Hillsborough County Aviation Authority

Financial Statements, Other Financial Information and Compliance Reports

Year Ended September 30, 2023

Tampa International Airport | Peter O. Knight Airport | Plant City Airport | Tampa Executive Airport

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Independent Auditors' Report

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Hillsborough County Aviation Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, effective October 1, 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 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 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 (the Information) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Information is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Passenger Facility Charges Collected and Expended (the Schedule) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule 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. The Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of bonds issued, redeemed and outstanding and the schedules of cash and investment transactions but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements dooes not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required *by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, 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 28, 2024

The following management discussion and analysis (MD&A) of the financial performance and activity of the Hillsborough County Aviation Authority (the Authority) is to provide an introduction and understanding of the financial statements of the Authority for the fiscal year ended September 30, 2023, with selected comparative information for the year ended September 30, 2022.

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) 2023

2023 stands out as one of the most successful financial years in the history of the Authority, propelled by record-breaking passenger traffic, operating revenues, and bottom-line performance. As the aviation industry continued its robust recovery, Tampa International Airport witnessed a 4.5% increase in passenger traffic over previous records.The strength of the regional economy along with the combination of the strong local market following years of strong migration of residents to Tampa Bay coupled with the well-established leisure and business demand helped drive the record financial performance for the Authority. The per passenger spending throughout the airport along with the passenger growth drove significant increases in the Authority's parking and concessions lines of business. In addition, the Authority earned record high interest income as a result of the rising interest rates combined with prudent management of the investment portfolio. With the strong top line revenue performance and management's strategic approach to managing operating expenses and inflationary cost pressures, the Authority had one of the strongest financial performances in its history with a record bottom line contribution to reserves.

The Authority was allocated funds through the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, and the American Rescue Plan (ARPA) Act. The Authority received a total of $34.9 million and $40.2 million in ARPA and CRRSA funds to reimburse related expenses in fiscal year 2023 and 2022, respectively. As of FY2023 the Authority has been fully reimbursed for its allocated funds referenced above.

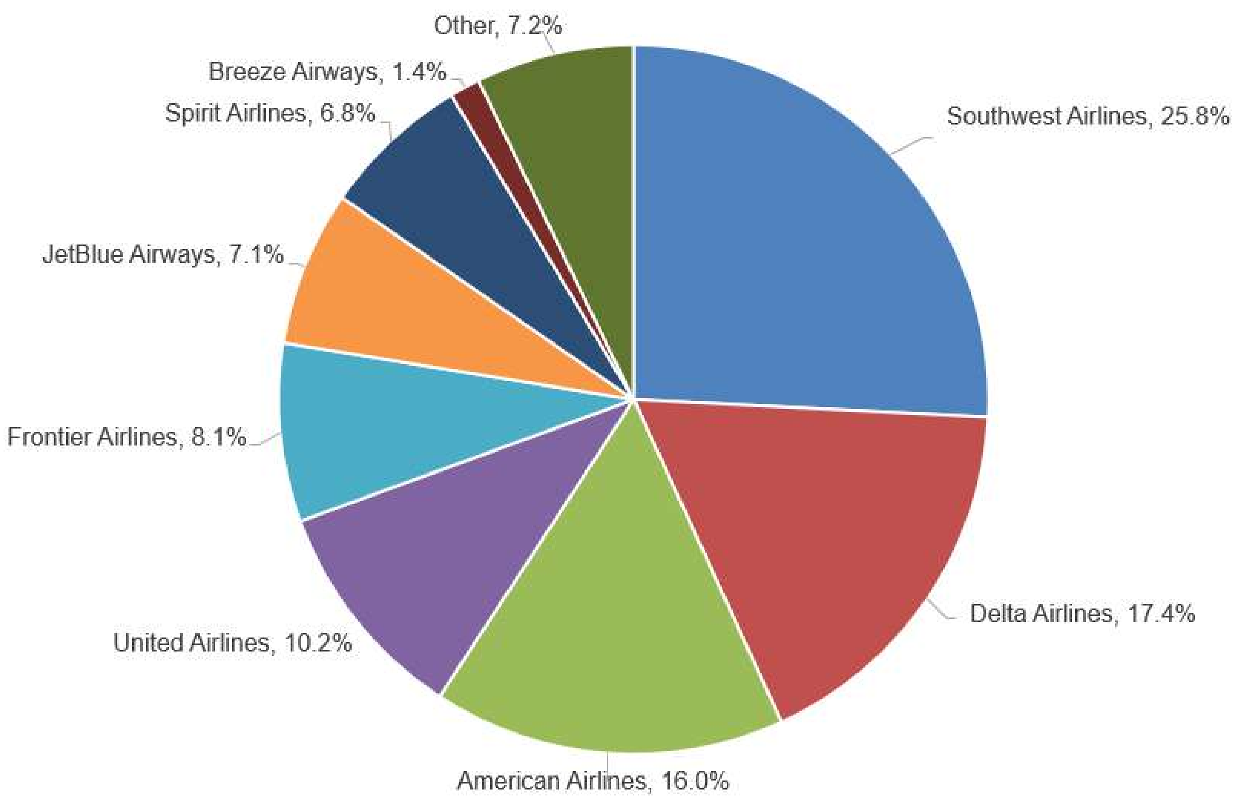
The COVID-19 Federal Recovery Grants received in FY2023 and 2022, of which $9.4 million must be used for eligible concessions relief, are summarized in the following table (in thousands).

	CRRSA		ARPA		
	2023	**2022**	**2023**	**2022**	**Total**
Tampa International	$ -	$ -	$ 29,812	$ 40,000	$ 69,812
Concessions	1,813	-	3,273	-	5,086
General Aviation	-	59		150	209
Total	$ 1,813	$ 59	$ 33,085	$ 40,150	$ 75,107

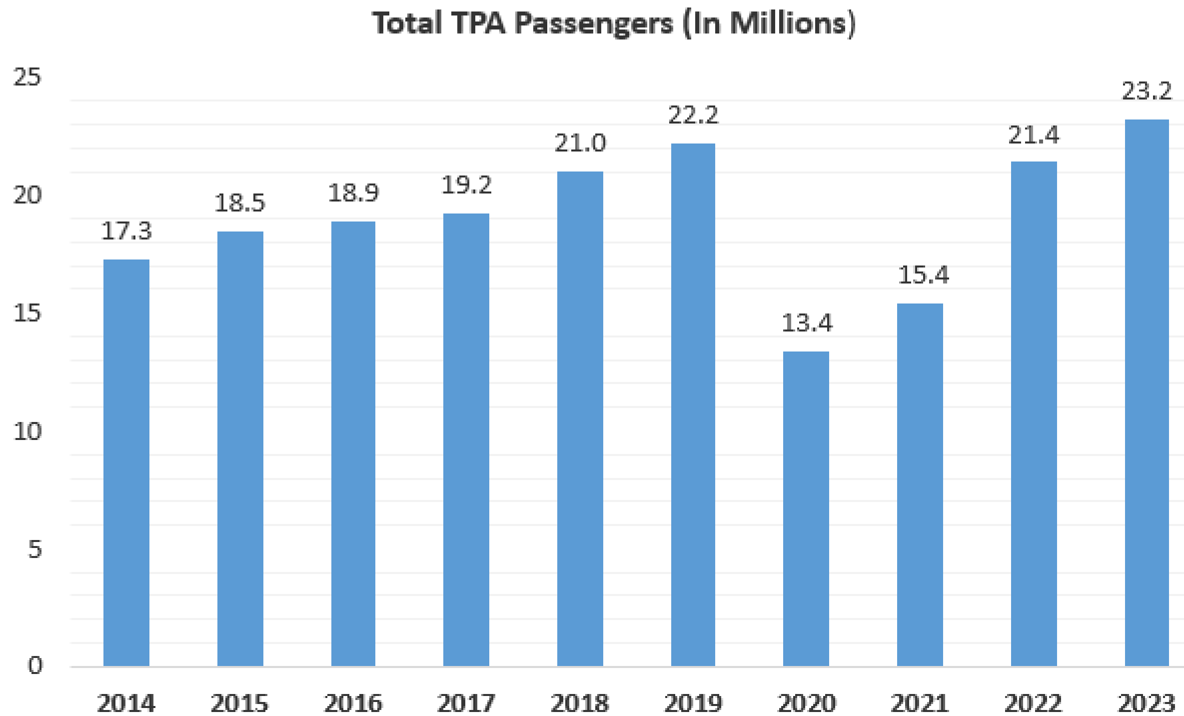
With the record traffic, the operating results for fiscal year 2023 also significantly exceeded historical levels. As a result, the Authority achieved record bottom-line growth, with days cash on hand reaching over 715 days, well in excess of our 600 day goal. A positive net position of $1.36 billion at the current fiscal year-end and a net position increase of $94.6 million underscored the Authority's financial strength. A total of 23.2 million passengers traveled through the Airport in 2023, which was 8.3% higher than 2022, as the carriers added four new markets over the course of the year for a total of 95 airports served. Passenger enplanements at the Airport for the fiscal year ended September 30, 2023, totaled 11.6 million, 8.2% increase as compared with 10.7 million enplanements in 2022. As a result of these factors, he Airport's operating revenues grew to $344.2 million, $32.3 million or 10.4% more than fiscal year 2022.

For fiscal year 2023, the top three airlines, in terms of passenger enplanements and market share were Southwest, Delta and American. Southwest remained the carrier with the highest market share at 25.8%, Delta was second at 17.4%, and American was third at 16.0%. During 2022, Southwest remained the carrier with the highest market share at 26.6%, Delta was second at 17.8% and American was third at 17.6%.

The airline market share based on the enplanements at Tampa International Airport for fiscal year ended September 30, 2023, is presented in the following chart.



The following graph represents total passenger activity at Tampa International Airport (TPA) from fiscal years 2014 to 2023.



Landed weight in 2023 totaled 13,438,182 thousand pounds, compared to 12,688,662 thousand pounds in 2022. The number of landings for domestic and international flights was 87,099 for 2023, compared to 82,579 for 2022.

Overview of the Financial Statements

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

<u>Basic Financial Statements</u>

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2023. Increases or decreases in net position over time are relative indicators of the Authority's financial position.

The statement of revenues, expenses and changes in net position shows the results of the Authority's operations reflecting both operating and non-operating activities during the fiscal year ended September 30, 2023. Changes in net position reflect the fiscal year's operating impact upon our overall financial position. The statement summarizes the recording of financial transactions when underlying events occur, not the receipt or disbursement of cash.

The statement of cash flows relates to the cash and cash equivalent inflows and outflows as a result of financial transactions during the fiscal year 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.

During fiscal year 2023, the Authority adopted the Governmental Accounting Standard Board (GASB) Statement No. 96 (GASB 96), Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. GASB 96 requires recognition of a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The adoption of GASB 96 resulted in the Authority recording right-to-use subscription assets and subscription liabilities. Additional details on the implementation of GASB 96 can be found in the Note 6.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the Authority's defined benefit and OPEB plans for its employees.

Other Supplementary Information

Other supplementary information is presented following the required supplementary information, including schedule of bonds activity, major funds cash and investment transaction schedules, and expenditures of federal and state grants information.

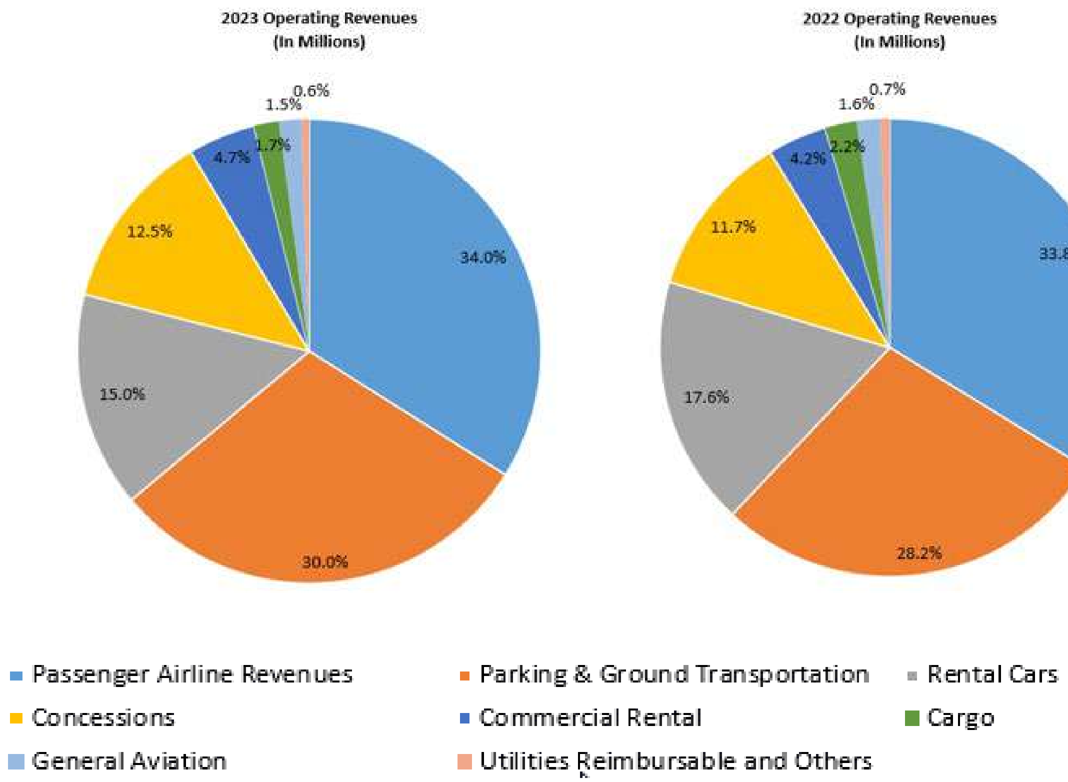
Financial Analysis

Operating Revenues

The following table presents the total operating revenues for fiscal years 2023 and 2022 in thousands:

	Year		Percent Change
Revenue Sources	2023	2022	2022 to 2023
Passenger Airline Revenue	$ 116,873	$ 105,523	10.8%
Parking	95,251	81,677	16.6%
Rental Cars	51,695	54,989	-6.0%
Concessions	43,119	36,363	18.6%
Commercial Rentals	12,962	12,366	4.8%
Ground Transportation	7,977	6,463	23.4%
Cargo	6,019	6,996	-14.0%
General Aviation	5,253	5,053	4.0%
SkyCenter Revenue	3,199	371	762.3%
Utilities Reimbursable and Others	1,876	2,097	-10.5%
Total	$ 344,224	$ 311,898	10.4%

The following chart illustrates for the fiscal years 2023 and 2022 that approximately 36% of revenue sources were generated from aeronautical services; 64% of revenues were non-aeronautical revenues, derived from parking and ground transportation, rental cars, concessions, general aviation and other revenues.



Overall, the total operating revenues of the Authority were $344.2 million in fiscal year 2023, an increase of $32.3 million, or 10.4% compared with 2022 with increases most lines of business. Parking and concessions revenue increased year-over-year due to an increase in spend per passenger along with the enplanment growth, which led to passenger airline revenue increases as a result of the cost and debt service increases of the Authority.

The Authority's cost-recovery rate making methodology resulted in net-airline revenue of $112.3 million driving a very competitive cost per enplanement (CPE) of $9.71. Parking revenue had a record revenue year of $95.3, $13.6 million, or 16.6%, more than 2022. Strong local demand for parking resulted in record daily levels throughout the year in all garages. The Authority's implementation of the pre-book parking reservation system has allowed the Authority to also revenue-manage the operation more effiicently and effectively manage peak demand conditions. Concessions revenue increased by 18.6%, or $6.8 million versus 2022 due to a combination of increased per-passenger spend coupled with strong passenger growth. Ground transportation demand has also recovered with passengers, generating $8 million revenues, or 23.4% higher than 2022. The Authority purchased the new SkyCenter One office building, which houses the Authority's administrative offices as well in the Spring of 2023 and recognized $3.2 million of tenant revenue for the first 6 months of ownership. Following years of record rental car concessions performance during the pandemic with limited inventory and inflated leisure demand, the Authority's rental car concession revenue decreased by $3.3 million, or 6.0%. Despite this miss, the actual results were ahead of the Authority's operating budget given the stabilization of fleet inventory levels.

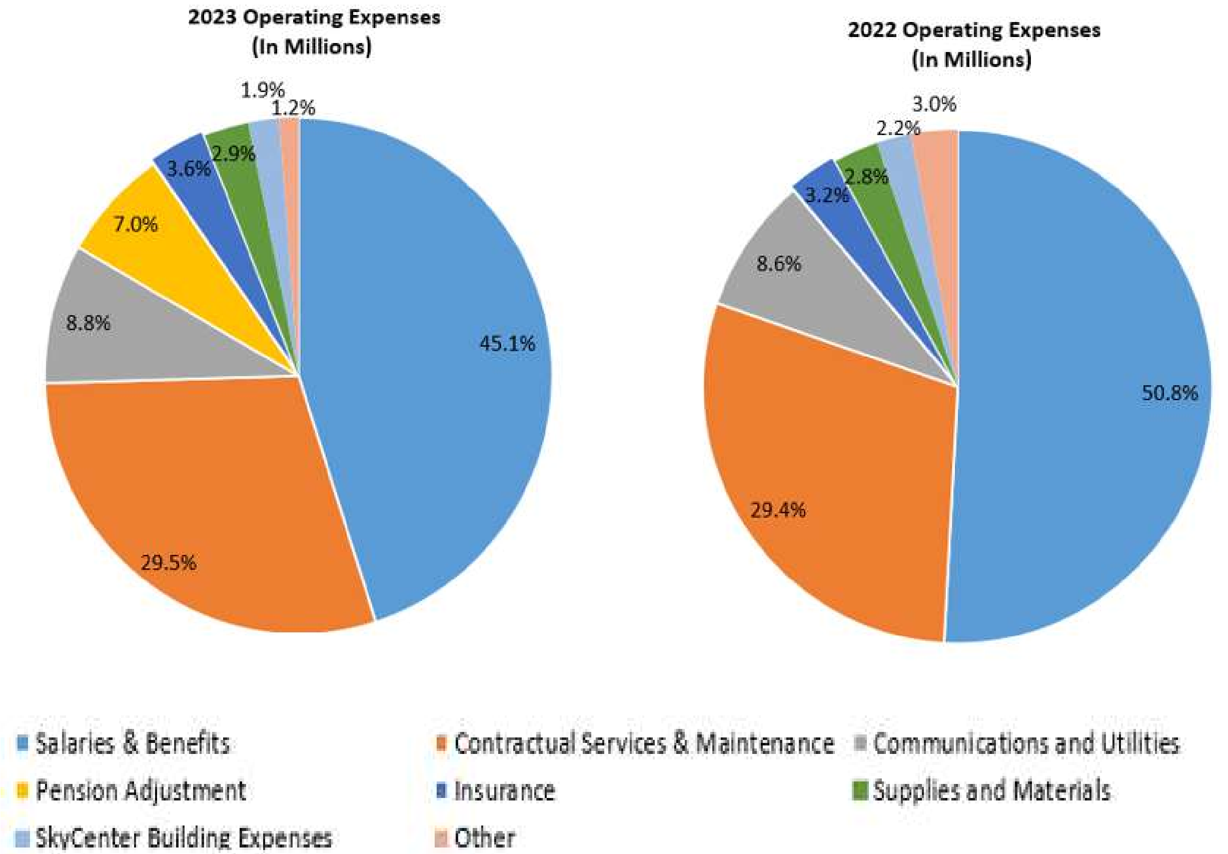
For all other revenue categories, the commercial rental including maintenance hangar, fuel farm and non-aviation related rentals, general aviation, utilities reimbursables and other revenues all increased compared to 2022 levels. The adoption of GASB 87 resulted in a recognition of the loss of lease revenues of $4.8 million in fiscal year 2023, which offset the increase of other revenues. Cargo revenues decreased by $1.0 million, or 14.0% due to a combination of factors including decreased air cargo demand following the pandemic along with the shift of certain cargo operations out of TPA.

Operating Expenses

The following table presents the total operating expense classifications by business units for fiscal years 2023 and 2022 in thousands:

Expense Classification	Year 2023	Year 2022	Percent Change 2022 to 2023
Personnel Compensation and Benefits	$ 86,588	$ 84,253	2.8%
Contractual Maintenance	29,535	25,087	17.7%
Contractual Services	27,095	23,705	14.3%
Communications and Utilities	16,811	14,233	18.1%
Pension Adjustment	13,483	1,779	657.9%
Insurance	6,960	5,305	31.2%
Supplies and Materials	5,537	4,741	16.8%
SkyCenter Building Expenses	3,732	3,624	3.0%
Other	2,149	4,935	-56.5%
Total	$ 191,890	$ 167,662	14.5%

The following chart shows the major operating expense categories and their percentages to the total operating expenses in fiscal year 2023:



Total operating expenses were $191.9 million for fiscal year 2023, which represents a $24.2 million, or 14.5% increase compared to fiscal year 2022. A comparative analysis of major expenses indicates that the gross payroll expenses increased by $2.3 million, or 2.8%. This increase is attributable to the hiring of staffing concurrent with the return to normal operations and cost of living adjustment, which increased salaries and wages by $3.3 million and Florida Retirement System and FICA contributions by $1.5 millions. Health insurance related expenses increased by $0.75 million due to the rising cost of medical claims. An increase of $11.7 million in pension adjustment was due to GASB 68 pension reporting requirements.

Non-personnel costs were $10.2 million, or 12.5% higher than fiscal year 2022. Contracted services and maintenance costs increased by $7.8 million, or 16.1% higher, due to high inflationary level that drives overall costs going up. Utilities expenses increased by $2.6 million, or 18.1%, which was attributable to the rate increases. The insurance costs increased $1.7 million, or 31.2%, reflecting current property insurance market trend in Florida. Supplies, materials and equipment expenses increased by $0.8 million, or 16.8%. Other expenses decreased $2.8 million, primarily due to the adption of GASB 96 SBITAs and termination of the GASB 87 office building lease which resulted a decrease of $3.2 million in lease and subscription IT expenses, offsetting the increase of $0.6 million relating to cloud information technology service, travel and business promotions as a result of normal business operations.

Revenues, Expenses and Changes in Net Position

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

	Year 2023	Year 2022	Change 2022 to 2023
Operating Revenues	$ 344,224	$ 311,898	$ 32,326
Operating Expenses	191,890	167,662	24,228
Signatory Airline Revenue Sharing	4,564	4,085	479
Operating Income before Depreciation and Amortization	147,770	140,151	7,619
Depreciation and Amortization	178,969	167,619	11,350
Operating Loss	(31,199)	(27,468)	(3,731)
Net Nonoperating Revenue (Expense)	8,223	(40,262)	48,485
Capital Contributions	117,610	116,325	1,285
Increase in Net Position	$ 94,634	$ 48,595	$ 46,039

In fiscal year 2023, operating income before depreciation and amortization was $147.7 million, an increase of $7.6 million compared to the prior year, which indicates a robust recovery of the passenger traffic, and strong business growth during fiscal year 2023.

Depreciation and amortization expenses were $179.0 million in 2023, an increase of $11.4 million compared with 2022, due to the completion of certain projects being added into the capital assets during FY2023, and the implementation of GASB 96 with an inclusion of $2.5 million right-to-use subscription IT amortization, offset by a decrease of $1.6 million right-to-use lease amortization as a result of purchasing of the SkyCenter building by the Authority during fiscal year 2023.

Net non-operating revenues in fiscal year 2023 increased $48.5 million compared to fiscal year 2022, which can be attributable to the increases of $23.9 million in interest earnings resulting from the Authority's prudent expansion of investment portfolio and rising interest rates throughout the fiscal year, $19.8 million in unrealized gain in accordance with fair market value reporting under the GASB Statement No. 72, Fair Value Measurement and Application (GASB 72), and a decrease of $16 million in loss on disposal of capital assets. The increases help offset a decrease of $10 million in the Federal ARPA Act funds received and an increase of $1.2 million debt service interest expenses.

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

In fiscal year 2023, total capital contributions increased by $1.3 million, compared with fiscal year 2022. The major drivers for the change were an increase of $3.8 million in PFC revenues reflecting the passenger traffic growth during the current fiscal year, $3.4 million increase in net CFC collections as a result of the strong growth in the travel market, which offset $5.97 million decrease in federal and state grants and reimbursements.

Statement of Net Position

The following table (in thousands) is a summary of the Authority's total assets, deferred outflows, total liabilities, deferred inflows and net position in thousands. An overall increase of $94.6 million in net position, particularly with $68.2 million increase in net investment in capital assets indicates the Authority's ability to generate profits and reinvest in the capital assets. Approximately $14.7 million and $11.7 million increases in both restricted and unrestricted net positions in current fiscal year, compared to the prior year, reflect the Authority's continued improvements in financial reserves and liquidity levels to support its operations and future development during fiscal year 2023.

	Year		Change
	2023	2022	2022 to 2023
ASSETS			
Current Assets	$ 501,100	$ 479,857	$ 21,243
Capital Assets, Net	2,375,350	2,251,791	123,559
Other Non-Current Assets	853,383	933,130	(79,747)
Total Assets	3,729,833	3,664,778	65,055
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding of Debt	2,575	2,846	(271)
Deferred Outflows on Pension Related Amounts	17,113	17,800	(687)
Deferred Outflows on OPEB Related Amounts	1,543	1,703	(160)
Total Deferred Outflows of Resources	21,231	22,349	(1,118)
LIABILITIES			
Current Liabilities	120,671	104,798	15,873
Non-Current Liabilities	1,806,733	1,864,858	(58,125)
Total Liabilities	1,927,404	1,969,656	(42,252)
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding of Debt	130	191	(61)
Deferred Inflows on Leases	461,963	449,428	12,535
Deferred Inflows on Pension Related Amounts	3,005	3,644	(639)
Deferred Inflows on OPEB Related Amounts	2,948	3,228	(280)
Total Deferred Inflows of Resources	468,046	456,491	11,555
NET POSITION			
Net Investment in Capital Assets	942,356	874,160	68,196
Restricted	136,670	121,944	14,726
Unrestricted	276,588	264,876	11,712
Total Net Position	$ 1,355,614	$ 1,260,980	$ 94,634

Assets

Current assets at September 30, 2023 totaled $501.1 million, an increase of $21.2 million from the prior fiscal year. The major contributing factors are increases in cash and cash equivalents balance by $77.4 million as the Authority put more funds into the investment pools to gain a high rate of return and in demand withdrawal capability, $12 million in government grants receivable, and $7.1 million in accounts receivable, lease receivable and other asset, to offset a decrease of $75.3 million in net current investments.

Capital Assets, Net of Depreciation and Amortization Excluding GASB 87 Leased Assets and SBITAs Right to Use Subscriptions (in Thousands)

	Year		Change 2022 to 2023	
	2023	2022	$	%
Land	$ 217,354	$ 217,354	$ -	0.0%
Construction in Progress	258,567	201,475	57,092	28.3
Equipment – Net	20,506	24,073	(3,567)	(14.8)
Buildings and Improvements – Net	1,872,141	1,787,838	84,303	4.7
Total Capital Assets – Net	$ 2,368,568	$ 2,230,740	$ 137,828	6.2%

The increase of $137.8 million in net capital assets from fiscal year 2022 to 2023 is primarily attributable to the Authority's capital improvements and purchase of SkyCenter, the completion of the Master Plan Phase 2 projects and other airport improvement projects in the amount of $245.1 million, which increased $80.7 million in net depreciable assets, and $57.1 million in non-depreciable assets. Fiscal Year 2023 completed projects to be depreciated are listed in the following table.

Completed Projects (In Millions)	2023
SkyCenter Purchase	$ 151.2
Checked Bag System Upgrades	55.7
A/S A,C and F Restroom Renovations	13.9
Main Terminal Elevator Modernization	5.9
Commercial Real Estate Development Preliminary Planning and Design	2.9
Main Terminal Structure Envelope Restoration and Drive Lanes Ceiling Replacement	2.7
CCTV Enhancement and Replacement	1.5
Common/Shared Use Passenger Processing Systems Phase 3	1.5
FEDEX Roof Replacement	1.4
Baggage Handling System Upgrade and Enhancement Phase 1	1.0
Parking Garage Related Projects	2.0
Airfield Taxiway Related Projects	1.0
Other Projects	4.4
Total	$ 245.1

The capital assets depreciation of $174.5 million and net loss on retirements of $1.1 million offset the increase in net capital assets. See Note 7 for a detailed discussion of capital assets.

At September 30, 2023, non-current cash, investments and receivables of $853.4 million decreased $79.7 million, which were primarily attributable to a decrease of $202.3 million in investments due to portion of 2022 bond funds being deposited into the investment pools that is classified as cash equivalent and the pace of construction expenditures. Increases in cash and cash equivalents of $105.3 million, and PFCs receivable of 1.4 million offset the decrease. In addition, a non-current lease receivable of $419.4 million, an increase of $15.9 million compared to the prior year was recorded in accordance of the GASB 87 requirements.

Deferred outflows of resources decreased by $1.1 million, and deferred inflows of resources increased by $11.6 million at September 30, 2023. These changes were primarily due to pension and other post-employment benefits (OPEB) reporting requirements, resulted in a decrease in deferred outflows of $1 million in Florida Retirement System (FRS) and OPEB related amounts, and amortization of deferred loss on refunding of debt. The increase in deferred inflows of resources was primarily attributable to the GASB 87 lease reporting requirements, adding $12.5 million deferred inflows related to leases, which offset the net decrease of $1 million in pension and OPEB related inflows and amortization of deferred gains on refunding of debt.

Liabilities

Current liabilities, with a balance of $120.7 million at September 30, 2023, were $15.9 million higher than the balance of the prior fiscal year. The change is primarily attributable to increases in construction projects payable of $9.1 million, the Authority's purchase of Skycenter providing tenant allowance and accrued building expenses of $7.1 million in fiscal year 2023, $1.7 million in current bonds principal payable, and $0.9 million in airline revenue sharing and other current liabilities. An overall decrease of accounts payable and accrued expenses of $1.5 million offsets the increase in current liabilities.

In addition, current lease payable of $0.272 million, a decrease of $3 million as a result of the purchase was reported in accordance with the GASB No. 87 requirements. The adoption of the GASB 96 resulted $1.7 million of Subscription IT current liability being recorded in fiscal year 2023.

At September 30, 2023, non-current liabilities totaled $1.8 billion, a decrease of $58.1 million, as compared with the balance of prior fiscal year end. The decrease is primarily attributable to reclassification of bonds principal due within a year to current liability and amortization of bonds premium totaling $57.4 million, decrease of lease liability of $18.5 due to SkyCenter purchase, in accordance with the GASB 87 requirements. Pension liability increase by $13.4 million due to GASB 68 pension reporting requirements. In addition, non-current Subscription IT liability of $4.3 million was recorded in accordance with the GASB 96 requirements.

Net Position

The increase in net position over the two years can be primarily attributable to strong annual financial operating results in fiscal year 2023, as a result of the strong passenger growth and the cost-recovery rate setting methodology, as well as the the Federal ARPA and CRRSA Act relief funds in 2023 and 2022. 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(s).

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

Airline Rates and Charges

Effective October 1, 2020, the Authority Board approved the Tampa International Airport Airline Rates, Fees and Charges Resolution (Resolution). The Resolution provides a cost-recovery rate setting methodology for all areas of the facility within the airline cost centers, including both per-use and leased areas. Passenger air carriers with 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 Revenu Sharing for Signatory Airlines.

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

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

Passenger Airline Costs	2023	2022
Airline Landing Fees	$ 26,956	$ 25,657
Landside Terminal Rentals and Fees	44,430	40,086
Airside Building Rentals and Fees	45,487	39,780
Total Airline Fees and Charges	116,873	105,523
Less Airline Revenue Sharing	(4,564)	(4,085)
Net Airline Fees and Charges	$ 112,309	$ 101,438
Enplaned Passengers	11,561	10,689
Airline Cost per Passenger	$ 9.71	$ 9.49

Capital Improvement Program

In fiscal year 2023, the Authority received the Board's approval for the capital program budget totaling $888.5 million, with $44.6 million of that amount coming from Authority funds, and the rest of the projects were funded with federal and state grants, bond proceeds, PFCs. Projects in the fiscal year 2023 budget include on-going annual capital needs, such as the replacement or upgrade of various systems, rehabilitation of structures, as well as various initiatives at the general aviation facilities. Approved major projects were:

Approved Projects (In Millions)		2023
Airside D Development	$	787.4
Wildlife Management Program		17.8
Airside E Shuttle Cars		14.7
Asphalt Overlay – RW10/28 & 1R/19L and Misc. Concrete Slab Replacement		11.3
Taxiway A, D, E & J Rehabilitation		9.5
North Employee Lot Expansion		8.7
GA Security Improvements		6.5
Main Terminal and Airside Chair Reupholster and Replacement Airside Lounge Seating		3.4
Purchase of 6 COBUSES		3.3
Airfield Drainage Rehabilitation		3.2
Short Term Parking Garage Level 4 & Entry/Exit Ramps		2.8
Long Term Parking Garage Switchgear Replacement		2.7
Main Terminal LED Technology Refresh		2.6
Tampa Fuel Committee		2.0
CCTV Enhancement/Replacement		2.0
FY23 ITS Commodity Purchases		1.9
Replace Automatic Doors in Main Terminal		1.9
Shooter Detection System		1.6
Baggage Handling Systems Servers Upgrade/Enhancement		1.5
Vandenberg Airport Road & Tampa Executive Airport Road Rehabilitation		1.3
Other Projects		2.4
Total	$	888.5

During fiscal year 2023, the Authority substantially completed $245.1 million in capital projects. A list of completed projects in 2023 is provided in the Capital Assets section.

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, 2023, $934.5 million has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2023, totaled over $592.7 million. 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 2023, the Authority had general airport revenue bonds outstanding in the total amount of $1.67 billion. Of this total, $51.69 million is reported as the current liability. A schedule of the Authority's debt activity for the years ended September 30, 2023 and 2022 (in thousands) is as follows

			2022 to 2023	
	2023	2022	Amount	%
Outstanding Bonds	$ 1,668,720	$ 1,718,745	$ (50,025)	-2.9%
Net Unamortized Bonds Premium	97,734	103,451	(5,717)	-5.5%
Total Debt	$ 1,766,454	$ 1,822,196	$ (55,742)	-3.1%

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	2023	2022
Senior Debt Service Coverage	1.25x	4.25x	3.64x
Subordinated Debt Service Coverage	1.25x	7.46x	6.75x
Subordinated Debt Service Coverage (3rd Lien)	1.15x	3.30x	2.95x
CFC Debt Service Coverage	1.50x	1.84x	1.72x

As of September 30, 2023, the public underlying ratings for the Authority's outstanding senior revenue bonds, subordinated PFC backed revenue bonds, and CFC-backed revenue bonds with stable outlook are listed in the following table:

Bonds Ratings	Senior Lien	Subordinated Lien	CFC -Backed Lien
Fitch	AA-	A+	
Moody's	Aa3	A1	A3
S&P	AA-	A+	A
Kroll	AA	AA-	A+

The Airport's strong origin and destination market in and around Tampa, Florida, the growing service area led to enplanement growth of 18% between 2015 and 2019 and relatively faster recovery of traffic following the pandemic, and enplanement in FY2023 exceeded 2019 level by 4.3%, reflected in its strong ratings. HCAA displayed sound management in response to the pandemic, including prudent use of coronavirus relief funds and management of operating expenses. The Authority's actions preserved high liquidity profile exceeding 700 in 2023. The ratings also reflect very strong net revenue debt service coverage ratios (DCSR) in current year and over the next few years, as the improved revenue collection from the airport's rates by ordinance structure on net revenue. Based on the Airport continuing growth trend, the outlook is viewed as stable by all rating agencies.

Economic Outlook

During fiscal year 2023, the airline industry continued to see strong demand and TPA was no exception, with record passenger traffic of 23.2 million passengers and numerous new airlines commencing and announcing service to TPA. In order to support this continued growth, the Authority is in the midst of expanding the Airside A & E Security checkpoints and in the design phase of a new 16-gate international Airside D. These projects will be completed in 2025 and 2027, respectively, with Airside D completing the Phase 3 of the 2012 Master Plan. Moving beyond Airside D, the Authority is working with Ricondo & Associates, the Authority's Airport Master Planner, to identify and outline plans for future enhancements to the campus footprint, which will allow the Airport to continue to maintain the outstanding level of customer service and to serve the community in the medium term and beyond. The strong economic growth of the Tampa Bay region along with the record leisure traffic has helped Tampa International Airport (TPA) continue to drive record financial performance and maintain its strong credit rating. The Authority is also proud to have been recognized as J.D. Power's #1 Large Hub Airport in North America for the 2nd consecutive year, which further illustrates the world-class reputation within the industry.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Hillsborough County Aviation Authority

Statement of Net Position
September 30, 2023
(In Thousands)

ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	$	259,535
Investments		38,595
Accounts Receivable		17,585
Accrued Interest Receivable		1,567
Lease Receivable		56,133
Prepaids		5,685
Government Grants Receivable		21,272
Other Assets		3,022
Total Unrestricted Assets		403,394
Restricted:		
Cash and Cash Equivalents		26,436
Investments		71,270
Total Restricted Assets		97,706
Total Current Assets		501,100
NONCURRENT ASSETS		
Capital Assets:		
Land		217,354
Construction in Progress		258,567
Building, Equipment and Improvements		3,836,498
Right-to-Use Leased Equipment		1,089
Right-to-Use Subscription IT Assets		8,650
Total Capital Assets		4,322,158
Less Accumulated Depreciation		(1,943,851)
Less Accumulated Amortization for Right-to-Use Leased Equipment		(427)
Less Accumulated Amortization for Right-to-Use Subscription IT Assets		(2,530)
Total Capital Assets, Net		2,375,350
Cash and Cash Equivalents, Restricted		187,344
Investments, Unrestricted		38,630
Investments, Restricted		201,542
Lease Receivable, Unrestricted		419,414
Passenger Facility Charges Receivable, Restricted		6,453
Total Noncurrent Assets		3,228,733
Total Assets		3,729,833
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Debt		2,575
Deferred Outflows on Pension Related Amounts		17,113
Deferred Outflows on OPEB Related Amounts		1,543
Total Deferred Outflows of Resources		21,231

(Continued)

Hillsborough County Aviation Authority

Statement of Net Position (Continued)
September 30, 2023
(In Thousands)

LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	$	2,047
Accrued Airline Revenue Sharing		4,564
Accounts Payable – Trade		6,726
Accrued Expenses		17,749
Accrued Project Expenditures		12,148
SkyCenter Building Allowance and Accrued Expenses		7,096
Lease Liability		272
Subscription IT Liability		1,738
Other Liabilities		5,474
Total Current Liabilities Payable from Unrestricted Assets		57,814
Payable from Restricted Assets:		
Accounts Payable – Construction		11,167
Current Maturities of Revenue Bonds Payable		51,690
Total Current Liabilities Payable from Restricted Assets		62,857
Total Current Liabilities		120,671
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities		1,714,764
Lease Liability		398
Subscription IT Liability		4,338
Net Pension Liability		78,016
Total OPEB Liability		5,197
Other Liabilities		4,020
Total Noncurrent Liabilities		1,806,733
Total Liabilities		1,927,404
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt		130
Deferred Inflows on Leases		461,963
Deferred Inflows on Pension Related Amounts		3,005
Deferred Inflows on OPEB Related Amounts		2,948
Total Deferred Inflows of Resources		468,046
NET POSITION		
Net Investment in Capital Assets		942,356
Restricted for:		
Passenger Facility Charge Purposes		87,568
Customer Facility Charge Purposes		46,817
Other Purposes		2,285
Unrestricted		276,588
Total Net Position	$	1,355,614

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2023
(In Thousands)

OPERATING REVENUES	
Passenger Airline Revenue	$ 116,873
Parking	95,251
Rental Cars	51,695
Concessions	43,119
Commercial Rentals	12,962
Ground Transportation	7,977
Cargo	6,019
General Aviation	5,253
SkyCenter Revenue	3,199
Utilities Reimbursable and Others	1,876
Total Operating Revenues	344,224
OPERATING EXPENSES	
Personnel Compensation and Benefits	86,588
Contractual Maintenance	29,535
Contracted Services	27,095
Communications and Utilities	16,811
Pension Adjustment	13,483
Insurance	6,960
Supplies and Materials	5,537
SkyCenter Building Expenses	3,732
Other	2,149
Total Operating Expenses	191,890
Signatory Airline Net Revenue Sharing	4,564
Operating Income Before Depreciation and Amortization	147,770
DEPRECIATION	
Depreciation and Amortization	174,499
Right-to-Use Leases Amortization	1,940
Right-to-Use Subscription IT Amortization	2,530
Total Depreciation and Amortization	178,969
OPERATING LOSS	(31,199)

(Continued)

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes In Net Position (Continued)
Year Ended September 30, 2023
(In Thousands)

NONOPERATING REVENUES AND EXPENSES		
Interest Income	$	31,393
Lease Interest Income		11,161
Net Unrealized Investment Gain		2,960
Interest Expense		(68,752)
Loss on Disposal of Capital Assets		(1,087)
ARPA and CRRSA Act Airport Revenue		32,548
Total Nonoperating Revenues and Expenses		8,223
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS		(22,976)
CAPITAL CONTRIBUTIONS		
Passenger Facility Charges		45,855
Federal and State Grants		36,474
Federal Reimbursements		7,146
Customer Facility Charges – Net		28,135
Total Capital Contributions		117,610
CHANGE IN NET POSITION		94,634
Total Net Position – Beginning of Year		1,260,980
TOTAL NET POSITION – END OF YEAR	$	1,355,614

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Cash Flows
Year Ended September 30, 2023
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Cash Receipts from Customers	$	347,035
Cash Payments to Suppliers for Goods and Services		(111,232)
Cash Payments to Employees for Services		(67,201)
Net Cash Provided by Operating Activities		168,602
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Proceeds from Federal ARPA and CRRSA Act Funds		32,548
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Revenue Bond Maturities		(50,025)
Interest Paid on Revenue Bonds and Bank Notes		(74,260)
Acquisition and Construction of Capital Assets		(304,229)
Rental Car Customer Facility Charges		28,135
Federal and State Grants		31,578
Passenger Facility Charges		44,438
Net Cash Used by Capital and Related Financing Activities		(324,363)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities		(276,346)
Proceeds from Maturities of Investment Securities		551,291
Income Received on Investments		30,929
Net Cash Provided by Investing Activities		305,874
NET CHANGE IN CASH AND CASH EQUIVALENTS		182,661
Cash and Cash Equivalents – Beginning of year		290,654
CASH AND CASH EQUIVALENTS – END OF YEAR	$	473,315

Reconciliation to Statement of Net Position:

Cash and Cash Equivalents – Unrestricted	$	259,535
Cash and Cash Equivalents – Current Restricted		26,436
Cash and Cash Equivalents – Non Current Restricted		187,344
	$	473,315

(Continued)

Hillsborough County Aviation Authority

Statement of Cash Flows (Continued)
Year Ended September 30, 2023
(In Thousands)

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	$ (31,199)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Adjustments for Lease Revenue and Expense	(799)
Depreciation and Amortization	174,499
Right-to-Use Lease Amortization	1,940
Right-to-Use IT Subscription Amortization	2,530
Increase in Accounts Receivable	(2,101)
Increase in Prepaid Insurance and Other Assets	(1,533)
Decrease in Accounts Payable – Trade	(769)
Decrease in Accrued Expenses	(274)
Increase in Other Liabilities	114
Increase in Pension and OPEB Related Liabilities	13,659
Increase in Leases Liabilities and Deferred Inflows	12,535
Net Cash Provided by Operating Activities	$ 168,602
Noncash Investing, Capital and Financing Activities:	
Unrealized Gain on Investments	$ 2,960
Amortization of Bond Premium – Net	$ 5,717
Amortization of Deferred Gain on Bond Refundings	$ (130)
Amortization of Deferred Loss on Bond Refundings	$ 2,575
Amortization of Deferred Inflows on Leases	$ (461,963)
Accounts Payable – Construction	$ (13,214)
Accrued Project Expenditures	$ (12,148)
Government Grant Receivable	$ 21,272
Lease Receivable	$ 475,547
Right-to-Use Lease Liability	$ (670)
Right-to-Use Subscription IT Liability	$ (6,076)

See accompanying notes to financial statements.

Note 1. General

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

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

Note 2. Summary of Significant Accounting Policies

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

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

Investments: The Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements* (GASB 72). 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.

Accounts receivable: Management considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances. No allowance of bad debt has been considered necessary for fiscal year 2023.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases and Subscription-Based Information Technology Arrangements (SBITAs): The Authority has lessor and lessee leases, as well as Subscription IT agreements.

i) Lessor

The Authority has entered into various leases with the tenants for the use of property, space and facilities at the Airport. Among these properties are the concession areas, restaurants and lounges, terminal areas, airsides, rental car areas and commercial area rentals. For certain regulated leases and short-term leases, the Authority recognizes rental income based on the provisions of the lease agreement in the statement of revenues, expenses and changes in net position. For all other leases, the Authority recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Lease receivable is reduced as payments are received, applying principal against receivable and interest to revenue based on the amortization schedule. Deferred inflow is recognized as revenue on a straight-line basis over the life of the lease term.

The Authority uses the following estimates and judgments to measure the leases:

- Discount Rate: The Authority uses its incremental bonds borrowing rate to discount the expected lease receipts to present value based on the term of the leases.

- Lease Term: The lease term includes the non-cancelable lease period, plus: 1) periods for which the Authority has a unilateral option to extend and is reasonablely certain to exercise such option, or 2) periods after an optional termination date if the Authority is reasonably certain not to exercise the termination option.

- Lease Receipts: Measurement of the lease receivable includes fixed payments, and as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance, and any lease incentives credited to the lessor.

ii) Lessee/Buyer

The Authority is a lessee for various leases of buses, equipments and other assets. The Authority also is a buyer of noncancellable subscription-based information technology arrangements (SBITAs) for the right-to-use information technology hardware and software. For leases and SBITAs with a maximum possible term of 12 months or less at commencement (short-term), the Authority recognizes expense based on the provisions of the lease agreement or SBITAs in the statement of revenues, expenses, and changes in net position. For all other leases and SBITAs, the Authority recognizes a lease liability or subscription IT software liability, respectively, and a right-to-use lease or subscription IT asset, respectively, in the statement of net position.

Measurement of Lease Amounts

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term.

Note 2. Summary of Significant Accounting Policies (Continued)

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured at the amount of the lease liability, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the Authority is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset. The leased asset activity is included in Note 6.

Measurement of Subscription IT Amounts

At subscription commencement, the Authority initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into right-to-use amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

The Authority uses the following estimates and judgments to measure the leases and SBITA contracts:

- Discount rate: The Authority uses its incremental bonds borrowing rate to discount the expected lease receipts to present value based on the term of the leases.

- Lease or subscription term: The lease or subscription term includes the noncancelable period of the lease or SBITA, plus periods covered by either an Authority or lessor/vendor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the Authority and the lessor/vendor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease or subscription term.

- Lease or subscription payments: Lease or subscription payments included in the measurement of the lease or SBITA liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that may require a remeasurement of a lease or SBITAs arrangement for lessor, lessee and buyer of IT subscriptions. When certain changes occur that are expected to significantly affect the amount of the lease receivable, or lease/SBITAs liability, the receivable or liability is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions. Similarly a corresponding adjustment is made to the leased or SBITAs asset.

Note 2. Summary of Significant Accounting Policies (Continued)

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 statement 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 statement of revenue, expenses and changes in net position.

The Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, signed into law on December 27, 2020, includes nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the Coronavirus Pandemic.

Further federal relief was provided by the American Rescue Plan Act (ARPA) that was signed into law on March 11, 2021, which includes $8 billion in emergency relief to U.S. airports. The Authority received $33.1 million ARPA funds, of which $537 million was distributed to the Airport's concessionaire during fiscal year 2023.

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, CRRSA and ARPA Acts funds received as non-operating revenues in the accompanying statement 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 statement 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.

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. CFCs are reported as capital contributions in the accompanying statement of revenues, expenses and changes in net position.

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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

	Years
Structures and improvements	10-40
Runways, taxiways and aprons	10-30
Equipment, furniture and fixtures	3-15
Right-to-use leased equipment	3-7
Right-to-use IT subscription	2-40

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

The Authority's Management periodically reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. No impairment on the Authority's capital assets have been recognized during the year ended September 30, 2023.

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

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

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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

Passenger Airline Fees – Fees for passenger aircraft landing, airline space rentals, bag handling, passenger transfer system, gate uses.

Parking – Automobile parking fees.

Rental Cars – Rent-a-car privilege fees and space rental,

Concessions – Privilege fees for the operation of terminal and airsides complex concessions of food and beverage, general merchandise, duty-free store, hotel and other miscellaneous fees.

Commercial Rentals – Fees from aviation supporting facilities provided to tenants, rentals from non-aviation properties, including commercial real estate rentals, maintenance hangar and fuel farm.

Ground Transportation – Privilege and per-trip fees of limousine/cab and transportation network companies.

Cargo – Cargo space rentals, apron rentals and other grounds rental.

Note 2. Summary of Significant Accounting Policies (Continued)

General Aviation – Fees from services for general aviation activities at Tampa International Airport and three auxiliary airports.

SkyCenter – Fees from non-aviation commercial office building rentals.

Utilities Reimbursable and Others – Reimbursements for utilities, insurance, fingerprinting services, other Operating and Maintenance expenses, and Fees from other rentals and miscellaneous incomes, including forfeiture income, sales of surplus assets, operating grants from the federal government for reimbursing securities at the Airport, as well as lease adjustments resulting from the adption of GASB 87.

Recently adopted accounting pronouncements: GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94) was issued in March 2020, and is effective for the Authority in fiscal year 2023. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate oruse a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The Authority currently does not have any agreements that meet the definition of a PPP. Therefore, the Statement No. 94 does not apply to the Authority's financial statements.

GASB Statement No. 96, *Subscription – Based Information Technology Arrangements* was issued in May 2020, and is effective for the Authority in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for 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 GASB 87, as amended. The Authority implemented this statement in fiscal year 2023. The adoption of the standard had a material impact on the financial statements of the Authority (see Note 5, 6 and 16 for details).

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022, and is effective for the Authority in fiscal year 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing: (1) practice issues that have been identified during implementation and application of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. The adoption of this statement does not have a material impact on the Authority's financial statements.

Recent accounting pronouncements: GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62* was issued in June 2022, and will be effective for the Authority in fiscal year 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management does not expect an material impact of adopting this standard on the Authority's financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 101, *Compensated Absences* was issued in June 2022, and will be effective for the Authority in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management will evaluate the impact of this standard to the Authority's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023, and will be effective for the Authority in fiscal year 2025. This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Management does not expect an material impact of adopting this standard on the Authority's financial statements.

Note 3. Rate Making Policy

The Trust Agreement states 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 Agreement. Currently, all bonds, excluding bonds payable from CFC collections, and outstanding debt of the Authority are issued under the Trust Agreement, and these covenants are reiterated in each official statement of bonds issued.

Effective October 1, 2020, the Authority approved the Tampa International Airport Airlines Rates, Fees and Charges Resolution (Resolution). The Airline Agreement and the Resolution incorporates the lease and use of the terminal building, Airsides A, C, E, F, any future airside buildings and the airfield at the Tampa International Airport. The Airline Agreement established a compensatory rate-making methodology where the airlines pay the Authority fees and charges based on the Authority's cost of providing facilities and services. The costs to be allocated to the Airlines include operating and maintenance expenditures, debt service, debt service coverage of 25%, Trust Fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects. They also provide the Signatory Airlines with a net revenue sharing provision. The Resolution established a cost-recovery rate-making methodology with certain residual components at the airport along with one-year space rental agreements. Those carriers with space rental agreements are considered Signatory carriers.

As mentioned above, there is a revenue sharing provision for the Signatory Airlines of the net remaining revenues after the funding of operating expenses, debt service, Authority funded-capital, and a minimum $10 million deposit to surplus for 10% of the proportional share of certain revenues as a percentage of the total revenues of the net remaining revenues. The amount shared under this provision for the year ended September 30, 2023 was $4.56 million. The net revenue sharing is presented as a separate item after operating expenses on the statement of revenues, expenses and changes in net position. Depreciation and amortization is excluded from the rate making process.

Note 4. Cash and Cash Equivalents and Investments

Included in the Authority's cash balances are amounts deposited with commercial banks in interest bearing demand accounts. Each of these banks has been designated as a Qualified Public Depository by the State of Florida and participated in the State Collateral Pool (Pool). The Pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, Security for Public Deposits Act (the Public Deposit Act). Under the Public Deposit Act, the Authority's deposits in qualified public depositories are considered fully insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Public Deposit Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association or trust company, provided a power of attorney is delivered to the State Treasurer.

During fiscal year 2023, the Authority invested in the investment pools, including Florida Prime administered (Prime) by the Florida State Board of Administration (SBA), The Florida Cooperative Liquid Assets Securities System (FLCLASS), and Florida Government Investment Trust (FLGIT), which are allowed under its investment policy. Included in cash equivalents are deposits in these three investment pools. Florida Prime, FLCLASS, and FLGIT are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. As of September 30, 2023, the Authority has a total balance of $310.4 million in the investment pools.

At September 30, 2023, cash, cash equivalents and investments (in thousands), were as follows:

U.S. Treasury Securities	$	323,450
Certificate Deposit		772
Federal Home Loan Banks Note		25,815
Investments Subtotal		350,037
Cash in Deposit Accounts		473,315
Total Cash and Cash Equivalents and Investments	$	823,352
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	$	259,535
Cash and Cash Equivalents – Restricted		213,780
Investments – Unrestricted		77,225
Investments – Restricted		272,812
Total Cash and Cash Equivalents and Investments	$	823,352

The Authority is authorized to invest in securities as described in its investment policy and the Trust Agreement. The authorized investments are allowable under Florida Statute 218.415.

Note 4. Cash and Cash Equivalents and Investments (Continued)

Interest Rate Risk

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

As of September 30, 2023, the Authority held the following investments (in thousands) as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

	Investment Maturities				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type:					
U.S. Treasury Securities	$ 220,363	$ 74,714	$ 28,373	$ -	$ 323,450
Federal Home Loan Banks Note	25,815	-	-	-	25,815
Total	$ 246,178	$ 74,714	$ 28,373	$ -	$ 349,265

Credit Risk

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

Custodial Credit Risk

The Authority's funds are held in bank deposits insured by the FDIC, U.S. Treasuries, investments collateralized by U.S. Treasuries, Federal Home Loan Bank Note and certificates of deposit. Investments are held in the name of the Authority. The Authority's banking and investment policy states that assets will be diversified to control the risk of loss.

Note 4. Cash and Cash Equivalents and Investments (Continued)

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that a government can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets either directly or indirectly; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of September 30, 2023:

- U.S. Treasury securities of $323.5 million are valued using bank quoted market prices (Level 1 inputs).

- Federal Home Loan Banks Note of $25.8 million are valued using bank quoted market prices (Level 2 inputs).

Note 5. Restricted Assets

The Trust Agreement, among other things, requires all airport revenues, excluding PFCs, CFCs, grants, bond proceeds and their earnings, and revenues from certain non-trust funded projects, be deposited in the Revenue Fund, the establishment of certain trust accounts, and defines the priority and flow of cash receipts. Certain of these trust accounts require specified balances and are restricted as to use. Bond proceeds issued for construction are held by a trustee appointed by the Authority per the bond trust agreements. Debt Service and Debt Reserve accounts are held by a trustee designated by the Trust Agreement and are pledged as collateral for debt service. A summary of the balances (in thousands) in these accounts as of September 30, 2023, is as follows:

Restricted for Debt Service:	
Bond Principal, Interest and Redemption	
Sinking Fund	$ 1,787
Bond Reserve Fund	133,075
Restricted to Acquisition of Property and Equipment:	
Construction and Equipment Funds	209,960
	344,822
Other Restricted Funds:	
Escrow and Forfeiture Deposits	486
Certificate Deposit for Owner Controlled Insurance Program Collateral	772
Passenger Facility Charges	100,148
Rental Car Customer Facility Charges	46,817
	148,223
Total Restricted Assets	$ 493,045

The PFCs and CFCs reported in the above table are gross amounts collected or expected to be collected from passenger airlines and rental car customers.

Note 6. Leases and Subscription IT Arrangements

a) Lessor

The Authority has entered into various leases with the tenants for the use of property, space and facilities at the Airport. Among these properties are the concession areas, restaurants and lounges, stores, terminal areas, airsides and rental car areas, as well as non-aviation related commercial rentals. For the purpose of the GASB 87 implementation, the Lessor Airport leases have been categorized as Follows:

- GASB 87 Leases – Included
- GASB 87 Leases – Excluded – Regulated Leases
- GASB 87 Leases – Excluded – Short-Term Leases

GASB 87 Leases – Included

In accordance with GASB 87, the Authority recognizes a lease receivable and a deferred inflow of resources for leases that the Authority categorizes as GASB 87 – Included leases. In fiscal year 2023, a total of forty-nine (49) leases were identified as GASB 87 – Included leases, which are classified into six groups based on their business functions. They are Rental Car Concessions (Nine), Food and Beverage Concessions (Six), General Merchandise Concessions (Five), Hotel (One), Commercial Real Estate leases (Nineteen) and Other Concessions (Nine). The incremental bonds borrowing rates up to 3.82% based on the term of the leases are used to discount the expected lease receipts to present value. In March 2023, the Authority purchased the SkyCenter building and leased out the office spaces to various commercial business tenants. Therefore, the prior year office building lease agreement that was grouped within commercial real estate category was terminated, resulting in lease receivable and deferred inflows decreases of $2.63 million and $2.56 million, respectively. A new lease category, SkyCenter is added to include ten commercial leases commenced after the ownership of the building reverted to the Authority. Other additions include one new agreement in both food and beverage and other concessions, respectively.

GASB 87 lease activity for the year ended September 30 (in thousands), is presented as follows:

	Lease Receivable (PV) Beginning Balance October 1, 2023	Lease Additions	Lease Termination	Implied Interest Income	Receivable Reduction	Lease Receivable (PV) Ending Balance September 30, 2023	Current Portion Lease Receivable
Rental Car	$ 192,194	$ -	$ -	$ 3,630	$ (30,279)	$ 161,915	$ 30,937
Commercial Real Estate	97,802	-	(2,631)	2,633	(5,006)	90,165	4,495
SkyCenter	-	73,582	-	1,041	(1,375)	72,207	2,582
Food and Beverage Concessions	87,365	419	-	1,798	(9,274)	78,510	9,717
General Merchandise Concessions	41,988	-	-	856	(4,690)	37,298	4,903
Hotel Concessions	21,637	-	-	776	(688)	20,949	713
Other Concessions	15,664	2,026	-	427	(3,187)	14,503	2,786
Total	$ 456,650	$ 76,027	$ (2,631)	$ 11,161	$ (54,499)	$ 475,547	$ 56,133

The Authority reported lease receivable addition of $76 million, reduction of $54.5 million, respectively, and interest income of $11.2 million related to the lease payments in FY2023.

At September 30, 2023, lease receivable is $56.1 million and $419.4 million for current and non-current assets, respectively.

Note 6. Leases and Subscription IT Arrangements (Continued)

The Authority reported deferred inflows increase of $76.0 million during fiscal year 2023 as a result of the new lease additions, and recognized lease revenues of $60.9 million as of September 30, 2023. These GASB 87 – included leases (in thousands) are summarized below:

	Deferred Inflows Beginning Balance October 1, 2022	Lease Additions	Lease Termination	Deferred Revenue Recognized	Deferred Inflows Ending Balance September 30, 2023
Rental Car	$ 189,996	$ -	$ -	$ 31,692	$ 158,304
Food and Beverage Concessions	85,570	419	-	10,663	75,326
General Merchandise Concessions	41,129	-	-	5,342	35,787
Hotel Concessions	21,298	-	-	1,002	20,296
Commercial Real Estate Leases	96,121	-	(2,567)	6,573	86,981
Skycenter	-	73,582	-	2,213	71,369
Other Concessions	15,314	2,026	-	3,440	13,900
Total	$ 449,428	$ 76,027	$ (2,567)	$ 60,925	$ 461,963

<u>GASB 87 Leases – Excluded – Regulated Leases and Short-Term Leases</u>

In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations or legal rulings, e.g., the U.S. Department of Transportatin and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users. The Authority includes commercial air carrier agreements, general aviation hangars and Fixed Base Operator (FBO) contracts as regulated leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability.

Future minimum leases payments for regulated leases and short-term leases (in thousands) are as follows:

2024	$ 44,575
2025	9,841
2026	8,601
2027	8,517
2028	6,076
2029-2033	19,945
2034-2038	6,601
2039-2042	837
	$ 104,993

b) Lessee and Subscription IT Arrangements

The Authority is a lessee for various leased vehicles, equipment and other assets. As mentioned in lessor section, the Authority purchased the SkyCenter building in March 2023, resulting in a net right to use leased asset decrease of $20.1 million.

A total of fifteen right-to- use SBITA assets is identified for the year ended September 30, 2023. These include long-term financial and operating software agreements. Terms are fixed and there are no variable payments.

Note 6. Leases and Subscription IT Arrangements (Continued)

Right-to-use leased assets and right-to-use subscription IT assets activity for the year ended September 30, 2023, are as follows (in thousands):

	(As Restated) October 1, 2022	Additions	Deductions	September 30, 2023
Right-to-Use Leased Assets:				
Buildings	$ 23,431	$ -	$ (23,431)	$ -
Buses	876	-	(29)	847
Equipment	57	-	(2)	55
Other-Décor	195	-	(8)	187
Total Right-to-Use Leased Assets	24,559	-	(23,470)	1,089
Less Accumulated Amortization for:				
Leased Buildings	3,347	1,674	(5,021)	-
Leased Buses	109	208	-	317
Equipment	4	14	-	18
Other-Décor	48	44	-	92
Total Accumulated Amortization	3,508	1,940	(5,021)	427
Total Leased Assets, Net:	$ 21,051	$ (1,940)	$ (18,449)	$ 662
Right-to-Use Subscription IT Assets	$ 6,070	$ 2,580	$ -	$ 8,650
Less: Accumulated Amortization	-	2,530	-	2,530
Right-to-Use Subscription IT Assets, Net	6,070	50	-	6,120
Total Right-to-Use Leased Assets and Right-to-Use Subscription IT Assets, Net	$ 27,121	$ (1,890)	$ (18,449)	$ 6,782

Note 7. Capital Assets

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

	Balance October 1, 2022	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2023
Land	$ 217,354	$ -	$ -	$ 217,354
Construction in Progress	201,475	302,282	(245,190)	258,567
Equipment	80,085	5,027	(7,273)	77,839
Buildings and Improvements	3,520,495	251,301	(13,137)	3,758,659
	4,019,409	558,610	(265,600)	4,312,419
Less Accumulated Depreciation:				
Equipment	(56,012)	(8,592)	7,271	(57,333)
Buildings and Improvements	(1,732,657)	(165,907)	12,046	(1,886,518)
	(1,788,669)	(174,499)	19,317	(1,943,851)
Total Capital Assets – Net	$ 2,230,740	$ 384,111	$ (246,283)	$ 2,368,568

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 year ended September 30, 2023, serial revenue bonds in the amounts of $50.025 million were redeemed. Total interest costs incurred on outstanding bonds during the year ended September 30, 2023 were $74.1 million.

On November 16, 2021, the Authority issued the Tampa International Airport Senior Revenue Refunding Bonds 2021 Series A, in the principal amount of $31.4 million, at a rate of 1.140%, and maturities from 2025 to 2027.

The 2021A Senior Bonds issue proceeds of $31.4 million were used to refund the 2018 Series D Bonds in the amount of $31.32 million, maturing October 1, 2022 to October 1, 2038, less issuance cost of $80,400. In addition, accrued interest expense of $133,110 for the 2018 Series D Bonds was paid at the refunding.

On March 9, 2022, the Authority issued the Tampa International Airport Senior Revenue Bonds 2022 Series A, and Series B, in the amounts of $263.76 million and $111.39 million, respectively. The 2022 Series A and B Senior Bonds were issued at a rate ranging from 4.0% to 5.0% with maturities from 2023 to 2052.

The 2022 Series A and Series B Bonds with total proceeds of $301.87 million (including a premium of $38.11 million) and $130.19 million (including a premium of $18.8 million), respectively, were used to: (i) finance a portion of the cost of the 2022 projects, (ii) repay the amount of $106.3 million bank note under the Revolving Credit Agreement with Truist Bank and STI Institutional and Government, Inc., (iii) fund the deposit of $21.93 million and $9.46 million, respectively, in the common Senior Reserve Account, and (iv) pay the cost of issuance of $1.24 million and $.54 million, respectively.

On March 9, 2022, the Authority issued the Tampa International Airport Taxable Subordinated Revenue Refunding Bonds 2022 Series A, in the amounts of $348.105 million. The Subordinated 2022A Bonds were issued at a rate ranging from 1.835% to 3.858% with maturities from 2024 to 2044.

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

The Subordinated 2022A Bonds with total proceeds of $379.5 (including senior debt service funds and subordinated debt service funds transferred in the amounts of $31.4 million) were used for the taxable advanced refundings for 2013A Subordinated Bonds in the amount of $84.23 million, 2015A and 2015B Subordinated Bonds in the amount of $19.59 million and $153.92 million, respectively, and 2015A Senior Revenue Bonds in the amount of $59.63; fund the deposit of $29.28 million in the Common Senior Reserve Account, and pay the cost of issuance of $1.51 million. These refunded bonds will be redeemed on October 1, 2023, and October 1, 2024, respectively. The funds held in the refunded bonds escrow accounts will be used only to pay the principal of and accrued interest on the applicable Series of Refunded Bonds Redemption Date. In addition, a total accrued interest expense of $8.05 million for the 2013A Subordinated Bonds, 2015A Senior Bonds, and 2015A and 2015B Subordinated Bonds were paid at the advanced refundings.

The total principal maturities and debt service requirements for all revenue bonds through the year 2052, as of September 30 (in thousands), are as follows:

Years Ending September 30:	Principal	Interest	Total Debt Service
2024	$ 51,690	$ 67,047	$ 118,737
2025	60,812	68,829	129,641
2026	67,547	68,357	135,904
2027	81,547	66,022	147,569
2028	56,130	62,886	119,016
2029-2033	277,735	282,499	560,234
2034-2038	262,595	225,499	488,094
2039-2043	366,370	156,289	522,659
2044-2048	372,234	68,858	441,092
2049-2052	72,060	7,348	79,408
	$ 1,668,720	$ 1,073,634	$ 2,742,354

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

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

			Bonds Payable at September 30	
	Issuance Amount	Interest Rates	Serial Bonds	Maturing in Fiscal Year
Revenue and Revenue Refunding Bonds:				
2015A Senior	148,210	5.00%	88,585	2027 – 2044
2017A Senior	54,665	2.56%	54,665	2028 – 2031
2018B Senior	32,175	2.57%	32,175	2024 – 2028
2018C Senior	26,665	3.25%	26,665	2029 – 2033
2018E Senior	140,120	5.00%	128,110	2024 – 2048
2018F Senior	160,855	5.00%	146,725	2024 – 2048
2021A Senior	31,400	1.14%	31,400	2025 – 2027
2022A Senior	263,760	4.00% – 5.00%	263,045	2024 – 2052
2022B Senior	111,390	4.00% – 5.00%	111,080	2024 – 2052
Subtotal Senior Bonds	969,240		882,450	
2018A PFC Subordinated	102,500	5.00%	102,500	2031 – 2048
2022A PFC Subordinated	348,105	2.036% – 3.858%	344,800	
Subtotal PFC Subordinated Bonds	450,605		447,300	
2015A CFC	88,975	5.00%	88,975	2041 – 2044
2015B CFC	294,350	3.901% – 5.25%	249,995	2024 – 2041
Subtotal CFC Bonds	383,325		338,970	
Total Bonds	$ 1,803,170		1,668,720	
Unamortized Bond Premium – Net			97,734	
Total Revenue Bonds Payable			1,766,454	
Less Current Portion of Bonds Payable			(51,690)	
Long-Term Portion of Bonds Payable			$ 1,714,764	

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

Authority rate covenants under the Trust Agreement 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 Agreement, the Authority utilized $33 million the ARPA Act funding to offset operating expenses in support of senior debt service coverage in fiscal year 2023, respectively. As a result, the senior debt service coverage ratio was 4.25 in 2023.

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 7.46 in 2023. The subordinated debt coverage ratio under the second test was 3.30 in 2023.

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 2023, the Authority utilized $6.6 million of the CFC surplus to support the required coverage levels. The CFC debt coverage ratio was 1.59 in 2023.

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 $1,460.3 million. The Authority recognized $233.7 million in net revenues during 2023, and made principal and interest payments on senior revenue bonds of $54.99 million.

PFC revenues have been pledged as collateral for the subordinated revenue bonds. The total amount of the pledge is equal to the remaining principal and interest payments of $611.8 million. The Authority recognized $45.9 million of PFC revenues during 2023 and made principal and interest payments on subordinated revenue bonds of $30.4 million.

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 $558.6 million. The Authority recognized $40.9 million in gross CFC revenues during 2023 and made principal and interest payments on CFC revenue bonds of $26.6 million.

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

Right-to-Use Lease Liabilities

The net present value of the Authority's minimum for future lease payments for non-cancelable leases, as of September 30, 2023, is as follows (in thousands):

Years Ending September 30:	Principal	Interest	Total
2024	$ 272	$ 10	$ 282
2025	277	5	282
2026	121	1	122
	$ 670	$ 16	$ 686

Right to Use Subscription IT Liabilities

The net present value of the Authority's minimum future subscription payments for non-cancelable SBITAs as of September 30, 2023, is as follows (in thousands):

Years Ending September 30:	Principal	Interest	Debt Service
2024	$ 1,738	$ 192	$ 1,930
2025	1,505	142	1,647
2026	1,068	97	1,165
2027	252	64	316
2028	91	56	147
2029-2033	469	231	700
2034-2038	563	137	700
2039-2043	390	29	419
	$ 6,076	$ 948	$ 7,024

Bank Notes

The Authority has a revolving credit agreement not to exceed $100,000,000 with Truist Bank.

Total interest expenses incurred on the bank note during the year ended September 30, 2023 were $200,000. As of September 30, 2023, there was no outstanding balance for bank note.

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

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

	(As restated) Balance October 1, 2022	Additions	Paydowns	Balance September 30, 2023	Amount Due within One Year
Senior Bonds	$ 909,935	$ -	$ (27,485)	$ 882,450	$ 28,240
PFC Subordinated Bonds	460,395	-	(13,095)	447,300	13,650
CFC Bonds	348,415	-	(9,445)	338,970	9,800
Total Bonds and Notes Payable	1,718,745	-	(50,025)	1,668,720	51,690
Compensated Absences	5,741	-	(314)	5,427	1,407
Environmental Liabilities	124	149	(8)	265	265
Right-to-Use-Lease Liabilities	22,144	-	(21,474)	670	272
Right-to-Use Subscription IT Liabilities	6,070	2,579	(2,573)	6,076	1,738
Pension Liabilities	64,580	13,436	-	78,016	-
Other Post Employment Benefits	4,901	296	-	5,197	-
Total Other Liabilities	$ 103,560	$ 16,460	$ (24,369)	$ 95,651	$ 3,682

The Authority adopted GASB 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2023, resulting in a reconginiton of subscription IT liability of $6.1 million at the beginning of the year.

<u>Other Non-Current Liabilities</u>

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

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), the Authority recognizes certain remediation obligations in the financial statements. There are several sites on airport property requiring the establishment of liabilities under GASB 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, 2023 are $265,272 and are included with accrued expenses in the statement of net position.

<u>Compensated Absences</u>

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, PFC and other sources (in thousands) are as follows for the year ended September 30, 2023:

PFCs	$	45,855
Federal Airport Improvement Program (AIP) Grants		8,960
State Grants		27,514
Federal Reimbursements		7,146
CFCs - Net		28,135
Total Capital Contributions	$	117,610

CFC collections prior to revenue recognition and applicable operating and maintenance expense offsets were $40.9 million in 2023.

Note 10. Defined Benefit Pension Plans

Background

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

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

The Authority's pension expense totaled $21.1 million for both the FRS and HIS for the fiscal year ended September 30, 2023.

Note 10. Defined Benefit Pension Plans (Continued)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS may include up to 4 years of credit for military service toward creditable service. The FRS also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

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

Note 10. Defined Benefit Pension Plans (Continued)

Benefits Provided

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

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

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

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, 2023, were applied to employee salaries as follows: Regular 10.25% and 9.16%, Special Risk 26.17% and 24.23%, Senior Management Service 29.91% and 27.35% and DROP participants 16.94% and 16.68%, respectively. The Authority's contributions to the FRS were $6.6 million for the fiscal year ended September 30, 2023. This allocation is in addition to a required employee contribution of 3% of gross compensation for each member class (excluding DROP participants).

Note 10. Defined Benefit Pension Plans (Continued)

Pension Costs

At September 30, 2023, the Authority reported a liability of $54.2 for its proportionate share of the FRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1, 2023. 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2023, the Authority's proportion was 0.1361%.

For the year ended September 30, 2023, the Authority recognized pension expense of $11.9 million for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 5,091	$ -
Changes in Actuarial Assumptions	3,535	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,265	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	2,054	566
Authority Contributions Subsequent to the Measurement Date	1,710	-
Total	$ 14,655	$ 566

Deferred outflows of $1.71 million related to pensions resulting from Authority contributions to the FRS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an decrease in collective pension expense as follows (in thousands):

Years Ending June 30:	Amount
2024	$ 1,687
2025	(668)
2026	10,124
2027	962
2028	275
Thereafter	(1)
	$ 12,379

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25% Including Inflation
Investment Rate of Return	6.70%, Net of investment expense

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

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class as of June 30, 2023, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.1%
Fixed Income	20%	4.5%	4.4%	3.4%
Global Equity	54%	8.7%	7.1%	18.1%
Real Estate	10%	7.6%	6.6%	14.8%
Private Equity	11%	11.9%	8.8%	26.3%
Strategic Investments	4%	6.3%	6.1%	7.7%
Totals	100%			

Discount Rate

The long-term expected rate of return assumption of 6.7% consists of two components: an inferred real (in excess of inflation) return of 4.2% and a long-term average annual inflation assumption of approximately 2.4% as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

Note 10. Defined Benefit Pension Plans (Continued)

Pension Liability Sensitivity

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

	2023		
Description	1% Decrease	Current Discount	1% Increase in
FRS Plan Discount Rate	5.70%	6.70%	7.70%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 92,630	$ 54,227	$ 22,097

Pension Plan Fiduciary Net Position

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 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, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statues. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were $1.01 million for the year ended September 30, 2023.

Note 10. Defined Benefit Pension Plans (Continued)

Pension Costs

At September 30, 2023 the Authority reported a liability of $23.8 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1, 2022. 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, 2023, the Authority's proportion was 0.1498%.

For the year ended September 30, 2023, the Authority recognized pension expense of $9.3 million for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 348	$ 56
Changes in Actuarial Assumptions	625	2,061
Net Difference Between Projected and Actual Earnings on HIS Program Investments	12	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,200	322
Authority Contributions Subsequent to the Measurement Date	273	-
Total	$ 2,458	$ 2,439

Deferred outflows of $273 thousand related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows (in thousands):

Years Ending June 30:	Amount
2024	$ (44)
2025	(27)
2026	(45)
2027	(88)
2028	(46)
Thereafter	(4)
	$ (254)

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.4% per year
Salary Increases	3.25% including inflation
Municipal Bond Index Rate	3.54%

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

Discount Rate

The discount rate used to measure the total HIS Plan pension liability as of June 30, 2023 was 3.65%. 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.

Pension Liability Sensitivity

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

	2023		
Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.65%	3.65%	4.65%
Authority’s Proportionate Share of the HIS Plan Net Pension Liability	$ 27,140	$ 23,789	$ 21,012

Pension Plan Fiduciary Net Position

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

Note 11. Defined Contribution Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2021-2022 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 11.3%, Special Risk class 19.00% and Senior Management class 12.67%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

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

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

The Authority's Investment Plan pension expense totaled $1.5 million for the year ended September 30, 2023. Employee contributions to the Investment Plan totaled $413 thousand for the year ended September 30, 2023.

Note 12. Other Post Employment Benefits (OPEB)

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

(a) 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

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 $41,353 in fiscal year 2023. 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, 2023:

Plan Membership	September 30, 2023
Active	673
Inactive, receiving benefits	203

(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, 2023:

	2023
Measurement Date	September 30,2023
Actuarial Valuation Date	September 30,2023
Salary Increase Rate	3.0% per annum
Health Care Cost Trend Rate:	
Pre-65 years old	6.75%
65 years and older	5.75%
Discount Rate	4.06%
Mortality Tables used	Pub-2010 projected forward using SOA scale MP-2021

Note 12. OPEB (Continued)

The changes in the assumptions during the fiscal year ended September 30, 2023, reflect the changes in the discount rate, which was increased from 4.02% to 4.06%. 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.

(c) Changes in the Total OPEB Liability

Changes in the total OPEB liability for the fiscal year ended September 30, 2023, based on the measurement date, are as follows (in thousands):

	2023
Balance, beginning of year	$ 4,901
Changes for the year:	
Service Cost	282
Interest Cost	205
Changes in assumptions or other inputs	(31)
Benefit payments	(160)
Net change	296
Balance, end of year	$ 5,197

(d) OPEB Expenses

OPEB expense recognized by the Authority for the fiscal year ended September 30, 2023 was $335,403.

(e) OPEB Deferred Outflows and Inflows of Resources

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 811	$ 1,015
Changes of assumptions/inputs	732	1,933
	$ 1,543	$ 2,948

Note 12. OPEB (Continued)

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

Years Ending September 30:	Deferred Outflows (Inflows)
2024	$ (152)
2025	(152)
2026	(152)
2027	(152)
2028	(152)
Thereafter	(645)
	$ (1,405)

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

Health Care Cost Trend Sensitivity

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

		Total OPEB Liability		
	Health Care Cost Trend	1% Decrease	Current Rate	1% Increase
As of September 30, 2023	4.06%	$ 4,682	$ 5,197	$ 6,050

Discount Rate Sensitivity

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

		Total OPEB Liability		
	Discount Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2023	4.06%	$ 6,045	$ 5,197	$ 4,513

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. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The Authority provides a group health self-insurance plan for its retirees, employees and eligible dependents. The Authority is liable for the uninsured risk of loss under the plan. The Authority's liability is estimated by management in consultation with external insurance professionals. A summary of the liability for the self-insurance plan (in thousands) as of September 30, 2023, is presented below:

Liability, beginning of the fiscal year	$	384
Current year claims and changes in estimates		12,056
Claims paid during the year		(11,585)
Liability, end of the fiscal year	$	855

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

Note 14. Commitments and Contingencies

Construction and Maintenance Contracts

In connection with the Authority's ongoing maintenance programs, long-term maintenance contracts have been executed for services that are incomplete. These contracts are typically cancelable by either party with advance notice ranging from 30 to 180 days. The Authority also has entered into contracts and agreements totaling approximately $1,274 million for construction, engineering services, land acquisition and equipment, approximately $422 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 the fiscal year ended September 30, 2023, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

Southwest Airlines Co.	8.1%
Delta Air Lines, Inc.	5.5%

The two airlines listed above represented 43.1% of the enplanements in 2023.

Note 15. Related Party Transactions

The Authority considers the City of Tampa and Hillsborough County to be related parties due to the Mayor of the City of Tampa and a County Commissioner being members of governance of both entities. The City of Tampa and Hillsborough County provide certain services to the Authority including firefighting personnel and utilities, as well as renting hangar facilities and ground area at the Airport. The Authority received rental revenues of $471,200 during the year ended September 30, 2023. The total expense incurred by the Authority during the year ended September 30, 2023 were $9.7 million.

Note 16. Implementation of GASB Statement No. 96

The Authority implemented GASB Statement No. 96 as of October 1, 2022. The new standard requires the reporting of certain subscription assets and liabilities, which were previously not reported. The results of these changes impacted the beginning right-to-use subscription assets and subscription liabilities as follows (in thousands):

	Right of Use Subscription Assets	Subscription Liabiliities
Statement of Net Position		
Balances as of September 30, 2022, as previously reported	$ -	$ -
Change due to implementation of GASB Statement No. 96	6,070	6,070
Balances as of October 1, 2022, as restated	$ 6,070	$ 6,070

Note 17. Subsequent Events

The Authority has evaluated subsequent events through March 28,2024, the date on which the financial statements were available to be issued.

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	$ 282	$ 274	$ 276	$ 338	$ 261	$ 251	$ 326
Interest Cost	205	117	116	182	225	202	184
Differences between expected and actual experience	-	928	-	(1,509)	-	-	-
Changes in assumptions	(31)	(1,537)	42	(279)	1,190	(375)	(430)
Benefit payments	(160)	(127)	(280)	(296)	(288)	(225)	(171)
Net Change in total OPEB liability	296	(345)	154	(1,564)	1,388	(147)	(91)
Total OPEB liability – beginning	4,901	5,246	5,093	6,657	5,269	5,416	5,507
Total OPEB liability – ending	$ 5,197	$ 4,901	$ 5,247	$ 5,093	$ 6,657	$ 5,269	$ 5,416
Covered employee payroll	$ 53,392	$ 51,837	$ 54,412	$ 52,572	$ 45,142	$ 43,615	$ 42,141
Total OPEB Liability as a percentage of covered employee payroll	10%	9%	10%	10%	15%	12%	13%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.136087%	0.132226%	0.129367%	0.133187%	0.130367%	0.121263%	0.118371%	0.118844%	0.113335%	0.109354%
Authority's Proportionate Share of the Net Pension Liability	$ 54,227	$ 49,199	$ 9,772	$ 57,725	$ 44,897	$ 36,525	$ 35,013	$ 30,008	$ 14,639	$ 6,672
Authority's Covered Payroll	$ 46,869	$ 42,612	$ 39,894	$ 40,458	$ 39,416	$ 35,907	$ 34,772	$ 33,815	$ 31,413	$ 28,596
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	115.70%	115.46%	24.50%	142.68%	113.91%	101.72%	100.69%	88.74%	46.60%	23.33%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

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

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

Schedule of Authority Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 6,605	$ 5,821	$ 5,027	$ 4,627	$ 4,186	$ 3,544	$ 3,093	$ 3,122	$ 2,795	$ 2,403
Contributions in Relation to the Contractually Required Contribution	(6,605)	(5,821)	(5,027)	(4,627)	(4,186)	(3,544)	(3,093)	(3,122)	(2,795)	(2,403)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 45,640	$ 43,531	$ 39,990	$ 40,485	$ 40,126	$ 36,628	$ 35,305	$ 36,326	$ 31,966	$ 28,719
Contributions as a Percentage of Covered Payroll	14.47%	13.37%	12.57%	11.43%	10.43%	9.68%	8.76%	8.59%	8.74%	8.37%

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

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

Schedules of Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.149793%	0.145224%	0.141012%	0.146476%	0.145753%	0.135788%	0.130843%	0.130356%	0.121545%	0.117391%
Authority's Proportionate Share of the Net Pension Liability	$ 23,789	$ 15,382	$ 17,297	$ 17,884	$ 16,308	$ 14,372	$ 13,990	$ 15,192	$ 12,396	$ 10,976
Authority's Covered Payroll	$ 59,995	$ 54,212	$ 50,182	$ 51,321	$ 49,425	$ 44,495	$ 42,127	$ 39,634	$ 37,218	$ 33,889
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	39.65%	28.37%	34.47%	34.85%	33.00%	32.30%	33.21%	38.33%	33.31%	32.39%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

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

Schedule of Authority Contributions
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	1,013	899	826	$ 849	$ 827	$ 750	$ 707	$ 699	$ 509	$ 404
Contributions in Relation to the Contractually Required Contribution	(1,013)	(899)	(826)	(849)	(827)	(750)	(707)	(699)	(509)	(404)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 59,395	$ 54,992	$ 50,395	$ 51,267	$ 50,321	$ 45,479	$ 43,025	$ 42,986	$ 37,942	$ 34,066
Contributions as a Percentage of Covered Payroll	1.71%	1.64%	1.64%	1.66%	1.64%	1.65%	1.64%	1.63%	1.34%	1.18%

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

SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SCHEDULE OF BONDS ISSUED, REDEEMED AND OUTSTANDING
YEAR ENDED SEPTEMBER 30, 2023
(IN THOUSANDS, UNAUDITED)

Revenue Bond Issue	Original Issuance	Redeemed in Prior Years	Refunded in Prior Year	Redeemed In Current Year	Outstanding September 30, 2023
2013B	$ 35,235	$ 31,955	$ -	$ 3,280	$ -
2013A Subordinated	168,865	74,845	84,230	9,790	-
2015A Senior	148,210	-	59,625	-	88,585
2015C Senior	18,710	14,830	-	3,880	-
2017A Senior	54,665	-	-	-	54,665
2015A CFC	88,975	-	-	-	88,975
2015B CFC	294,350	34,910	-	9,445	249,995
2018A Senior	48,810	41,910	-	6,900	-
2018B Senior	32,175	-	-	-	32,175
2018C Senior	26,665	-	-	-	26,665
2018E Senior	140,120	6,305	-	5,705	128,110
2018F Senior	160,855	7,435	-	6,695	146,725
2018A Subordinated	102,500	-	-	-	102,500
2021A Senor	31,400	-	-	-	31,400
2022A Senior	263,760	-	-	715	263,045
2022B Senior	111,390	-	-	310	111,080
2022A Subordinated	348,105	-	-	3,305	344,800
Total	$ 2,074,790	$ 212,190	$ 143,855	$ 50,025	$ 1,668,720

HILLSBOROUGH COUNTY AVIATION AUTHORITY
REVENUE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)
(IN THOUSANDS)

	Depository Account	Operating Reserve Account
Balance, October 1, 2022	$ 18,779	$ 717
Receipts:		
Revenue	286,606	-
Parking	86,863	-
Pre-Book Parking	10,408	-
Canine and LEO Reimbursements	410	-
Interest	193	4
Transfers from:		
CFC Fund	4,508	-
Reserve Fund	3,010	-
PFC Fund	2,436	-
Intrafund Transfers and Other Deposits	4,470	2,692
Total Available	417,683	3,413
Disbursements:		
Sales Taxes	(9,024)	-
Transfers to:		
Operations and Maintenance Fund	(175,566)	-
Surplus	(104,039)	-
Sinking Fund	(67,101)	-
Customer Facility Charges	(40,742)	-
Operating Reserve	(2,692)	-
Imprest Fund	(277)	-
Net Investment Activity		(289)
Total Disbursements	(399,441)	(289)
Balance September 30, 2023	$ 18,242	$ 3,124

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SINKING FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)
(IN THOUSANDS)

	Interest Account	Principal Account
Balance, October 1, 2022	$ 147	$ 132
Receipts:		
Interest	956	1,260
Transfers from:		
Revenue Fund	39,616	27,485
PFCs	17,289	13,095
CFCs	17,155	9,445
Total Receipts	75,016	51,285
Disbursements:		
Transfers to:		
Debt Service Paid from Revenue Fund	(39,616)	(27,485)
Debt Service Paid from PFCs	(17,289)	(13,095)
Debt Service Paid from CFCs	(17,155)	(9,445)
Other Transfers and Costs	(577)	(132)
Total Disbursements	(74,637)	(50,157)
Balance, September 30, 2023	$ 526	$ 1,260

HILLSBOROUGH COUNTY AVIATION AUTHORITY
OPERATING AND MAINTENANCE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)
(IN THOUSANDS)

Balance, October 1, 2022	$	7,573
Receipts:		
Transfers from:		
Revenue Fund		175,566
Surplus		9,226
Capital Improvement Fund		5,248
CFC		3,272
CFC Surplus		2,681
Other Deposits		1,099
Total Available		204,665
Disbursements:		
Disbursements – Payroll		(61,739)
Disbursements – Non Personnel Operating Expenses		(60,393)
Transfer to Imprest Fund		(48,938)
Transfer to Self Insurance		(11,627)
Contribution to Florida Retirement System		(10,240)
Other Fund Transfers		
Intrafund Transfers and Other Costs		(619)
Total Disbursements		(193,556)
Balance September 30, 2023	$	11,109

HILLSBOROUGH COUNTY AVIATION AUTHORITY
RESERVE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)
(IN THOUSANDS)

Balance, October 1, 2022	$ 138,735
Receipts:	
Interest	3,567
Total Receipts	3,567
Disbursements:	
Transfers to:	
Revenue Fund	(3,010)
Other Transfers and Adjustments	(67)
Total Disbursements	(3,077)
Balance, September 30, 2023	$ 139,225

Investment Detail

	Due Date	Amortized Cost	Fair Value
T-Note	02/29/24	$ 37,414	$ 36,855
T-Note	05/15/24	4,248	4,226
T-Note	08/31/24	16,722	16,620
T-Note	09/30/24	13,984	13,569
T-Note	08/15/25	5,370	5,172
T-Note	09/30/25	12,560	12,102
T-Note	08/15/27	2,887	2,671
T-Note	08/15/28	13,962	13,076
	05/15/30	31,667	28,373
		$ 138,814	$ 132,664

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SURPLUS FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)
(IN THOUSANDS)

Cash Balance, October 1, 2022	$ 11,702
Investments:	
Certificate Deposit Balance	3,930
Investments	262,298
Total Cash and Investment Balance, October 1, 2022	277,930
Receipts:	
Transfer from Revenue Fund	104,039
Interest	7,037
Transfer from Capital Improvement Fund	4,688
Total Available	393,694
Disbursements:	
Net Investment Activity	(112,770)
Transfer to O&M Fund	(9,226)
Transfer to Equipment Fund	(3,484)
Transfer to Imprest Fund	(1,475)
Net Skycenter Activity	(1,292)
Intrafund Transfers and Other Costs	(179)
Total Disbursements	(128,426)
Total Cash and Investment Balance, September 30, 2023	$ 265,268

Cash and Investment Detail as of 9/30/23	Due Date	Amortized Costs	Fair Value
Cash	n/a	$ 27,052	$ 27,052
Investments			
Certificate Deposit	12/2024	772	772
Investment Pool	n/a	169,076	169,076
Treasury Bills	10/2023	24,974	24,974
Treasury Bills	09/2024	4,765	4,765
Treasury Bills	03/2025	9,509	9,509
Treasury Bills	09/2025	29,121	29,121
Total Investments		238,217	238,217
Total Cash and Investments as of 9/30/23		$ 265,269	$ 265,269

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR END SEPTEMBER 30, 2023 (In Thousands)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Contract/ Grant Number	Federal Assistance Listing Number	Total Federal Expenditures
US Department of Transportation:			
Federal Aviation Administration:			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Program	3-12-0078-69	20.106	$ 80
	3-12-0078-73	20.106	3,575
	3-12-0078-75	20.106	1,203
	3-12-0078-78	20.106	1,192
	3-12-0078-79	20.106	655
	3-12-0078-80	20.106	427
	3-12-0078-81	20.106	1,542
	3-12-0097-40	20.106	285
			8,959
COVID-19: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Program			
COVID Relief CRSSA funding (2021)	3-12-0078-72	20.106	(537)
COVID Relief ARPA funding (2022)	3-12-0078-76	20.106	29,812
COVID Relief ARPA funding (2022)	3-12-0078-77	20.106	3,273
			32,548
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Program and Total U.S. Department of Transportation			41,507
US Department of Justice			
Equitable Sharing Program		16.922	48
Total Expenditures of Federal Awards			$ 41,555

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2023
(In Thousands)

State Grantor/Pass-Through Grantor Project	Contract/ Grant Number	CSFA Number	Total State Expenditures
Florida Department of Transportation:			
Aviation Grant Programs	G1Z47/436809-1	55.004	$ 268
	G1Z11/436834-1	55.004	(94)
	G1T31/438709-1	55.004	210
	G2598/438713-1	55.004	145
	G1T30/438715-1	55.004	344
	G1T29/438753-1	55.004	13,324
	G1Z12/440562-1	55.004	63
	GOV20/442095-1	55.004	6,362
	G1Z45/444775-1	55.004	199
	G2D60/446801-1	55.004	2
	G1L16/446919-1	55.004	446
	G1K87/446920-1	55.004	564
	G1V68/447220-1	55.004	3,629
	G2F41/448026-1	55.004	1,315
	G2377/448841-1	55.004	109
	G2132/452901-1	55.004	512
	G2133/452904-1	55.004	64
	SC-2022-00170	55.004	41
Total Aviation Grant Programs and Total Florida Department of Transportation			27,503
Florida Department of Law Enforcement			
Florida Incident Based Reporting System	2021-FBSFA-F2-041	71.043	66
Total Expenditures of State Financial Assistance			$ 27,569
Total of Expenditures of Federal Awards and State Financial Assistance			$ 69,124

(Concluded)

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state award activity of Hillsborough County Aviation Authority (the Authority) under programs and projects of the federal and state government for the year ended September 30, 2023. The information is presented in accordance with the requirements of 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* (Chapter 10.550). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2023.

Note 4. Pass-Through Grantors

The Authority did not receive any federal awards from pass-through grantors during the year ended September 30, 2023.

Note 5. Indirect Cost Rate

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

COMPLIANCE REPORTS

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

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

We have audited, in accordance with the 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 (*Government Auditing Standards)*, the financial statements of the Hillsborough County Aviation Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 28, 2024. Our report includes an emphasis of matter paragraph related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* as of October 1, 2022.

Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on 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 determination of financial statement amounts. 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 results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 28, 2024

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

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project
We have audited Hillsborough County Aviation Authority's (the Authority's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance projects for the year ended September 30, 2023. The Authority's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs and state financial assistance projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Florida Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

RSM US LLP

Tampa, Florida
March 28, 2024

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

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 U.S. GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major federal program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major federal programs:

Assisted Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Program

Dollar threshold used to distinguish between type A and type B programs:	$	1,246,648		
Auditee qualified as low-risk auditee?	X	Yes		No

State Financial Assistance

Internal control over major projects:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major projects:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?		Yes	X	No

Identification of major project:

CSFA Number	Name of State Project
55.004	Aviation Grant Program

Dollar threshold used to distinguish between type A and type B project:	$	827,085

II – Financial Statement Findings

No matters to report.

III – Findings and Questioned Costs for Federal Awards and State Financial Assistance

No matters to report.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

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

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

Report on Compliance for the Passenger Facilities Charge Program

Opinion on Compliance for the Passenger Facilities Charge Program
We have audited Hillsborough County Aviation Authority's (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration* (the Guide) that could have a direct and material effect on its passenger facility charge (PFC) program for the year ended September 30, 2023.

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 PFC program for the year ended September 30, 2023.

Basis for Opinion on Compliance for the Passenger Facilities Charge Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the Guide. Our responsibilities under those standards, the Uniform Guidance and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the PFC Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's PFC program.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements referred to above.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2024

Hillsborough County Aviation Authority

Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2023
(In Thousands)

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Adjustments	Ending Balance Unliquidated PFCs
December 31, 2022	$ (324,668)	$ 10,180	$ 587	$ (11,817)	$ -	$ (325,718)
March 31, 2023	(325,718)	11,476	681	(14,970)	-	(328,531)
June 30, 2023	(328,531)	13,640	858	(16,710)	52,770	(277,973)
September 30, 2023	(277,973)	9,142	1,126	(7,596)	616,047	340,746

See accompanying notes to schedule.

Note 1. General

The accompanying Schedule of Passenger Facility Charges (PFC) 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, 2023. 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.

Note 3. Adjustments

During fiscal year 2023, discussions were held with the Federal Aviation Authority (FAA) Passenger Facility Charge program officials regarding the proper presentation of expenditures reported in the FAA System of Airport Reporting (SOAR). It was determined that the Authority had been reporting the expenditure of bond proceeds on various PFC funded projects, which was suggested by the FAA as not being a best practice. As a result, an adjustment column was included in the Schedule for the year ended September 30, 2023 to present the amounts adjusted in accordance with the FAA guidelines. The Authority intends to revise the PFC reporting in SOAR in future periods to reflect the suggested FAA guidelines.

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs – Passenger Facility Charges
Year Ended September 30, 2023

I – Summary of Independent Auditor's Results

Schedule of Passenger Facility Charges (PFC) Collected and Expended (Schedule)

Type of report the auditor issued on whether the financial statements were prepared in accordance with the cash basis of accounting:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Noncompliance material to Schedule noted?	____ Yes	X No

Passenger Facility Charge Program

Internal control over the program:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ 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, 2023

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

RSM US LLP

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

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, 2023, and issued our report thereon dated March 28, 2024.

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; the audit requirements of 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 Auditor General.

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 Financial Assistance Project and 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 28, 2024, should be considered in conjunction with this management letter.

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

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

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

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

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

Additional Matters

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

Specific Information

As required by Section 218.39(3)(c), *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported:

a. The total number of district employees compensated in the last pay period of the districts fiscal year as 669.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 47.

c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency as $76,599,714.

d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $51,888,099.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:

Project #	Project Name	Approved Budget	Expenditures 10/1/22 to 9/30/23
1110 23	SELF SERVICE BAG DROP	$ 590,000	$ 285,983
1115 23	COBUS ACQUISITION	3,287,000	2,725,206
6845 23	VDF AIRPORT ROADS REHABS	1,118,300	168,359
6970 23	MT LED TECHNOLOGY REFRESH	2,256,885	283,295
6975 23	BHS SERVER UPGRADE	2,950,000	1,003,561
6995 23	FY23 ITS COMMODITY PROJECT	2,900,000	1,728,160
7055 23	MT&A/S CHAIRS REUP & REPLACE	3,179,000	1,926,216
7060 23	MT CONTROLS UPGRADE	924,200	711,610
7090 23	A/S F AIRLINE&TSA SPACE REHAB	251,300	138,039
7100 23	R/W 1R-19L&10-28 ASPHALT REHAB	11,344,000	595,812
7115 23	AIRFIED DRAINAGE REHAB	2,551,100	461,819
7120 23	STPG LEVEL 4 AND RAMPS REHAB	2,865,900	156,317
7125 23	LTPG SWITCHGEAR REPLACEMENT	2,858,600	83,213
7145 23	CCTV ENHANCEMENT & REPLACEMENT	1,955,400	1,510,019
7150 23	VDF T/W A, D, E & J REHAB	11,338,300	555,776
7160 23	A/S C&AIR CARGO TRASH COMPACT	870,000	328,697
7170 23	FY23 TAMPA FUEL COMMITTEE	2,043,800	1,656,849
7185 23	GA SECURITY IMPROVEMENTS	4,821,000	75,698
7195 23	CENTRAL WAREHOUSE MEZZANINE	590,900	547,683
8500 23	A/S D DEVELOPMENT PROGRAM	787,384,000	9,127,949
8505 23	WILDLIFE MANAGEMENT PH 2	17,767,500	328,590
8510 23	NORTH EMPLOYEE PARKING LOT EXP	8,675,000	497,358
8910 23	A/S E SHUTTLE CARS REPLACE	34,591,000	2,936,675
		$ 907,113,185	$ 27,832,884

f. A budget variance based on the budget adopted under Section 189.016(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, as shown below:

Tampa International Airport

Schedule 1

FISCAL YEAR 2023 ENDED SEPTEMBER 30, 2023

ACTUAL OPERATING RESULTS VERSUS BUDGET (UNAUDITED)

Summary Results

(dollars in thousands)

	FY2023 ANNUAL		Variance FY23 ANNUAL Actual Vs. Budget	
	Actual	Budget	Dollars	Percent
Revenues	$ 381,356	$ 343,528	$ 37,828	11.0%
Net Operating Expenses	172,368	175,566	3,198	1.8%
Funds Available for Debt Service	$ 208,988	$ 167,963	$ 41,025	24.4%
Net Debt Service	55,186	55,386	200	0.4%
Funds Available	153,802	112,577	41,225	36.6%
Airline Revenue Sharing	(4,564)	(2,507)	(2,057)	-82.1%
Airline & Cargo Settlement	2,172	-	2,172	100.0%
Funds Available for ASIP, Capital & Reserves	$ 151,409	$ 110,070	$ 41,339	37.6%
Cost Per Enplaned Passenger	$ 9.71	$ 9.54	$ (0.17)	-1.8%

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 28, 2024

RSM

RSM US LLP

Independent Accountant's Report on Compliance with Local Government Investment Policies

Members of the Board of Directors
Hillsborough County Aviation Authority

We have examined the Hillsborough County Aviation Authority's (the Authority) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2022 to September 30, 2023. Management of the Authority is responsible for the Authority's compliance with the specific requirements. Our responsibility is to express an opinion on 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2022 to September 30, 2023.

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 28, 2024