

Hillsborough County Aviation Authority

Financial Statements, Other Financial
Information and Compliance Reports
Years Ended September 30, 2020 and 2019

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RSM US LLP

Independent Auditors' Report

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

We have audited the accompanying financial statements of the Hillsborough County Aviation Authority (the Authority), as of and for the years ended September 30, 2020 and 2019, 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, 2020 and 2019, 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 March 8, 2021 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
March 8, 2021

Hillsborough County Aviation Authority Management's Discussion and Analysis (Unaudited)

Years Ended September 30, 2020 and 2019

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 years ended September 30, 2020 and 2019, with selected comparisons to prior years.

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) 2020

It was an unprecedented year of 2020, as the global pandemic of COVID-19 significantly impacted the transportation industry across the world. The negative impact on passenger demand was first seen in early March 2020, and by April passenger traffic had dropped over 96% compared to 2019. The entire industry has been forced to quickly adapt to the significantly lower demand through various cost-cutting measures and drastic capacity reduction actions. The Authority has looked at all possible options to help withstand this unprecedented time. The Authority has initiated numerous actions including reducing operating expenses through the back half of FY2020 by over \$10 million against the budget, deferring or canceling over \$905 million in future capital projects, extending its line of credit with Truist Bank by \$100 million, pre-paying debt to support coverage, and carefully working with the most impacted airport partners to provide various relief programs to help preserve the Authority's future tenant base. In support of the industry, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law in late March of 2020, providing fast and direct economic assistance for American workers, families, and adversely affected industries, including airlines and airports. The Authority was awarded \$81.2 million in aid as part of this Act and ended up drawing \$60.6 million in fiscal year 2020. Despite these challenges, with the support of these actions and the CARES Act, the financial results for 2020 demonstrated the Airport's strong resilience to sustain its operating environment during this turbulent time. A positive net position of \$1.19 billion at current fiscal year end and an increase in net position of \$53 million compared to 2019, served as an indicator of the Authority's financial sustainability.

A total of 13.4 million passengers traveled through the Airport in 2020, which was 39.7% lower than 2019. Through the first five months of the fiscal year, passenger traffic was up 6.3% versus FY2019, however, as mentioned above, beginning in March, the pandemic began to significantly impact traffic levels with year-over-year declines of 96% in April and steadily improving to 60% for the month of September.

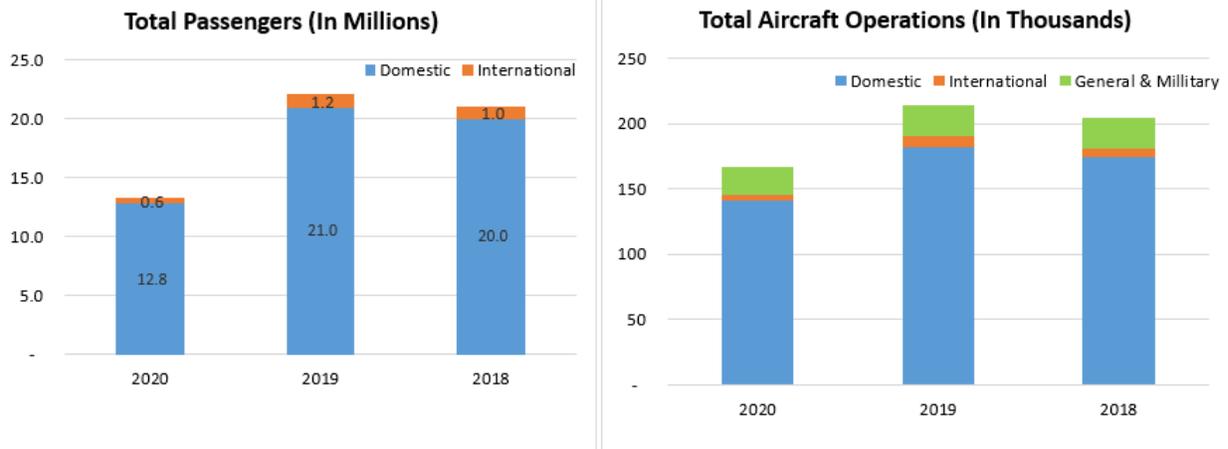
Passenger enplanements at the Airport for the fiscal year ended September 30, 2020, totaled 6.68 million, a 39.8% reduction as compared with 11.1 million enplanements in 2019. Of the total enplanements in 2020, 4.74 million or 71% occurred during the first five months pre-pandemic period, and 1.94 million or 29% were recorded in the midst of the seven months pandemic emergency time. The significant reduction in passengers impacted many lines of business, especially the passenger-driven revenue centers, including parking, ground transportation, rental car concessions, food and beverage and retail concessions. In response to the COVID-19 crisis, the Authority implemented a variety of financial relief programs to the most adversely affected lines of business including the airlines, rental cars operators, concessionaires, ground transportation operators, and general aviation fixed based operators, in an effort to help alleviate the pandemic related financial stress of these operators. As a result of these factors, the Airport's operating revenues were down to \$183.1 million, below the fiscal year 2020 budget by more than \$74.1 million.

**Hillsborough County Aviation Authority
Management’s Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

For fiscal year 2020, the top three airlines, in terms of passenger enplanement and market share, were Southwest, American and Delta. Southwest remained the highest market share at 30.3%, American moved to second at 16.2%, and Delta was third at 15.3%. During 2019, Southwest maintained the highest market share of 31.1%, Delta moved to second at 17.1%, and American was third at 15.8%.

The following graphs represent total passenger activity and aircraft operations at Tampa International Airport for the three fiscal years ended September 30.



Landed weight in 2020 totaled 10,071,738 thousand pounds, compared to 13,129,935 thousand pounds and 12,347,359 thousand pounds in 2019 and 2018, respectively. The number of landings for domestic and international flights was 65,610 for 2020, compared to 87,673 and 85,492 for 2019 and 2018, respectively. The decrease 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 pandemic. The increases in 2019 were attributable to the passenger growth, as well as the boom in cargo business with operational increases from all existing cargo carriers.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

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 finances.

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, 2020 and 2019. 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, 2020 and 2019. 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

Operating Revenues

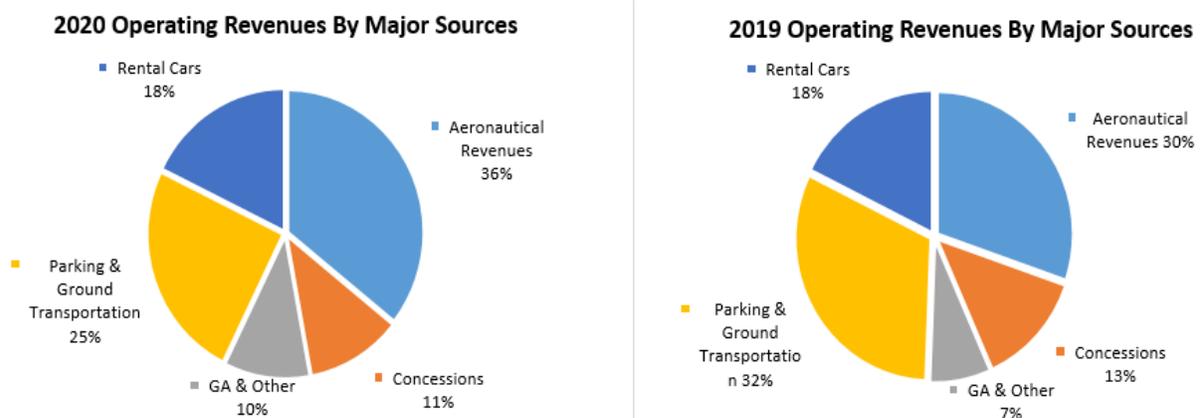
The following table presents the major operating revenue sources for fiscal years 2020, 2019 and 2018:

Revenue Sources	Year			Percent Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Aeronautical Space Rental	\$ 49,770,495	\$ 55,668,436	\$ 51,508,846	-10.6%	8.1%
Landing Fees	15,643,249	21,063,357	17,608,710	-25.7%	19.6%
Parking	41,234,254	74,132,140	72,361,560	-44.4%	2.4%
Rental Cars	32,603,344	44,919,284	42,135,811	-27.4%	6.6%
Concessions	20,795,918	33,137,335	29,685,143	-37.2%	11.6%
General Aviation	4,277,459	4,283,433	4,086,308	-0.1%	4.8%
Ground Transportation	4,343,144	6,176,506	3,773,383	-29.7%	63.7%
Other	14,386,246	14,081,916	13,522,124	2.2%	4.1%
Total	<u>\$ 183,054,109</u>	<u>\$ 253,462,407</u>	<u>\$ 234,681,885</u>	-27.8%	8.0%

**Hillsborough County Aviation Authority
Management’s Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

The following chart illustrates that approximately 36% and 30% of revenue sources were generated from aeronautical services; 64% and 70% of revenues were non-aeronautical revenues, derived from parking and ground transportation, rental cars, concessions, general aviation and other revenues in fiscal year 2020 and 2019, respectively.



Overall, the total operating revenues of 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 offset by revenues related to the various relief programs.

As previously mentioned, the airlines have seen a significant disruption to domestic and international air travel since March of 2020, due to the worldwide COVID-19 pandemic. All commercial and passenger air carriers operating at the airport were experiencing severe reductions in revenue, which was resulting 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 resulting in \$10.2 million in relief to the airlines.

Similarly, concessionaires operating at the Airport have experienced severe reductions in revenue. The Authority has 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.

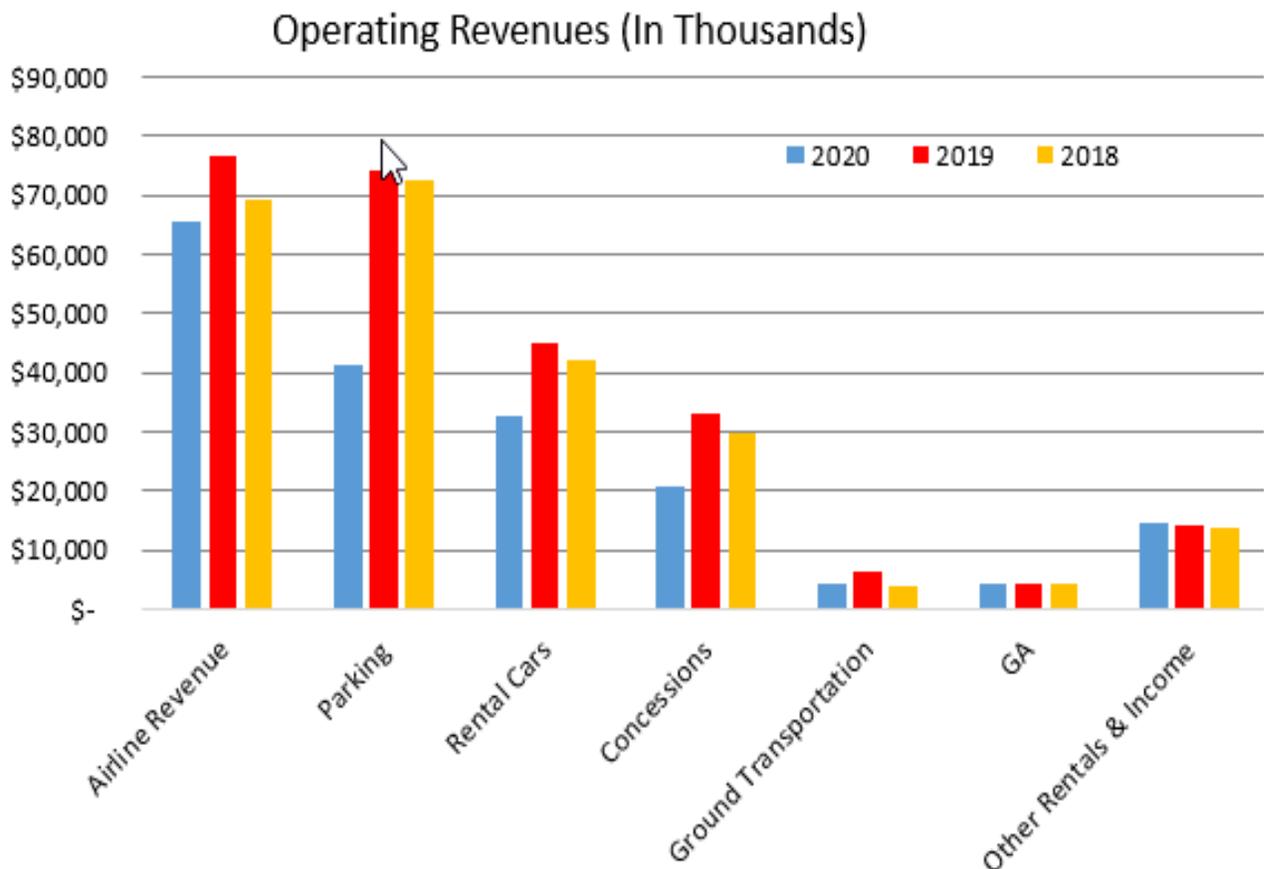
The Covid-19 pandemic has led to quarantine and shelter-at-home orders, significantly decreasing parking activity nationwide. There was no exception to the Airport as the travel restriction order was in place. The parking revenues dropped \$32.9 million, or 44.4%, and ground transportation per-trip fee revenues were down \$1.8 million, or 29.7%, as compared with fiscal year 2019.

**Hillsborough County Aviation Authority
Management’s Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Overall the total operating revenues of the Authority increased \$18.8 million in fiscal year 2019, or 8.0%, compared with fiscal year 2018, primarily attributable to record increases in passenger traffic coupled with growth in concessions and parking revenues. Net airline revenues in airfield and terminal building have gone up \$7.6 million, or 11.0%, as compared with 2018, due to higher passenger enplanements, resulting in an increase of 6.3% in landed weight and 2.6% in aircraft operations. As a direct impact, airfield operating expenses increased more than 23.4% to reflect the airline fees collected for the use of services and facilities of the airport. A full year’s operation of the Rental Car Center (RCC) and greater passenger traffic generated \$2.8 million, or 6.6% more Rental Car Concession revenues, and \$4.2 million additional parking and ground transportation revenues in commercial landside in fiscal year 2019. The completion of the airport’s concessions redevelopment program in fiscal year 2019 further improved food and beverage, and general merchandise concession revenue growth by \$3.1 million, or 12.7% in terminal building and airside, as compared with fiscal year 2018.

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



**Hillsborough County Aviation Authority
Management’s Discussion and Analysis (Unaudited)**

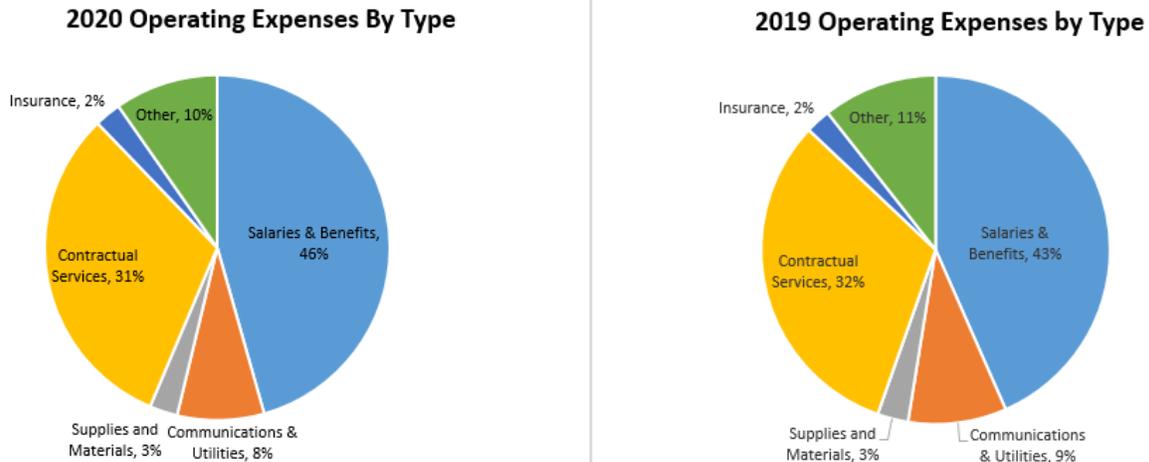
Years Ended September 30, 2020 and 2019

Operating Expenses

The following table presents the major expense classifications for fiscal years 2020, 2019 and 2018:

Expense Classification	Year			Percent Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Airfield	\$ 17,332,292	\$ 16,802,798	\$ 13,621,493	3.2%	23.4%
Terminal Complex	71,040,722	74,153,689	69,306,312	-4.2%	7.0%
Commercial Landside	32,757,013	35,752,673	32,964,771	-8.4%	8.5%
Cargo and General Aviation	4,288,485	4,394,710	4,349,359	-2.4%	1.0%
Roads and Grounds	11,757,612	11,659,593	11,417,370	0.8%	2.1%
Other	11,595,305	11,252,736	14,000,063	3.0%	-19.6%
Total	\$ 148,771,429	\$ 154,016,199	\$ 145,659,368	-3.4%	5.7%

The following chart shows the major expense categories and their percentages to the total operating expenses in fiscal year 2020 and 2019:



**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

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.

Total operating expenses of \$148.8 million for fiscal year 2020 were \$5.2 million, or 3.4% lower than 2019. Expenses excluding Governmental Accounting Standards Board (GASB) 68 Pension and GASB 75 Other Post Employment Benefits (OPEB) expenses 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%, attributable to implementing hiring freeze and the discontinuation of employee incentive program. Due to a significant decrease in passenger traffic during the pandemic months, RCC baggage services were suspended, public parking facility 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, as well as supplies and materials consumption by \$.5 million. Other cost saving efforts adopted were cutting down travel, marketing activities, and recruiting fees by \$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.

Total operating expenses of \$154.0 million for fiscal year 2019 were \$8.4 million higher than 2018. Expenses excluding environmental costs, GASB 68 Pension and GASB 75 OPEB expenses, increased by \$11.2 million compared with fiscal year 2018. With an average of 4% cost of living and merit increase in salaries, 16.5% increase in contributions to Florida Retirement Services and 8% up in medical insurance rates, personnel expenses increased by \$3.3 million in 2019. As mentioned in the revenues section, the greater airline revenues in 2019, resulted in \$3.2 million higher airfield operating expenses, including increases in personnel costs of \$1.5 million, allocated administration expenses of \$1.2 million, and engineering costs of \$.4 million to accommodate the busy air traffic needs. In addition, increases of \$4.8 million in repairs and maintenance expenses in terminal and airside buildings reflected the strong passenger traffic flows necessitating additional maintenance costs. As a result, Janitorial and Engineering costs increased \$1.1 million; elevator and escalators maintenance costs increased \$.3 million and allocated personnel and administration costs were \$3 million higher than last fiscal year. With a full year's operation of the SkyConnect trains (Automated People Mover) and RCC, there was a \$2.8 million increase in contractual maintenance expenses in commercial landside in fiscal year 2019, of which \$1.45 million were attributable to SkyConnect train maintenance and RCC baggage service expenses. In addition, other maintenance and administrative costs were increased more than \$1.3 million in commercial landside. The Authority reported pension and OPEB expenses totaling \$8.1 million in 2019, which was an increase of \$4.0 million over the last fiscal year. A reduction of \$7.1 million environmental remediation expenses in 2019 offset the higher pension expenses.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Revenues, Expenses and Changes in Net Position

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

	Year			Change	Change
	2020	2019	2018	2019 to 2020	2018 to 2019
Operating Revenues	\$ 183,054,109	\$ 253,462,407	\$ 234,681,885	\$ (70,408,298)	\$ 18,780,522
Operating Expenses	148,771,429	154,016,199	145,659,368	(5,244,770)	8,356,831
Signatory Airline Revenue Sharing	538,438	16,253,182	12,503,019	(15,714,744)	3,750,163
Operating Income before Depreciation and Amortization	33,744,242	83,193,026	76,519,498	(49,448,784)	6,673,528
Depreciation and Amortization	129,013,051	150,438,152	103,281,914	(21,425,101)	47,156,238
Operating Loss	(95,268,809)	(67,245,126)	(26,762,416)	(28,023,683)	(40,482,710)
Net Nonoperating Expense	13,779,887	(35,528,924)	(51,167,905)	49,308,811	15,638,981
Capital Contributions	134,451,790	116,450,426	122,022,539	18,001,364	(5,572,113)
Increase in Net Position	\$ 52,962,868	\$ 13,676,376	\$ 44,092,218	\$ 39,286,492	\$ (30,415,842)

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 severe coronavirus pandemic impact.

Depreciation and amortization expenses were \$129.0 million, a decrease of \$21.4 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 \$49.3 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.

In fiscal year 2019, operating income before depreciation and amortization was \$83.2 million, an increase of \$6.7 million compared to the prior year, as a result of strong passenger traffic throughout the year.

Net non-operating expenses in fiscal year 2019 decreased \$15.6 million, primarily attributable to greater investment earnings with larger amounts of the unspent proceeds from new debt issuance and higher short-term interest rate in the market. Overall interest income and unrealized investment gains increased more than \$28 million, offsetting an increase of the debt service interest payments of \$12.5 million.

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.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

In fiscal year 2020, total capital contributions increased by \$18 million compared with fiscal year 2019. Despite the pandemic impact with annual enplanement down about 40%, causing \$18.2 million and \$14.6 million shortfalls in PFCs and CFCs revenue collection as compared with 2019, respectively, the Authority recorded \$32.4 million for maintenance hangar transferred to the Authority in late 2020 (see Note 9. Contributions 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.

In fiscal year 2019, total capital contributions decreased by \$5.6 million compared with fiscal year 2018, primarily due to a reduction of federal grants of \$5.8 million.

In fiscal year 2019, the gross CFC collections were \$44.7 million, which was comparable to the prior year collections. Due to a full year of the applicable operating and maintenance expenses of the RCC and SkyConnect trains, the net CFC collections were \$31.8 million.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Statements of Net Position

The following table is a summary of the Authority's total assets, deferred outflows, total liabilities, deferred inflows and net position:

	Year			Change	Change
	2020	2019	2018	2019 to 2020	2018 to 2019
ASSETS					
Current Assets	\$ 221,507,949	\$ 268,600,839	\$ 238,930,004	\$ (47,092,890)	\$ 29,670,835
Capital Assets, Net	2,134,257,145	1,967,171,830	1,957,723,350	167,085,315	9,448,480
Other Non-Current Assets	461,361,591	566,431,540	193,674,953	(105,069,949)	372,756,587
Total Assets	2,817,126,685	2,802,204,209	2,390,328,307	14,922,476	411,875,902
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding of Debt	1,095,857	1,323,037	2,241,476	(227,180)	(918,439)
Deferred Outflows on Pension Related Amounts	24,155,428	21,869,747	20,471,098	2,285,681	1,398,649
Deferred Outflows on OPEB Related Amounts	994,451	1,092,452	-	(98,001)	1,092,452
Total Deferred Outflows of Resources	26,245,736	24,285,236	22,712,574	1,960,500	1,572,662
LIABILITIES					
Current Liabilities	89,566,821	125,538,032	119,872,451	(35,971,211)	5,665,581
Non-Current Liabilities	1,560,174,190	1,558,808,431	1,163,332,938	1,365,759	395,475,493
Total Liabilities	1,649,741,011	1,684,346,463	1,283,205,389	(34,605,452)	401,141,074
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding of Debt	393,342	620,870	904,173	(227,528)	(283,303)
Deferred Inflows on Pension Related Amounts	1,081,246	3,903,664	4,528,735	(2,822,418)	(625,071)
Deferred Inflows on OPEB Related Amounts	2,211,979	636,473	1,096,985	1,575,506	(460,512)
Total Deferred Inflows of Resources	3,686,567	5,161,007	6,529,893	(1,474,440)	(1,368,886)
NET POSITION					
Net Investment in Capital Assets	991,793,327	907,319,339	900,088,598	84,473,988	7,230,741
Restricted	112,324,239	138,916,423	146,530,019	(26,592,184)	(7,613,596)
Unrestricted	85,827,277	90,746,213	76,686,982	(4,918,936)	14,059,231
Total Net Position	\$ 1,189,944,843	\$ 1,136,981,975	\$ 1,123,305,599	\$ 52,962,868	\$ 13,676,376

Assets

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.

Current assets at September 30, 2019 totaled \$268.6 million, an increase of \$29.7 million from the prior year. The increase was primarily due to an increase of \$66 million in total current investments as a result of the Authority's revised investment strategy to increase the movement of surplus cash into short-term investments, partially offset by a reduction in cash and cash equivalents of \$26 million and a reduction in government grants receivable of \$12 million.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Capital Assets, Net of Depreciation and Amortization

	Year			Change 2019 to 2020		Change 2018 to 2019	
	2020	2019	2018	\$	%	\$	%
Land	\$ 213,206,774	\$ 213,147,159	\$ 203,778,777	\$ 59,615	0.0%	\$ 9,368,382	4.6%
Construction in Progress	363,109,897	132,140,627	97,037,763	230,969,270	174.8	35,102,864	36.2
Equipment – Net	21,838,919	27,567,039	18,661,620	(5,728,120)	(20.8)	8,905,419	47.7
Buildings and Improvements – Net	1,536,101,555	1,594,317,005	1,638,245,190	(58,215,450)	(3.7)	(43,928,185)	(2.7)
Total Capital Assets – Net	\$ 2,134,257,145	\$ 1,967,171,830	\$ 1,957,723,350	\$ 167,085,315	8.5%	\$ 9,448,480	0.5%

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 II projects and other airport improvement projects of \$257.2 million, the transfer of ownership of United Hangar at \$32.4 million, as well as \$28.4 million of completed projects, including \$6.6 million general aviation airport's taxiway, runway and fuel farm projects, Airside A and C interior Improvement of \$2.4 million, public parking garage rehabilitation of \$2.4 million, and information technology system projects of \$2.5 million, offsetting the capital assets depreciation of \$129 million and retirements of \$26.3 million. See note 7 for a detailed discussion of capital assets.

The increase of \$9.4 million in total capital assets from fiscal year 2018 to 2019 is primarily attributable to the continuation of Master Plan II projects and other ongoing airport improvement projects with an increase in construction expenditures of \$129.4 million, Airfield Improvements, Taxiway W from W-1 to W-5 and Taxiway J Reconstruction of \$39.7 million, Red Side Garage demolition of \$8 million, parking garages rehabilitation projects of \$19.5 million, \$15.2 million additions in business analytics and other equipment, Airside Rehabilitations of \$4.3 million, and various other projects of 8.4 million, offsetting the capital assets depreciation of \$147.6 million and retirements of \$68.1 million.

At September 30, 2020, non-current cash and investments decreased \$101.7 million, primarily due to the pace of Master Plan Phase II construction projects that consumed a large portion of the bonds proceeds. PFCs receivable were down by \$3.4 million, relating to drastically reduction 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.

At September 30, 2019, non-current cash and investments increased \$372.6 million, primarily due to the proceeds of 2018 series E and series F Senior Revenue Bonds, and 2018A Subordinated Bonds invested in government securities.

Deferred outflows of resources increased by \$1.6 million, and deferred inflows of resources decreased by \$1.4 million at September 30, 2019. These changes were primarily due to pension and OPEB reporting requirements, resulted in an increase of deferred outflows of \$2.5 million to offset the reduction of \$.9 million in deferred loss of refunding of debt.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Liabilities

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 million of current payable of revenue bonds with the Authority's prepaying \$15.7 million 18A senior bonds principal at 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.

Current liabilities, with a balance of \$125.5 million at September 30, 2019, were \$5.7 million higher than the balance of fiscal year 2018. The increases were primarily due to the timing of the year end construction payments.

At September 30, 2019, non-current liabilities totaled \$1.6 billion, an increase of \$395.5 million compared with the balance at the end of fiscal year 2018. The major contributing factor was the issuance of three new bonds with a total principal amounts of \$403 million, reduced by current year debt service principal payments on existing bonds.

Net Position

The increase in net position over the three years was primarily attributable to positive annual financial operating results in the prior two years, and the inclusion of the federal CARES Act relief funds in fiscal year 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 – Debt and Other Non-Current Liabilities).

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Airline Rates and Charges

Effective October 1, 1999, the Authority entered into an airline-airport use and lease agreement (Agreement) with the signatory 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 establishes a "compensatory" rate-making methodology where the signatory airlines pay fees and charges based on the Authority's cost of providing facilities and services to the airlines. In 2014, the current agreement was extended once more through September 30, 2020.

In early 2020 the Authority started negotiations with the airlines with the goal of entering into a new agreement to replace the agreement expiring September 30, 2020. Due to the Covid-19 pandemic the airlines were unable to complete the negotiations. As a result, the Authority approved the Tampa International Airport Airline Rates, Fees and Charges Resolution (Resolution). The Resolution provides a rate setting methodology for both per-use and leased areas. The rate setting methodology is generally a cost recovery methodology, with airlines paying for what they use. 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 a relief to the airlines' fees and charges due to the pandemic impact, that it would not exercise its rights under the Agreement to levy on the participating Airlines additional Landing Fees pursuant to the annual settlement following the close of FY 2020 or assess participating Airlines Extraordinary Coverage Protection payments for FY 2020. In return for Authority's promises under the Agreement, Airlines will forego any revenue sharing 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.

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.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

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

Passenger Airline Costs	2020	2019	2018
Airline Landing Fees	\$ 13,130,293	\$ 18,960,442	\$ 15,936,258
Landside Terminal Rentals	22,090,232	27,552,590	25,599,296
Airside Building Rentals	23,845,807	24,487,667	22,388,644
Total Airline Fees and Charges	59,066,332	71,000,699	63,924,198
Less: Airline Revenue Sharing	(538,438)	(16,253,182)	(12,503,019)
Net Airline Fees and Charges	<u>\$ 58,527,894</u>	<u>\$ 54,747,517</u>	<u>\$ 51,421,179</u>
Enplaned Passengers	6,681,063	11,085,290	10,519,247
Airline Cost per Passenger	<u>\$ 8.76</u>	<u>\$ 4.94</u>	<u>\$ 4.89</u>

Capital Improvement Program

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	<u>\$ 123.6</u>

In November 2019, the Authority was notified by the Federal Aviation Administration (FAA) of a \$6 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.

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

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 million projects planned between 2021 and 2025, including the delay of major Master Plan Phase III project, Airside D, an approximately \$692 million project.

During fiscal year 2020, the Authority substantially completed the following projects:

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

During fiscal year 2019, the Authority received Board approval for \$159.2 million of capital projects. Projects in the fiscal year 2019 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. Major approved projects are listed as follows:

Approved Projects (In Millions)	2019
Air Cargo Expansion	\$ 57.6
Airside F Remain Over Night Parking	18.5
Airport Security System Replacement	15.9
General Aviation projects	14.6
Purchase Additional SkyConnect Trains	13.0
Main Terminal Drive Lanes Ceiling Replacement	11.3
Ticket Level Modernization	6.6
Other Projects	21.7
Total	\$ 159.2

These projects were funded with Federal and state grants, bond proceeds, PFCs, and Authority funds.

**Hillsborough County Aviation Authority
Management’s Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

During fiscal year 2019, the Authority substantially completed the following projects:

Completed Projects (In Millions)	2019
Airfield Pavement Rehabilitation	\$ 25.8
Parking Garage Reclaim Rental Car Levels and Rehabilitation	19.5
Taxiway W From W1 To W5 Reconstruction	13.9
Enterprise Resource Planning and Business Analytics	10.8
Demolition Red Rental Car Center and Airside D Guide	8.0
Other Projects	14.3
Total	\$ 92.3

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, 2020, \$813.7 million has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2020 totaled over \$1.11 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 2020, the Authority had general airport revenue bonds outstanding in the total amount of \$1.39 billion. Of this total, \$33.3 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 twelve-month period. The Authority drew \$40.2 million of the bank note to pay for related construction expenditures in 2020.

During fiscal year 2019, the Authority issued the Tampa International Airport Senior Revenue Bonds 2018 Series E and Series F, in the principal amount of \$301 million, and 2018 Subordinated Revenue Bonds Series A, in the principal amount of \$102.5 million. The proceeds from 2018 Bonds were used to fund the portion of the Master Plan II projects, as well as certain capital improvement projects. (See Note 8. Debt and other Non-Current Liabilities.)

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	2020	2019	2018
Senior Debt Service Coverage	1.25x	1.79x	2.28x	2.08x
Subordinated Debt Service Coverage	1.25x	2.53x	4.14x	6.06x

**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Years Ended September 30, 2020 and 2019

Economic Outlook

As stated previously, the Authority faced challenges in the midst of the pandemic during 2020. In response to the COVID-19 crisis, the Authority implemented many actions in order to remain as financially resilient as possible. It provided airlines and concessionaire tenants' aid agreements, reduced its operating expenses by \$10 million, deferred or cancelled more than \$905 million capital projects, and implemented a multi-year strategic plan for the use of Federal CARES Act fund to offset a loss of revenues and support existing debt service coverage.

Although the Airport has seen an uptick on enplanements in late fiscal year 2020, passenger numbers remain uncertain amid the ongoing coronavirus pandemic. The fiscal year 2021 budget further reduces operating budget by \$9.5 million, continues the airlines and tenants aid agreements, restructures the short-term capital funding plan to provide additional financial flexibility, and reduces debt service payments to ensure the Airport in a sustainable financial position. Additional actions have taken to provide passengers confidence to travel. The airport partnered with BayCare to offer rapid Covid-19 tests for arriving and departing passengers to provide quick results ensuring travel confidence and safety. In the first couple of months of fiscal year 2021, the Airport has had forty domestic routes return and or launched. The Authority remains optimistic about the recovery and has been vigilant in its financial management of the airport.

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 Ann Davis, Vice President of Finance, 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, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	\$ 160,440,033	\$ 100,572,958
Investments	-	70,661,156
Accounts Receivable, Net	4,573,402	8,806,581
Accrued Interest Receivable	1,102,150	1,701,589
Prepays	3,092,503	3,245,693
Government Grants Receivable	6,023,062	14,448,079
Other Assets	2,493,144	2,314,371
Total Unrestricted Assets	<u>177,724,294</u>	<u>201,750,427</u>
Restricted:		
Cash and Cash Equivalents	23,336,112	42,471,357
Investments	20,447,543	24,379,055
Total Restricted Assets	<u>43,783,655</u>	<u>66,850,412</u>
Total Current Assets	<u>221,507,949</u>	<u>268,600,839</u>
NONCURRENT ASSETS		
Capital Assets:		
Land	213,206,774	213,147,159
Construction in Progress	363,109,897	132,140,627
Building, Equipment and Improvements	3,170,925,629	3,113,905,844
Total Capital Assets	<u>3,747,242,300</u>	<u>3,459,193,630</u>
Less: Accumulated Depreciation	<u>(1,612,985,155)</u>	<u>(1,492,021,800)</u>
Total Capital Assets, Net	<u>2,134,257,145</u>	<u>1,967,171,830</u>
Cash and Cash Equivalents, Restricted	265,238,509	24,743,195
Investments, Restricted	194,032,848	536,239,764
Passenger Facility Charges Receivable, Restricted	2,090,234	5,448,581
Total Noncurrent Assets	<u>2,595,618,736</u>	<u>2,533,603,370</u>
Total Assets	<u>2,817,126,685</u>	<u>2,802,204,209</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Debt	1,095,857	1,323,037
Deferred Outflows on Pension Related Amounts	24,155,428	21,869,747
Deferred Outflows on OPEB Related Amounts	994,451	1,092,452
Total Deferred Outflows of Resources	<u>26,245,736</u>	<u>24,285,236</u>

(Continued)

Hillsborough County Aviation Authority

Statements of Net Position (Continued)
September 30, 2020 and 2019

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	\$ 2,441,102	\$ 1,534,241
Accrued Airline Revenue Sharing	538,438	16,253,182
Accounts Payable – Trade	5,623,496	8,271,452
Accrued Expenses	19,953,929	15,338,340
Accrued Project Expenditures	15,131,638	12,115,737
Net Pension Liability, Due Within One Year	186,446	276,706
Other Liabilities	1,908,117	4,897,962
Total Current Liabilities Payable from Unrestricted Assets	<u>45,783,166</u>	<u>58,687,620</u>
Payable from Restricted Assets:		
Accounts Payable – Construction	10,497,645	9,590,412
Accrued Interest Payable	16,010	25,000
Current Maturities of Revenue Bonds Payable	33,270,000	57,235,000
Total Current Liabilities Payable from Restricted Assets	<u>43,783,655</u>	<u>66,850,412</u>
Total Current Liabilities	<u>89,566,821</u>	<u>125,538,032</u>
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities	1,434,438,452	1,486,535,535
Bank Notes Payable, Net of Current Maturities	40,192,492	-
Net Pension Liability	75,423,391	60,928,157
Net OPEB Liability	5,092,351	6,656,189
Other Liabilities	5,027,504	4,688,550
Total Noncurrent Liabilities	<u>1,560,174,190</u>	<u>1,558,808,431</u>
Total Liabilities	<u>1,649,741,011</u>	<u>1,684,346,463</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt	393,342	620,870
Deferred Inflows on Pension Related Amounts	1,081,246	3,903,664
Deferred Inflows on OPEB Related Amounts	2,211,979	636,473
Total deferred inflows of resources	<u>3,686,567</u>	<u>5,161,007</u>
NET POSITION		
Net Investment in Capital Assets	991,793,327	907,319,339
Restricted for:		
Passenger Facility Charge Purposes	51,641,497	71,583,312
Customer Facility Charge Purposes	56,475,970	63,134,553
Other Purposes	4,206,772	4,198,558
Unrestricted	85,827,277	90,746,213
Total Net Position	<u>\$ 1,189,944,843</u>	<u>\$ 1,136,981,975</u>

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes In Net Position
Years Ended September 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Airfield	\$ 16,851,541	\$ 22,365,196
Terminal Building	40,957,149	58,377,898
Airside Buildings	24,789,945	25,528,491
Commercial Landside	82,014,815	129,563,124
Cargo	3,590,388	3,376,090
Auxiliary Airports	1,418,411	1,454,829
General Aviation	2,859,048	2,828,604
Federal Reimbursements	306,368	859,000
Other	10,266,444	9,109,175
Total Operating Revenues	183,054,109	253,462,407
OPERATING EXPENSES		
Airfield	17,332,292	16,802,798
Terminal Building	34,841,510	36,645,993
Airside Buildings	31,011,973	32,464,508
Commercial Landside	32,757,013	35,752,673
Cargo	941,213	832,600
Auxiliary Airports	1,811,663	2,068,360
General Aviation	1,535,609	1,493,750
Passenger Transfer System	5,187,239	5,043,188
Roads and Grounds	11,757,612	11,659,593
Other	11,595,305	11,252,736
Total Operating Expenses	148,771,429	154,016,199
Signatory Airline Net Revenue Sharing	538,438	16,253,182
Operating Income before Depreciation and Amortization	33,744,242	83,193,026
Depreciation and Amortization	129,013,051	150,438,152
OPERATING LOSS	(95,268,809)	(67,245,126)
NONOPERATING REVENUES AND EXPENSES		
Interest Income	12,278,919	17,578,837
Net Unrealized Investment Gain	4,554,987	10,548,668
Interest Expense	(63,645,718)	(63,656,429)
CARES Act Airport Proceeds	60,591,699	-
Total Nonoperating Expenses	13,779,887	(35,528,924)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(81,488,922)	(102,774,050)

(Continued)

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes In Net Position (Continued)
Years Ended September 30, 2020 and 2019

	2020	2019
CAPITAL CONTRIBUTIONS		
Passenger Facility Charges	\$ 25,057,948	\$ 43,211,581
Federal and State Grants	36,515,512	20,473,350
Federal Reimbursements	23,282,529	20,958,853
Customer Facility Charges	17,206,798	31,806,642
Other Contributions	32,389,003	-
Total Capital Contributions	<u>134,451,790</u>	<u>116,450,426</u>
CHANGE IN NET POSITION	52,962,868	13,676,376
Total Net Position – Beginning of Year	<u>1,136,981,975</u>	<u>1,123,305,599</u>
TOTAL NET POSITION – END OF YEAR	<u>\$ 1,189,944,843</u>	<u>\$ 1,136,981,975</u>

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Cash Receipts from Customers	\$ 184,330,029	\$ 248,804,910
Cash Payments to Suppliers for Goods and Services	(102,427,620)	(104,718,756)
Cash Payments to Employees for Services	(51,248,397)	(49,284,453)
Cash Receipts from Federal Reimbursements	306,368	859,000
Net Cash Provided by Operating Activities	<u>30,960,380</u>	<u>95,660,701</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Proceeds from Federal CARES Act Funds	<u>60,591,699</u>	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Revenue Bonds	-	443,711,883
Proceeds from Issuance of Bank Notes	40,192,492	-
Payments of Bonds Issue Costs	-	(2,721,359)
Payments of Bank Note Issuance Costs	(95,000)	-
Principal Paid on Revenue Bond Maturities	(72,945,000)	(57,295,000)
Interest Paid on Revenue Bonds and Bank Notes	(66,677,139)	(65,972,637)
Acquisition and Construction of Capital Assets	(258,879,359)	(160,152,232)
Rental Car Customer Facility Charges	17,206,798	31,806,642
Federal and State Grants	68,223,058	62,792,656
Passenger Facility Charges	28,416,295	43,069,713
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(244,557,855)</u>	<u>295,239,666</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(36,015,265)	(696,117,337)
Proceeds from Maturities of Investment Securities	457,369,827	194,216,896
Income Received on Investments	12,878,358	17,001,929
Net Cash Provided (Used) by Investing Activities	<u>434,232,920</u>	<u>(484,898,512)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	281,227,144	(93,998,145)
Cash and Cash Equivalents – Beginning of year	<u>167,787,510</u>	<u>261,785,655</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 449,014,654</u>	<u>\$ 167,787,510</u>

(Continued)

Hillsborough County Aviation Authority

Statements of Cash Flows (Continued)

Years Ended September 30, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (95,268,809)	\$ (67,245,126)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	129,013,051	150,438,152
Decrease (Increase) in Accounts Receivable	4,233,179	(1,314,259)
(Increase) in Prepaid Insurance and Other Assets	(25,583)	(267,510)
(Decrease) in Accounts Payable – Trade	(2,647,956)	(70,743)
(Decrease) Increase in Accrued Expenses and Other Liabilities	(11,099,155)	8,660,879
(Decrease) Increase in Other Liabilities	(2,650,891)	(2,660,197)
Increase in Pension Related Liabilities	9,296,875	8,284,186
Increase (Decrease) in OPEB Related Liabilities	109,669	(164,681)
Net Cash Provided by Operating Activities	<u>\$ 30,960,380</u>	<u>\$ 95,660,701</u>
Noncash Investing, Capital and Financing Activities:		
Unrealized Gain on Investments	<u>\$ 4,554,987</u>	<u>\$ 10,548,668</u>
Amortization of Bond Premium – Net	<u>\$ 3,117,083</u>	<u>\$ 2,948,614</u>
Amortization of Deferred Gain on Bond Refundings	<u>\$ 227,528</u>	<u>\$ 283,303</u>
Amortization of Deferred Loss on Bond Refundings	<u>\$ (227,180)</u>	<u>\$ (918,438)</u>
Accounts Payable – Construction	<u>\$ (12,938,747)</u>	<u>\$ (11,124,653)</u>
Accrued Project Expenditures	<u>\$ (15,131,638)</u>	<u>\$ (12,115,737)</u>
Government Grant Receivable	<u>\$ 6,023,062</u>	<u>\$ 14,448,079</u>
Other Capital Contribution – United Hangar	<u>\$ 32,389,003</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Hillsborough County Aviation Authority

Notes to the 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 (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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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. Bad debt of \$50,000 was accrued in fiscal year 2020. No allowance has been made for fiscal year 2019.

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 is 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. For fiscal year ended September 30, 2020, the Authority drew \$60,591,699 from its CARES Act grants to cover its operational and debt service needs.

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 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 typically over their estimated useful lives as follows:

	<u>Years</u>
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.

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 80 hours (Police 84 hours). The policy allowed for 120 hours for each class of employee during FY20 due to the pandemic.

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 – Other Post-Employment Benefits.

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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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. Leases with the airlines are based on residual cost recovery method, through rates and charges pursuant to the agreement. 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 reported concession revenue, which typically have a minimum rental guarantee. Rental revenue and concession revenue 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 airside for airline offices, passengers' checkpoints, gates, 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.

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

Other – Fees from aviation supporting facilities provided to tenants, rentals from non-aviation properties, reimbursement for utilities, and other miscellaneous income.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

	2020	2019
Aeronautical Space Rental	\$ 49,770,495	\$ 55,668,436
Concessions	20,795,918	33,137,335
General Aviation	4,277,459	4,283,433
Ground Transportation	4,343,144	6,176,506
Landing Fees	15,643,249	21,063,357
Parking	41,234,254	74,132,140
Rental Cars	32,603,344	44,919,284
Commercial Real Estate Rentals	4,968,899	4,220,412
Maintenance Hangar and Fuel Farm	3,052,032	2,839,515
Utilities and Other Reimbursable	3,851,135	3,994,116
Other	2,514,180	3,027,873
	<u>\$ 183,054,109</u>	<u>\$ 253,462,407</u>

Recent accounting pronouncements: GASB Statement 87, *Leases*, was originally issued in June 2017, and will be effective for the Authority in fiscal year 2021. 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.

However, in light of the COVID-19 pandemic, GASB issued the Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May, 2020 to provide temporary relief to governments and other stakeholders. The implementation of the statement has been postponed by eighteen months, which will be effective for the Authority in fiscal year 2022.

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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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.

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 and Resolution establishes 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 Signatory 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 years ended September 30, 2020 and 2019 were \$538,438 and \$16,253,182, respectively. 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 4. Cash and Investments (Continued)

At September 30, all cash, cash equivalents and investments, were as follows:

	2020	2019
U.S. Treasury Securities	\$ 210,573,327	\$ 627,384,592
Certificate Deposit	3,907,064	3,895,383
Investments Subtotal	214,480,391	631,279,975
Cash in Deposit Accounts	449,014,654	167,787,510
Total Cash and Investments	<u>\$ 663,495,045</u>	<u>\$ 799,067,485</u>
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	\$ 160,440,033	\$ 100,572,958
Cash and Cash Equivalents – Restricted	288,574,621	67,214,552
Investments – Unrestricted	-	70,661,156
Investments – Restricted	214,480,391	560,618,819
Total Cash and Investments	<u>\$ 663,495,045</u>	<u>\$ 799,067,485</u>

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. As of September 30, the Authority held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

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	\$ 113,616,531	\$ 40,366,671	\$ 56,590,125	\$ -	\$ 210,573,327
Investment Maturities – 2019					
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type					
U.S. Treasury	\$ 452,226,669	\$ 103,490,233	\$ 37,679,488	\$ 33,988,202	\$ 627,384,592

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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 4. Cash and Investments (Continued)

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 banking and investment policy 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.

Custodial Credit Risk

The Authority's funds are held in U.S. Treasuries, investments collateralized by U.S. Treasuries 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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of September 30, 2020 and 2019:

- U.S. Treasury securities of \$210,573,327 and \$627,384,592, respectively, are valued using Treasury Direct quoted market prices (Level 1 and Level 2 inputs).

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 these accounts as of September 30, is as follows:

	<u>2020</u>	<u>2019</u>
Restricted for Debt Service:		
Bond Principal, Interest and Redemption		
Sinking Fund	\$ 4,920,246	\$ 17,040,976
Bond Reserve Fund	113,189,616	107,277,175
Restricted to Acquisition of Property and Equipment:		
Construction and Equipment Funds	258,240,839	367,305,012
	<u>376,350,701</u>	<u>491,623,163</u>
Other Restricted Funds:		
Escrow and Forfeiture Deposits	299,709	303,174
Certificate Deposit for Owner Controlled Insurance Program Collateral	3,907,064	3,895,384
Passenger Facility Future Development	68,111,802	74,325,678
Rental Car Facility Future Development	56,475,970	63,134,553
	<u>128,794,545</u>	<u>141,658,789</u>
Total Restricted Assets	<u>\$ 505,145,246</u>	<u>\$ 633,281,952</u>

Note 6. Leases

The Authority has entered into various leases with the tenants for the use of property, space and facilities at Tampa International Airport. Among these properties are the concession areas, restaurants and lounges, terminal areas, airside 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 \$16,696,200 and \$21,363,900 for the years ended September 30, 2020 and 2019, respectively.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 as of September 30, 2020:

<u>Years Ending September 30:</u>	<u>Amount</u>
2021	\$ 67,499,744
2022	68,550,088
2023	66,966,343
2024	64,420,578
2025	70,595,599
2026-2030	244,745,027
2031-2035	28,284,646
2036-2040	16,576,649
2041-2045	18,032,780
2046-2050	10,640,170
2051-2055	10,130,457
2056-2060	10,597,541
2061-2065	11,099,880
2066-2070	11,613,452
2071-2075	12,165,199
2076-2080	12,729,954
2081	638,684

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

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 7. Capital Assets

Capital asset activity for the years ended September 30, is summarized as follows:

	Balance October 1, 2019	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2020
Land	\$ 213,147,159	\$ 59,615	\$ -	\$ 213,206,774
Construction in progress	132,140,627	257,198,943	(26,229,673)	363,109,897
Equipment	73,372,772	4,027,843	(5,772,153)	71,628,462
Buildings and improvements	3,040,533,072	61,092,634	(2,328,539)	3,099,297,167
	<u>3,459,193,630</u>	<u>322,379,035</u>	<u>(34,330,365)</u>	<u>3,747,242,300</u>
Less accumulated depreciation:				
Equipment	(45,805,737)	(9,754,183)	5,770,377	(49,789,543)
Buildings and improvements	(1,446,216,063)	(119,215,758)	2,236,209	(1,563,195,612)
	<u>(1,492,021,800)</u>	<u>(128,969,941)</u>	<u>8,006,586</u>	<u>(1,612,985,155)</u>
Total capital assets – net	\$ 1,967,171,830	\$ 193,409,094	\$ (26,323,779)	\$ 2,134,257,145

	Balance October 1, 2018	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2019
Land	\$ 203,778,777	\$ 9,368,382	\$ -	\$ 213,147,159
Construction in progress	97,037,763	129,433,746	(94,330,882)	132,140,627
Equipment	62,381,397	15,242,316	(4,250,941)	73,372,772
Buildings and improvements	3,005,043,472	97,451,711	(61,962,111)	3,040,533,072
	<u>3,368,241,409</u>	<u>251,496,155</u>	<u>(160,543,934)</u>	<u>3,459,193,630</u>
Less accumulated depreciation:				
Equipment	(43,719,777)	(6,322,187)	4,236,227	(45,805,737)
Buildings and improvements	(1,366,798,282)	(141,276,109)	61,858,328	(1,446,216,063)
	<u>(1,410,518,059)</u>	<u>(147,598,296)</u>	<u>66,094,555</u>	<u>(1,492,021,800)</u>
Total capital assets – net	\$ 1,957,723,350	\$ 103,897,859	\$ (94,449,379)	\$ 1,967,171,830

Hillsborough County Aviation Authority

Notes to the Financial Statements

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, 2020 and 2019, serial revenue bonds in the amounts of \$57,235,000 and \$57,295,000, respectively, were redeemed. In addition, during the fiscal year 2020 the Authority made advanced principal payment of \$15,710,000 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, 2020 and 2019, were \$66,569,030 and \$65,844,908, respectively.

On November 7, 2018, the Authority issued the Tampa International Airport Senior Revenue Bonds 2018 Series E and Series F, in the principal amount of \$140,120,000 and \$160,855,000, at a rate of 5.0%, and maturities from 2022 to 2048.

The 2018 E and F Senior Bonds issue proceeds, plus the premium of \$32,056,797, less deposited to Common Reserve amount of \$22,111,514, and issuance costs of \$2,039,309 were primarily used to fund Master Plan Phase II Projects, including Central Energy Plant, Main Terminal Curbside Expansion, SkyCenter Development, and George Bean Parkway Widening and Rehabilitation.

On November 7, 2018, the Authority issued the Tampa International Airport Subordinated Revenue Bonds 2018 Series A, in the principal amount of \$102,500,000, at a rate of 5.0%, and maturities from 2031 to 2048.

The 2018A Subordinated Bonds issue proceeds, plus the premium of \$8,180,086, less deposited to Common Reserve amount of \$5,125,000, and issuance costs of \$682,050 were used to fund the Capital Improvement Projects: Central Energy Plant, Checked Baggage System Upgrades and Optimization, Design and Construction of East Airfield Improvements, as well as Taxiway W from W-1 to W-5 and TW J Pavement Reconstruction.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

The total principal maturities and debt service requirements for all revenue bonds through the year 2049, as of September 30, 2020, are as follows:

<u>Years Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 33,270,000	\$ 64,845,404	\$ 98,115,404
2022	46,435,000	63,829,688	110,264,688
2023	45,695,000	62,077,360	107,772,360
2024	39,925,000	60,345,658	100,270,658
2025	32,875,000	58,594,825	91,469,825
2026-2030	218,215,000	269,679,170	487,894,170
2031-2035	219,510,000	220,252,522	439,762,522
2036-2040	264,835,000	164,094,358	428,929,358
2041-2045	316,650,000	90,777,088	407,427,088
2046-2049	175,065,000	17,790,748	192,855,748
	<u>\$ 1,392,475,000</u>	<u>\$ 1,072,286,821</u>	<u>\$ 2,464,761,821</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

Revenue bond information and activity as of and for the years ended September 30, 2020 and 2019 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.

	Issuance Amount	Interest Rates	Bonds Payable at September 30, 2020		Bonds Payable at September 30, 2019
			Serial Bonds	Maturing in Fiscal Year	Serial Bonds
Revenue and Revenue Refunding Bonds:					
2013A Senior	\$ 38,635,000	1.87%	\$ 8,750,000	2021	\$ 24,425,000
2013B Senior	35,235,000	2.00%	14,490,000	2020 - 2023	17,480,000
2015A Senior	148,210,000	5.00%	148,210,000	2027 - 2044	148,210,000
2015C Senior	18,710,000	1.80%	11,425,000	2020 - 2023	15,100,000
2016A Senior	16,425,000	1.38%	-	2020	1,845,000
2017A Senior	54,665,000	2.56%	54,665,000	2028 - 2031	54,665,000
2018A Senior	48,810,000	1.92%	9,200,000	2020 - 2023	40,910,000
2018B Senior	32,175,000	2.57%	32,175,000	2024 - 2028	32,175,000
2018C Senior	26,665,000	3.25%	26,665,000	2029 - 2033	26,665,000
2018D Senior	31,320,000	3.40%	31,320,000	2034 - 2038	31,320,000
2018E Senior	140,120,000	5.00%	140,120,000	2022 - 2048	140,120,000
2018F Senior	160,855,000	5.00%	160,855,000	2022 - 2048	160,855,000
Subtotal Senior Bonds	<u>751,825,000</u>		<u>637,875,000</u>		<u>693,770,000</u>
2013A PFC Subordinated	168,865,000	4.913% - 5.50%	112,225,000	2020 - 2030	120,690,000
2015A PFC Subordinated	19,590,000	5.00%	19,590,000	2031 - 2044	19,590,000
2015B PFC Subordinated	153,915,000	5.00%	153,915,000	2031 - 2044	153,915,000
2018A PFC Subordinated	102,500,000	5.00%	102,500,000	2031 - 2048	102,500,000
Subtotal PFC Subordinated Bonds	<u>444,870,000</u>		<u>388,230,000</u>		<u>396,695,000</u>
2015A CFC	88,975,000	5.00%	88,975,000	2041 - 2044	88,975,000
2015B CFC	294,350,000	3.249% - 5.25%	277,395,000	2020 - 2041	285,980,000
Subtotal CFC Bonds	<u>383,325,000</u>		<u>366,370,000</u>		<u>374,955,000</u>
Total Bonds	<u>\$ 1,580,020,000</u>		1,392,475,000		1,465,420,000
Unamortized Bond Premium – Net			75,233,452		78,350,535
Total Revenue Bonds Payable			1,467,708,452		1,543,770,535
Less Current Portion of Bonds Payable			(33,270,000)		(57,235,000)
Long-Term Portion of Bonds Payable			<u>\$ 1,434,438,452</u>		<u>\$ 1,486,535,535</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 \$44,239,524 of the CARES Act funding to offset operating expenses in support of senior debt service coverage in fiscal year 2020. As a result, the senior debt service coverage ratio was 1.79 and 2.28 in 2020 and 2019, 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 2.53 and 4.15 in 2020 and 2019, respectively. The subordinated debt coverage ratio under the second test was 1.51 and 2.06 in 2020 and 2019, 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 2020, the Authority utilized \$2.6 million of the deficiency reserve and \$6.6 million of the CFC surplus to support the required coverage levels. The CFC debt coverage ratio was 1.52 and 1.79 in 2020 and 2019.

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 \$1,109,918,546. The Authority recognized \$101,803,927 in net revenues during 2020, and made principal and interest payments on senior revenue bonds of \$56,737,283.

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 \$716,477,169. The Authority recognized \$25,057,948 of PFC revenues during 2020 and made principal and interest payments on subordinated revenue bonds of \$28,515,631.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 \$638,366,107. The Authority recognized \$29,511,769 in gross CFC revenues during 2020 and made principal and interest payments on CFC revenue bonds of \$26,598,093.

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 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 twelve-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.

As of September 30, 2020, the outstanding bank note balance is \$40,192,492, including the cost of issuance of \$95,000. Total interest expenses incurred on the bank note during the year ended September 30, 2020 were \$194,119. There was no outstanding bank note balance in fiscal year 2019.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

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

	Balance September 30, 2019	Additions	Paydowns	Balance September 30, 2020	Amount Due within One Year
Senior Bonds	\$ 693,770,000	\$ -	\$ (55,895,000)	\$ 637,875,000	\$ 15,550,000
PFC Subordinated Bonds	396,695,000	-	(8,465,000)	388,230,000	8,885,000
CFC Bonds	374,955,000	-	(8,585,000)	366,370,000	8,835,000
Bank Notes	-	40,192,492	-	40,192,492	-
Total Bonds and Notes Payable	1,465,420,000	40,192,492	(72,945,000)	1,432,667,492	33,270,000
Compensated Absences	4,778,998	1,338,592	-	6,117,590	1,219,389
Environmental Liabilities	1,541,074	-	(853,645)	687,429	558,125
Pension Liabilities	61,204,863	14,404,974	-	75,609,837	186,446
Other Post-Employment Benefits	6,656,189	-	(1,563,838)	5,092,351	-
Total Other Liabilities	\$ 74,181,124	\$ 15,743,566	\$ (2,417,483)	\$ 87,507,207	\$ 1,963,960

	Balance September 30, 2018	Additions	Paydowns	Balance September 30, 2019	Amount Due within One Year
Senior Bonds	\$ 433,660,000	\$ 300,975,000	\$ (40,865,000)	\$ 693,770,000	\$ 40,185,000
PFC Subordinated Bonds	302,255,000	102,500,000	(8,060,000)	396,695,000	8,465,000
CFC Bonds	383,325,000	-	(8,370,000)	374,955,000	8,585,000
Total Bonds and Notes Payable	1,119,240,000	403,475,000	(57,295,000)	1,465,420,000	57,235,000
Compensated Absences					
Environmental Liabilities	5,217,645	78,620	(517,267)	4,778,998	881,521
Pension Liabilities	2,628,547	693,226	(1,780,699)	1,541,074	750,001
Other Post-Employment Benefits	50,896,957	10,307,906	-	61,204,863	276,706
Other Post-Employment Benefits	5,267,906	1,388,283	-	6,656,189	-
Total Other Liabilities	\$ 64,011,055	\$ 12,468,035	\$ (2,297,966)	\$ 74,181,124	\$ 1,908,228

Other Non-Current Liabilities

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

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority recognizes certain remediation obligations in its 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, 2020 and 2019 are \$687,429 and \$1,541,074, respectively.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

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 as follows:

	2020	2019
PFCs	\$ 25,057,948	\$ 43,211,581
Federal Grants	6,759,269	5,809,131
State Grants	29,756,243	14,664,219
Federal Reimbursement	23,282,529	20,958,853
CFCs	17,206,798	31,806,642
Other Contribution	32,389,003	-
Total Capital Contributions	<u>\$ 134,451,790</u>	<u>\$ 116,450,426</u>

CFC collections prior to revenue recognition and applicable operating and maintenance expense offsets were \$29,511,769 in 2020 representing a 33.9% reduction from the 2019 collections of \$44,654,759.

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 \$32,389,003 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

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. A comprehensive annual 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 \$14,774,770 and \$13,297,204 for both the FRS Pension Plan and HIS Plan for the fiscal years ended September 30, 2020 and 2019, respectively.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) 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.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 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 Plan 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 Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan 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 Plan 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 Plan 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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:

<u>Class, Initial Enrollment and Retirement Age/Years of Service:</u>	<u>% Value</u>
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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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, 2020 and 2019 were applied to employee salaries as follows: Regular 8.34% and 6.81%, Special Risk 25.79% and 23.82 Senior Management Service 25.63% and 23.75% and DROP participants 16.98% and 12.94%, respectively. The Authority's contributions to the FRS Plan were \$4,627,292 and \$4,186,312 for the fiscal years ended September 30, 2020 and 2019, 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, 2020 and 2019, the Authority reported a liability of \$57,725,381 and \$44,896,519, respectively, for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1, 2020. 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of FRS's participating employers. 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. At June 30, 2019, the Authority's proportion was 0.1304%, which was an increase of 0.0091% from its proportion measured as of June 30, 2018.

For the years ended September 30, 2020 and 2019, the Authority recognized pension expense of \$12,823,244 and \$11,577,471, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,209,268	\$ -
Changes in Actuarial Assumptions	10,450,131	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,437,025	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	2,331,079	27,538
Authority Contributions Subsequent to the Measurement Date	1,372,950	-
Total	\$ 19,800,453	\$ 27,538

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Deferred outflows of \$1,372,950 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 September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Years Ending June 30:	Amount
2021	\$ 3,791,787
2022	5,905,484
2023	5,019,638
2024	3,000,762
2025	682,294
	\$ 18,399,965

For the year ended September 30, 2019, the Authority recognized pension expense of \$11,577,741 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,662,941	\$ 27,862
Changes in Actuarial Assumptions	11,531,358	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,483,910
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	2,324,378	39,012
Authority Contributions Subsequent to the Measurement Date	1,170,885	-
Total	\$ 17,689,562	\$ 2,550,784

Deferred outflows of \$1,170,885 related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended September 30, 2020. The deferred outflows resulting from the change in assumptions pertains to a decrease in the discount rate in the 2019 valuation.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

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 total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	6.90%, 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 Plan's 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	<u>100%</u>			

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Regarding the prior year, the target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class as of June 30, 2019, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.6%	16.5%
Real Estate (Property)	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%
Totals	<u>100%</u>			

Discount Rate

The long-term expected rate of return assumption of 6.8% consists of two components: A real (in excess of inflation) return of approximately 4.4% as developed by the Florida State Board of Administrations outside investment consultant (Aon) and a long-term average annual inflation assumption of approximately 2.4% as adopted in 2020 by the FRS Actuarial Assumption Conference. The 6.8% rate of return assumption used in the June, 2020, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability as for the FRS 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:

Description	2020		
	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	\$ 92,177,733	\$ 57,725,381	\$ 28,950,627
Description	2019		
	1% Decrease	Current Discount	1% Increase in
FRS Plan Discount Rate	5.90%	6.90%	7.90%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 77,611,132	\$ 44,896,519	\$ 17,574,285

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual 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 Retiree Health Insurance Subsidy Program (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, 2020, 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, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. 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 \$849,377 and \$826,705 respectively, for the years ended September 30, 2020 and 2019, respectively.

Pension Costs

At September 30, 2020 and 2019, the Authority reported a liability of \$17,884,456 and \$16,308,344, respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Authority's proportion was 0.1465%, which was an increase of 0.0007% from its proportion measured as of June 30, 2019. At June 30, 2019, the Authority's proportion was 0.1458%, which was an increase of 0.0101% from its proportion measured as of June 30, 2018.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2020, the Authority recognized pension expense of \$1,951,526 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 731,583	\$ 13,797
Changes in Actuarial Assumptions	1,923,088	1,039,911
Net Difference Between Projected and Actual Earnings on HIS Program Investments	14,279	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,458,360	-
Authority Contributions Subsequent to the Measurement Date	227,666	-
Total	<u>\$ 4,354,976</u>	<u>\$ 1,053,708</u>

Deferred outflows of \$227,666 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, 2021. 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:

Years Ending June 30:	Amount
2021	\$ 850,639
2022	630,986
2023	172,418
2024	400,370
2025	545,175
Thereafter	474,014
	<u>\$ 3,073,602</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2019, the Authority recognized pension expense of \$1,719,733 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 198,083	\$ 19,969
Changes in Actuarial Assumptions	1,888,352	1,332,911
Net Difference Between Projected and Actual Earnings on HIS Program Investments	10,524	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,860,865	-
Authority Contributions Subsequent to the Measurement Date	222,361	-
Total	<u>\$ 4,180,185</u>	<u>\$ 1,352,880</u>

Deferred outflows of \$222,361 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, 2020.

Actuarial Assumptions

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	2.4% per year
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Index Rate	2.21%

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

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Index Rate	3.50%

Mortality rates were based on the Generational RP-2000 with projection scale BB.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total HIS Plan pension liability for September 30, 2020 and 2019 was 2.21% and 3.50%. 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:

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	\$ 20,673,633	\$ 17,884,456	\$ 15,601,523

2019			
Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.50%	3.50%	4.50%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 18,616,811	\$ 16,308,344	\$ 14,385,652

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 Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 Comprehensive Annual 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 defined benefit plan. 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 defined benefit plan. 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 2019-2020 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 11.34%. 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 Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan 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 Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$892,838 and \$763,030 for the years ended September 30, 2020 and 2019, respectively. Employee contributions to the Investment Plan totaled \$323,480 and \$305,856 for the years ended September 30, 2020 and 2019, respectively.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. OPEB

On October 1, 2017 the Authority implemented GASB Statement No.75; *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, which replaces the requirements of GASB Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. This statement requires governments in all types of OPEB plans to present more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities, including a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government, new RSI schedules including a schedule of increases and decreases in the OPEB liability, and a schedule comparing a governments actual OPEB contributions to its contributions requirements.

(a) Description of OPEB Plan

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. The Authority does not issue a separate financial report for the OPEB Plan.

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 \$40,318 and \$37,402 in fiscal years 2020 and 2019, 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, 2020 and 2019:

Benefits Provided

Plan Membership	September 30, 2020	September 30, 2019
Active	624	660
Inactive, receiving benefits	180	175

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. OPEB (Continued)

A summary of monthly required contributions for retirees for the fiscal years ended September 30, 2020 and 2019, is provided as follows:

Monthly Required Contributions for Retirees

	2020	2019
HMO Plans		
Retiree Only	\$ 768	\$ 741
Retiree, 1 Dependent	\$ 1,570	\$ 1,515
Retiree, Family	\$ 2,206	\$ 2,129
PPO Plans		
Retiree Only (Under 65)	\$ 1,069	\$ 1,032
Retiree, 1 Dependent (Under 65)	\$ 2,385	\$ 2,301
Retiree, Family (Under 65)	\$ 3,441	\$ 3,321
Retiree only (65+)	\$ 867	\$ 837
Retiree (65+), 1 Dependent (65+)	\$ 1,735	\$ 1,674
Retiree (65+), 1 Dependent (Under 65+)	\$ 2,160	\$ 2,034
Retiree (Under 65), Dependent (65+)	\$ 3,441	\$ 3,321
Dental Plans		
Retiree Only	\$ 36	\$ 36
Dependents	\$ 90	\$ 90
Life Insurance Contributions	\$0.053 per \$1,000 Coverage per Month	

In addition, pursuant to Section 112.0801, Florida Statutes, the Authority is required to offer the option of continuing health care, hospitalization, dental care and vision care insurance benefits to retired former employees and their eligible dependents at a cost not to exceed that of active employees. Although the retiree pays the cost for any such continuation, the premiums charged are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees have higher costs, this results in the Authority subsidizing a portion of the cost of the retiree coverage.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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:

	<u>2020</u>	<u>2019</u>
Measurement Date	September 30,2020	September 30,2019
Actuarial Valuation Date	September 30,2020	September 30,2018
Salary Increase Rate	3.5% per annum	3.5% per annum
Health Care Cost Trend Rate:		
Pre-65 years old	6.50%	6.00%
65 years and older	5.50%	5.50%
Discount Rate	2.21%	2.66%
Mortality Tables used	Pub-2010 mortality table with generational scale MP- 2019	Generational RP-2014 projected using scale MP-18

The changes in the assumptions during the fiscal year ended September 30, 2020 reflect the changes in the discount rate, which was decreased from 2.66% to 2.21%. 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	6.50%	4.50%
Medicare Benefits	5.50%	4.50%
Stop Loss Fees	6.50%	4.50%
Administrative Fees	4.50%	4.50%

(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:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 6,656,189	\$ 5,267,906
Changes for the year:		
Service Cost	337,743	261,137
Interest Cost	182,108	225,087
Differences between expected and actual experience	(1,508,969)	-
Changes in assumptions or other inputs	(279,159)	1,190,452
Benefit payments	(295,561)	(288,393)
Net change	(1,563,838)	1,388,283
Balance, end of year	<u>\$ 5,092,351</u>	<u>\$ 6,656,189</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. OPEB (Continued)

(d) OPEB Expenses

OPEB expense recognized by the Authority for the fiscal years ended September 30, 2020 and 2019 was \$405,229 and \$518,016, respectively.

(e) OPEB Deferred Outflows and Inflows of Resources

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

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,385,413)
Changes of assumptions/inputs	994,451	(826,566)
	<u>\$ 994,451</u>	<u>\$ (2,211,979)</u>
	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions/inputs	\$ 1,092,452	\$ (636,473)

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

Years Ending September 30:	Deferred Outflows (Inflows)
2021	\$ (114,622)
2022	(114,622)
2023	(114,622)
2024	(114,622)
2025	(114,622)
Thereafter	(644,418)
	<u>\$ (1,217,528)</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

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:

	Total OPEB Liability*		
	1% Decrease	Current Rate	1% Increase
As of September 30, 2020	\$ 4,568,000	\$ 5,092,000	\$ 5,789,000
As of September 30, 2019	\$ 5,957,000	\$ 6,656,000	\$ 7,544,000

* Multiple health care trend rates were used to calculate the total OPEB liability. See Page 59 for the rates.

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:

	Discount Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2020	2.21%	\$ 5,940,000	\$ 5,092,000	\$ 4,415,000
As of September 30, 2019	2.66%	\$ 7,545,000	\$ 6,656,000	\$ 5,927,000

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 is presented below:

	2020	2019	2018
Liability, beginning of the fiscal year	\$ 1,645,784	\$ 1,560,579	\$ 1,558,898
Current year claims and changes in estimates	11,898,758	11,911,269	10,860,497
Claims paid during the year	(11,567,183)	(11,826,064)	(10,858,816)
Liability, end of the fiscal year	\$ 1,977,359	\$ 1,645,784	\$ 1,560,579

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

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 14. Commitments and Contingencies

Construction and Maintenance Contracts

In connection with the Authority's ongoing maintenance programs and 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 \$1.656 billion for construction, engineering services, land acquisition and equipment, approximately \$351 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, 2020 and 2019, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

	<u>2020</u>	<u>2019</u>
Southwest Airlines Co.	8.8%	11.8%
Enterprise Leasing Company of Florida, LLC	6.2%	8.1%
Delta Air Lines Inc.	5.7%	7.5%
American Airlines Inc.	4.4%	7.5%
Hertz Corporation	3.3%	6.4%

The three airlines listed above represented 61.9% and 63.6% of the enplanements in 2020 and 2019, 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 the 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 \$317,400, and 302,000, respectively, during the years ended September 30, 2020 and 2019. The total expense incurred by the Authority during the years ended September 30, 2020 and 2019 for these services were \$6,870,100 and \$7,845,300, respectively.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 16. Subsequent Events

COVID-19: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regional, and global economies.

The extent to which COVID-19 impacts the operations of the Authority in the future will depend on subsequent developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States of America. Because of the uncertainty surrounding the pandemic, it is quite possible that economic impacts may continue to have a result prospectively on the Authority’s financial statements and operations.

**Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)**

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

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 337,743	\$ 261,137	\$ 250,660	\$ 326,187
Interest Cost	182,108	225,087	201,604	183,639
Differences between expected and actual experience	(1,508,969)	-	-	-
Changes in assumptions	(279,159)	1,190,452	(374,586)	(429,676)
Benefit payments	(295,561)	(288,393)	(225,429)	(171,000)
Net Change in total OPEB liability	(1,563,838)	1,388,283	(147,751)	(90,850)
Total OPEB liability – beginning	6,656,189	5,267,906	5,415,657	5,506,507
Total OPEB liability – ending	\$ 5,092,351	\$ 6,656,189	\$ 5,267,906	\$ 5,415,657
Covered employee payroll	\$ 52,572,168	\$ 45,141,967	\$ 43,615,427	\$ 42,140,509
Total OPEB Liability as a percentage of covered employee payroll	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***

	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.133187399%	0.130366825%	0.121262752%	0.118370628%	0.118844480%	0.113335017%	0.109354355%
Authority's Proportionate Share of the Net Pension Liability	\$ 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	\$ 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	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	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***

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 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	(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	\$ 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	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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.146475798%	0.145753373%	0.135788317%	0.130842975%	0.130355889%	0.121545164%	0.117391378%
Authority's Proportionate Share of the Net Pension Liability	\$ 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	\$ 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	34.85%	33.00%	31.60%	33.21%	38.33%	33.31%	32.39%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	3.00%	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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 849,377	\$ 826,705	\$ 750,158	\$ 706,888	\$ 698,655	\$ 508,940	\$ 403,596
Contributions in Relation to the Contractually Required Contribution	(849,377)	(826,705)	(750,158)	(706,888)	(698,655)	(508,940)	(403,596)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 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	1.66%	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, 2020 (UNAUDITED)**

Revenue Bond Issue	Original Issuance	Redeemed in Prior Years	Refunded in Current Year	Redeemed In Current Year	Outstanding September 30, 2020
2013A	\$ 38,635,000	\$ 14,210,000	\$ -	\$ 15,675,000	\$ 8,750,000
2013B	35,235,000	17,755,000	-	2,990,000	14,490,000
2013A Subordinated	168,865,000	48,175,000	-	8,465,000	112,225,000
2015A Senior	148,210,000	-	-	-	148,210,000
2015C Senior	18,710,000	3,610,000	-	3,675,000	11,425,000
2016A Senior	16,425,000	14,580,000	-	1,845,000	-
2017A Senior	54,665,000	-	-	-	54,665,000
2015A Subordinated	19,590,000	-	-	-	19,590,000
2015B Subordinated	153,915,000	-	-	-	153,915,000
2015A CFC	88,975,000	-	-	-	88,975,000
2015B CFC	294,350,000	8,370,000	-	8,585,000	277,395,000
2018A Senior	48,810,000	7,900,000	-	31,710,000	9,200,000
2018B Senior	32,175,000	-	-	-	32,175,000
2018C Senior	26,665,000	-	-	-	26,665,000
2018D Senior	31,320,000	-	-	-	31,320,000
2018E Senior	140,120,000	-	-	-	140,120,000
2018F Senior	160,855,000	-	-	-	160,855,000
2018A Subordinated	102,500,000	-	-	-	102,500,000
Total	\$ 1,580,020,000	\$ 114,600,000	\$ -	\$ 72,945,000	\$ 1,392,475,000

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
REVENUE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

	Depository Account	Operating Reserve Account
Balance, October 1, 2019	\$ 12,566,967	\$ 23,857,708
Receipts:		
Revenue	175,945,068	-
Parking	48,416,572	-
Canine and LEO Reimbursements	344,222	-
Ground Transportation	292,094	-
Interest	68,333	329,800
Transfers from:		
Surplus	8,673,950	-
PFC Fund	2,981,614	-
Debt Reserve Fund	1,728,289	-
Revenue Fund	-	454,516
Intrafund Transfers and Other Deposits	79,682	-
Total Available	<u>251,096,791</u>	<u>24,642,024</u>
Disbursements:		
Sales Taxes	(5,499,113)	-
Transfers to:		
Operations and Maintenance Fund	(145,894,595)	-
Sinking Fund	(56,738,120)	-
Customer Facility Charges	(31,520,285)	-
Operating Reserve	(454,516)	-
Imprest Fund	(211,184)	-
Intrafund Transfers and Other Costs	(96,017)	-
Total Disbursements	<u>(240,413,830)</u>	<u>-</u>
Balance, September 30, 2020	<u>\$ 10,682,961</u>	<u>\$ 24,642,024</u>

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
SINKING FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

	Interest Account	Principal Account	Capitalized Interest Account
Balance, October 1, 2019	\$ 330,720	\$ 758,558	\$ 15,810,402
Receipts:			
Interest	117,872	340,149	354,505
Transfers from:			
Revenue Fund	16,553,120	40,185,000	-
Reserve Fund	-	-	518,223
PFCs	20,050,631	8,465,000	-
CFCs	18,013,092	8,585,000	-
Other Transfers and Costs	-	-	736
Total Receipts	54,734,715	57,575,149	873,464
Disbursements:			
Transfers to:			
Debt Service Paid from Revenue Fund	(13,570,668)	(40,185,000)	-
Debt Service Paid from PFCs	(23,032,245)	(8,465,000)	-
Debt Service Paid from CFCs	(18,013,093)	(8,585,000)	-
Debt Service Paid from Capitalized Interest	-	-	(11,953,025)
Other Transfers and Costs	(443,111)	(970,450)	-
Total Disbursements	(55,059,117)	(58,205,450)	(11,953,025)
Balance, September 30, 2020	\$ 6,318	\$ 128,257	\$ 4,730,841
Investment Details			
	Due Date	Amortized Cost	Fair Value
Treasury note	3/31/21	3,485,374	3,528,636
Treasury note	9/30/21	702,163	713,730
		\$ 4,187,537	\$ 4,242,366

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
OPERATING AND MAINTENANCE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

Balance, October 1, 2019	\$ 12,442,152
Receipts:	
Transfers from:	
Revenue Fund	145,894,595
Surplus Fund	18,732,591
CFC Surplus	4,333,567
Capital Improvement Fund	2,792,121
Other Interfund Transfers	181,350
Equipment Fund	179,110
Other Deposits	3,704,235
Total Available	<u>188,259,721</u>
Disbursements:	
Transfer to Imprest Fund	(52,297,079)
Disbursements to Payroll	(49,248,807)
Payments to Non Personnel Operating Expenses	(42,284,310)
Contribution to Florida Retirement System & Other Retirement Plan	(13,134,846)
Transfer to Self-Insurance	(10,688,194)
Other Fund Transfers	<u>(671,905)</u>
Total Disbursements	<u>(168,325,141)</u>
Balance September 30, 2020	<u>\$ 19,934,580</u>

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
RESERVE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

Balance, October 1, 2019	\$ 101,948,208
Receipts:	
Interest	2,416,492
Total Available	104,364,700
Disbursements:	
Transfers to:	
Revenue Fund	(1,728,289)
Sinking Fund	(518,223)
Other Transfers and Adjustments	(738,317)
Total Disbursements	(2,984,829)
Balance, September 30, 2020	\$ 101,379,871

Investment Detail

	Due Date	Amortized Cost	Fair Value
Treasury Bill	11/17/20	\$ 12,420,189	\$ 12,419,640
Treasury Note	08/15/21	3,719,965	3,785,537
Treasury Note	08/15/22	5,457,372	5,681,419
Treasury Note/Treasury Bond	05/15/23	4,146,734	4,392,161
Treasury Note	08/15/23	3,899,372	4,132,756
Treasury Note	09/30/24	5,472,275	5,942,191
Treasury Note	08/15/25	5,204,242	5,931,594
Treasury Note	09/30/25	12,517,360	14,286,551
Treasury Note	08/15/27	2,858,965	3,277,663
Treasury Note	08/15/28	13,963,744	16,526,784
Treasury Note	05/15/30	31,692,010	36,785,677
		\$ 101,352,228	\$ 113,161,973

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
SURPLUS FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

Cash Balance, October 1, 2019		\$ 32,252,532	
Certificate Deposit Balance,		3,907,064	
Receipts:			
Transfer from Capital Improvement Fund		73,321,764	
Net Investment Activity		55,699,311	
Interest		327,957	
Total Available		<u>165,508,627</u>	
Disbursements:			
Transfer to Capital Improvement Fund		(36,300,000)	
Transfer to O&M		(18,732,591)	
Transfer to Revenue Fund		(7,673,950)	
Transfer to Equipment Fund		(2,999,271)	
Transfer to Imprest Fund		(560,141)	
Other Costs		(43,391)	
Total Disbursements		<u>(66,309,344)</u>	
Balance, September 30, 2020		<u>\$ 99,199,284</u>	
Investment Detail	<u>Due Date</u>	<u>Amortized Costs</u>	<u>Fair Value</u>
Certificate Deposit	12/2022	<u>\$ 3,907,064</u>	<u>\$ 3,907,064</u>
		<u>\$ 3,907,064</u>	<u>\$ 3,907,064</u>

Hillsborough County Aviation Authority

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2020

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CFDA/ CSFA Number	Provided to Subrecipients	Current Year Expenditures
US Department of Transportation Federal Aviation Administration, Airport Improvement Program (Direct)				
	3-12-0065-10	20.106	\$ -	\$ 2,357,998
	3-12-0078-65	20.106	-	3,808,966
	3-12-0078-66	20.106	-	93,095
	3-12-0079-04	20.106	-	3,750
	3-12-0097-35	20.106	-	495,465
			-	<u>6,759,274</u>
COVID-19 (Direct)	3-12-0078-68	20.106	-	60,591,699
Total Airport Improvement Program			-	<u>67,350,973</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 67,350,973</u>

See accompanying notes to schedule.

(Continued)

Hillsborough County Aviation Authority

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
 Year Ended September 30, 2020

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CFDA/ CSFA Number	Provided to Subrecipients	Current Year Expenditures
Florida Department of Transportation, Aviation Development Grant (Direct)				
	AR390/425920-2	55.004	\$ -	\$ 2,310,240
	ARO66/428078-1	55.004	-	35,905
	ARO65428078-2	55.004	-	187,226
	G0927/429607-1	55.004	-	2,168,939
	G0930429617-1	55.004	-	28,371
	G0J87/431249-1	55.004	-	274,823
	G0J84/431253-1	55.004	-	1,204
	G0J83/431254-1	55.004	-	36,386
	G0G28/431300-1	55.004	-	237
	G0V19/432974-1	55.004	-	25,550
	G1K36/432984-1	55.004	-	23,336
	G1K26/435226-1	55.004	-	275,000
	G1D20/435231-1	55.004	-	6,977
	G1711/435233-1	55.004	-	68,407
	G1712/435234-1	55.004	-	257,649
	G1608/435235-1	55.004	-	13,176
	G1610/435236-1	55.004	-	89,641
	G1611/435239-1	55.004	-	299,742
	G0R07/435722-1	55.004	-	10,000,000
	G0897/438694-1	55.004	-	230,044
	G0C59/438695-1	55.004	-	749,789
	G0895/438697-1	55.004	-	1,896
	G1449/438833-1	55.004	-	4,467,187
	G0Z71/440560-1	55.004	-	983,498
	G0V20/442095-1	55.004	-	1,154,680
	G1685/442112-1	55.004	-	563,958
	G0Z70/442344-1	55.004	-	3,611,604
	G1851/444181-1	55.004	-	1,337,030
	G1962/445669-1	55.004	-	37,909
	G1L16/446919-1	55.004	-	271,741
	G1K87/446920-1	55.004	-	244,102
				<u>\$ 29,756,247</u>
Total State Financial Assistance				<u>\$ 29,756,247</u>
Total of Expenditures of Federal Awards and State Financial Assistance				<u>\$ 97,107,220</u>

(Concluded)

See accompanying notes to schedule.

Hillsborough County Aviation Authority

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance and Passenger Facility Charges

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, 2020. 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, 2020.

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, 2020

Quota Share – AIG American Insurance Company (AIG) – 50% of \$500M Total Limit; ACE (Chubb) – 30% of \$75M Primary; Lloyd’s – 10% of \$75M Primary; Starr Surplus Lines Insurance Company – 10% of \$75M Primary; Homeland (One Beacon) – 42.857143% of \$175M, excess of \$75M; Indian Harbor (AXA XL) – 7.142857% of \$175M, excess of \$75M; Scottsdale (Nationwide) – 50% of \$150M, excess of \$250M; and Great American – 50% of \$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		
*Equipment Breakdown/Boiler & Machinery	\$	200,000,000
*Boiler & Machinery provided by a stand alone program via Continental Casualty		

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)

Hillsborough County Aviation Authority

**Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2020**

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 Risk Coverage:

Security and Privacy	\$	7,000,000
Deductible	\$	50,000

Crisis management	\$	1,000,000
*Deductible	\$	10,000

**Legal deductible is \$5,000*

Cyber extortion	\$	7,000,000
Deductible	\$	50,000

Chubb Ace American Insurance Company

Florida Storage Tank Third-Party Liability:

Each incident	\$	1,000,000
Aggregate Limit	\$	2,000,000
Deductible	\$	25,000

American Southern Insurance Company

Automobile Insurance:

Liability	\$	1,000,000
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Uninsured motorist coverage	\$	100,000
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Personal injury protection (Florida No-Fault)		Statutory
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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

(Continued)

Hillsborough County Aviation Authority

**Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2020**

Hired Car Liability	\$	1,000,000
Hired Car Physical Damage Deductible		
Comprehensive	\$	100
Collision	\$	500

National Union Fire Insurance Company of Pittsburgh

Public Officials & Employment Practices Liability Coverage:

Aggregate	\$	5,000,000
Deductible	\$	50,000

Global Aerospace, Inc.

Airport General Liability Insurance:

Each Occurance Limit	\$	300,000,000
War/Terrorism sublimit	\$	150,000,000

XL Specialty

Aviation Excess Liability:

Each Occurance Limit	\$	200,000,000
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XL Specialty Insurance Company

Inland Marine:

Contractors Equipment	\$	4,551,115
Contractors equipment – unscheduled	\$	1,000,000
Deductible (Scheduled equipment)	\$	5,000
Deductible (Unscheduled Equipment)	\$	1,000

EDP Equipment	\$	13,538,378
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	\$	6,833,675
Fine Arts – Property of Others on loan	\$	500,000
Deductible (All Other Perils)	\$	1,000
Windstorm – Greater of 2% of damaged item per location	\$	-

Indian Harbor Insurance Company

Police Professional Liability:

Each Occurrence	\$	1,000,000
Aggregate	\$	2,000,000
Deductible	\$	25,000

(Continued)

Hillsborough County Aviation Authority

**Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2020**

Gerber Life Insurance Company

Employee Travel Accident – Blanket Accident Insurance:

Members of the Board	\$	400,000
Per accident max	\$	1,500,000

National Union Fire Insurance Company of Pittsburgh, PA

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
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Coverage:

Accidentally Killed or Dismembered While Responding to an Emergency / Perceived Emergency (additional)	\$	75,000 Max
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Coverage:

Individual Unlawfully or Intentionally Dismembered, Killed or Injured by Another Person (additional)	\$	225,000 Max
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The Insurance Company of the State of Pennsylvania

Foreign Package Policy:

Foreign General Liability	\$	2,000,000
Foreign Business Auto	\$	1,000,000
Employers Liability	\$	1,000,000
Ransom / Extortion	\$	5,000,000

American Bankers Insurance Company of Florida

Flood Insurance:

815 Severn Ave.

Property	\$	489,000
Contents	\$	16,600
Deductible	\$	2,000

825 Severn Ave.

Property	\$	500,000
Contents	\$	21,000
Deductible	\$	2,000

(Continued)

Hillsborough County Aviation Authority

**Summary Schedule of Insurance Policies (Unaudited) (Continued)
September 30, 2020**

Florida Municipal Insurance Trust

Workers' Compensation:

Employer's Liability	
Each Accident	\$ 1,000,000
Each Employee	\$ 1,000,000
Policy Limit / Disease	\$ 1,000,000
Deductible	\$ -

Unmanned Aircraft Systems Liability (Drone)

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

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 8, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist, that were not identified. 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
March 8, 2021

**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

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

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 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, 2020. 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 the requirements of laws, regulations, contracts and grants 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. However, our audit does not provide a legal determination of the Authority's compliance.

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, 2020.

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, Rules of the Auditor General, 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, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
March 8, 2021

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs Year Ended September 30, 2020

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:

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

Unmodified

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:

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Unmodified

Identification of major program:

CFDA Number(s)
20.106

Name of Federal Program or Cluster
Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$ 2,020,529

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:

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? _____ Yes X No

Unmodified

Identification of major project:

CSFA Number(s)
55.004

Name of State Program or Project
Aviation Development Grants

Dollar threshold used to distinguish between type A and type B project: \$ 892,687

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

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, 2020**

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

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

Independent Auditor's Report

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

Report on Compliance

We have audited the compliance of the Hillsborough County Aviation Authority's (the Authority) 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, 2020.

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 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, 2020.

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 requirements that could have a direct and material effect on its PFC program in order 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 would not necessarily identify all deficiencies in internal control 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
March 8, 2021

Hillsborough County Aviation Authority

**Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2020**

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Ending Balance Unliquidated PFCs
December 31, 2019	\$ (274,575,697)	\$ 11,159,712	\$ 284,154	\$(17,583,976)	\$ (280,715,807)
March 31, 2020	(280,715,807)	11,664,629	262,319	(11,107,546)	(279,896,405)
June 30, 2020	(279,896,405)	4,032,573	94,015	(14,557,503)	(290,327,320)
September 30, 2020	(290,327,320)	1,559,380	6,593	(11,819,843)	(300,581,190)

See accompanying notes to schedule.

Hillsborough County Aviation Authority

Notes to Schedule of Passenger Facility Charges Collected and Expended Year Ended September 30, 2020

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, 2020. 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, 2020**

I – Summary of Independent Auditor’s Results

Schedule of Passenger Facility Charges (PFC) Collected and Expended

Type of auditor’s report issued:

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, 2020**

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**

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

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, 2020, and issued our report thereon dated March 8, 2021.

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 Each Major Federal Program and 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 March 8, 2021, 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)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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
March 8, 2021



RSM US LLP

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

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

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, 2020. Management is responsible for the Authority's compliance with those 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, 2020.

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
March 8, 2021