authority in late 2020 (see Note 9 for details), and increased $18.4 million in federal and state grants and reimbursements for airport improvement projects to offset the PFCs and CFCs losses incurred during the current year.

Statements of Net Position

The following table (in thousands) is a summary of the Authority's total assets, deferred outflows, total liabilities, deferred inflows and net position in thousands. An overall increase of $22.4 million in net position, particularly with $80.6 million increase in unrestricted net position in current fiscal year, compared to the prior year, reflects the Authority's substantial improvements in financial reserves and liquidity levels to support its operations and future development during fiscal year 2021.

	Year			Change	Change
	2021	2020	2019	2020 to 2021	2019 to 2020
ASSETS					
Current Assets	$ 306,828	$ 221,508	$ 268,601	$ 85,320	$ (47,093)
Capital Assets, Net	2,239,746	2,134,257	1,967,172	105,489	167,085
Other Non-Current Assets	314,686	461,362	566,432	(146,676)	(105,070)
Total Assets	2,861,260	2,817,127	2,802,205	44,133	14,922
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding of Debt	916	1,096	1,323	(180)	(227)
Deferred Outflows on Pension Related Amounts	14,749	24,155	21,870	(9,406)	2,285
Deferred Outflows on OPEB Related Amounts	935	994	1,092	(59)	(98)
Total Deferred Outflows of Resources	16,600	26,245	24,285	(9,645)	1,960
LIABILITIES					
Current Liabilities	99,122	89,567	125,538	9,555	(35,971)
Non-Current Liabilities	1,527,752	1,560,174	1,558,808	(32,422)	1,366
Total Liabilities	1,626,874	1,649,741	1,684,346	(22,867)	(34,605)
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding of Debt	276	393	621	(117)	(228)
Deferred Inflows on Pension Related Amounts	36,326	1,081	3,904	35,245	(2,823)
Deferred Inflows on OPEB Related Amounts	1,999	2,212	636	(213)	1,576
Total Deferred Inflows of Resources	38,601	3,686	5,161	34,915	(1,475)
NET POSITION					
Net Investment in Capital Assets	942,618	991,793	907,319	(49,175)	84,474
Restricted	103,384	112,325	138,916	(8,941)	(26,591)
Unrestricted	166,383	85,827	90,746	80,556	(4,919)
Total Net Position	$ 1,212,385	$ 1,189,945	$ 1,136,981	$ 22,440	$ 52,964

Assets

Current assets at September 30, 2021 totaled $306.8 million, an increase of $85.3 million from the prior fiscal year. The major contributing factor is an increase in cash and cash equivalents balance by $75.7 million resulting from matured operating funds investments returning to the current cash accounts, and a reclassification of investment pool balances as cash equivalents at the fiscal year end to improve the Authority's liquidity level. In addition, $4.6 million increase in operating accounts and interest receivable, and $2.9 million increase in government grants receivable were also contributed to the current assets increases.

Current assets at September 30, 2020 totaled $221.5 million, a decrease of $47.1 million from the prior fiscal year. The contributing factors are decreases of $74.6 million in current investments due to its maturity at fiscal year end, $8.4 million in government grants receivable, $4.8 million in operating accounts and interest receivable. Offsetting these decreases were matured investments returning to the cash accounts, adding $40.7 million to the Authority's liquidity level.

Capital Assets, Net of Depreciation and Amortization (in Thousands)

	Year			Change 2020 to 2021		Change 2019 to 2020	
	2021	2020	2019	$	%	$	%
Land	$ 213,209	$ 213,207	$ 213,147	$ 2	0.0%	$ 60	0.0%
Construction in Progress	363,304	363,110	132,141	194	0.1	230,969	174.8
Equipment – Net	27,675	21,839	27,567	5,836	26.7	(5,728)	(20.8)
Buildings and Improvements – Net	1,635,558	1,536,101	1,594,317	99,457	6.5	(58,216)	(3.7)
Total Capital Assets – Net	$ 2,239,746	$ 2,134,257	$ 1,967,172	$ 105,489	4.9%	$ 167,085	8.5%

The increase of $105.5 million in net capital assets from fiscal year 2020 to 2021 is primarily attributable to the ongoing construction expenditures of the Master Plan Phase 2 projects and other airport improvement projects of $233 million, as well as $232.8 million of completed projects listed in the following table.

Completed Projects (In Millions)	2021
South Terminal Supporting Area Site Development	$ 78.6
Taxiway A and Bridge	49.6
Airside F Roof Replacement	15.6
Main Terminal Drive Lanes Ceiling Replacement and Ticket Level Interior Refurbishment	15.4
Airport Security System Replacement	15.3
SkyConnect Train	13.0
Tampa Executive Airport Runway 5-23 and Connector Taxiways	6.9
General Aviation Airport Terminal Building, Maintenance Facility, Hangar Rehabilitation, Fuel Farm	5.6
Airside A and E Restroom Refurbishment	6.4
Public Parking Garages Elevator and Tug Tunnels Rehabilitation	5.3
Airfield Pavement Rehabilitation	3.9
Runway 1R-19L Center Light	2.1
RPZ and Approach Tree Trimming	2.6
Airport Amenities	1.7
Additional Maintenance Equipment Storage	1.7
Other Projects	9.1
Total	$ 232.8

The capital assets depreciation of $126.9 million and retirements of $39.7 million offset the increase in net capital assets. See Note 7 for a detailed discussion of capital assets.

The increase of $167.1 million in net capital assets from fiscal year 2019 to 2020 is primarily attributable to the ongoing construction expenditures of the Master Plan Phase 2 projects and other airport improvement projects of $257.2 million, the transfer of ownership of United Hangar at $32.4 million, as well as $26.2 million of completed projects listed in the following table.

Completed Projects (In Millions)	2020
General Aviation Airport (Plant City) Runway 10-28 and Other Pavement	$ 4.1
Information Technology System Project	2.6
Public Parking Garages Rehabilitation	3.8
Master Plan Update 2012	3.2
Airside A and C Carpet Replacement	2.1
Shuttle Guideway Bridges	2.1
General Aviation Airport (Peter O Knight) Taxiway G Extension	1.5
Enhance Airfield Lighting	1.1
Other Projects	5.7
Total	$ 26.2

The capital assets depreciation of $129 million and retirements of $26.3 million offset the increase in net capital assets.

At September 30, 2021, non-current cash and investments were decreased $149.7 million, due to the pace of on going constructions that consumed a large portion of the bonds and bank note proceeds. PFCs receivable were increased by $3.0 million, reflecting the post COVID-19 passenger traffic recovery.

Deferred outflows of resources decreased by $9.6 million, and deferred inflows of resources increased by $34.9 million at September 30, 2021. These changes were primarily due to pension reporting requirements, resulted in a decrease in deferred outflows of $9.4 million in Florida Retirement System (FRS) related amounts to offset the amortization of deferred loss on refunding debt, as well as an increase of $35.2 million in deferred inflows of pensions to offset the decrease of OPEB related inflows and amortization of deferred gains on refunding of debt.

At September 30, 2020, non-current cash and investments decreased $101.7 million, primarily due to the pace of Master Plan Phase 2 construction projects that consumed a large portion of the bonds proceeds. PFCs receivable were down by $3.4 million, relating to drastically reduced number of enplaned passengers as a result of the COVID-19 pandemic.

Deferred outflows of resources increased by $2.0 million, and deferred inflows of resources decreased by $1.5 million at September 30, 2020. These changes were primarily due to pension and OPEB reporting requirements, resulted in an increase in deferred outflows of $2.3 million in Florida Retirement System (FRS) related amounts to offset the amortization of deferred loss on refunding debt, as well as a decrease of $3.0 million in deferred inflows of pensions and amortization of deferred gains on refunding of debt, offsetting the increase of OPEB related inflows of $1.6 million.

Liabilities

Current liabilities, with a balance of $99.1 million at September 30, 2021, $9.5 million higher than the balance of the prior fiscal year. The change is primarily attributable to an increase of $13.2 million in current bonds principal payable. An overall decrease of unrestricted current liabilities of $4.3 million offsets the increase in current restricted liabilities.

At September 30, 2021, non-current liabilities totaled $1.53 billion, a decrease of $32.4 million, compared with the balance of prior fiscal year end. The decrease is primarily attributable to a reduction of $48.4 million in FRS pension liabilities, resulting from a strong financial market performance, which generated 29.5% of return on investments during current fiscal year, as compared with only 3% investment return in prior fiscal year. In addition, the bank note in the amount of $66.1 milllion was issued, and $46.4 million bonds will be matured in fiscal year 2022.

Current liabilities, with a balance of $89.6 million at September 30, 2020, were $36.0 million lower than the balance of the prior fiscal year. The decreases were primarily attributable to a short fall in net operating revenues due to the pandemic crisis, resulting in a decrease of $15.7 million of accrued airline revenue sharing, and a reduction of $24.0 million of current payable of revenue bonds due to the Authority's prepaying $15.7 million of 18A Senior Bonds principal in fiscal year 2020, and a decrease of operating accounts payable and deferred revenues of $5.6 million, which offset the increases in accrued construction expenditures of $4.8 million and operating expenses of $4.6 million.

At September 30, 2020, non-current liabilities totaled $1.6 billion, an increase of $1.4 million compared with the balance of prior fiscal year end, primarily attributable to the net increase of $13.3 million pension and OPEB liabilities, even though there were $72.9 million reductions in long-term bonds payable to offset the new issuance of bank note of $40.2 million.

Net Position

The increase in net position over the three years can be primarily attributable to positive annual financial operating results in fiscal year 2019, the improving passenger traffic levels during fiscal year 2021 including the impact of the cost-recovery rate making metholodogy, as well as the the Federal CARES and CRRSA Act relief funds in 2021 and 2020. The Authority has taken various actions to sustain its financial stability, and continued to invest cautiously in capital assets funded through its operating revenues, PFC and CFC collections. Even though the Authority's investment in capital assets is reported net of related debt, it should be noted that the Authority's revenues, including PFC revenues and CFC revenues are utilized to repay the debt in accordance with the Trust Agreement.

A portion of the net position represents resources subject to bond covenants or other restrictions. Such funds are held to meet bond sinking fund and debt service reserve requirements. (See Note 8).

Airline Rates and Charges

Effective October 1, 1999, the Authority entered into an airline-airport use and lease agreement (Agreement) with the airlines, which had a seven-year term and incorporated the lease and use of the terminal complex and the airfield at the Airport. The Agreement established a compensatory rate-making methodology where the airlines pay fees and charges based on the Authority's cost of providing facilities and services to the airlines. In 2014, the previous agreement was extended once more through September 30, 2020.

The industry and airport has significantly evolved over the term of the prior agreement and as a result, the Authority has been challenged to recover the cost of providing the facilities and services to the airlines. As a result, the Authority approved the Tampa International Airport Airline Rates, Fees and Charges Resolution (Resolution). The Resolution provides a cost-recovery rate setting methodology for all areas of the facility within the airline cost centers, including both per-use and leased areas. Passenger air carriers that have an active Space Rental Agreement for space within the Terminal Complex or an all-cargo air carrier that has an active lease of space within the Authority's Cargo Cost and Revenue Center will be considered Signatory Airlines. The Resolution provides formulas for Fiscal Year-End Settlement and Revenue Sharing for Signatory Airlines. The Resolution has an effective date of October 1, 2020 and will continue on a year-to-year basis until terminated by the Authority.

As disclosed in the Operating Revenues section, the Authority agreed to provide relief to the signatory air carrier's fees and charges as the management opted to not exercise its rights under the Agreement to levy on the participating Airlines additional Landing Fees and Common-Use fees pursuant to the annual settlement following the close of FY2021 or assess participating Airlines Extraordinary Coverage Protection payments for FY2021. In return for Authority's promises under the Agreement, Airlines will forego any revenue sharing or rate benefit to which they may have been entitled with regard to sums the Authority received, receives, or may receive in the future under the CARES Act and future COVID relief acts.

Rates and charges are calculated on an annual basis and reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient revenues are generated to satisfy all requirements of the Authority's Trust Agreement.

The following table summarizes passenger airline rents, landing fees, net revenue sharing and cost per enplaned (departing) passenger for fiscal years ended September 30 (in thousands).

Passenger Airline Costs	2021	2020	2019
Airline Landing Fees	$ 20,907	$ 13,130	$ 18,960
Landside Terminal Rentals	32,584	22,090	27,553
Airside Building Rentals	31,604	23,846	24,488
Total Airline Fees and Charges	85,095	59,066	71,001
Less Airline Revenue Sharing	(1,188)	(538)	(16,253)
Net Airline Fees and Charges	$ 83,907	$ 58,528	$ 54,748
Enplaned Passengers	7,717	6,681	11,085
Airline Cost per Passenger	$ 10.87	$ 8.76	$ 4.94

Capital Improvement Program

In fiscal year 2021, the Authority received the Board's approval for the capital program budget totaling $47 million, with $22.5 million of that amount coming from Authority funds, and the rest of the projects were funded with federal and state grants, bond proceeds, PFCs. Projects in the fiscal year 2021 budget include on-going annual capital needs, such as the replacement or upgrade of various systems, rehabilitation of structures, as well as various initiatives at the general aviation facilities. Approved major projects were:

Approved Projects (In Millions)	2021
Airside A and C Shuttle Car and Control System Replacement	$ 13.1
Main Terminal Elevator Modernization	7.5
Employee Bus Replacement	5.5
Part 139 Airfield Improvements	4.5
Pavement Rehabilitation	2.8
Common/Shared Use Passenger Processing System (Phase 3)	2.8
Main Terminal Complex Structural Envelope Restoration	2.4
Short Term Parking Garage, Tug Tunnels and Quad Decks Rehabilitation	2.2
Airside Guideways and Bridge Rehabilitation	2.1
Other Projects	4.1
Total	$ 47.0

During fiscal year 2021, the Authority substantially completed $232.8 million in capital projects. A list of completed projects in 2021 is provided in the Capital Assets section.

In fiscal year 2020, the Authority received the Board's approval for $123.6 million for capital projects. Projects in the fiscal year 2020 budget include on-going annual capital needs, such as the rehabilitation of airfield and terminal buildings, replacement or upgrade of various technology systems, rehabilitation of passenger transportation systems, as well as runway and taxiway rehabilitations at the general aviation facilities. Originally approved major projects were:

Original Approved Projects (In Millions)		2020
Monorail System Decommissioning and Walkway Installation	$	33.5
North Remaining Overnight Parking		23.1
Airside C and F Renovations and Expansion		21.4
Airside F Roof Rehabilitation		17.3
Runway 5/23 & Connector Taxiway Rehabilitation		9.2
Long-Term Parking Garage Elevator Rehabilitation		4.8
Financial/HCM/Engineered System Major Upgrade		2.9
Runway 1R-19L Centerline Light Replacement		2.6
Airfield Pavement Rehabilitation		2.5
Other Projects		6.3
Total	$	123.6

In November 2019, the Authority was notified by the Federal Aviation Administration (FAA) of a $6.0 million Special Discretionary Grant for the Airside A Boarding Bridge Replacement Project, a project previously planned for the FY2021 Capital Budget. This project is for the replacement of the Airside A Passenger Boarding Bridges (PBBs), Pre-Conditioned Air-Air Handler Units (PCA-AHUs) and Ground Power Units (GPUs) at 15 gates. As this is a special discretionary grant for infrastructure projects, the funds are required to be committed by September 2021. The Board approved the amendment to the FY2020 capital budget from $123.6 million to $146.1 million in June 2020.

These projects are funded through a variety of sources including federal and state grants, bond proceeds, PFCs, and Authority funds.

In response to the pandemic disruption, the Board approved the deferment and deletion of capital projects totaling $905.9 million projects planned between 2021 and 2025, including the delay of major Master Plan Phase 3 project, Airside D, an approximately $692.0 million project.

During fiscal year 2020, the Authority substantially completed $26.2 million projects. See Capital Asset section for a list of completed projects in 2020.

In August 2018, PFC Application #11, authorizing PFC collections in the amount of $858.3 million was approved by the Federal Aviation Administration, bringing the total collection authority for all PFC applications to $1.7 billion. Through September 30, 2021, $843.2 million has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2021 totaled over $1.13 billion. Expenditures in excess of collections are funded from the issuance of PFC-backed revenue bonds, and bank notes or from Authority funds that will be reimbursed from PFCs.

Debt Management

At the end of fiscal year 2021, the Authority had general airport revenue bonds outstanding in the total amount of $1.359 billion. Of this total, $46.435 million is reported as the current liability.

During fiscal year 2020, the Authority amended the Revolving Credit Facility with Truist Bank (formerly SunTrust Bank) to increase the credit line amount to the sum of $200 million for a 12-month period. In FY2021, the Revolving Credit Facility has been extended through January 2023 to provide flexible funding sources for the Authority's capital program. The Authority drew $66.1 million and $40.2 million of the bank note to pay for related construction expenditures in 2021 and 2020, respectively.

The Authority's bond covenants require that revenues available to pay debt service, as defined in the Trust Agreement, exceed 1.25 times the annual debt service amount. The debt service coverage ratio for the three fiscal years ended September 30, are presented in the following table:

	Requirement	2021	2020	2019
Senior Debt Service Coverage	1.25x	2.44x	2.08x	2.28x
Subordinated Debt Service Coverage	1.25x	3.74x	3.10x	4.15x
Subordinated Debt Service Coverage (3rd Lien)	1.15x	1.94x	1.70x	2.06x
CFC Debt Service Coverage	1.50x	1.62x	1.52x	1.68x

Economic Outlook

During fiscal year 2021, the recovery in leisure traffic resulted in domestic air traffic rebounding to near pre-pandemic levels, offsetting the sharp decline in business and international traffic.

As air carriers adapted to the new normal, the Authority also evolved to a changing environment brought on by changing carriers and new carriers introductions. The higher than expected passenger traffic during the second half of the current fiscal year, coupled with the cost recovery methodology utilized through the Authority's new rates by resolution model has resulted in a strong financial position moving into FY2022.

The airport welcomed two new airlines as well as adding 17 new permanent connections since the pandemic started, with service to more destinations than prior to the start of the coronavirus pandemic.

International passenger traffic has shown signs of recovery, but was still down 84% compared to pre-pandemic levels. The Authority remains optimistic about the recovery of international traffic.

After delaying or cancelling more than $905.9 million in capital projects at the start of the pandemic, the Authority is working to accelerate some of those delayed projects. The faster than anticipated traffic recovery has resulted in additional capital projects being added to the FY2022 capital improvement plan, which are designed to maintain or improve customer service across the airport.

Despite the challenging environment, the airport expects to maintain its position as one of the most cost-competitive and financially strong airports in North America in FY2022 and beyond.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Damian Brooke, Executive Vice President of Finance and Procurement, Tampa International Airport, P.O. Box 22287, Tampa, FL 33622. Information of interest may also be obtained on the Authority's website at TampaAirport.com.

FINANCIAL STATEMENTS

Hillsborough County Aviation Authority

Statements of Net Position
September 30, 2021 and 2020
(In Thousands)

		2021		2020
ASSETS				
CURRENT ASSETS				
Unrestricted:				
Cash and Cash Equivalents	$	223,628	$	160,440
Accounts Receivable, Net		9,573		4,573
Accrued Interest Receivable		752		1,102
Prepaids		3,815		3,093
Government Grants Receivable		8,936		6,023
Other Assets		2,503		2,493
Total Unrestricted Assets		249,207		177,724
Restricted:				
Cash and Cash Equivalents		35,860		23,336
Investments		21,761		20,448
Total Restricted Assets		57,621		43,784
Total Current Assets		306,828		221,508
NONCURRENT ASSETS				
Capital Assets:				
Land		213,209		213,207
Construction in Progress		363,304		363,110
Building, Equipment and Improvements		3,367,273		3,170,925
Total Capital Assets		3,943,786		3,747,242
Less Accumulated Depreciation		(1,704,040)		(1,612,985)
Total Capital Assets, Net		2,239,746		2,134,257
Cash and Cash Equivalents, Restricted		209,781		265,239
Investments, Restricted		99,822		194,033
Passenger Facility Charges Receivable, Restricted		5,083		2,090
Total Noncurrent Assets		2,554,432		2,595,619
Total Assets		2,861,260		2,817,127
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding of Debt		916		1,096
Deferred Outflows on Pension Related Amounts		14,749		24,155
Deferred Outflows on OPEB Related Amounts		935		994
Total Deferred Outflows of Resources		16,600		26,245

(Continued)

Hillsborough County Aviation Authority

Statements of Net Position (Continued)
September 30, 2021 and 2020
(In Thousands)

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	$ 926	$ 2,441
Accrued Airline Revenue Sharing	1,188	538
Accounts Payable – Trade	5,562	5,624
Accrued Expenses	13,045	19,954
Accrued Project Expenditures	17,077	15,132
Net Pension Liability, Due Within One Year	87	186
Other Liabilities	3,616	1,908
Total Current Liabilities Payable from Unrestricted Assets	41,501	45,783
Payable from Restricted Assets:		
Accounts Payable – Construction	11,147	10,498
Accrued Interest Payable	39	16
Current Maturities of Revenue Bonds Payable	46,435	33,270
Total Current Liabilities Payable from Restricted Assets	57,621	43,784
Total Current Liabilities	99,122	89,567
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities	1,384,806	1,434,438
Bank Notes Payable, Net of Current Maturities	106,261	40,193
Net Pension Liability	26,982	75,423
Net OPEB Liability	5,246	5,092
Other Liabilities	4,457	5,028
Total Noncurrent Liabilities	1,527,752	1,560,174
Total Liabilities	1,626,874	1,649,741
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt	276	393
Deferred Inflows on Pension Related Amounts	36,326	1,081
Deferred Inflows on OPEB Related Amounts	1,999	2,212
Total deferred inflows of resources	38,601	3,686
NET POSITION		
Net Investment in Capital Assets	942,618	991,793
Restricted for:		
Passenger Facility Charge Purposes	51,697	51,642
Customer Facility Charge Purposes	47,465	56,476
Other Purposes	4,222	4,207
Unrestricted	166,383	85,827
Total Net Position	$ 1,212,385	$ 1,189,945

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes In Net Position
Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020
OPERATING REVENUES		
Airfield	$ 26,158	$ 16,852
Terminal Building	55,475	40,957
Airside Buildings	28,141	24,790
Commercial Landside	93,429	82,015
Cargo	3,348	3,590
Auxiliary Airports	1,547	1,418
General Aviation	3,116	2,859
Federal Reimbursements	361	306
Other	12,425	10,267
Total Operating Revenues	224,000	183,054
OPERATING EXPENSES		
Airfield	18,325	17,332
Terminal Building	34,751	34,842
Airside Buildings	28,740	31,012
Commercial Landside	31,624	32,757
Cargo	865	941
Auxiliary Airports	2,301	1,812
General Aviation	1,594	1,536
Passenger Transfer System	5,986	5,187
Roads and Grounds	11,129	11,757
Other	2,372	2,298
Pension Adjustment	(3,890)	9,297
Total Operating Expenses	133,797	148,771
Signatory Airline Net Revenue Sharing	1,188	538
Operating Income before Depreciation and Amortization	89,015	33,745
Depreciation and Amortization	126,931	128,919
OPERATING LOSS	(37,916)	(95,174)
NONOPERATING REVENUES AND EXPENSES		
Interest Income	3,474	12,279
Net Unrealized Investment (Loss) Gain	(6,031)	4,555
Interest Expense	(62,206)	(63,646)
Loss on Disposal of Capital Assets	(3,880)	(94)
CARES and CRRSA Act Airport Proceeds	38,816	60,592
Total Nonoperating Expenses	(29,827)	13,686
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(67,743)	(81,488)

(Continued)

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes In Net Position (Continued)
Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020
CAPITAL CONTRIBUTIONS		
Passenger Facility Charges	$ 32,493	$ 25,058
Federal and State Grants	26,592	36,515
Federal Reimbursements	13,572	23,282
Customer Facility Charges – Net	17,526	17,207
Other Contributions	-	32,389
Total Capital Contributions	90,183	134,451
CHANGE IN NET POSITION	22,440	52,963
Total Net Position – Beginning of Year	1,189,945	1,136,982
TOTAL NET POSITION – END OF YEAR	$ 1,212,385	$ 1,189,945

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statements of Cash Flows
Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Cash Receipts from Customers	$ 220,138	$ 184,636
Cash Payments to Suppliers for Goods and Services	(96,596)	(102,428)
Cash Payments to Employees for Services	(49,333)	(51,248)
Net Cash Provided by Operating Activities	74,209	30,960
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Proceeds from Federal CARES and CRRSA Act Funds	38,816	60,592
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Bank Notes	66,069	40,192
Payments of Bank Note Issuance Costs	(95)	(95)
Principal Paid on Revenue Bond Maturities	(33,270)	(72,945)
Interest Paid on Revenue Bonds and Bank Notes	(65,319)	(66,677)
Acquisition and Construction of Capital Assets	(235,125)	(258,879)
Rental Car Customer Facility Charges	17,526	17,207
Federal and State Grants	37,252	68,223
Passenger Facility Charges	29,500	28,416
Net Cash Used by Capital and Related Financing Activities	(183,462)	(244,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(17,227)	(36,015)
Proceeds from Maturities of Investment Securities	104,094	457,370
Income Received on Investments	3,824	12,878
Net Cash Provided by Investing Activities	90,691	434,233
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,254	281,227
Cash and Cash Equivalents – Beginning of year	449,015	167,788
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 469,269	$ 449,015

(Continued)

Statements of Cash Flows (Continued)
Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (37,916)	$ (95,174)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	126,931	128,919
(Increase) Decrease in Accounts Receivable	(5,000)	4,232
(Increase) in Prepaids and Other Assets	(732)	(26)
(Decrease) in Accounts Payable – Trade	(62)	(2,648)
(Decrease) in Accrued Expenses	(6,259)	(11,099)
Increase (Decrease) in Other Liabilities	1,137	(2,651)
(Decrease) Increase in Pension and OPEB Related Liabilities	(3,890)	9,407
Net Cash Provided by Operating Activities	$ 74,209	$ 30,960
Noncash Investing, Capital and Financing Activities:		
Unrealized (Loss) Gain on Investments	$ (6,031)	$ 4,555
Amortization of Bond Premium – Net	$ 3,198	$ 3,117
Amortization of Deferred Gain on Bond Refundings	$ 117	$ 228
Amortization of Deferred Loss on Bond Refundings	$ (180)	$ (227)
Accounts Payable – Construction	$ (12,073)	$ (12,939)
Accrued Project Expenditures	$ (17,077)	$ (15,132)
Government Grant Receivable	$ 8,936	$ 6,023
Other Capital Contribution – United Hangar	$ -	$ 32,389

See accompanying notes to financial statements.

Note 1. General

Description

The Hillsborough County Aviation Authority (the Authority) was created in 1945 as an independent special district governed by the Hillsborough County Aviation Authority Act, Chapter 2003-370, Laws of Florida (the Act). The Act provides that the Authority has exclusive jurisdiction, control, supervision and management over all public airports within Hillsborough County. As such, the Authority is authorized to issue revenue bonds to finance the construction of aviation-related projects. Revenue bonds issued by the Authority are payable solely from revenues of the Authority and are not obligations of the City of Tampa, Hillsborough County, or the State of Florida. Pursuant to the general laws of Florida, the Authority owns and operates Tampa International Airport (the Airport), and three general aviation airports, including Peter O. Knight, Plant City, and Tampa Executive, (collectively, the Airport System).

Basis of Presentation

The Authority operates the Airport System as a single enterprise fund with multiple cost centers to account for the costs of services. Costs are recovered in the form of charges to users for such services.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are reported on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents: The Authority classifies investments in short-term repurchase agreements and investments with original maturities of three months or less from the date of purchase as cash equivalents.

Investments: The Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements*. Interest and dividends are recognized when earned, realized gains and losses when sales occur and unrealized gain or loss based on the change in fair value between reporting periods.

Restricted assets and liabilities: The trust agreement governing the Authority's revenue bonds (Trust Agreement) requires the segregation of certain assets into restricted accounts and limits their use to specific items as defined by the document. Current liabilities payable from restricted assets are the liabilities that are to be retired by the use of restricted assets. Unliquidated cash balances resulting from collections of passenger facility charges (PFC) and rental car facility charges (CFC) are also reported as restricted assets as their use is legally restricted.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Management considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances. No allowance of bad debt has been made for fiscal year 2021 or 2020.

Grants: Grants received from federal and state governmental agencies that are restricted for the acquisition or construction of capital assets are recognized as capital contributions when eligibility requirements are met. Eligibility requirements are typically met when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. Depreciation on assets acquired or constructed with government grant monies is included in depreciation and amortization in the accompanying statements of revenues, expenses and changes in net position. Funds received from the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA) that are used to partially offset security costs for the implementation of federally mandated security requirements and other related operating and maintenance costs are recorded separately from capital grants and are included as federal reimbursements in operating revenues in the statements of revenues, expenses and changes in net position.

In response to the impacts of the COVID-19 public health emergency, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, to provide approximately $10 billion to support U.S. airports experiencing severe economic disruption caused by the pandemic. According to the FAA guidelines, the use of funds was to keep airports in reliable, safe operation to serve the aviation industry, the travelling public, support the economy, and to keep airport and aviation workers employed, as well as airport credit ratings stable. As a result, the airport was granted $81.2 million in CARES Act funds from the U.S. Department of Transportation. The Authority drew $20.6 million and $60.6 million from the CARES Act grants to cover its operational and debt service needs for fiscal year ended September 30, 2021 and 2020, respectively.

The Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, signed into law on December 27, 2020, includes nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the Coronavirus Pandemic. The Authority drew $18.2 million during fiscal year 2021 to reimburse its eligible operational expenses.

The GASB issued Technical Bulletin 2020-1, which clarifies the presentation of certain inflows of CARES Act resources and additional unplanned outflows of resources incurred in response to coronavirus. The GASB requires the Authority to report the CARES and CRRSA Acts funds received as non-operating revenues in the accompanying statements of revenues, expenses and changes in net position.

PFCs: PFCs are imposed at $4.50 per enplaned passenger, of which the Authority receives $4.39. The remitting airline retains $0.11 for administrative processing costs. PFCs are restricted for use on projects pre-approved by the FAA. PFCs are reported as capital contributions in the accompanying statements of revenues, expenses and changes in net position.

CFCs: CFCs are collected at $5.95 per transaction day for current on-airport companies. In accordance with the CFC trust agreement, funds collected from the CFC trust agreement are to be used to: (1) fund a sinking fund for the payment of CFC revenue bonds, (2) fund a reserve fund for CFC revenue bonds, (3) pay other costs associated with the administration of the CFC revenue bonds, (4) to reimburse the Authority for its share of the operating and maintenance expenses of the automated people mover (APM), the debt service for bonds previously issued by the Authority, recovery of the Authority's costs of self-funded projects that were part of the Consolidated Rental Car Center (RCC), and (5) to fund a renewals and replacement fund for modifications, repairs and replacement of the RCC and APM.

Note 2. Summary of Significant Accounting Policies (Continued)

If unliquidated CFC funds remain after the funding of the above eligible items, remaining funds shall be used to (1) reimburse concessionaires up to 50% of the common area maintenance costs of the RCC, (2) reimburse the Authority for rental revenue recovery and (3) held in surplus and used at the Authority's sole discretion for expansion and improvements of the RCC and other related capital projects.

Debt insurance costs, bond discounts and premiums: Debt insurance costs and bonds refunding deferred gain or loss are amortized using the declining balance method over the life of the issue. Bonds premiums and discounts are amortized using effective interest method in accordance with the GASB requirements. Debt issue costs other than insurance costs are expensed.

Interest costs: The Authority has expensed construction related interest costs as incurred. All interest cost incurred is reported as non-operating expense.

Capital assets: Capital assets are recorded at cost and are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Structures and improvements	10-40
Runways, taxiways and aprons	10-30
Equipment, furniture and fixtures	3-15

On an annual basis, the Authority evaluates the useful lives of capital assets, and writes off net capitalized costs of assets with no future value in depreciation and amortization in the accompanying statements of revenues, expenses and changes in net position.

The Authority's Management periodically reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. No impairment on the Authority's capital assets have been recognized during the years ended September 30, 2021 and 2020.

Compensated absences: Employees accrue annual leave in varying amounts are based upon length of service, hire date and work schedule per pay period. As of the last payday of the fiscal year, all leave remaining in excess of 256 hours (Police 269), can be purchased by the Authority up to 120 hours (Police 126 hours).

Other post-employment benefits (OPEB): The Authority obtains actuarial valuation reports for its postemployment benefit plan (other than pensions) and records the OPEB liability as required under GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Disclosure information required by GASB Statement No. 75 is found in Note 12.

Pensions: In the statements of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) Defined Benefit Plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates.

Deferred outflows/inflows of resources: This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority reports amounts related to deferred losses on refunding of debt, pension and OPEB in this section.

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports amounts related to deferred gains on refunding of debt, pension and OPEB in this section.

Operating revenues and expenses: Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods. It also includes all revenue and expenses not related to capital and financing, noncapital financing or investing activities.

Rentals and concession fees are generated from airlines, parking structures and lots, rental cars, fixed based operators, food and beverage, retail, advertising and other commercial tenants. Airline revenues are determined through the airlines rates, fees and charges that are based on the cost recovery rate making methodology calculation, pursuant to the Rate by Resolution. Leases are typically for terms from one or more years and generally require rental payments based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized on a straight-line basis over the life of the respective leases, and concession revenue is recognized based on the greater of a percentage of reported concessions gross receipts activity or minimum annual guarantee (privilege fee) as well as a fixed premise and support space rental. Rental and concession revenues are recognized as operating revenue in the statements of revenues, expenses and changes in net position.

Non-operating revenues and expenses: Non-operating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the Authority. This classification includes interest earned on bank accounts, unrealized gain or loss on investments, and interest paid on debt service.

Capital contributions: Capital contributions consist primarily of grants and contributions from federal and state governmental agencies, PFCs and rental CFCs, as well as other contributions pertaining to acquisition of assets. Capital contributions resulting from grants are recognized as related project costs are incurred.

Revenue classifications: The components of the major operating revenue classifications are as follows:

Airfield – Fees for landing of cargo and passenger aircraft.

Terminal Building – Airline space rentals in passenger terminal building, privilege fees for the operation of terminal complex concessions of food and beverage, general merchandise and duty-free store, and other miscellaneous fees in terminal building.

Airside Buildings – Rentals of facilities space at airsides for airline offices, passengers' checkpoints, gates, shuttle transfer systems, aircraft apron parking and other miscellaneous fees at the airside buildings.

Commercial Landside – Automobile parking fees, rent-a-car privilege fees and space rental, privilege fees for the operation of the hotel, and permit fees of limousine/cab and transportation network companies.

Cargo – Cargo space rentals, apron rentals, fuel flowage fees and other grounds rental.

Auxiliary Airports – Fees from services at all airports operated by the Authority, other than Tampa International Airport.

General Aviation – Fees from services for general aviation activities at Tampa International Airport.

Note 2. Summary of Significant Accounting Policies (Continued)

Federal Reimbursements – Operating grants from the federal government for reimbursing security activities at Tampa International Airport.

Other – Fees from aviation supporting facilities provided to tenants, rentals from non-aviation properties, including commercial real estate rentals, maintenance hangar and fuel farm, reimbursement for utilities, and other miscellaneous income.

The major sources of operating revenues (in thousands) are as follows for the fiscal years ending September 30:

	2021	2020
Aeronautical Space Rental	$ 67,831	$ 49,770
Concessions	21,261	20,796
General Aviation	4,663	4,277
Ground Transportation	4,051	4,343
Landing Fees	24,968	15,643
Parking	46,422	41,234
Rental Cars	39,332	32,603
Commercial Real Estate Rentals	7,436	4,969
Maintenance Hangar and Fuel Farm	3,433	3,052
Utilities and Other Reimbursable	3,490	3,851
Other	1,113	2,516
	$ 224,000	$ 183,054

Recent accounting pronouncements: GASB Statement 87, *Leases*, was originally issued in June 2017, and was expected to be effective for the Authority in fiscal year 2021. However, in light of the COVID-19 pandemic, GASB issued the Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidanc*e in May, 2020 to provide temporary relief to governments and other stakeholders. The implementation of the Statement has been postponed by 18 months, which will be effective for the Authority in fiscal year 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases, as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement also includes an exception for short-term leases, and exceptions for contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. Certain types of the Authority's leases may be classified as regulated leases within the scope of exceptions of the Statement. Lease receivable will be required to be recorded at the lease commencement. This Statement will have a material impact on the financial statements of the Authority.

Note 2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 96, *Subscription –Based Information Technology Arrangements* was issued in May 2020, and will be effective for the Authority in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Management is currently evaluating the impact of this standard to the Authority's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* was issued in June 2020. The primary objectives of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal year end September 30, 2022. The Authority has not yet determined the effect that the adoption of this Statement may have on the financial statements.

Reclassifications: Certain reclassifications have been made to the 2020 balances to conform to 2021 presentation. These reclassifications did not result in a change in previously reported change in net position.

Note 3. Rate Making Policy

The Trust Agreements state the Authority, not taking into consideration any money received from federal and state grants, PFCs, CFCs, ad valorem taxes and certain other monies, will fix and establish or revise, as needed, rental rates and other charges for use of the services and facilities of the Airport System, which will be sufficient in each fiscal year to make payments and deposits, as required under the Trust Agreements. Currently, all bonds, excluding bonds payable from CFC collections, and outstanding debt of the Authority are issued under the Trust Agreements, and these covenants are reiterated in each official statement of bonds issued.

Note 3. Rate Making Policy (Continued)

The airline-airport use and lease agreement in effect since October 1, 1999 expired September 30, 2020 (Airline Agreement). Effective October 1, 2020, the Authority approved the Tampa International Airport Airlines Rates, Fees and Charges Resolution (Resolution). The Airline Agreement and the Resolution incorporates the lease and use of the terminal building, Airsides A, C, E, F, any future airside buildings and the airfield at the Tampa International Airport. The Airline Agreement established a compensatory rate-making methodology where the airlines pay the Authority fees and charges based on the Authority's cost of providing facilities and services. The costs to be allocated to the Airlines include operating and maintenance expenditures, debt service, debt service coverage of 25%, Trust Fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects. They also provide the Signatory Airlines with a net revenue sharing provision. The amounts owed to the Signatory Airlines under this provision for the year ended September 30, 2020 was $538,438. The Resolution established a cost-recovery rate-making methodology with certain residual components at the airport along with one-year space rental agreements. Those carriers with space rental agreements are considered Signatory carriers. The costs to be allocated to the airlines include operating and maintenance expenditures, debt service, debt service coverage of 25%, Trust Fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects. As mentioned above, there is a revenue sharing provision for the Signatory carriers of the net remaining revenues after the funding of operating expenses, debt service, Authority funded-capital, and a minimum $10 million deposit to surplus for 10% of the proportional share of certain revenues as a percentage of the total revenues of the net remaining revenues. The amount shared under this provision for the year ended September 30, 2021 was $1,187,832. The net revenue sharing is presented as a separate item after operating expenses on the statements of revenues, expenses and changes in net position. Depreciation and amortization is excluded from the rate making process.

Note 4. Cash and Investments

Included in the Authority's cash balances are amounts deposited with commercial banks in interest bearing demand accounts. Each of these banks has been designated as a Qualified Public Depository by the State of Florida and participated in the State Collateral Pool (Pool). The Pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, Security for Public Deposits Act (the Public Deposit Act). Under the Public Deposit Act, the Authority's deposits in qualified public depositories are considered fully 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 Public Deposit Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association or trust company, provided a power of attorney is delivered to the State Treasurer.

During fiscal year 2021, the Authority invested in the investment pools, including Florida Prime administer (Prime) by the Florida State Board of Administration (SBA), The Florida Cooperative Liquid Assets Securities System (FLCLASS), and Florida Government Investment Trust (FLGIT), which are allowed under its investment policy. Included in cash equivalents are deposits in these three investment pools. Florida PRIME, FLCLASS, and FLGIT are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. As of September 30, 2021, the Authority has a total balance of $132.1 million in the investment pools.

Note 4. Cash and Investments (Continued)

At September 30, all cash, cash equivalents and investments (in thousands), were as follows:

	2021	2020
U.S. Treasury Securities	$ 108,271	$ 210,573
Certificate Deposit	3,919	3,907
Federal Home Loan Banks Note	9,393	-
Investments Subtotal	121,583	214,480
Cash in Deposit Accounts	469,269	449,015
Total Cash and Investments	$ 590,852	$ 663,495
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	$ 223,628	$ 160,440
Cash and Cash Equivalents – Restricted	245,641	288,575
Investments – Restricted	121,583	214,480
Total Cash and Investments	$ 590,852	$ 663,495

The Authority is authorized to invest in securities as described in its investment policy and the Trust Agreements. The authorized investments are allowable under Florida Statute 218.415. In fiscal year 2021, the Authority expanded its investment portfolio to include Federal Home Loan Banks Note. As of September 30, the Authority held the following investments (in thousands) as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

	Investment Maturities – 2021				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type:					
U.S. Treasury Securities	$ 21,761	$ 33,558	$ 52,952	$ -	$ 108,271
Federal Home Loan Banks Note	-	9,393	-	-	9,393
Total	$ 21,761	$ 42,951	$ 52,952	$ -	$ 117,664

	Investment Maturities – 2020				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type:					
U.S. Treasury Securities	$ 113,616	$ 40,367	$ 56,590	$ -	$ 210,573

Note 4. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that investments will lose value due to rising interest rates. The Authority's investment policy is designed to limit its exposure to interest rate risk is that the investments of current operating funds are placed to maturities less than one year. The Authority's investment policy also requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Investments of other non-operating funds will have terms appropriate to the needs for funds. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Trust Agreements.

Credit Risk

Credit risk is the risk that a security or portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of rating by a nationally recognized statistical rating organization. The Authority's Treasury Banking and Investment Policy P450 governs the Authority's investment strategy. In general, the policy's goal is to apply the prudent person rule: investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would make, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived. The Authority's policy requires the purchase of certain investments to specific rating requirements. Investments held in obligations of U.S. government agencies were rated AAA by Fitch, Aaa by Moody's and AA+ by S&P. Funds invested in the Florida Prime and FLCLASS are rated AAAm by S&P. Funds invested with the Florida Local Government Investment Trust are rated AAAm by Fitch.

Custodial Credit Risk

The Authority's funds are held in U.S. Treasuries, investments collateralized by U.S. Treasuries, Federal Home Loan Bank Note and Certificates of Deposit. The Authority's banking and investment policy states that assets will be diversified to control the risk of loss.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that a government can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets either directly or indirectly; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of September 30, 2021 and 2020:

- U.S. Treasury securities of $108.3 million and $210.6 million, respectively, are valued using bank quoted market prices (Level 1 and Level 2 inputs).

- Federal Home Loan Banks Note of $9.4 million are valued using bank quoted market prices (Level 2 inputs).

Note 5. Restricted Assets

The Trust Agreements, among other things, requires all airport revenues, excluding PFCs, CFCs, grants, bond proceeds and their earnings, and revenues from certain non-trust funded projects, be deposited in the Revenue Fund, the establishment of certain trust accounts, and defines the priority and flow of cash receipts. Certain of these trust accounts require specified balances and are restricted as to use. Bond proceeds issued for construction are held by a trustee appointed by the Authority per the bond trust agreements. Debt Service and Debt Reserve accounts are held by a trustee designated by the Trust Agreement and are pledged as collateral for debt service. A summary of the balances (in thousands) in these accounts as of September 30, is as follows:

	2021	2020
Restricted for Debt Service:		
Bond Principal, Interest and Redemption		
Sinking Fund	$ 235	$ 4,920
Bond Reserve Fund	108,279	113,190
Restricted to Acquisition of Property and Equipment:		
Construction and Equipment Funds	143,298	258,240
	251,812	376,350
Other Restricted Funds:		
Escrow and Forfeiture Deposits	304	300
Certificate Deposit for Owner Controlled Insurance Program Collateral	3,919	3,907
Passenger Facility Charges	68,807	68,112
Rental Car Customer Facility Charges	47,465	56,476
	120,495	128,795
Total Restricted Assets	$ 372,307	$ 505,145

Note 6. Leases

The Authority has entered into various leases with the tenants for the use of property, space and facilities at the Airport. Among these properties are the concession areas, restaurants and lounges, terminal areas, airsides and rental car areas. Certain leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenant's gross revenues. Contingent rental revenue under such arrangements amounted to $24.9 million and $16.7 million for the years ended September 30, 2021 and 2020, respectively.

Note 6. Leases (Continued)

The following is a schedule by years of minimum future revenues for each of the next five years and thereafter on non-cancelable agreements (in thousands) as of September 30, 2021:

Years Ending September 30:	Amount
2022	$ 92,598
2023	63,282
2024	60,698
2025	66,924
2026	67,026
2027-2031	201,690
2032-2036	25,648
2037-2041	15,427
2042-2046	13,321
2047-2051	10,425
2052-2056	12,219
2057-2061	10,703
2062-2066	11,097
2067-2071	11,729
2072-2076	12,272
2077-2081	10,828

The majority of the Authority's capital assets used in operations are subject to operating lease agreements.

Note 7. Capital Assets

Capital asset activity for the years ended September 30 (in thousands), is summarized as follows:

	Balance October 1, 2020	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2021
Land	$ 213,207	$ 2	$ -	$ 213,209
Construction in progress	363,110	232,991	(232,797)	363,304
Equipment	71,628	13,804	(7,942)	77,490
Buildings and improvements	3,099,297	222,205	(31,718)	3,289,784
	3,747,242	469,002	(272,457)	3,943,787
Less accumulated depreciation:				
Equipment	(49,790)	(7,965)	7,940	(49,815)
Buildings and improvements	(1,563,195)	(118,872)	27,841	(1,654,226)
	(1,612,985)	(126,837)	35,781	(1,704,041)
Total capital assets – net	$ 2,134,257	$ 342,165	$ (236,676)	$ 2,239,746

	Balance October 1, 2019	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2020
Land	$ 213,147	$ 60	$ -	$ 213,207
Construction in progress	132,141	257,199	(26,230)	363,110
Equipment	73,373	4,028	(5,773)	71,628
Buildings and improvements	3,040,533	61,093	(2,329)	3,099,297
	3,459,194	322,380	(34,332)	3,747,242
Less accumulated depreciation:				
Equipment	(45,806)	(9,754)	5,770	(49,790)
Buildings and improvements	(1,446,216)	(119,216)	2,237	(1,563,195)
	(1,492,022)	(128,970)	8,007	(1,612,985)
Total capital assets – net	$ 1,967,172	$ 193,409	$ (26,325)	$ 2,134,257

Note 8. Debt and Other Non-Current Liabilities

Revenue Bonds

All senior revenue bonds issued by the Authority under the terms of the Senior Trust Agreement and supplements thereto are on parity with all outstanding senior revenue bonds. Senior revenue bonds are payable solely from revenues, as defined in the Senior Trust Agreement, after the payment of the cost of operation and maintenance expenses.

Subordinated bonds are issued by the Authority under Subordinated Trust Agreement and feature a pledge of PFC revenues backed by general airport revenues. Subordinated bonds are issued on equal parity with outstanding subordinated bonds. CFC bonds are issued under the CFC Trust Agreement with an exclusive pledge of CFC revenues derived from rental car transaction fees.

During the years ended September 30, 2021 and 2020, serial revenue bonds in the amounts of $33.27 million and $57.235 million, respectively, were redeemed. In addition, during the fiscal year 2020 the Authority made advanced principal payment of $15.71 million for the 2018 Series A Bonds to save interest costs of $301,632 for fiscal year 2021. Total interest costs incurred on outstanding bonds during the years ended September 30, 2021 and 2020, were $64.85 million and $66.57 million, respectively.

The total principal maturities and debt service requirements for all revenue bonds through the year 2048, as of September 30, 2021 (in thousands), are as follows:

Years Ending September 30:	Principal	Interest	Total Debt Service
2022	$ 46,435	$ 63,830	$ 110,265
2023	45,695	62,077	107,772
2024	39,925	60,346	100,271
2025	32,875	58,595	91,470
2026	34,230	57,237	91,467
2027-2031	232,590	260,469	493,059
2032-2036	218,930	209,991	428,921
2037-2041	277,990	150,928	428,918
2042-2046	311,005	74,931	385,936
2047-2048	119,530	9,037	128,567
	$ 1,359,205	$ 1,007,441	$ 2,366,646

Note 8. Debt and Other Non-Current Liabilities (Continued)

Revenue bond information and activity as of and for the years ended September 30, 2021 and 2020 (in thousands), is presented below. All principal payments are due October 1, while interest on the fixed rate bonds is due semiannually on April 1 and October 1. Since all debt service payments required under the Trust Agreement are deposited with the Trustee as of September 1, it is the Authority's policy to record the October 1 principal and interest payments as of the close of business on September 30.

			Bonds Payable at September 30, 2021		Bonds Payable at September 30, 2020
	Issuance Amount	Interest Rates	Serial Bonds	Maturing in Fiscal Year	Serial Bonds
Revenue and Revenue Refunding Bonds:					
2013A Senior	$ 38,635	1.87%	$ -	2021	$ 8,750
2013B Senior	35,235	2.00%	11,435	2022 - 2023	14,490
2015A Senior	148,210	5.00%	148,210	2027 - 2044	148,210
2015C Senior	18,710	1.80%	7,680	2022 - 2023	11,425
2017A Senior	54,665	2.56%	54,665	2028 - 2031	54,665
2018A Senior	48,810	1.92%	9,200	2022 - 2023	9,200
2018B Senior	32,175	2.57%	32,175	2024 - 2028	32,175
2018C Senior	26,665	3.25%	26,665	2029 - 2033	26,665
2018D Senior	31,320	3.40%	31,320	2034 - 2038	31,320
2018E Senior	140,120	5.00%	140,120	2022 - 2048	140,120
2018F Senior	160,855	5.00%	160,855	2022 - 2048	160,855
Subtotal Senior Bonds	735,400		622,325		637,875
2013A PFC Subordinated	168,865	5.00% - 5.50%	103,340	2022 - 2030	112,225
2015A PFC Subordinated	19,590	5.00%	19,590	2031 - 2044	19,590
2015B PFC Subordinated	153,915	5.00%	153,915	2031 - 2044	153,915
2018A PFC Subordinated	102,500	5.00%	102,500	2031 - 2048	102,500
Subtotal PFC Subordinated Bonds	444,870		379,345		388,230
2015A CFC	88,975	5.00%	88,975	2041 - 2044	88,975
2015B CFC	294,350	3.549% - 5.25%	268,560	2022 - 2041	277,395
Subtotal CFC Bonds	383,325		357,535		366,370
Total Bonds	$ 1,563,595		1,359,205		1,392,475
Unamortized Bond Premium – Net			72,036		75,233
Total Revenue Bonds Payable			1,431,241		1,467,708
Less Current Portion of Bonds Payable			(46,435)		(33,270)
Long-Term Portion of Bonds Payable			$ 1,384,806		$ 1,434,438

Note 8. Debt and Other Non-Current Liabilities (Continued)

Authority rate covenants under the Trust Agreements require that revenues in each fiscal year will be sufficient to pay all amounts required to be deposited in Reserve Fund, the Operation and Maintenance Fund and the Operating Reserve Fund and 125% of the annual debt service requirement for the senior lien bonds. The debt coverage is calculated at the end of fiscal year to determine the ratio, which must exceed a 1.25 times coverage requirement. As allowed under the Trust Agreements, the Authority utilized $38.8 million and $44.2 of the CARES and CRRSA Act funding to offset operating expenses in support of senior debt service coverage in fiscal year 2021 and 2020, respectively. As a result, the senior debt service coverage ratio was 2.44 and 2.08 in 2021 and 2020, respectively.

Rate covenants under the Subordinated Trust Agreement are a two part test. First, net revenues after the payment of senior lien debt plus pledged PFCs must equal at least 125% of the of the annual debt service on the subordinated lien debt. Secondly, overall combined net revenues and pledged PFCs must equal at least 115% of the combined annual debt service of the senior and subordinated lien bonds. The subordinated debt coverage ratios must exceed 1.25 and 1.15, respectively under these two tests. The subordinated debt coverage ratio under the first test was 3.74 and 3.10 in 2021 and 2020, respectively. The subordinated debt coverage ratio under the second test was 1.94 and 1.70 in 2021 and 2020, respectively.

The rate covenant under the CFC Trust Agreement requires that CFC collections must exceed 150% of the annual debt service requirement on the CFC lien bonds. Therefore, the CFC debt coverage ratio calculation must exceed 1.50 under this covenant. If CFC collections in a fiscal year do not result in meeting the rate covenant, the Authority may first utilize the one-time deposit in the CFC Deficiency Reserve until depletion at which the rental car companies operating at the RCC are obligated to pay the Authority the incremental amount required to satisfy the covenant. In addition, the amount equal to 25% of the CFC Debt Service may be transferred from the CFC Surplus and be applied towards the coverage requirement. In 2021, the Authority utilized $6.0 million of the deficiency reserve and $6.7 million of the CFC surplus to support the required coverage levels. The CFC debt coverage ratio was 1.62 and 1.52 in 2021 and 2020.

The Authority has made pledges of certain revenue streams as collateral for the principal and interest payments of their revenue bonds. The Authority’s pledged revenues are as follows:

Operating revenues less operating and maintenance expenses (net revenues) have been pledged as collateral for the senior revenue bonds. The total amount of the pledge is equal to the remaining principal and interest payments of $1,066.9 million. The Authority recognized $133.2 million in net revenues during 2021, and made principal and interest payments on senior revenue bonds of $54.23 million.

PFC revenues have been pledged as collateral for the subordinated revenue bonds. The total amount of the pledge is equal to the remaining principal and interest payments of $687.96 million. The Authority recognized $32.49 million of PFC revenues during 2021 and made principal and interest payments on subordinated revenue bonds of $28.51 million.

Note 8. Debt and Other Non-Current Liabilities (Continued)

CFC revenues have been pledged as collateral for the CFC revenue bonds. The total amount of the pledge is equal to the remaining principal and interest payments of $611.77 million. The Authority recognized $29.73 million in gross CFC revenues during 2021 and made principal and interest payments on CFC revenue bonds of $26.60 million.

Bank Notes

In the prior year, the Authority had a variable rate SunTrust bank loan, subject to a revolving credit agreement not to exceed $100,000,000.

On May 11, 2020, the Authority established a Revolving Credit Facility with Truist Bank (formerly SunTrust) and STI Institutional & Government, Inc., with a maximum commitment amount of $100,000,000, pursuant to a Revolving Credit Agreement and related taxable and tax-exempt revolving credit notes. This Revolving Credit Facility replaced an existing credit facility with SunTrust Bank. On June 4, 2020, the Authority's Board approved the amendments to the Revolving Credit Facility: (i) to increase the credit line amount to the sum of $200,000,000 for a 12 month period, after which it will revert back to $100,000,000 (subject to future amendments), and (ii) provide that for advances which cause the aggregate amount under both the taxable and tax exempt notes to exceed $100,000,000, the interest rate on the incremental portion of such advance, and additional advances above that threshold, shall be subject to a floor of 1.21% for advances under the taxable note and 0.96% for advances under the tax exempt note.

On June 3, 2021, the Authority's Board approved the proposal to amend the Revolving Credit Facility: (i) to extend the maximum commitment to $200,000,000 through January 1, 2023, after which the amount will revert to $100,000,000, and (ii) to reduce the interest rate floor on amounts exceeding $100,000,000 to 0.835% on taxable notes and 0.66% on tax-exempt notes. Truist and STI Institutional & Government, Inc. have agreed in principle to the requested changes. All other terms of the Revolving Credit Facility remain unchanged.

During fiscal year 2021, the Authority made a second draw on its bank note in the amount of $66.07 million, with the cost of issuance of $95,000. The outstanding bank note balances are $106.26 million and $40.19 million for the year ended September 30, 2021 and 2020, respectively. Total interest expenses incurred on the bank note during the year ended September 30, 2021 and 2020 were $495,946 and $194,119.

Note 8. Debt and Other Non-Current Liabilities (Continued)

Bonds, bank notes and other non-current liability information and activity (in thousands) for the years ended September 30, are summarized as follows:

	Balance September 30, 2020	Additions	Paydowns	Balance September 30, 2021	Amount Due within One Year
Senior Bonds	$ 637,875	$ -	$ (15,550)	$ 622,325	$ 27,995
PFC Subordinated Bonds	388,230	-	(8,885)	379,345	9,320
CFC Bonds	366,370	-	(8,835)	357,535	9,120
Bank Notes	40,192	66,069	-	106,261	-
Total Bonds and Notes Payable	1,432,667	66,069	(33,270)	1,465,466	46,435
Compensated Absences	6,118	-	(442)	5,676	1,219
Environmental Liabilities	687	-	(670)	17	17
Pension Liabilities	75,610	-	(48,541)	27,069	87
Other Post-Employment Benefits	5,092	154	-	5,246	-
Total Other Liabilities	$ 87,507	$ 154	$ (49,653)	$ 38,008	$ 1,323

	Balance September 30, 2019	Additions	Paydowns	Balance September 30, 2020	Amount Due within One Year
Senior Bonds	$ 693,770	$ -	$ (55,895)	$ 637,875	$ 15,550
PFC Subordinated Bonds	396,695	-	(8,465)	388,230	8,885
CFC Bonds	374,955	-	(8,585)	366,370	8,835
Bank Notes	-	40,192	-	40,192	-
Total Bonds and Notes Payable	1,465,420	40,192	(72,945)	1,432,667	33,270
Compensated Absences	4,779	1,339	-	6,118	1,219
Environmental Liabilities	1,541	-	(854)	687	558
Pension Liabilities	61,205	14,405	-	75,610	186
Other Post-Employment Benefits	6,656	-	(1,564)	5,092	-
Total Other Liabilities	$ 74,181	$ 15,744	$ (2,418)	$ 87,507	$ 1,963

Other Non-Current Liabilities

This line item consists of compensated absences, pollution remediation obligations, pension and OPEB as listed in the above activity table.

Note 8. Debt and Other Non-Current Liabilities (Continued)

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* the Authority recognizes certain remediation obligations in the financial statements. There are several sites on airport property requiring the establishment of liabilities under GASB Statement No. 49. The Authority's Planning and Development staff, working in conjunction with outside environmental specialists and the Florida Department of Environmental Protection and other government agencies, developed detailed plans and cost estimates of the pollution remediation liabilities associated with these sites. The total estimated and recorded liabilities for the sites at September 30, 2021 and 2020 are $16,637 and $687,429, respectively and are included with accrued expenses in the statement of net position.

Compensated Absences

The Authority provides for compensated absences to its employees through employee benefit programs. Under the programs, employees are provided compensated absences for sick and vacation time, as well as related retirement amounts. Expected amounts that will be paid out in the subsequent fiscal year are recorded as accrued expenses in the statement of net position. Amounts expected to be paid out past the subsequent fiscal year are included with other non-current liabilities in the statement of net position.

Note 9. Contributions

The Authority has received capital contributions by means of federal and state grants, passenger facility charges, and other sources (in thousands) are as follows:

	2021	2020
PFCs	$ 32,493	$ 25,058
Federal Airport Improvement Program (AIP) Grants	4,637	6,759
State Grants	21,955	29,756
Federal Reimbursements	13,572	23,282
CFCs	17,526	17,207
Other Contribution (United Hangar)	-	32,389
Total Capital Contributions	$ 90,183	$ 134,451

CFC collections prior to revenue recognition and applicable operating and maintenance expense offsets were $29.73 million in 2021 representing a 1% increase from the 2020 collections of $29.5 million.

Other contributions include the transfer of ownership of the hangar from United Airlines, Inc. to the Authority upon receipt of the Certificate of Occupancy. The construction was completed in the fourth quarter of fiscal year 2020, as was the transfer to the Authority. The Authority recorded the contribution at acquisition value as estimated by United Airline's cost of $32.4 million to construct the hanger.

Note 10. Defined Benefit Pension Plans

Background

The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The Authority's pension expense totaled $1.96 million and $14.8 million for both the FRS and HIS for the fiscal years ended September 30, 2021 and 2020, respectively.

Florida Retirement System Pension Plan

Plan Description

The FRS is a cost-sharing multiple-employer defined benefit pension plan, with a DROP available for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Note 10. Defined Benefit Pension Plans (Continued)

Employees enrolled in the FRS prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS may include up to 4 years of credit for military service toward creditable service. The FRS also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Note 10. Defined Benefit Pension Plans (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in line of duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment and Retirement Age/Years of Service:	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Note 10. Defined Benefit Pension Plans (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pre-tax basis. The contribution rates attributable to the Authority as of September 30, 2021 and 2020 were applied to employee salaries as follows: Regular 9.16% and 8.34%, Special Risk 24.23% and 22.79%, Senior Management Service 27.35% and 25.63% and DROP participants 16.68% and 15.32%, respectively. The Authority's contributions to the FRS were $5 million and $4.6 million for the fiscal years ended September 30, 2021 and 2020, respectively. These allocations are in addition to a required employee contribution of 3% of gross compensation for each member class (excluding DROP participants).

Pension Costs

At September 30, 2021 and 2020, the Authority reported a liability of $9.8 million and $57.7 million, respectively, for its proportionate share of the FRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1, 2021. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2021, the Authority's proportion was 0.1294%, which was an decrease of 0.0038% from its proportion measured as of June 30, 2020. At June 30, 2020, the Authority's proportion was 0.1332%, which was an increase of 0.0028% from its proportion measured as of June 30, 2019.

For the years ended September 30, 2021 and 2020, the Authority recognized pension expense of $415 thousand and $12.8 million, respectively, for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 1,675	$ -
Changes in Actuarial Assumptions	6,687	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	34,093
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,691	1,002
Authority Contributions Subsequent to the Measurement Date	1,471	-
Total	$ 11,524	$ 35,093

Note 10. Defined Benefit Pension Plans (Continued)

Deferred outflows of $1.5 million related to pensions resulting from Authority contributions to the FRS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an decrease in pension expense as follows (in thousands):

Years Ending June 30:	Amount
2022	$ (4,410)
2023	(5,143)
2024	(6,812)
2025	(8,729)
2026	54
	$ (25,040)

For the year ended September 30, 2020, the Authority recognized pension expense of $12.8 million for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 2,209	$ -
Changes in Actuarial Assumptions	10,450	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,437	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	2,331	28
Authority Contributions Subsequent to the Measurement Date	1,373	-
Total	$ 19,800	$ 28

Deferred outflows of $1.4 million related to pensions resulting from Authority contributions to the FRS subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended September 30, 2021.

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.40% per year
Salary Increases 3.25% Average, Including Inflation
Investment Rate of Return 6.80%, Net of pension plan investment expense including inflation

Mortality rates were based on PUB-2010 tables with projection scale MP-2018.

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.40% per year
Salary Increases 3.25% Average, Including Inflation
Investment Rate of Return 6.80%, Net of pension plan investment expense including inflation

Mortality rates were based on PUB-2010 tables with projection scale MP-2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class as of June 30, 2021, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.1%	2.1%	1.1%
Fixed Income	20%	3.8%	3.7%	3.3%
Global Equity	54%	8.2%	6.7%	17.8%
Real Estate	10%	7.1%	6.2%	13.8%
Private Equity	11%	11.7%	8.5%	26.4%
Strategic Investments	4%	5.7%	5.4%	8.4%
Totals	100%			

Note 10. Defined Benefit Pension Plans (Continued)

Regarding the prior year, the target allocation, as outlined in the FRS investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class as of June 30, 2020, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.2%	2.2%	1.2%
Fixed Income	19%	3.0%	2.9%	3.5%
Global Equity	54%	8.0%	6.7%	17.1%
Real Estate (Property)	10%	6.4%	5.8%	11.7%
Private Equity	11%	10.8%	8.1%	25.7%
Strategic Investments	5%	5.9%	5.7%	6.9%
Totals	100%			

Discount Rate

The long-term expected rate of return assumption of 6.8% consists of two components: an inferred real (in excess of inflation) return of 4.3% and a long-term average annual inflation assumption of approximately 2.4% as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.80% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80% reported investment return assumption is the same as the investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability as for the FRS, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate (in thousands):

2021

Description	1% Decrease	Current Discount	1% Increase in
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 43,702	$ 9,772	$ (18,589)

2020

Description	1% Decrease	Current Discount	1% Increase in
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 92,178	$ 57,725	$ 28,951

Note 10. Defined Benefit Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statues. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were $825 thousand and $849 thousand, for the years ended September 30, 2021 and 2020, respectively.

Pension Costs

At September 30, 2021 and 2020, the Authority reported a liability of $17.3 million and $17.9 million, respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1, 2020. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all participating employers. At June 30, 2021, the Authority's proportion was 0.1410%, which was an decrease of 0.0055% from its proportion measured as of June 30, 2020. At June 30, 2020, the Authority's proportion was 0.1465%, which was an increase of 0.0007% from its proportion measured as of June 30, 2019.

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2021, the Authority recognized pension expense of $1.6 million for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 579	$ 7
Changes in Actuarial Assumptions	1,359	713
Net Difference Between Projected and Actual Earnings on HIS Program Investments	18	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,044	512
Authority Contributions Subsequent to the Measurement Date	225	-
Total	$ 3,225	$ 1,232

Deferred outflows of $225 thousand related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows (in thousands):

Years Ending June 30:	Amount
2022	$ 487
2023	155
2024	320
2025	425
2026	318
Thereafter	63
	$ 1,768

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2020, the Authority recognized pension expense of $1.9 million for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 732	$ 14
Changes in Actuarial Assumptions	1,923	1,040
Net Difference Between Projected and Actual Earnings on HIS Program Investments	14	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,458	-
Authority Contributions Subsequent to the Measurement Date	228	-
Total	$ 4,355	$ 1,054

Deferred outflows of $228 thousand related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date has been recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Actuarial Assumptions

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

Inflation 2.4% per year
Salary Increases 3.25% including inflation
Municipal Bond Index Rate 2.16%

Mortality rates were based on the Generational PUB-2010 with projection scale MP-2018.

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.40% per year
Salary Increases 3.25% including Inflation
Municipal Bond Index Rate 2.21%

Mortality rates were based on the Generational RP-2010 with projection scale MP-2018.

Note 10. Defined Benefit Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total HIS Plan pension liability for September 30, 2021 and 2020, was 2.16% and 2.21%, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate (in thousands):

2021

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.16%	2.16%	3.16%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 19,997	$ 17,297	$ 15,085

2020

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.21%	2.21%	3.21%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 20,674	$ 17,884	$ 15,602

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

Note 11. Defined Contribution Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2020-2021 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, were as follows: Regular class 6.3%, Special Risk class 14.00% and Senior Management class 7.67%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS is transferred to the Investment Plan, the member must have the years of service required for FRS vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

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

The Authority's Investment Plan pension expense totaled $1,120,241 and $892,838 for the years ended September 30, 2021 and 2020, respectively. Employee contributions to the Investment Plan totaled $312,127 and $323,480 for the years ended September 30, 2021 and 2020, respectively.

Note 12. OPEB

In accordance with Florida Statutes, Section 112.0801, the Authority provides for a continuation of group health insurance to retirees and eligible dependents contingent upon meeting certain service and age requirements. The Authority has chosen pay-as-you-go funding and as such does not issue a separate financial report for the OPEB plan.

(a) <u>Description of OPEB Plan</u>

In addition to pension benefits, the Authority offers other post-employment benefits of health, dental and life insurance. Employees that retire under the FRS have the option to continue to participate in the group insurance plans of the Authority. The retirees and their dependents are offered the same coverage as is provided to current employees. The plan is a single-employer defined benefit healthcare plan self-funded by the Authority through the health care insurance provider

Funding Policy

The Authority does not accumulate assets to pay benefits but rather finances the program on a pay-as-you-go basis. Under the self-funded medical program, retirees are required to pay the same monthly premium cost that is applicable to the active employee, less a subsidy of $5 times the number of years continuously employed with the Authority at the time of retirement. The maximum amount of the subsidy is $150 per month. This subsidy totaled $37,015 and $40,318 in fiscal years 2021 and 2020, respectively. The retiree and dependents may also participate in the dental and life insurance plans, but must pay the full cost of the premiums associated with these plans. Employees are eligible for a flat $10,000 life insurance benefit upon retirement, which reduces to $5,000 at age 70. If a retiree does not participate in these plans upon retirement, he or she is not eligible to participate in the future. Below is a summary of the Health Plan's membership as of September 30, 2021 and 2020:

Plan Membership	September 30, 2021	September 30, 2020
Active	614	624
Inactive, receiving benefits	180	180

Note 12. OPEB (Continued)

(b) Measurement of Total OPEB Liability

The Authority's total OPEB liability was determined using the following measurement date and actuarial assumptions as of September 30:

	2021	2020
Measurement Date	September 30,2021	September 30,2020
Actuarial Valuation Date	September 30,2020	September 30,2020
Salary Increase Rate	3.5% per annum	3.5% per annum
Health Care Cost Trend Rate:		
Pre-65 years old	6.00%	6.50%
65 years and older	5.00%	5.50%
Discount Rate	2.16%	2.21%
Mortality Tables used	Pub-2010 projected forward using SOA scale MP-2019	Pub-2010 mortality table with generational scale MP-2019

The changes in the assumptions during the fiscal year ended September 30, 2021 reflect the changes in the discount rate, which was decreased from 2.21% to 2.16%. The source utilized to establish the discount rates is the Bond Buyer 20-Bond General Obligation Index. The health care cost trend assumptions are used to project the cost of health care in future years. The following trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend.

Expense Type	Select	Ultimate
Pre-Medicare and Rx Benefits	6.00%	4.00%
Medicare Benefits	5.00%	4.00%

(c) Changes in the Total OPEB Liability

Changes in the total OPEB liability for the fiscal years ended September 30, based on the measurement date, are as follows (in thousands):

	2021	2020
Balance, beginning of year	$ 5,092	$ 6,656
Changes for the year:		
Service Cost	276	338
Interest Cost	116	182
Differences between expected and actual experience		(1,509)
Changes in assumptions or other inputs	42	(279)
Benefit payments	(280)	(296)
Net change	154	(1,564)
Balance, end of year	$ 5,246	$ 5,092

Note 12. OPEB (Continued)

(d) <u>OPEB Expenses</u>

OPEB expense recognized by the Authority for the fiscal years ended September 30, 2021 and 2020 was $280,448 and $405,229, respectively.

(e) <u>OPEB Deferred Outflows and Inflows of Resources</u>

At September 30, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,263)
Changes of assumptions/inputs	935	(736)
	$ 935	$ (1,999)

	2020	
Differences between expected and actual experience	$ -	$ (1,385)
Changes of assumptions/inputs	994	(827)
	$ 994	$ (2,212)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Years Ending September 30:	Deferred Outflows (Inflows)
2022	$ (111)
2023	(111)
2024	(111)
2025	(111)
2026	(111)
Thereafter	(509)
	$ (1,064)

Note 12. OPEB (Continued)

(f) Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

Health Care Cost Trend Sensitivity

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

		Total OPEB Liability		
	Discount Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2021	2.16%	$ 4,706	$ 5,246	$ 5,964
As of September 30, 2020	2.21%	$ 4,568	$ 5,092	$ 5,789

Discount Rate Sensitivity

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

		Total OPEB Liability		
	Discount Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2021	2.16%	$ 6,120	$ 5,246	$ 4,549
As of September 30, 2020	2.21%	$ 5,940	$ 5,092	$ 4,415

Note 13. Risk Management

The Authority has developed risk mitigation strategies for loss prevention to address exposure to various risks. One of those risk mitigation strategies is the purchase of commercial insurance for losses related to torts and other liabilities, theft of, damage to and destruction of assets, natural disasters and workers' compensation. Details regarding insurance coverage and deductibles is presented by the Authority in the other information section of the financial statements.

The Authority provides a group health self-insurance plan for its retirees, employees and eligible dependents. The Authority is liable for the uninsured risk of loss under the plan. The Authority's liability is estimated by management in consultation with external insurance professionals. A summary of the liability for the self-insurance plan (in thousands) is presented below:

	2021	2020	2019
Liability, beginning of the fiscal year	$ 1,977	$ 1,646	$ 1,561
Current year claims and changes in estimates	12,351	11,899	11,911
Claims paid during the year	(14,110)	(11,568)	(11,826)
Liability, end of the fiscal year	$ 218	$ 1,977	$ 1,646

The liability for the self-insurance plan is included in accrued expenses in the statements of net position.

Note 14. Commitments and Contingencies

Construction and Maintenance Contracts

In connection with the Authority's ongoing maintenance programs, long-term maintenance contracts have been executed for services that are incomplete. These contracts are typically cancelable by either party with advance notice ranging from 30 to 180 days. The Authority also has entered into contracts and agreements totaling approximately $1.454 billion for construction, engineering services, land acquisition and equipment, approximately $243 million of which remains unspent.

Contingencies

The Authority is involved in litigation and claims as defendant or plaintiff arising in the ordinary course of operations. In the opinion of management, based on the advice of counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Authority.

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

Concentration of Revenues

The Authority leases facilities to the airlines and to other businesses to operate concessions at the Authority. For fiscal years ended September 30, 2021 and 2020, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

	2021	2020
Southwest Airlines Co.	11.3%	8.8%
Delta Air Lines, Inc.	7.6%	5.7%
American Airlines, Inc.	7.1%	4.4%
Enterprise Leasing Company of Florida, LLC	4.2%	6.2%

The three airlines listed above represented 64.6% and 61.9% of the enplanements in 2021 and 2020, respectively.

Note 15. Related Party Transactions

The Authority considers the City of Tampa and Hillsborough County to be related parties due to the Mayor of the City of Tampa and a County Commissioner being members of governance of both entities. The City of Tampa and Hillsborough County provide certain services to the Authority including firefighting personnel and utilities, as well as renting hangar facilities and ground area at the Airport. The Authority received rental revenues of $436,900 and $317,400, respectively, during the years ended September 30, 2021 and 2020. The total expense incurred by the Authority during the years ended September 30, 2021 and 2020 for these services were $7.17 million and $6.87 million, respectively.

Note 16. Subsequent Events

On November 16, 2021, the Authority issued the Tampa International Airport Senior Revenue Refunding Bonds 2021 Series A in the amount of $31.4 million, Series 2021A (2021A bonds), to refund the 2018 Series D Bonds, maturing October 1, 2034 to October 1, 2038. The 2021A bonds were issued at a rate of 1.140%, with maturities from 2025 to 2027. In addition, the issuance cost of $80,400, and accrued interest expenses of $133,110 were paid at the refunding.

The refunding of 2018 Series D Bonds in fiscal year 2022, resulted in net present value savings of 30.7%, or $9.6 million, and total net debt service savings of $14.1 million.

The Authority is currently planning a new money bond offering for approximately $373 million in the Spring 2022. This funding will cover the balance of the Authority's Phase II Master Plan projects as well as refund the current balance on the Authority's Line of Credit with Truist Bank. The Authority is also evaluating numerous refunding opportunities on the Senior, Subordinated, and CFC-lien to be executed if economical in the Spring 2022.

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years*
(in thousands)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	$ 276	$ 338	$ 261	$ 251	$ 326
Interest Cost	116	182	225	202	184
Differences between expected and actual experience	-	(1,509)	-	-	-
Changes in assumptions	42	(279)	1,190	(375)	(430)
Benefit payments	(280)	(296)	(288)	(225)	(171)
Net Change in total OPEB liability	154	(1,564)	1,388	(148)	(91)
Total OPEB liability – beginning	5,092	6,656	5,268	5,416	5,507
Total OPEB liability – ending	$ 5,246	$ 5,092	$ 6,656	$ 5,268	$ 5,416
Covered employee payroll	$ 54,412	$ 52,572	$ 45,142	$ 43,615	$ 42,141
Total OPEB Liability as a percentage of covered employee	10%	10%	15%	12%	13%

*Note: This schedule is to be built prospectively until it contains ten years of data. However until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.129367187%	0.133187399%	0.130366825%	0.121262752%	0.118370628%	0.118844480%	0.113335017%	0.109354355%
Authority's Proportionate Share of the Net Pension Liability	$ 9,772,221	$ 57,725,381	$ 44,896,519	$ 36,524,969	$ 35,013,237	$ 30,008,324	$ 14,638,737	$ 6,672,224
Authority's Covered-Employee Payroll	$ 39,893,585	$ 40,458,307	$ 39,415,588	$ 35,906,559	$ 34,771,683	$ 33,815,069	$ 31,413,190	$ 28,595,685
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	24.50%	142.68%	113.91%	99.72%	100.69%	88.74%	46.60%	23.33%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of Authority Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 5,026,726	$ 4,627,292	$ 4,186,312	$ 3,543,790	$ 3,092,919	$ 3,121,541	$ 2,794,783	$ 2,403,034
Contributions in Relation to the Contractually Required Contribution	(5,026,726)	(4,627,292)	(4,186,312)	(3,543,790)	(3,092,919)	(3,121,541)	(2,794,783)	(2,403,034)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 39,990,276	$ 40,484,754	$ 40,125,904	$ 36,628,017	$ 35,305,299	$ 36,325,660	$ 31,966,393	$ 28,718,892
Contributions as a Percentage of Covered Employee Payroll	12.57%	11.43%	10.43%	9.68%	8.76%	8.59%	8.74%	8.37%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.141011787%	0.146475798%	0.145753373%	0.135788317%	0.130842975%	0.130355889%	0.121545164%	0.117391378%
Authority's Proportionate Share of the Net Pension Liability	$ 17,297,216	$ 17,884,456	$ 16,308,344	$ 14,371,988	$ 13,990,335	$ 15,192,439	$ 12,395,695	$ 10,976,380
Authority's Covered-Employee Payroll	$ 50,181,802	$ 51,320,522	$ 49,424,933	$ 44,495,183	$ 42,126,831	$ 39,633,682	$ 37,218,200	$ 33,889,301
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	34.47%	34.85%	33.00%	31.60%	33.21%	38.33%	33.31%	32.39%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of Authority Contributions
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 825,973	$ 849,377	$ 826,705	$ 750,158	$ 706,888	$ 698,655	$ 508,940	$ 403,596
Contributions in Relation to the Contractually Required Contribution	(825,973)	(849,377)	(826,705)	(750,158)	(706,888)	(698,655)	(508,940)	(403,596)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 50,394,503	$ 51,267,417	$ 50,321,101	$ 45,478,820	$ 43,024,674	$ 42,985,687	$ 37,942,363	$ 34,065,788
Contributions as a Percentage of Covered Employee Payroll	1.64%	1.66%	1.64%	1.65%	1.64%	1.63%	1.34%	1.18%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SCHEDULE OF BONDS ISSUED, REDEEMED AND OUTSTANDING
YEAR ENDED SEPTEMBER 30, 2021
(IN THOUSANDS, UNAUDITED)

Revenue Bond Issue	Original Issuance	Redeemed in Prior Years	Refunded in Current Year	Redeemed In Current Year	Outstanding September 30, 2021
2013A	$ 38,635	$ 29,885	$ -	$ 8,750	$ -
2013B	35,235	20,745	-	3,055	11,435
2013A Subordinated	168,865	56,640	-	8,885	103,340
2015A Senior	148,210	-	-	-	148,210
2015C Senior	18,710	7,285	-	3,745	7,680
2017A Senior	54,665	-	-	-	54,665
2015A Subordinated	19,590	-	-	-	19,590
2015B Subordinated	153,915	-	-	-	153,915
2015A CFC	88,975	-	-	-	88,975
2015B CFC	294,350	16,955	-	8,835	268,560
2018A Senior	48,810	39,610	-	-	9,200
2018B Senior	32,175	-	-	-	32,175
2018C Senior	26,665	-	-	-	26,665
2018D Senior	31,320	-	-	-	31,320
2018E Senior	140,120	-	-	-	140,120
2018F Senior	160,855	-	-	-	160,855
2018A Subordinated	102,500	-	-	-	102,500
Total	$ 1,563,595	$ 171,120	$ -	$ 33,270	$ 1,359,205

HILLSBOROUGH COUNTY AVIATION AUTHORITY
REVENUE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)
(In Thousands)

	Depository Account	Operating Reserve Account
Balance, October 1, 2020	$ 10,683	$ 24,642
Receipts:		
Revenue	202,595	-
Parking	43,973	-
Canine and LEO Reimbursements	336	-
Ground Transportation	279	-
Interest	1	1
Transfers from:		
PFC Fund	2,986	-
Debt Reserve Fund	2,121	-
Operating Reserve Fund	1,767	-
Total Available	264,741	24,643
Disbursements:		
Sales Taxes	(4,229)	-
Transfers to:		
Operations and Maintenance Fund	(137,248)	-
Sinking Fund	(38,770)	-
Customer Facility Charges	(23,294)	-
Surplus	(43,170)	-
Imprest Fund	(379)	-
Net Investment Activity		(22,797)
Intrafund Transfers and Other Costs	(1,555)	(1,767)
Total Disbursements	(248,645)	(24,564)
Balance, September 30, 2021	$ 16,096	$ 79

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SINKING FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	Interest Account	Principal Account	Capitalized Interest Account
Balance, October 1, 2020	$ 6,318	$ 128,257	$ 4,730,841
Receipts:			
Interest	4,704	8,914	57,383
Transfers from:			
Revenue Fund	23,220,458	15,550,000	-
Reserve Fund	-	-	-
PFCs	17,765,244	8,885,000	-
CFCs	19,627,381	8,835,000	-
Other Transfers and Costs	-	53,538	-
Total Receipts	60,617,787	33,332,452	57,383
Disbursements:			
Transfers to:			
Debt Service Paid from Revenue Fund	(20,238,844)	(15,550,000)	-
Debt Service Paid from PFCs	(22,608,995)	(8,885,000)	-
Debt Service Paid from CFCs	(17,765,244)	(8,835,000)	-
Debt Service Paid from Capitalized Interest	-	-	(4,232,321)
Other Transfers and Costs	(9,766)	(190,709)	(321,845)
Total Disbursements	(60,622,849)	(33,460,709)	(4,554,166)
Balance, September 30, 2021	$ 1,256	$ -	$ 234,058

HILLSBOROUGH COUNTY AVIATION AUTHORITY
OPERATING AND MAINTENANCE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)
(In Thousands)

Balance, October 1, 2020	$	19,935
Receipts:		
Transfers from:		
Revenue Fund		137,248
Capital Improvement Fund		1,143
CFC Surplus		4,046
Equipment Fund		91
Other Interfund Transfers		62
Other Deposits		3,514
Total Available		146,104
Disbursements:		
Disbursements to Payroll		(51,073)
Contribution to Florida Retirement System & Other Retirement Plan		(10,095)
Payments to Non Personnel Operating Expenses		(43,683)
Transfer to Imprest Fund		(34,782)
Surplus Fund		(7,456)
Transfer to Self Insurance		(11,695)
Other Fund Transfers		(0.01)
Total Disbursements		(158,784)
Balance September 30, 2021	$	7,254

HILLSBOROUGH COUNTY AVIATION AUTHORITY
RESERVE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)
(In Thousands)

Balance, October 1, 2020	$	101,380
Receipts:		
Interest		2,270
Total Available		103,650
Disbursements:		
Transfers to:		
Revenue Fund		(2,121)
Other Transfers and Adjustments		(4)
Total Disbursements		(2,125)
Balance, September 30, 2021	$	101,525

Investment Detail

	Due Date		Amortized Cost		Fair Value
T-Bill	02/10/22	$	7,721	$	7,721
T-Bill	03/31/22		8,441		8,440
T-Note	08/15/22		5,494		5,600
T-Note/T-Bond	05/15/23		4,173		4,320
T-Note	08/15/23		3,899		4,043
T-Note	09/30/24		5,485		5,784
T-Note	08/15/25		5,260		5,730
T-Note	09/30/25		12,532		13,681
T-Note	08/15/27		2,868		3,104
T-Note	08/15/28		13,962		15,486
T-Note	05/15/30		31,682		34,362
		$	101,517	$	108,271

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SURPLUS FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2021 (UNAUDITED)
(In Thousands)

Cash Balance, October 1, 2020	$	95,292
Certificate Deposit Balance,		3,919
Receipts:		
Transfer from Capital Improvement Fund		27,910
Transfer from Revenue Fund		43,170
Transfer from O&M		7,456
Interest		4
Total Available		177,751
Disbursements:		
Transfer to Capital Improvement Fund		(56,550)
Transfer to Equipment Fund		(2,014)
Transfer to Imprest Fund		(66)
Net Investment Activity		(17,555)
Other Costs		(356)
Total Disbursements		(76,541)
Balance, September 30, 2021	$	101,210

Investment Detail	Due Date	Amortized Costs	Fair Value
Certificate Deposit	12/2022	$ 3,919	$ 3,919
		$ 3,919	$ 3,919

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2021
(In Thousands)

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	Assistance Listing Number	Current Year Expenditures
US Department of Transportation:			
Direct:			
Federal Aviation Administration:			
Airport Improvement Program			
	3-12-0065-10	20.106	$ 46
	3-12-0078-65	20.106	424
	3-12-0078-66	20.106	109
	3-12-0078-69	20.106	443
	3-12-0097-35	20.106	3,614
COVID-19: Federal CARES Act Funding	3-12-0078-68	20.106	20,606
COVID-19: Coronavirus Response ACRGP Funding	3-12-0078-70	20.106	18,211
Subtotal			43,453
US Department of Justice:			
Direct:			
Federal Forfeiture Sharing	N/A	16.922	31
Total Expenditures of Federal Awards			$ 43,484

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2021
(In Thousands)

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CSFA Number	Current Year Expenditures
Florida Department of Transportation:			
Direct:			
Aviation Development Grant			
	AR390/425920-2	55.004	$ 719
	G0927/429607-1	55.004	1,838
	G0930/429617-1	55.004	313
	G0V19/432974-1	55.004	94
	G1K36/432984-1	55.004	747
	G1D20/435231-1	55.004	401
	G1711/435233-1	55.004	44
	G1610/435236-1	55.004	38
	G1611/435239-1	55.004	214
	G1Z11/436834-1	55.004	451
	G0C59/438695-1	55.004	16
	G0895/438697-1	55.004	4
	G1T31/438709-1	55.004	513
	G1T30/438715-1	55.004	198
	G1T29/438753-1	55.004	15,975
	G1449/438833-1	55.004	754
	G0Z71/440560-1	55.004	(8)
	G1685/442112-1	55.004	96
	G1851/444181-1	55.004	(1,500)
	G1L16/446919-1	55.004	725
	G1K87/446920-1	55.004	274
	G1V68/447220-1	55.004	52
Total State Financial Assistance			$ 21,958
Total of Expenditures of Federal Awards and State Financial Assistance.			$ 65,442

(Concluded)

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

Note 1. Summary of Significant Accounting Policies

The schedule of expenditures of federal awards and state financial assistance (schedule) is prepared on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Chapter 10.550, *Rules of the Florida Auditor General*. Wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The accompanying schedule includes the federal and state award activity of the Authority under programs of the federal and state government for the year ended September 30, 2021. Because the Schedule presents only a selected portion of the operations of the Hillsborough County Aviation Authority (Authority), it is not intended to and does not present the financial position, and changes in net position or cash flows of the Authority.

Note 2. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2021.

Note 3. Indirect Cost Recovery

The Authority did not recover its indirect costs using the 10% de minimus indirect cost rate provided under section 200.414 of the Uniform Guidance.

OTHER INFORMATION

Hillsborough County Aviation Authority

Summary Schedule of Insurance Policies (Unaudited)
September 30, 2021

Quota Share - AIG Specialty Insurance Company (Lead) - $250M p/o Primary $500M; ACE American - $22.5M p/o Primary $75M; Starr Surplus Lines - $7.5M p/o Primary $75M; National Fire & Marine - $6M p/o Primary $75M; Lloyd's - $1.5M p/o Primary $75M; Indian Harbor - $12.5M p/o $175M, excess of $75M; Homeland Insurance Co of NY - $75M p/o $175M, excess of $75M; Scottsdale - $75M p/o $150M, excess of $250M; and Great American - $50M p/o $100M, excess of $400M ($425M Excess of $75M excludes Earth quake, Flood and Named Storm)**

Property Coverage

All other perils (Excluding terrorism, earthquake, flood and named storm)	$	500,000,000
Deductible	$	250,000
Named Storm	$	75,000,000
Deductible – greater of 5% of value or $250,000	$	250,000
Flood Coverage	$	75,000,000
Terrorism Coverage*	$	100,000,000
Deductible	$	25,000

Terrorism provided by a stand alone program via Lloyds of London.

Nuclear, Chemical, Biological & Radiological Terrorism*	$	5,000,000
Deductible	$	100,000

Nuclear, Chemical, Biological and Radiological coverage provided by a stand alone program via Lloyd's of London

*Equipment Breakdown/Boiler & Machinery	$	200,000,000

Boiler & Machinery provided by a stand alone program via Continental Casualty (CNA).

Massachusetts Bay Insurance Company

Crime Coverage

Employee Theft	$	3,000,000
Deductible	$	25,000
Depositors Forgery	$	3,000,000
Deductible	$	25,000
Money Securities on Premises	$	1,000,000
Deductible	$	5,000
Money securities outside the premises	$	1,000,000
Deductible	$	5,000
Funds Transfer Fraud	$	3,000,000
Deductible	$	25,000

(Continued)

Computer Fraud	$	3,000,000
Deductible	$	25,000
Computer Program and Electronic Data Restoration Expense	$	1,000,000
Deductible	$	25,000
Beazley Insurance Company		
Cyber Coverage		
Breach Response:	$	1,000,000
Notified Individuals	$	1,000,000
Legal Retention	$	5,000
Forensic & Public Relations/Crisis Management Retention	$	10,000
Policy Aggregate Limit of Liability:	$	5,000,000
Additional Breach Response	$	5,000,000
First Party Loss:		
Business Interruption from Security Breach or System Failure	$	5,000,000
Retention	$	100,000
Dependent Business Loss, Cyber Extortion, Data Recovery	$	5,000,000
(Resulting from System Failure)	$	1,000,000
Retention	$	100,000
Liability:		
Data & Network, Regulatory Defense, Payment Card and Media	$	5,000,000
Retention	$	100,000
eCrime:		
Fraudulent instruction, Funds Transfer and Telephone	$	250,000
Retention	$	100,000
Criminal Reward	$	50,000
Homeland Insurance Company of New York		
Cyber Excess Liability Coverage		
Policy Aggregate Limit of Liability:	$	5,000,000
Dependent Business Loss Failure:	$	1,000,000

(Continued)

Hillsborough County Aviation Authority

Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2021

<u>Illinois Union Insurance Company (ACE Group)</u>		
Storage Tank Third-Party Liability Coverage		
Each incident	$	1,000,000
Aggregate Limit	$	2,000,000
Deductible	$	25,000
<u>American Southern Insurance Company</u>		
Business Automobile Insurance Coverage		
Liability	$	1,000,000
Uninsured motorist coverage	$	100,000
Personal injury protection (Florida No-Fault)		Statutory
Automobile Physical Damage (On and Off Premises)		Lesser of actual cash value or repair
Passenger vehicles Physical Damage Deductible		
Comprehensive	$	1,000
Collision	$	1,000
Fire Rescue Vehicles Physical Damage Deductible		
Comprehensive	$	5,000
Collision	$	5,000
Hired Car Liability	$	1,000,000
Hired Car Physical Damage Deductible		
Comprehensive	$	100
Collision	$	500
<u>Ace American Insurance Company</u>		
Public Officials & Employment Practices Liability Coverage		
Aggregate	$	5,000,000
Deductible	$	50,000
<u>Global Aerospace, Inc.</u>		
Airport General Liability Insurance Coverage		
Each Occurance Limit	$	300,000,000
War/Terrorism sublimit	$	150,000,000
<u>XL Specialty</u>		
Aviation Excess Liability Coverage		
Each Occurance Limit	$	200,000,000

(Continued)

Hillsborough County Aviation Authority

Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2021

<u>XL Specialty Insurance Company</u>		
Inland Marine Coverage		
Contractors Equipment	$	4,667,059
Contractors equipment – unscheduled	$	1,000,000
Deductible (Scheduled equipment)	$	5,000
Deductible (Unscheduled Equipment)	$	1,000
EDP Equipment	$	12,978,100
Deductible (All Other Perils)	$	5,000
Windstorm greater of 2% of damaged item or	$	25,000
Deductible (Flood)	$	25,000
Fine Arts		
Fine Arts – Scheduled	$	6,983,675
Fine Arts – Property of Others on loan	$	500,000
Deductible (All Other Perils)	$	1,000
Windstorm – Greater of 2% of damaged item per location	$	-
<u>Indian Harbor Insurance Company</u>		
Police Professional Liability Coverage		
Each Occurrence	$	1,000,000
Aggregate	$	2,000,000
Deductible	$	25,000
<u>Zurich North America</u>		
Business Travel Accident Coverage		
Members of the Board	$	400,000
Full-time Employees	3 Times Base Earnings subject to a $500,000 Max	
Per accident max	$	1,500,000
<u>National Union Fire Insurance Company of Pittsburgh, PA</u>		
Accidental Death and Dismemberment Coverage		
Blanket Accident Insurance:		
Coverage:		
While Engaged in Performance of Duties is Accidentally Killed or Receives Bodily Injury		$ 75,000 Max
Coverage:		
Accidentally Killed or Dismembered While Responding to an Emergency / Perceived Emergency (additional)		$ 75,000 Max

(Continued)

Hillsborough County Aviation Authority

Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2021

Coverage:		
Individual Unlawfully or Intentionally Dismembered, Killed or Injured by Another Person (additional)		$ 225,000 Max
<u>The Insurance Company of the State of Pennsylvania</u>		
Foreign Package Coverage		
Foreign General Liability	$	2,000,000
Foreign Business Auto	$	1,000,000
Employers Liability	$	1,000,000
Ransom / Extortion	$	1,000,000
<u>American Bankers Insurance Company of Florida</u>		
Flood Insurance Coverage		
815 Severn Ave.		
Property	$	500,000
Contents	$	18,300
Deductible	$	2,000
825 Severn Ave.		
Property	$	500,000
Contents	$	23,200
Deductible	$	2,000
<u>Florida Municipal Insurance Trust</u>		
Workers' Compensation:		
Employer's Liability		
Each Accident	$	1,000,000
Each Employee	$	1,000,000
Policy Limit/ Disease	$	1,000,000
Deductible	$	-
<u>Unmanned Aircraft Systems Liability (Drone)</u>		
Global Aerospace:		
Each Occurrence	$	3,000,000
Deductible	$	-

COMPLIANCE REPORTS

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

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hillsborough County Aviation Authority (the Authority), as of and for the years ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 10, 2022.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

RSM US LLP

Tampa, Florida
February 10, 2022

RSM US LLP

Report on Compliance for the Major Federal Program, and the Major State Project; Report on Internal Control Over Compliance; Required by the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on Compliance for the Major Federal Program, and the Major State Project

We have audited the Hillsborough County Aviation Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on the Authority's major federal program and the major state project for the year ended September 30, 2021. The Authority's major federal program and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Florida Auditor General (Chapter 10.550). Those standards, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and major state project.

Opinion on the Major Federal Program and the Major State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its major state project for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be, material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

RSM US LLP

Tampa, Florida
February 10, 2022

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major program:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?		Yes	X	No

Identification of major program:

Assisted Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:		$	1,304,513	
Auditee qualified as low-risk auditee?	X	Yes		No

State Financial Assistance

Internal control over major project:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major project:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?		Yes	X	No

Identification of major project:

CSFA Number	Name of State Program or Project
55.004	Aviation Development Grants

Dollar threshold used to distinguish between type A and type B project:	$	750,000

II – Financial Statement Findings

No matters to report.

III – Findings and Questioned Costs for Federal Awards

No matters to report.

IV – Findings and Questioned Costs for State Financial Assistance

No matters to report.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

The prior year federal and state Single Audits disclosed no findings, and no uncorrected or unresolved findings exist from prior Single Audits.

RSM US LLP

Report on Compliance for Passenger Facility Charge Program and Report on Internal Control over Compliance; in Accordance with Passenger Facility Charge Audit Guide for Public Agencies

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on Compliance

We have audited Hillsborough County Aviation Authority's (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its passenger facility charge (PFC) program for the year ended September 30, 2021.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the PFC program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's PFC program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Authority's PFC program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Compliance for the Passenger Facilities Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended September 30, 2021.

Internal Control Over Compliance
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements refered to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on its PFC program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its PFC program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the PFC program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the PFC program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the PFC program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

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

Restriction on Use
This report is intended solely for the information and use of management of the Authority, the Authority Board members, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Tampa, Florida
February 10, 2022

Hillsborough County Aviation Authority

Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2021
(In Thousands)

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Ending Balance Unliquidated PFCs
December 31, 2020	$ (300,581)	$ 4,557	$ 3	$ (23,743)	$ (319,765)
March 31, 2021	(319,765)	5,963	6	(12,347)	(326,144)
June 30, 2021	(326,144)	9,547	4	(14,003)	(330,596)
September 30, 2021	(330,596)	9,434	6	(11,090)	(332,246)

See accompanying notes to schedule.

Note 1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended (the schedule) presents the activity of the PFC program of the Hillsborough County Aviation Authority (the Authority) for the year ended September 30, 2021. All PFC collected and expended are included in the accompanying schedule. Because the schedule presents only a select portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net position or cash flows of the Authority.

Note 2. Basis of Accounting

The Schedule is prepared on the cash basis of accounting. Under the cash basis, expenditures are recognized when paid rather than when the obligation is incurred and receipts are recorded when cash is received rather than when earned. However, the Authority’s financial statements are prepared on the accrual basis of accounting and such transactions are recorded in the financial statements when revenue is earned or expenses are incurred. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration in September 2000. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. To date, the Authority has expended more than it has collected for PFC and has an ending unliquidated balance, which will be funded with future PFC collections.

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs – Passenger Facility Charges
Year Ended September 30, 2021

I – Summary of Independent Auditor's Results

Schedule of Passenger Facility Charges (PFC) Collected and Expended

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ Yes	X None Reported
Noncompliance material to financial statements noted?	___ Yes	X No

Passenger Facility Charge Program

Internal control over the program:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ Yes	X None Reported
Type of auditor's report issued on compliance for the program:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Passenger Facility Charges Audit Guide for Public Agencies?	___ Yes	X No

II – Financial Statements Findings

No matters to report

III – Findings and Questioned Costs for the Program

No matters to report

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Passenger Facility Charges Program
Year Ended September 30, 2021

The prior year program specific audit disclosed no significant findings, and no significant uncorrected or unresolved findings exist from prior program specific audits.

Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on the Financial Statements
We have audited the financial statements of the Hillsborough County Aviation Authority (the Authority) as of and for the year ended September 30, 2021, and issued our report thereon dated February 10, 2022.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financing Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for the Major Federal Program and Major State Project; Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 10, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, there were no recommendations made in the preceding financial audit report.

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

Financial Condition and Management
Section 10.554(1)(i)5a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of This Letter
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Tampa, Florida
February 10, 2022

Independent Accountant's Report
on Compliance with Chapter 218.415 Florida Statutes

Members of the Board of Directors
Hillsborough County Aviation Authority

We have examined the Hillsborough County Aviation Authority's (the Authority) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the year ended September 30, 2021. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with the local investment policy requirements of Section 218.415, *Florida Statutes*, during the year ended September 30, 2021.

This report is intended solely for the information and use of the Florida Auditor General, the Authority Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Tampa, Florida
February 10, 2022