Hillsborough County Aviation Authority

Financial Statements, Other Financial Information and Compliance Reports
Year Ended September 30, 2022

Table of Contents

Tampa International Airport

RSM

RSM US LLP

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, 2022, 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, 2022, and the changes in financial position and, where applicable, cash flows thereof 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.

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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of bonds issued, redeemed and outstanding, the schedules of cash and investment transactions, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, 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 2, 2023

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, 2022 with selected comparative information for the year ended September 30, 2021.

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) 2022

In FY2022 the aviation industry continued its robust recovery from the COVID-19 pandemic. Passenger traffic met or exceeded pre-pandemic levels many times throughout the year resulting in the Authority's passenger traffic recovering to 96.5% of FY2019 passengers. The strength of the regional economy along with the combination of the migration of residents to Tampa Bay since the pandemic and the strong leisure demand helped drive record financial performance for the Authority. The per passenger spending throughout the airport along with the passenger recovery drove significant increases in the Authority's parking, rental car, and concessions lines of business. With the strong top line revenue performance and management's strategic approach to managing operating expenses and inflationary cost pressures along with the successful debt transactions, including both new money and refundings, the Authority had the strongest financial performance in its history with a record bottom line contribution to reserves.

The Federal Government's support of the aviation industry during the pandemic was truly unprecedented. The Authority was allocated funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, and the American Rescue Plan (ARPA) Act. During fiscal year 2020, the Authority received $60.1 million CARES Act funds to cover its operational and debt service needs.The Authority received a total of $40.2 million ARPA act funds to reimburse related expenses in fiscal year 2022, and is anticipated to receive $42 million from the remaining federal funding during FY2023.

The COVID-19 Federal Recovery Grants received in FY2022 and 2021, of which $9.4 million must be used for eligible concessions relief, and anticipated ARPA and CRRSA fundings are summarized in the following table (in thousands).

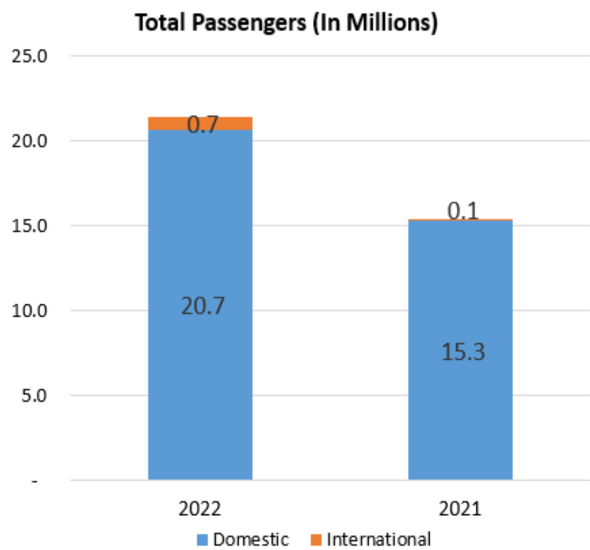
	CARES		CRRSA		ARPA		Anticipated CRRSA	Anticipated ARPA	
	2022	2021	2022	2021	2022	2021	2023	2023	Total
Tampa International	$ -	$ 20,438	$ -	$ 18,120	$ 40,000	$ -	$ -	$ 29,812	$ 108,370
Concessions	-	-	-	-	-	-	2,351	9,405	11,756
General Aviation	-	168	59	-	150	-	-	-	377
Total	$ -	$ 20,606	$ 59	$ 18,120	$ 40,150	$ -	$ 2,351	$ 39,217	$ 120,503

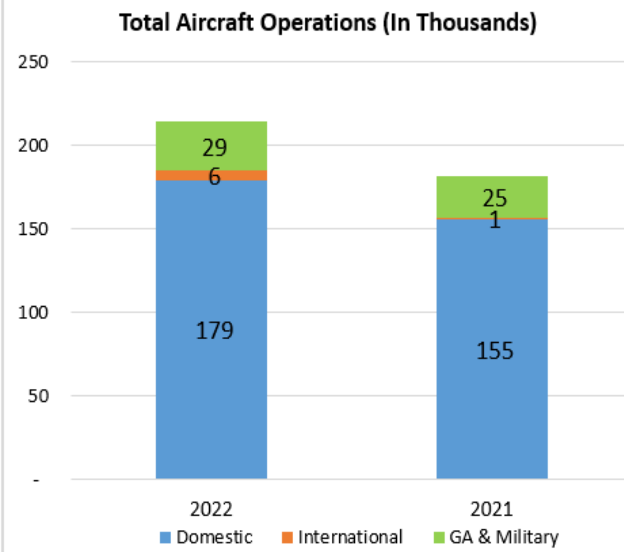
As airport traffic continued to recover to pre-pandemic levels, the operating results for fiscal year 2022 significantly exceeded pre-pandemic levels. As a result, the Authority saw record bottom-line growth and days cash on hand levels over 800 days. A positive net position of $1.26 billion at current fiscal year end and an increase in net position of $48.8 million compared to 2021, served as an indicator of the Authority's financial strength.

A total of 21.4 million passengers traveled through the Airport in 2022, which was 38.7% higher than 2021. Passenger enplanements at the Airport for the fiscal year ended September 30, 2022, totaled 10.7 million, a 38.5% increase as compared with 7.7 million enplanements in 2021. As a result of these factors, the Airport's operating revenues grew to $311.9 million, $87.9 million or 39.2% more than fiscal year 2021 operating revenues.

For fiscal year 2022, 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 26.6%, American moved to second at 17.8%, and Delta was third at 17.6%. During 2021, Southwest remained the carrier with the highest market share at 28.6%, Delta was second at 17.4% and American was third at 17.3%.

The following graphs represent total passenger activity and aircraft operations at Tampa International Airport for fiscal years 2022 and 2021.





Landed weight in 2022 totaled 12,688,662 thousand pounds, compared to 10,436,421 thousand pounds in 2021. The number of landings for domestic and international flights was 82,579 for 2022, compared to 68,830 for 2021. The increases in 2022 were attributable to an industry-leading traffic recovery from the COVID-19 pandemic.

Overview of the Financial Statements

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

The statements of net position present information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2022. Increases or decreases in net position over time are relative indicators of the Authority's financial position. The statements of revenues, expenses and changes in net position show the results of our operations reflecting both operating and non-operating activities during the fiscal year ended September 30, 2022. Changes in net position reflect the fiscal year's operating impact upon our overall financial position. These statements summarize the recording of financial transactions when the underlying events occur, not the receipt or disbursement of cash. The statements of cash flows relate to the cash and cash equivalent inflows and outflows as a result of financial transactions during the 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.

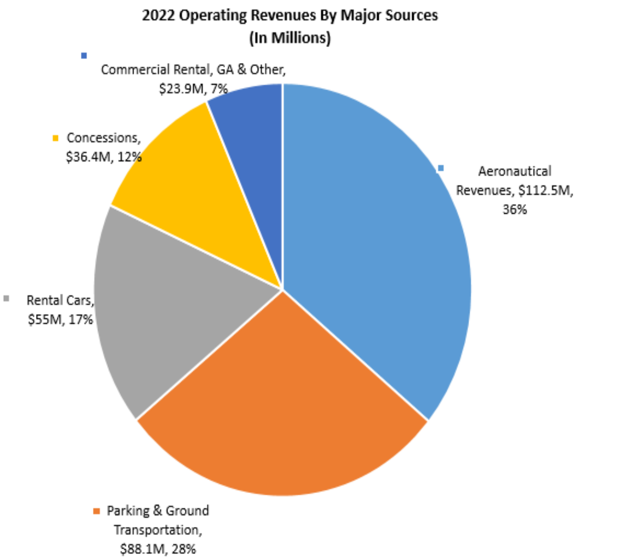
Financial Analysis

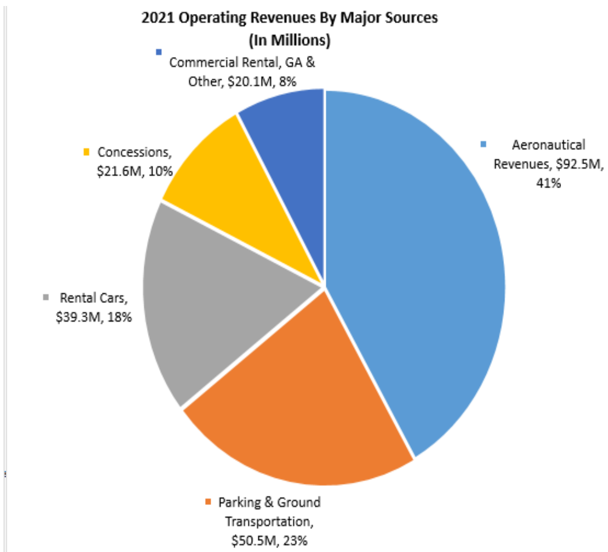
Operating Revenues

The following table presents the major operating revenue sources for fiscal years 2022 and 2021 in thousands:

	Year		Percent Change
Revenue Sources	2022	2021	2021 to 2022
Passenger Airline Space Rental	$ 79,866	$ 65,003	22.9%
Parking	81,677	46,422	75.9%
Rental Cars	54,989	39,332	39.8%
Concessions	36,363	21,619	68.2%
Landing Fees	25,657	20,907	22.7%
Commercial Rental	8,909	7,973	11.7%
Cargo	6,996	6,594	6.1%
Ground Transportation	6,463	4,051	59.5%
General Aviation	5,053	4,663	8.4%
Utilities and Reimbursable	4,393	2,457	78.8%
Maintenance Hangar and Fuel Farm	3,828	3,433	11.5%
Other	1,668	1,546	7.9%
Lease Adjustment	(3,964)	-	100.0%
Total	$ 311,898	$ 224,000	39.2%

The following chart illustrates for the fiscal years 2022 and 2021 that approximately 36% and 41% of revenue sources were generated from aeronautical services; 64% and 59% of revenues were non-aeronautical revenues, derived from parking and ground transportation, rental cars, concessions, general aviation and other revenues.





Note: For comparative purposes, the pie charts have no lease adjustments.

Overall, the total operating revenues of the Authority were $311.9 million in fiscal year 2022, an increase of $87.9 million, or 39.2%, compared with 2021 with increases in all lines of business versus 2021. As previously mentioned, this increase was primarily due to recovery of passenger traffic to 96.5% of pre-pandemic levels along with significant increase in per-passenger spend on parking, rental cars, and concessions in the airport.

The Authority's cost-recovery rate making methodology resulted in net-airline revenue of $101.4 million driving a very competitive cost per enplanement (CPE) of $9.49. Parking revenue which had gradually increased in 2021 had a record year of $81.7 million, or $35.3 million, or 75.9%, more than 2021. 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 reserveration system has allowed the Authority to also revenue-manage the operation more effiicently and effectively manage peak demand conditions. Rental car concessions exceeded FY21 by $15.7 million, or 39.8%, as a result of the combination of the passenger recovery, strong leisure demand, and ongoing inventory challenges for the rental car operations which continued to driver higher than historical daily rates. Concessions revenue increased by 68.2%, or $14.7 million versus 2021 due to a combination of increased per-passenger spend, the return to pre-pandemic traffic levels, and a resumption of the pre-pandemic financials terms after two years of concession's relief programs. Ground transportation demand has also recovered with passengers to $6.5 million, or 59.5% higher than 2021.

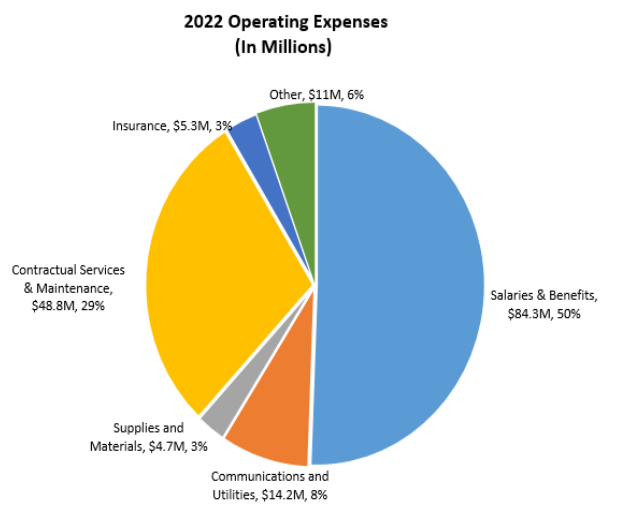
All other revenue categories (excluding impact of Governmental Accounting Standards Board (GASB) 87, Leases) increased by $6.6 million, or 21.5% over 2021. Non-aviation commercial area rental revenues increased by $0.9 million compared with fiscal year 2021, reflecting the continued increase in property and appraised value for the Authority's various leases. Similarly, cargo, maintenance hangar, fuel farm rental, general aviation, other revenues and utilities reimbursables all increased compared to 2021 levels. The adoption of GASB 87 resulted in a recognition of the loss of lease revenues of $3.96 million in fiscal year 2022.

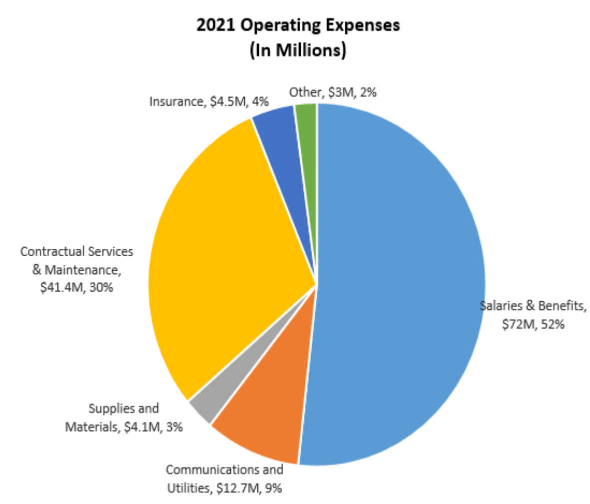
Operating Expenses

The following table presents the major expense classifications by business units for fiscal years 2022 and 2021 in thousands:

	Year		Percent Change
Expense Classification	2022	2021	2021 to 2022
Personnel Compensation and Benefits	$ 84,253	$ 71,959	17.1%
Contractual Maintenance	25,087	21,749	15.3%
Contractual Services	23,705	19,667	20.5%
Communications and Utilities	14,233	12,662	12.4%
Insurance	5,305	4,527	17.2%
Supplies and Materials	4,741	4,094	15.8%
SkyCenter Building Expenses	3,624	193	1777.7%
Other	3,529	2,252	56.7%
Expensed Projects and Equipment	1,406	585	140.3%
Pension Adjustment	1,779	(3,890)	-145.7%
Total	$ 167,662	$ 133,798	25.3%

The following chart shows the major expense categories and their percentages to the total operating expenses in fiscal year 2022 and 2021:





Note: For comparative purposes, the pie charts have no lease and pension adjustments.

The fiscal year 2022 operating expense budget at $164.1 reflected a continued recovery from the pandemic. The Authority established the budget with the goal to return to normal operations and staffing levels, and for the first-time incur expenses related to the new SkyCenter office building along with generally higher costs across several cost areas.

Total operating expenses were $167.7 million for fiscal year 2022, which represents a $33.9 million, or 25.3% increase compared to fiscal year 2021. Expenses excluding GASB Statement No. 87, Leases (GASB 87), GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), and GASB Statement No. 75, Other Post Employment Benefits (OPEB) (GASB 75) were $168.3 million, an increase of $30.6 million compared with fiscal year 2021. A comparative analysis of major expenses indicates that the gross payroll expenses increased by $12.3 million, or 17.1%. This increase is primarily attributable to the hiring of staffing concurrent with the return to normal operations, which increased approximately $9.7 million for salaries and wages and employee incentive payments, $1.2 million for Florida Retirement System and FICA contributions, and $0.9 million for health insurance related costs.

Non-personnel costs were $15.5 million higher than fiscal year 2021, due to significant passenger traffic recovery, opening and rent for occupancy in the SkyCenter and related facilities, as well as inflationary cost pressures. Contracted services and maintenance costs increased by $7.4 million, or 17.8% higher than prior fiscal year. Utilities and insurance expenses increased by $2.3 million, or 13.7%. The SkyCenter rent expenses increased $3.4 million since its opening in the spring of 2022. Supplies, materials and equipment expenses increased by $1.5 million, or 31.4%. Other expenses relating to cloud information technology service, travel and business promotions also increased by $0.9 million as a result of normal business operations and increased marketing activities for air service development.

Revenues, Expenses and Changes in Net Position

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

	Year		Change
	2022	2021	2021 to 2022
Operating Revenues	$ 311,898	$ 224,000	$ 87,898
Operating Expenses	167,662	133,797	33,865
Signatory Airline Revenue Sharing	4,085	1,188	2,897
Operating Income before Depreciation and Amortization	140,151	89,015	51,136
Depreciation and Amortization	167,619	126,931	40,688
Operating Loss	(27,468)	(37,916)	10,448
Net Nonoperating Revenue (Expense)	(40,262)	(29,827)	(10,435)
Capital Contributions	116,319	90,183	26,136
Increase in Net Position	$ 48,589	$ 22,440	$ 26,149

In fiscal year 2022, operating income before depreciation and amortization was $140.2 million, an increase of $51.1 million compared to the prior year, which indicates a great recovery of the passenger traffic, and strong business growth during fiscal year 2022.

Depreciation and amortization expenses were $167.7 million in 2022, an increase of $40.7 million compared with 2021, due to the completion of certain projects being added into the capital assets during FY2022, and the implementation of GASB 87 with an inclusion of $3.5 million lease amortization.

Net non-operating expenses in fiscal year 2022 increased $10.4 million compared to fiscal year 2021 which can be attributable to the increases of $10.8 million in unrealized loss in accordance with fair market value reporting under the GASB Statement No. 72, Fair Value Measurement and Application (GASB 72), $5.4 million in net debt service interest expenses, and $13.2 million in loss on disposal of capital assets. The increases in interest earnings of $4 million resulted from higher rate of return and a large investment portfolio, and a $3.7 million increase in the Federal ARPA and CRRSA Acts funds received, as well as the adoption of GASB 87 adding lease interest income of $11.2 million help offset the losses.

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 2022, total capital contributions increased by $26.1 million, compared with fiscal year 2021. The major drivers for the change were an increase of $9.5 million in PFC revenues reflecting the passenger traffic recovery during the current fiscal year, $9.4 million net increase in in federal and state grants and reimbursements, as well as $7.7 million increase in net CFC collections as a result of the strong recovery in the travel market.

Statements of Net Position

The following table (in thousands) is a summary of the Authority's total assets, deferred outflows, total liabilities, deferred inflows and net position in thousands. An overall increase of $48.6 million in net position, particularly with $98.5 million increase in unrestricted net position in current fiscal year, compared to the prior year, reflects the Authority's substantial improvements in financial reserves and liquidity levels to support its operations and future development during fiscal year 2022.

	Year		Change
	2022	2021	2021 to 2022
ASSETS			
Current Assets	$ 479,851	$ 306,828	$ 173,023
Capital Assets, Net	2,251,791	2,239,746	12,045
Other Non-Current Assets	933,130	314,686	618,444
Total Assets	3,664,772	2,861,260	803,512
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding of Debt	2,846	916	1,930
Deferred Outflows on Pension Related Amounts	17,800	14,749	3,051
Deferred Outflows on OPEB Related Amounts	1,703	935	768
Total Deferred Outflows of Resources	22,349	16,600	5,749
LIABILITIES			
Current Liabilities	104,798	99,122	5,676
Non-Current Liabilities	1,864,858	1,527,752	337,106
Total Liabilities	1,969,656	1,626,874	342,782
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding of Debt	191	276	(85)
Deferred Inflows on Leases	449,428	-	449,428
Deferred Inflows on Pension Related Amounts	3,644	36,326	(32,682)
Deferred Inflows on OPEB Related Amounts	3,228	1,999	1,229
Total Deferred Inflows of Resources	456,491	38,601	417,890
NET POSITION			
Net Investment in Capital Assets	874,154	942,618	(68,464)
Restricted	121,944	103,384	18,560
Unrestricted	264,876	166,383	98,493
Total Net Position	$ 1,260,974	$ 1,212,385	$ 48,589

Assets

Current assets at September 30, 2022 totaled $479.9 million, an increase of $173 million from the prior fiscal year. The major contributing factors are an increase in investment balance by $163.4 million resulting from a large sum of the operating cash funds being invested to generate higher rate of returns as the Federal Reserve raised the interest rate multiple times during 2022; and an increase in lease receivable of $53.1 million as a result of the adoption of the GASB 87 standard, as well as increases in accounts receivable, prepaids and other assets of $7.4 million, which offset the decrease of cash and cash equivalents of $50.9 million.

Capital Assets, Net of Depreciation and Amortization Excluding GASB 87 Leased Assets (in Thousands)

	Year		Change 2021 to 2022	
	2022	2021	$	%
Land	$ 217,354	$ 213,209	$ 4,145	1.9%
Construction in Progress	201,475	363,304	(161,829)	(44.5)
Equipment – Net	24,073	27,675	(3,602)	(13.0)
Buildings and Improvements – Net	1,787,838	1,635,558	152,280	9.3
Total Capital Assets – Net	$ 2,230,740	$ 2,239,746	$ (9,006)	-0.4%

The decrease of $9 million in net capital assets from fiscal year 2021 to 2022 is primarily attributable to the completion of the Master Plan Phase 2 projects and other airport improvement projects in the amount of $311.5 million, which increased $148.7 million in net depreciable assets, and reduced $157.7 million in non-depreciable assets. Fiscal Year 2022 completed projects to be depreciated are listed in the following table.

Completed Projects (In Millions)	2022
Main Term Blue Side Curbside Expansion	$ 92.6
Energy Plant & Loading Dock	78.8
STSA Office Complex	44.7
GB Parkway & Economy Parking Road	37.6
A/S A PBB Replacement	19.7
FAA Parking Lot	6.9
Taxiway J And Bridge	4.7
Part 139 Airfield Improvements	4.1
Parkway & Service Rd Rehabilitation	3.8
South Terminal Support Area Roadway Improvements	2.9
Airside A and F Air Handler Replacement	2.5
Air Cargo Expansion	2.2
Pavement Rehabilitation	1.9
Short Term Parking Garage, Tug Tunnels, Quad Decks	1.9
FY22 CCTV Server & Storage	1.3
FY21 ITS Capital Commodity	1.3
Other Projects	4.6
Total	$ 311.5

The capital assets depreciation of $164.1 million and retirements of $160.7 million offset the increase in net capital assets. See Note 7 for a detailed discussion of capital assets.

At September 30, 2022, non-current cash, investments and receivables of $933.1 million increased $618.4 million of which $214.9 million was due to the 2022 new bonds issuances in which a portion of the proceeds were invested in government securities to earn better than expected returns as a result of the interest rate hikes. A non-current lease receivable of $403.5 was recorded in accordance of the GASB 87 requirements.

Deferred outflows of resources increased by $5.7 million, and deferred inflows of resources increased by $417.9 million at September 30, 2022. These changes were primarily due to pension and other post-employment benefits (OPEB) reporting requirements, resulted in a increase in deferred outflows of $3.8 million in Florida Retirement System (FRS) and OPEB related amounts, and 2022 Series A and B Bonds refunding with an increase in net deferred loss of $2.5 million to offset the amortization of deferred loss on refunding debt. The increase in deferred inflows of resources was primarily attributable to the adoption of lease reporting requiremens adding $449.4 million deferred inflows related to leases, which offset the net decrease of $31.5 million in pension and OPEB related inflows and amortization of deferred gains on refunding of debt.

Liabilities

Current liabilities, with a balance of $104.8 million at September 30, 2022, were $5.7 million higher than the balance of the prior fiscal year. The change is primarily attributable to a net increase of $11.8 million in accounts payable, accrued expenses, airline revenue sharing and other current liabilities, and an increase of $3.6 million in current bonds principal payable. An overall decrease of project liabilities of $12.9 million offsets the increase in current liabilities. In addition, current lease payable of $3.2 million was reported in accordance with the GASB No. 87 requirements.

At September 30, 2022, non-current liabilities totaled $1.86 billion, an increase of $337.1 million, as compared with the balance of prior fiscal year end. The increase is primarily attributable to the new issuances of 2022 current refunding bonds and taxiable advanced refunding bonds, in which a portion of the proceeds was used to pay off bank note in the amount of $106.3, resulting in a net increase of $281.1 million in long-term debt liabilities. An increase of $37.6 million in pension liabilities reflected the financial market violatility during 2022, which negatively impacted the FRS funds investment returns. In addition, non-current lease payable of $18.9 million was reported in accordance with the GASB 87 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 2022, the improving passenger traffic levels starting fiscal year 2021 including the impact of the cost-recovery rate making metholodogy, as well as the the Federal CARES, ARPA and CRRSA Act relief funds in 2022 and 2021. The Authority has taken various actions to sustain its financial stability, and continued to invest cautiously in capital assets funded through its operating revenues, PFC and CFC collections. Even though the Authority's investment in capital assets is reported net of related debt, it should be noted that the Authority's revenues, including PFC revenues and CFC revenues are utilized to repay the debt in accordance with the Trust Agreement.

A portion of the net position represents resources 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 that have an active Space Rental Agreement for space within the Terminal Complex or an all-cargo air carrier that has an active lease of space within the Authority's Cargo Cost and Revenue Center will be considered Signatory Airlines. The Resolution provides formulas for Fiscal Year-End Settlement and Revenue Sharing for Signatory Airlines.

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	2022	2021
Airline Landing Fees	$ 25,657	$ 20,907
Landside Terminal Rentals	40,086	32,584
Airside Building Rentals	39,780	31,604
Total Airline Fees and Charges	105,523	85,095
Less Airline Revenue Sharing	(4,085)	(1,188)
Net Airline Fees and Charges	$ 101,438	$ 83,907
Enplaned Passengers	10,689	7,717
Airline Cost per Passenger	$ 9.49	$ 10.87

Capital Improvement Program

In fiscal year 2022, the Authority received the Board's approval for the capital program budget totaling $198.2 million, with $24.3 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 2022 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)	2022
Airside A and C Shuttle Car Rehabilitation/Replacement	$ 60.5
Airside A and E SSCP Expansion	53.9
Main Terminal Airside D Shuttle Station	26.4
Baggage Claim Level Ceiling Replacement	20.1
Airfield Perimeter Fence Replacement	11.6
Tampa International Airport Master Plan Update	4.2
General Aviation Facilities Rehabilitation	4.0
FedEx Roof Replacement and Structural Rehabilitation	3.8
Airfield Maintenance Building Refurbishment	3.8
Long-Term Parking Garage Level 6 Rehabililtation and Stair Tower/Elevator Penthouse Roof Replacement	3.2
Other Projects	6.7
	$ 198.2

During fiscal year 2022, the Authority substantially completed $311.5 million in capital projects. A list of completed projects in 2022 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, 2022, $885.8 million has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2022, totaled over $1.2 billion. Expenditures in excess of collections are funded from the issuance of PFC-backed revenue bonds, and bank notes or from Authority funds that will be reimbursed from PFCs.

Debt Management

At the end of fiscal year 2022, the Authority had general airport revenue bonds outstanding in the total amount of $1.7 billion. Of this total, $50 million is reported as the current liability.

During fiscal year 2022, the Board approved the Authority's plan of finance, which allows the Authority to pay the costs of the certain projects before the 2022 bonds are issued, and to reimburse those expenditures from bond proceeds after the 2022 bonds are issued. Additionally, the Authority held a TEFRA public hearing on the proposed debt issuances and the related plan of finance to fund certain projects contained in the Authority's capital program. As a result,the Authority went through multiple bonds financing processes to refund the 2018 Series D Bonds in the amount of $31.32 million with the 2021 Series A Bonds in November, 2021.On March 9 2022, the Authority issued 2022 Series A, and Series B, in the amounts of $263.76 million, and $111.39 million, respectively, to pay certain costs of 2022 projects, and repay the bank notes of $106.3 million.

Additionally, the Authority issued the Taxable Subordinated Revenue Refunding Bonds 2022 Series A, in the amounts of $348.105 million for advanced refundings of 2013A Subordinated Bonds in the amount of $84.23 million, 2015A and 2015B Subordinated Bonds in the amount of $19.59 million and $153.915 million, respectively, and 2015A Senior Revenue Bonds in the amount of $59.625 million. These refundings resulted a total present value savings of $33.8 million (see Note 8).

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	2022	2021
Senior Debt Service Coverage	1.25x	3.64x	2.44x
Subordinated Debt Service Coverage	1.25x	6.75x	3.74x
Subordinated Debt Service Coverage (3rd Lien)	1.15x	2.95x	1.94x
CFC Debt Service Coverage	1.50x	1.72x	1.62x

Economic Outlook

During fiscal year 2022, domestic passenger traffic recovered to pre-pandemic levels throughout the year while international traffic began to follow from the beginning of calendar 2022 and beyond. With the rapid recovery in passenger traffic, staffing shortages have impacted the industry and resulted in air carrier capacity being artificially capped at times during 2022. In an effort to combat these staffing shortages and other inflationary cost pressures, air carries have also significantly increased air fares to record levels in 2022. To this point, the increased costs have not had a material impact on travel demand but has continued the evolution of the industry since 2019. Fortunately, 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 was also recognized as J.D. Power's #1 Large Hub Airport in North America for 2022 which further illustrates the world-class reputation within the industry.

Airlines have also recognized the strong regional growth with continued new service announcements throughout 2022, capped off with Virgin Atlantic's commitment to a daily non-stop to London's Heathrow (LHR) Airport, marking the first-ever connection.

After delaying or cancelling more than $905.9 million in capital projects at the start of the pandemic, the Authority continues to accelerate many of those projects. The Authority's 2023 capital budget includes the all-new domestic/international Airside D, currently slated to open in 2027 which will help meet future travel demand requirements and maintain the Authority's industry leading customer service levels

The Authority's record financial performance in 2022 has provided a strong foundation to combat the currently unprecedented inflationary environment, meet the needs of the passengers, as well as accelerate the purchase of the SkyCenter One office building to 2023 which now houses the Authority's administrative offices. Finally, given the regional economic and population boom, the Authority is also in the midst of a Master Plan Update which will identify opportunites and requirements to continue to meet the regional travel demands over the next 20 years and beyond.

Request for Information

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

FINANCIAL STATEMENTS

Hillsborough County Aviation Authority

Statement of Net Position
September 30, 2022
(In Thousands)

ASSETS

CURRENT ASSETS	
Unrestricted:	
Cash and Cash Equivalents	$ 177,158
Investments	160,334
Accounts Receivable, Net	15,484
Accrued Interest Receivable	1,103
Lease Receivable	53,101
Prepaids	4,457
Government Grants Receivable	9,223
Other Assets	2,716
Total Unrestricted Assets	423,576
Restricted:	
Cash and Cash Equivalents	31,437
Investments	24,838
Total Restricted Assets	56,275
Total Current Assets	479,851
NONCURRENT ASSETS	
Capital Assets:	
Land	217,354
Construction in Progress	201,475
Building, Equipment and Improvements	3,600,580
Leased Building and Equipment	24,559
Total Capital Assets	4,043,968
Less Accumulated Depreciation	(1,788,669)
Less Accumulated Amortization for Leased Assets	(3,508)
Total Capital Assets, Net	2,251,791
Cash and Cash Equivalents, Restricted	82,059
Investments, Unrestricted	5,636
Investments, Restricted	436,851
Lease Receivable, Unrestricted	403,549
Passenger Facility Charges Receivable, Restricted	5,035
Total Noncurrent Assets	3,184,921
Total Assets	3,664,772
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding of Debt	2,846
Deferred Outflows on Pension Related Amounts	17,800
Deferred Outflows on OPEB Related Amounts	1,703
Total Deferred Outflows of Resources	22,349

(Continued)

Hillsborough County Aviation Authority

Statement of Net Position (Continued)
September 30, 2022
(In Thousands)

LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	$	1,417
Accrued Airline Revenue Sharing		4,085
Accounts Payable – Trade		7,494
Accrued Expenses		18,503
Accrued Project Expenditures		8,706
Lease Payable		3,229
Other Liabilities		5,090
Total Current Liabilities Payable from Unrestricted Assets		48,524
Payable from Restricted Assets:		
Accounts Payable – Construction		6,149
Accrued Interest Payable		100
Current Maturities of Revenue Bonds Payable		50,025
Total Current Liabilities Payable from Restricted Assets		56,274
Total Current Liabilities		104,798
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities		1,772,171
Lease Payable		18,915
Net Pension Liability		64,580
Total OPEB Liability		4,901
Other Liabilities		4,291
Total Noncurrent Liabilities		1,864,858
Total Liabilities		1,969,656
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt		191
Deferred Inflows on Leases		449,428
Deferred Inflows on Pension Related Amounts		3,644
Deferred Inflows on OPEB Related Amounts		3,228
Total Deferred Inflows of Resources		456,491
NET POSITION		
Net Investment in Capital Assets		874,154
Restricted for:		
Passenger Facility Charge Purposes		71,950
Customer Facility Charge Purposes		45,090
Other Purposes		4,904
Unrestricted		264,876
Total Net Position	$	1,260,974

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2022
(In Thousands)

OPERATING REVENUES		
Passenger Airline Revenue	$	105,523
Concessions		36,363
Rental Cars		54,989
Parking		81,677
Ground Transportation		6,463
Cargo		6,996
Commercial Rentals		12,737
General Aviation		5,053
Other		1,668
Utilities and Other Reimbursable		4,393
Lease Adjustment		(3,964)
Total Operating Revenues		311,898
OPERATING EXPENSES		
Personnel Compensation and Benefits		84,253
Communications and Utilities		14,233
Contracted Services		23,705
Contractual Maintenance		25,087
Expensed Projects and Equipment		1,406
Insurance		5,305
SkyCenter Building Expenses		3,624
Supplies and Materials		4,741
Other		3,529
Pension Adjustment		1,779
Total Operating Expenses		167,662
Signatory Airline Net Revenue Sharing		4,085
Operating Loss Before Depreciation and Amortization		140,151
Depreciation and Amortization		164,111
Leases Amortization		3,508
Total Depreciation and Amortization		167,619
OPERATING LOSS		(27,468)
NONOPERATING REVENUES AND EXPENSES		
Interest Income		7,514
Lease Interest Income		11,185
Net Unrealized Investment Loss		(16,839)
Interest Expense		(67,560)
Loss on Disposal of Capital Assets		(17,122)
ARPA and CRRSA Act Airport Proceeds		42,560
Total Nonoperating Revenues and Expenses		(40,262)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS		(67,730)

(Continued)

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes In Net Position (Continued)
Year Ended September 30, 2022
(In Thousands)

CAPITAL CONTRIBUTIONS		
Passenger Facility Charges	$	42,032
Federal and State Grants		38,846
Federal Reimbursements		10,742
Customer Facility Charges – Net		24,699
Total Capital Contributions		116,319
CHANGE IN NET POSITION		48,589
Total Net Position – Beginning of Year		1,212,385
TOTAL NET POSITION – END OF YEAR	$	1,260,974

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Cash Flows
Year Ended September 30, 2022
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Cash Receipts from Customers	$ 311,257
Cash Payments to Suppliers for Goods and Services	(100,116)
Cash Payments to Employees for Services	(62,719)
Net Cash Provided by Operating Activities	148,422
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Proceeds from Federal ARPA and CRRSA Act Funds	40,209
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Issuance of Revenue Bonds	811,698
Principal and Interest Paid on Revenue Bonds Refundings	(356,859)
Redemption of Bank Notes	(106,261)
Payments of Bonds Issue Costs	(3,374)
Principal Paid on Revenue Bond Maturities	(46,435)
Interest Paid on Revenue Bonds and Bank Notes	(66,628)
Acquisition and Construction of Capital Assets	(199,713)
Rental Car Customer Facility Charges	24,699
Federal and State Grants	49,301
Passenger Facility Charges	42,079
Net Cash Provided by Capital and Related Financing Activities	148,507
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investment Securities	(536,552)
Proceeds from Maturities of Investment Securities	13,636
Income Received on Investments	7,163
Net Cash Used by Investing Activities	(515,753)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(178,615)
Cash and Cash Equivalents – Beginning of year	469,269
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 290,654

(Continued)

Hillsborough County Aviation Authority

Statement of Cash Flows (Continued)
Year Ended September 30, 2022
(In Thousands)

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$	(27,468)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Lease Revenue		3,964
Lease Expense		(2,415)
Depreciation and Amortization		164,111
Lease Amortization		3,508
Increase in Accounts Receivable		(5,912)
Increase in Prepaid Insurance and Other Assets		(855)
Increase in Accounts Payable – Trade		1,932
Increase in Accrued Expenses		8,355
Increase in Other Liabilities		1,307
Increase in Pension and OPEB Related Liabilities		1,895
Net Cash Provided by Operating Activities	$	148,422
Noncash Investing, Capital and Financing Activities:		
Unrealized Loss on Investments	$	(16,840)
Amortization of Bond Premium – Net	$	4,652
Amortization of Deferred Gain on Bond Refundings	$	(191)
Amortization of Deferred Loss on Bond Refundings	$	2,846
Amortization of Deferred Inflows on Leases	$	448,838
Accounts Payable – Construction	$	(7,566)
Accrued Project Expenditures	$	(8,706)
Government Grant Receivable	$	9,223
Lease Receivable	$	456,650
Lease Payable	$	22,144

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.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Management considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances. No allowance of bad debt has been considered necessary for fiscal year 2022.

Leases: The Authority has both lessor and lessee 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 Authority implemented GASB Statement 87, *Leases* (GASB 87) in fiscal year 2022. As a lessor, the Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. 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 should be 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

The Authority is a lessee for various leases of building, buses, equipments, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the Authority recognizes lease expense 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 liability and an intangible right-to-use leased asset in the statement of net position. 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. The leased asset activity is included in Note 6.

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, and as applicable, 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 Authority uses the following estimates and judgments to measure the leases:

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

- <u>Lease Term</u>: The lease term includes the noncancelable period of the lease, plus periods covered by either an Authority or lessor 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 have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.

- <u>Lease Payments</u>: Lease payments included in the measurement of the lease 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 arrangement for both lessor and lessee agreements. When certain changes occur that are expected to significantly affect the amount of the lease receivable, or lease 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 asset.

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. The Authority drew $59,000 during fiscal year 2022 to reimburse its eligible operational expenses.

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 $40.15 million ARPA funds during fiscal year 2022.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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
Leased building and equipment	3-7

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, 2022.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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.

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

Parking – Automobile parking fees.

Ground Transportation – Privilege and permit fees of limousine/cab and transportation network companies.

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

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.

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

Others – 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.

Utilities and Other Reimbursable – Reimbursements for utilities, insurance, fingerprinting services, and other Operating and Maintenance expenses.

Lease Adjustment – Including lease revenues as a result of the implementation of the GASB 87.

Recently adopted accounting pronouncements: GASB 87 revises and expands the definition of a lease and requires the recognition of certain lease assets and liabilities and deferred inflows of resources based on the terms of the payment provisions of the lease agreements. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement also includes an exception for short-term leases, and exceptions for contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. Certain types of the Authority's leases may be classified as regulated leases within the scope of exceptions of the Statement. Lease receivable for lessor and payable for lessee are required to be recorded at the lease commencement. The Authority implemented this statement in fiscal year 2022. The adoption of this standard had a material impact on the financial statements of the Authority (see Note 6 for details).

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022, and will be 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. Management does not expect a material impact on the Authority's financial statements from adopting this standard.

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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

GASB recent pronouncements that may affect the financial statements or fiscal practices of the Authority upon implementation are summarized in the following table:

GASB Statement No.	GASB Statement Title	Implementation Required in Fiscal Year
96	*Subscription-based Information Technology Arrangements*	2023
99	*Omnibus 2022*	2023, 2024
100	*Accounting changes and Error Corrections*	2024
101	*Compensated Absences*	2025

Reclassifications: Certain reclassifications have been made to the 2021 balances to conform to 2022 presentation. These reclassifications did not result in a change in previously reported change in net position.

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, 2022 was $4.09 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 2022, 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, 2022, the Authority has a total balance of $174.9 million in the investment pools.

At September 30, 2022, cash, cash equivalents and investments (in thousands), were as follows:

U.S. Treasury Securities	$	598,844
Certificate Deposit		3,930
Federal Home Loan Banks Note		24,885
Investments Subtotal		627,659
Cash in Deposit Accounts		2,960,654
Total Cash and Cash Equivalents and Investments	$	3,588,313
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	$	177,158
Cash and Cash Equivalents – Restricted		113,496
Investments – Unrestricted		165,970
Investments – Restricted		461,689
Total Cash and Cash Equivalents and Investments	$	918,313

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

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. As of September 30, 2022, 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	$ 441,393	$ 115,076	$ 42,375	$ -	$ 598,844
Federal Home Loan Banks Note	-	24,885	-	-	24,885
Total	$ 441,393	$ 139,961	$ 42,375	$ -	$ 623,729

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.

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.

Custodial Credit Risk

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

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, 2022:

- U.S. Treasury securities of $598.8 million, respectively, are valued using bank quoted market prices (Level 1 and Level 2 inputs).
- Federal Home Loan Banks Note of $24.9 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, 2022, is as follows:

Restricted for Debt Service:	
Bond Principal, Interest and Redemption Sinking Fund	$ 279
Bond Reserve Fund	132,820
Restricted to Acquisition of Property and Equipment:	
Construction and Equipment Funds	316,592
	449,691
Other Restricted Funds:	
Escrow and Forfeiture Deposits	454
Certificate Deposit for Owner Controlled Insurance Program Collateral	3,931
Passenger Facility Charges	81,054
Rental Car Customer Facility Charges	45,090
	130,529
Total Restricted Assets	$ 580,220

Note 6. Leases

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. A total of forty-nine (49) leases are 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 ranging from 0.13% to 3.51% based on the term of the leases are used to discount the expected lease receipts to present value. For these leases, the Authority recorded lessor leases receivable of $508.1 million as of October 1, 2021. During fisal year 2022, the Authority reported lease receivable reduction of $51.4 million and interest income of $11.2 million related to the lease payments received. The GASB 87 – included leases receivable (in thousands) are presented in the following table:

	Lease Receivable (PV) Beginning Balance October 1, 2021	Implied Interest Income	Receivable Reduction	Annual Lease Payments	Lease Receivable (PV) Ending Balance September 30, 2022	Current Portion Lease Receivable
Rental Car	$ 221,688	$ 4,237	$ 29,494	$ 33,731	$ 192,194	$ 30,279
Commercial Real Estate	102,823	2,755	5,021	7,776	97,802	5,232
Food and Beverage Concessions	96,170	1,984	8,805	10,789	87,365	9,214
General Merchandise Concessions	46,471	955	4,483	5,438	41,988	4,690
Hotel Concessions	22,300	801	663	1,464	21,637	688
Other Concessions	18,624	454	2,960	3,414	15,664	2,998
Total	$ 508,076	$ 11,186	$ 51,426	$ 62,612	$ 456,650	$ 53,101

At September 30, 2022, lease receivable is $53.1 million and $403.5 million for current and non-current assets, respectively.

Note 6. Leases (Continued)

The Authority reported deferred inflows of $508.1 million as of October 1, 2021, and recognized lease revenues of $58.6 million as of September 30, 2022. These GASB 87 – Included leases (in thousands) are summarized below:

	Deferred Inflows Beginning Balance October 1, 2021	Deferred Revenue Recognized	Deferred Inflows Ending Balance September 30, 2022
Rental Car	$ 221,688	$ 31,692	$ 189,996
Food and Beverage Concessions	96,170	10,600	85,570
General Merchandise Concessions	46,471	5,342	41,129
Hotel Concessions	22,300	1,002	21,298
Commercial Real Estate Leases	102,823	6,702	96,121
Other Concessions	18,624	3,310	15,314
Total	$ 508,076	$ 58,648	$ 449,428

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

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:

2023	$ 48,881
2024	8,578
2025	7,771
2026	5,658
2027	5,424
2028-2032	17,519
2033-2037	6,480
2038-2042	706
	$ 101,017

Note 6. Leases (Continued)

b) Lessee

Right-to Use Leased Assets

The Authority is a lessee for various leases for buildings, vehicles, equipment and other assets. Right to Use leased assets activity for the year ended September 30, 2022, is as follows (in thousands):

	October 1, 2021	Additions	Deductions	September 30, 2022
Right to use leased assets:				
Buildings	$ 23,431	$ -	$ -	$ 23,431
Buses	-	876	-	876
Equipment	-	57	-	57
Other-Décor	-	195	-	195
Total right-to-use leased assets	23,431	1,128	-	24,559
Less accumulated amortization for:				
Leased Buildings	-	3,347	-	3,347
Leased Buses	-	109	-	109
Equipment	-	4	-	4
Other-Décor	-	48	-	48
Total accumulated amortization	-	3,508	-	3,508
Total right to use leased assets, net	$ 23,431	$ (2,380)	$ -	$ 21,051

As part of adoption of GASB 87, the right of use asset was added to the books and the value of assets held at the beginning of the year is shown in the October 1, 2021.

Note 7. Capital Assets

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

	Balance October 1, 2021	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2022
Land	$ 213,209	$ 4,145	$ -	$ 217,354
Construction in progress	363,304	149,693	(311,522)	201,475
Equipment	77,490	5,345	(2,750)	80,085
Buildings and improvements	3,289,784	321,189	(90,478)	3,520,495
	3,943,787	480,372	(404,750)	4,019,409
Less accumulated depreciation:				
Equipment	(49,815)	(8,931)	2,734	(56,012)
Buildings and improvements	(1,654,226)	(151,804)	73,373	(1,732,657)
	(1,704,041)	(160,735)	76,107	(1,788,669)
Total capital assets – net	$ 2,239,746	$ 319,637	$ (328,643)	$ 2,230,740

Bond issuance costs were approximately $3.37 million during the year ended September 30, 2022. The amounts are included in Depreciation and Amortization in the accompanying statement of revenues, expenses and changes in net assets.

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, 2022, serial revenue bonds in the amounts of $46.4 million were redeemed. Total interest costs incurred on outstanding bonds during the year ended September 30, 2022 were $71.3 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. The refunding of 2018D resulted in net present value savings of 30.69%, or $9.6 million, and a total net debt services cash flow savings of $14.1 million.

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 refunding of 2013A Subordinated Bonds, 2015A and 2015B Subordinated Bonds, and 2015A Senior Bonds in fiscal year 2022 resulted in an estimated net present value savings of 7.6% or $24.2 million.

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
2023	$ 50,025	$ 61,945	$ 111,970
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
2028-2032	282,460	293,324	575,784
2033-2037	256,650	237,297	493,947
2038-2042	343,890	171,858	515,748
2043-2047	374,525	86,956	461,481
2048-2052	149,599	13,945	163,544
	$ 1,718,745	$ 1,135,580	$ 2,854,325

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:				
2013B Senior	$ 35,235	2.00%	$ 3,280	2023
2015A Senior	148,210	5.00%	88,585	2027 – 2044
2015C Senior	18,710	1.80%	3,880	2023
2017A Senior	54,665	2.56%	54,665	2028 – 2031
2018A Senior	48,810	1.92%	6,900	2023
2018B Senior	32,175	2.57%	32,175	2024 – 2028
2018C Senior	26,665	3.25%	26,665	2029 – 2033
2018D Senior	31,320	3.40%	-	2034 – 2038
2018E Senior	140,120	5.00%	133,815	2023 – 2048
2018F Senior	160,855	5.00%	153,420	2023 – 2048
2021A Senior	31,400	1.14%	31,400	2025 – 2027
2022A Senior	263,760	4.00% – 5.00%	263,760	2023 – 2052
2022B Senior	111,390	4.00% – 5.00%	111,390	2023 – 2052
Subtotal Senior Bonds	1,103,315		909,935	
2013A PFC Subordinated	168,865	5.00% – 5.50%	9,790	2,023
2015A PFC Subordinated	19,590	5.00%	-	
2015B PFC Subordinated	153,915	5.00%	-	
2018A PFC Subordinated	102,500	5.00%	102,500	2031 – 2048
2022A PFC Subordinated	348,105	1.836% – 3.858%	348,105	
Subtotal PFC Subordinated Bonds	792,975		460,395	
2015A CFC	88,975	5.00%	88,975	2041 – 2044
2015B CFC	294,350	3.549% – 5.25%	259,440	2022 – 2041
Subtotal CFC Bonds	383,325		348,415	
Total Bonds	$ 2,279,615		1,718,745	
Unamortized Bond Premium – Net			103,451	
Total Revenue Bonds Payable			1,822,196	
Less Current Portion of Bonds Payable			(50,025)	
Long-Term Portion of Bonds Payable			$ 1,772,171	

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 $40.15 million the ARPA and CRRSA Act funding to offset operating expenses in support of senior debt service coverage in fiscal year 2022, respectively. As a result, the senior debt service coverage ratio was 3.64 in 2022.

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 6.75 in 2022. The subordinated debt coverage ratio under the second test was 2.95 in 2022.

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 2022, the Authority utilized $6.6 million of the CFC surplus to support the required coverage levels. The CFC debt coverage ratio was 1.72 in 2022.

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 $1,515.3 million. The Authority recognized $202.3 million in net revenues during 2022, and made principal and interest payments on senior revenue bonds of $55.5 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 $642.2 million. The Authority recognized $42.1 million of PFC revenues during 2022 and made principal and interest payments on subordinated revenue bonds of $28.5 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 $585.2 million. The Authority recognized $38.2 million in gross CFC revenues during 2022 and made principal and interest payments on CFC revenue bonds of $26.6 million.

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

Lease Liabilities

The net present value of the Authority's minimum for future lease payments for non-cancelable leases, as of September 30, 2022, is as follows (in thousands):

Years Ending September 30:	Principal	Interest	Total
2023	$ 3,229	$ 403	$ 3,632
2024	3,563	338	3,901
2025	3,722	269	3,991
2026	3,725	197	3,922
2027	3,954	123	4,077
2028-2032	3,951	44	3,995
	$ 22,144	$ 1,374	$ 23,518

On March 9, 2022, the Authority repaid the amount of $106.3 million bank note under the Revolving Credit Agreement with Truist Bank and STI Institutional and Government, Inc., using the 2022 Series A and Series B Bonds proceeds. Total interest expenses incurred on the bank note during the year ended September 30, 2022 were $411,506. As of September 30, 2022, there was no outstanding balance for bank note.

Bank Notes

In the prior year, the Authority had a variable rate SunTrust bank loan, subject to a revolving credit agreement not to exceed $200,000,000.

On March 9, 2022, the Authority repaid the amount of $106.3 million bank note under the Revolving Credit Agreement with Truist Bank and STI Institutional and Government, Inc., using the 2022 Series A and Series B Bonds proceeds. Total interest expenses incurred on the bank note during the year ended September 30, 2022 were $411,506. As of September 30, 2022, there was no outstanding balance for bank note.

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

	Balance September 30, 2021	Additions	Refunded	Paydowns	Balance September 30, 2022	Amount Due within One Year
Senior Bonds	$ 622,325	$ 406,550	$ (90,945)	$ (27,995)	$ 909,935	$ 27,485
PFC Subordinated Bonds	379,345	348,105	(257,735)	(9,320)	460,395	13,095
CFC Bonds	357,535	-	-	(9,120)	348,415	9,445
Bank Notes	106,261	-	(106,261)	-	-	-
Total Bonds and Notes Payable	1,465,466	754,655	(454,941)	(46,435)	1,718,745	50,025
Compensated Absences	5,676	239	-	(174)	5,741	1,459
Environmental Liabilities	17	124	-	(17)	124	116
Lease Liabilities	23,431	1,128	-	(2,415)	22,144	3,229
Pension Liabilities	27,069	37,511	-		64,580	-
Other Post Employment Benefits	5,246	-	-	(345)	4,901	-
Total Other Liabilities	$ 38,008	$ 39,002	$ -	$ (2,951)	$ 97,490	$ 4,804

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

Other Non-Current Liabilities

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, 2022 are $115,889 and are included with accrued expenses in the statement of net position.

Compensated Absences

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

Note 9. Contributions

The Authority has received capital contributions by means of federal and state grants, PFC and other sources (in thousands) are as follows for the year ended September 30, 2022:

PFCs	$	42,032
Federal Airport Improvement Program (AIP) Grants		12,509
State Grants		26,337
Federal Reimbursements		10,742
CFCs		24,699
Total Capital Contributions	$	116,319

CFC collections prior to revenue recognition and applicable operating and maintenance expense offsets were $38.2 million in 2022.

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 $8.5 million for both the FRS and HIS for the fiscal year ended September 30, 2022.

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.

Note 10. Defined Benefit Pension Plans (Continued)

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.

Benefits Provided

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

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

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

Note 10. Defined Benefit Pension Plans (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pre-tax basis. The contribution rates attributable to the Authority as of September 30, 2022, were applied to employee salaries as follows: Regular 9.16% and 8.34%, Special Risk 24.23% and 22.79%, Senior Management Service 27.35% and 25.63% and DROP participants 16.68% and 15.32%, respectively. The Authority's contributions to the FRS were $5.8 million for the fiscal year ended September 30, 2022. This allocation is in addition to a required employee contribution of 3% of gross compensation for each member class (excluding DROP participants).

Pension Costs

At September 30, 2022, the Authority reported a liability of $49.2 million for its proportionate share of the FRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1, 2022. 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2022, the Authority's proportion was 0.1322%.

For the year ended September 30, 2022, the Authority recognized pension expense of $7.4 million for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 2,337	$ -
Changes in Actuarial Assumptions	6,059	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,249	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,796	780
Authority Contributions Subsequent to the Measurement Date	1,650	-
Total	$ 15,091	$ 780

Note 10. Defined Benefit Pension Plans (Continued)

Deferred outflows of $1.65 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
2023	$ 3,062
2024	1,155
2025	(1,034)
2026	8,996
2027	482
	$ 12,661

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	6.780%, Net of pension plan investment expense including inflation

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

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class as of June 30, 2022, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.6%	2.6%	1.1%
Fixed Income	20%	4.4%	4.4%	3.2%
Global Equity	54%	8.8%	7.3%	17.8%
Real Estate	10%	7.4%	6.3%	15.7%
Private Equity	11%	12.0%	8.9%	26.3%
Strategic Investments	4%	6.2%	5.9%	7.8%
Totals	100%			

Note 10. Defined Benefit Pension Plans (Continued)

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 2.3% as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.80% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

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):

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	$ 85,086	$ 49,199	$ 1,117,669

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, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Note 10. Defined Benefit Pension Plans (Continued)

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, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, 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 $899 thousand for the year ended September 30, 2022.

Pension Costs

At September 30, 2022 the Authority reported a liability of $15.4 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1, 2021. 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, 2022, the Authority's proportion was 0.1452%.

For the year ended September 30, 2022, the Authority recognized pension expense of $1.1 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	$ 467	$ 68
Changes in Actuarial Assumptions	882	2,380
Net Difference Between Projected and Actual Earnings on HIS Program Investments	22	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,093	417
Authority Contributions Subsequent to the Measurement Date	245	-
Total	$ 2,709	$ 2,865

Note 10. Defined Benefit Pension Plans (Continued)

Deferred outflows of $245 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
2023	$	(96)
2024		(52)
2025		(24)
2026		(52)
2027		(121)
Thereafter		(56)
	$	(401)

Actuarial Assumptions

The total pension liability in the July 1, 2022, 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 for September 30, 2022 was 3.54%. 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):

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.54%	3.54%	4.54%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 17,598	$ 15,382	$ 13,547

Note 10. Defined Benefit Pension Plans (Continued)

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 9.3%, Special Risk class 17.00% and Senior Management class 10.67%. 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 $1.2 million for the year ended September 30, 2022. Employee contributions to the Investment Plan totaled $343 thousand for the year ended September 30, 2022.

Note 12. OPEB

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

(a) 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 $36,065 in fiscal year 2022. 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, 2022:

Plan Membership	September 30, 2022
Active	645
Inactive, receiving benefits	187

(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, 2022:

Measurement Date	September 30,2022
Actuarial Valuation Date	September 30,2022
Salary Increase Rate	3.0% per annum
Health Care Cost Trend Rate:	
Pre-65 years old	7.00%
65 years and older	6.00%
Discount Rate	4.02%
Mortality Tables used	Pub-2010 projected generationally using Scale MP-2021

Note 12. OPEB (Continued)

The changes in the assumptions during the fiscal year ended September 30, 2022, reflect the changes in the discount rate, which was increased from 2.26% to 4.02%. 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, 2022, based on the measurement date, are as follows (in thousands):

Balance, beginning of year	$	5,246
Changes for the year:		
Service Cost		274
Interest Cost		117
Differences between expected and actual experience		928
Changes in assumptions or other inputs		(1,537)
Benefit payments		(127)
Net change		(345)
Balance, end of year	$	4,901

(d) OPEB Expenses

OPEB expense recognized by the Authority for the fiscal year ended September 30, 2022 was $242,066.

(e) OPEB Deferred Outflows and Inflows of Resources

At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	870	$	(1,138)
Changes of assumptions/inputs		833		(2,090)
	$	1,703	$	(3,228)

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)
2023	$ (150)
2024	(150)
2025	(150)
2026	(150)
2027	(150)
Thereafter	(775)
	$ (1,525)

(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, 2022	4.02%	$ 4,415	$ 4,901	$ 5,705

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, 2022	4.02%	$ 4,256	$ 4,901	$ 5,701

Note 13. Risk Management

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

The Authority provides a group health self-insurance plan for its retirees, employees and eligible dependents. The Authority is liable for the uninsured risk of loss under the plan. The Authority's liability is estimated by management in consultation with external insurance professionals. A summary of the liability for the self-insurance plan (in thousands) as of September 30, 2022, is presented below:

Liability, beginning of the fiscal year	$	218
Current year claims and changes in estimates		11,351
Claims paid during the year		(11,185)
Liability, end of the fiscal year	$	384

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 $986 million for construction, engineering services, land acquisition and equipment, approximately $304 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.

Note 14. Commitments and Contingencies (Continued)

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, 2022, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

Southwest Airlines Co.	12.4%
American Airlines, Inc.	8.5%
Delta Air Lines, Inc.	8.4%
Enterprise Leasing Company of Florida, LLC	5.7%
Avis Budget Car Rental LLC	5.7%
Hertz Corporation	5.4%

The three airlines listed above represented 61.9% of the enplanements in 2022.

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 $460,500 during the year ended September 30, 2022. The total expense incurred by the Authority during the year ended September 30, 2022 were $7.9 million.

Note 16. Subsequent Events

The Authority has evaluated subsequent events through March 2, 2023, 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)

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

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

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.132225888%	0.129367187%	0.133187399%	0.130366825%	0.121262752%	0.118370628%	0.118844480%	0.113335017%	0.109354355%
Authority's Proportionate Share of the Net Pension Liability	$ 49,199	$ 9,772	$ 57,725	$ 44,897	$ 36,525	$ 35,013	$ 30,008	$14,639	$6,672
Authority's Covered-Employee Payroll	$ 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-Employee Payroll	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	82.89%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 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	(5,821)	(5,027)	(4,627)	(4,186)	(3,544)	(3,093)	(3,122)	(2,795)	(2,403)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 43,531	$ 39,990	$ 40,485	$ 40,126	$ 36,628	$ 35,305	$ 36,326	$ 31,966	$ 28,719
Contributions as a Percentage of Covered Employee Payroll	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.

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.145224387%	0.141011787%	0.146475798%	0.145753373%	0.135788317%	0.130842975%	0.130355889%	0.121545164%	0.117391378%
Authority's Proportionate Share of the Net Pension Liability	$ 15,382	$ 17,297	$ 17,884	$ 16,308	$ 14,372	$ 13,990	$ 15,192	$ 12,396	$ 10,976
Authority's Covered-Employee Payroll	$ 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-Employee Payroll	28.37%	34.47%	34.85%	33.00%	31.60%	33.21%	38.33%	33.31%	32.39%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 899	$ 826	$ 849	$ 827	$ 750	$ 707	$699	$509	$404
Contributions in Relation to the Contractually Required Contribution	(899)	(826)	(849)	(827)	(750)	(707)	(699)	(509)	(404)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 54,992	$ 50,395	$ 51,267	$ 50,321	$ 45,479	$ 43,025	$ 42,986	$ 37,942	$ 34,066
Contributions as a Percentage of Covered Employee Payroll	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, 2022
(IN THOUSANDS, UNAUDITED)

Revenue Bond Issue	Original Issuance	Redeemed in Prior Years	Refunded in Current Year	Redeemed In Current Year	Outstanding September 30, 2022
2013B	$ 35,235	$ 23,800	$ -	$ 8,155	$ 3,280
2013A Subordinated	168,865	65,525	84,230	9,320	9,790
2015A Senior	148,210	-	59,625	-	88,585
2015C Senior	18,710	11,030	-	3,800	3,880
2017A Senior	54,665	-	-	-	54,665
2015A Subordinated	19,590	-	19,590	-	-
2015B Subordinated	153,915	-	153,915	-	-
2015A CFC	88,975	-	-	-	88,975
2015B CFC	294,350	25,790	-	9,120	259,440
2018A Senior	48,810	39,610	-	2,300	6,900
2018B Senior	32,175	-	-	-	32,175
2018C Senior	26,665	-	-	-	26,665
2018D Senior	31,320	-	31,320	-	-
2018E Senior	140,120	-	-	6,305	133,815
2018F Senior	160,855	-	-	7,435	153,420
2018A Subordinated	102,500	-	-	-	102,500
2021A Senor	31,400	-	-	-	31,400
2022A Senior	263,760	-	-	-	263,760
2022B Senior	111,390	-	-	-	111,390
2022A Subordinated	348,105	-	-	-	348,105
Total	$ 2,279,615	$ 165,755	$ 348,680	$ 46,435	$ 1,718,745

HILLSBOROUGH COUNTY AVIATION AUTHORITY
REVENUE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2022 (UNAUDITED)
(In Thousands)

	Depository Account	Operating Reserve Account
Balance, October 1, 2021	$ 16,096	$ 78
Receipts:		
Revenue	266,794	-
Parking	79,650	-
Canine and LEO Reimbursements	138	-
Ground Transportation	313	-
Interest	21	16
Transfers from:		
PFC Fund	3,802	-
Debt Reserve Fund	2,749	-
Intrafund Transfers and Other Deposits	-	3,545
Total Receipts	353,467	3,561
Disbursements:		
Sales Taxes	(7,753)	-
Transfers to:		
Operations and Maintenance Fund	(158,838)	-
Sinking Fund	(62,645)	-
Operating Reserve	(3,545)	
Customer Facility Charges	(36,612)	-
Surplus	(85,094)	-
Imprest Fund	(2,046)	-
Net Investment Activity		(2,922)
Intrafund Transfers and Other Costs	(10,346)	-
Total Disbursements	(366,879)	(2,922)
Balance, September 30, 2022	$ 2,684	$ 717

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SINKING FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2022 (UNAUDITED)

	Interest Account	Principal Account	Capitalized Interest Account
Balance, October 1, 2021	$ 1	$ -	$ 234
Receipts:			
Interest	149	132	-
Transfers from:			
Revenue Fund	34,650	27,995	-
Reserve Fund	-	-	-
PFCs	19,187	9,320	-
CFCs	17,478	9,120	-
Other Transfers and Costs	1,491	-	(234)
Total Receipts	72,955	46,567	(234)
Disbursements:			
Transfers to:			
Debt Service Paid from Revenue Fund	(27,523)	(27,995)	-
Debt Service Paid from PFCs	(20,677)	(9,320)	-
Debt Service Paid from CFCs	(17,478)	(9,120)	-
Debt Service Paid from Capitalized Interest	(7,127)	-	-
Other Transfers and Costs	(3)	-	-
Total Disbursements	(72,808)	(46,435)	-
Balance, September 30, 2022	$ 148	$ 132	$ -

HILLSBOROUGH COUNTY AVIATION AUTHORITY
OPERATING AND MAINTENANCE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2022 (UNAUDITED)
(In Thousands)

Balance, October 1, 2021	$ 7,254
Receipts:	
Transfers from:	
Revenue Fund	158,838
Capital Improvement Fund	1,554
CFC Surplus	5,193
Equipment Fund	370
Other Interfund Transfers	7,835
Other Deposits	1,196
Total Receipts	174,986
Disbursements:	
Disbursements to Payroll	(58,628)
Contribution to Florida Retirement System & Other Retirement Plan	(10,077)
Payments to Non Personnel Operating Expenses	(50,639)
Transfer to Imprest Fund	(39,139)
Transfer to Self Insurance	(12,200)
Other Fund Transfers	(3,984)
Total Disbursements	(174,667)
Balance September 30, 2022	$ 7,573

HILLSBOROUGH COUNTY AVIATION AUTHORITY
RESERVE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2022 (UNAUDITED)
(In Thousands)

Balance, October 1, 2021	$	101,524
Receipts:		
Interest		2,740
Cash Transfer In for 2022 Series A and B Bonds Common Reserve		37,272
Total Receipts		40,012
Disbursements:		
Transfers to:		
Revenue Fund		(2,749)
Other Transfers and Adjustments		(52)
Total Disbursements		(2,801)
Balance, September 30, 2022	$	138,735

Investment Detail

	Due Date		Amortized Cost		Fair Value
T-Note	02/09/23	$	12,946	$	12,919
T-Note	05/15/23		4,199		4,155
T-Bill	08/15/23		3,900		3,833
T-Note	02/29/24		37,307		36,029
T-Note	09/30/24		13,948		13,459
T-Note	08/15/25		5,315		5,143
T-Note	09/30/25		12,546		12,152
T-Note	08/15/27		2,877		2,688
T-Note	08/15/28		13,958		13,266
T-Note	05/15/30		31,671		29,109
		$	138,667	$	132,753

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SURPLUS FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2022 (UNAUDITED)
(In Thousands)

Cash Balance, October 1, 2021	$ 101,212
Investments:	
Certificate Deposit Balance	3,931
Other Investments	262,296
Total Investments	266,227
Receipts:	
Transfer from Capital Improvement Fund	59,548
Transfer from Revenue Fund	85,094
Interest	1,631
Total Receipts	146,273
Disbursements:	
Transfer to Capital Improvement Fund	(2,631)
Transfer to Imprest Fund	(29,793)
Net Investment Activity	(203,147)
Other Costs	(211)
Total Disbursements	(235,782)
Balance, September 30, 2022	$ 277,930

Investment Detail	Due Date	Amortized Costs	Fair Value
Certificate Deposit	12/2022	$ 3,930	$ 3,930
Treasury Bills	10/2022	19,981	19,976
Treasury Bills	02/2023	128,644	128,212
Treasury Bills	09/2023	9,311	9,231
		$ 161,866	$ 161,349

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2022
(In Thousands)

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	Assistance Listing Number	Current Year Expenditures
US Department of Transportation:			
Direct:			
Federal Aviation Administration:			
Airport Improvement Program			
	3-12-0078-66	20.106	$ 78
	3-12-0078-69	20.106	3,281
	3-12-0078-71	20.106	6,000
	3-12-0078-75	20.106	1,536
	3-12-0078-78	20.106	1,462
	3-12-0097-35	20.106	152
COVID-19: COVID Relief ARPA Funding	3-12-0078-076-2022	20.106	40,000
	3-12-0097-039-2022	20.106	59
	3-12-0065-014-2022	20.106	32
	3-12-0079-008-2022	20.106	59
Total COVID-19: COVID Relief ARPA Funding			40,150
COVID-19: Coronavirus Response CRRSA Funding	3-12-0065-012-2021	20.106	13
	3-12-0079-006-2021	20.106	23
	3-12-0097-037-2021	20.106	23
	3-12-0078-072-2021	20.106	2,351
Total COVID-19: Coronavirus Response CRRSA Funding			2,410
Total Airport Improvement Program			55,069
US Department of Justice:			
Direct:			
Federal Forfeiture Sharing	N/A	16.922	218
Total Expenditures of Federal Awards			$ 55,287

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2022
(In Thousands)

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CSFA Number	Current Year Expenditures
Florida Department of Transportation:			
Direct:			
Aviation Development Grant			
	AR390/425920-2	55.004	$ (33)
	G0927/429607-1	55.004	518
	G0V19/432974-1	55.004	900
	G1K36/432984-1	55.004	1,060
	G1Z47/436809-1	55.004	59
	G1Z11/436834-1	55.004	4,470
	G1T31/438709-1	55.004	2,080
	G2598/438713-1	55.004	239
	G1T30/438715-1	55.004	190
	G1T29/438753-1	55.004	11,279
	G1Z12/440562-1	55.004	93
	GOV20/442095-1	55.004	1,497
	G1Z45/444775-1	55.004	244
	G1L16/446919-1	55.004	2,985
	G1K87/446920-1	55.004	135
	G1V68/447220-1	55.004	624
	G2377/448841-1	55.004	39
	SC-2022-00170	55.004	34
Total State Financial Assistance			$ 26,413
Total of Expenditures of Federal Awards and State Financial Assistance.			$ 81,700

(Concluded)

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

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1. Summary of Significant Accounting Policies

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

The accompanying schedule includes the federal and state award activity of the Authority under programs of the federal and state government for the year ended September 30, 2022. Because the Schedule presents only a selected portion of the operations of the Hillsborough County Aviation Authority (Authority), it is not intended to and does not present the financial position, and changes in net position or cash flows of the Authority.

Note 2. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2022.

Note 3. Indirect Cost Recovery

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

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 2, 2023.

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 2, 2023

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 10.650, *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, 2022. 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, 2022.

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 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 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 10.650 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 10.650, 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 10.650. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
Mach 2, 2023

Schedule of Findings and Questioned Costs
Year Ended September 30, 2022

I – Summary of Independent Auditor's Results

Financial Statements				
Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No
Federal Awards				
Internal control over major program:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?		Yes	X	No
Identification of major program:				
Assisted Listing Number	Name of Federal Program or Cluster			
20.106	Airport Improvement Program			
Dollar threshold used to distinguish between type A and type B programs:	$ 1,658,634			
Auditee qualified as low-risk auditee?	X	Yes		No
State Financial Assistance				
Internal control over major project:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major project:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?		Yes	X	No
Identification of major project:				
CSFA Number	Name of State Program or Project			
55.004	Aviation Development Grants			
Dollar threshold used to distinguish between type A and type B project:	$ 792,372			

II – Financial Statement Findings

No matters to report.

III – Findings and Questioned Costs for Federal Awards

No matters to report.

IV – Findings and Questioned Costs for State Financial Assistance

No matters to report.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022

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, 2022.

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, 2022.

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 2, 2023

Hillsborough County Aviation Authority

Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2022
(In Thousands)

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Ending Balance Unliquidated PFCs
December 31, 2021	$ (332,246)	$ 9,774	$ 6	$ (9,177)	$ (331,643)
March 31, 2022	(331,643)	10,661	23	(6,362)	(327,321)
June 30, 2022	(327,321)	13,160	128	(6,764)	(320,797)
September 30, 2022	(320,797)	8,485	357	(12,713)	(324,669)

See accompanying notes to schedule.

Note 1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended (the schedule) presents the activity of the PFC program of the Hillsborough County Aviation Authority (the Authority) for the year ended September 30, 2022. All PFC collected and expended are included in the accompanying schedule. Because the schedule presents only a select portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net position or cash flows of the Authority.

Note 2. Basis of Accounting

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

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs – Passenger Facility Charges
Year Ended September 30, 2022

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

II – Financial Statements Findings

No matters to report.

III – Findings and Questioned Costs for the Program

No matters to report.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Passenger Facility Charges Program
Year Ended September 30, 2022

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

RSM

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, 2022, and issued our report thereon dated March 2, 2023.

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 2, 2023, 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 31.

c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency as $74,387,187.

d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $84,094,624.

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 10/1/21 to 9/30/22
6765 22	GA Facilities Rehabilitation	3,997,000	300,026
6800 22	Replace Airfield Perimeter Fence	11,606,000	280,657
6890 22	Landside Airline Space Rehabilitation	298,600	3,725
6895 22	FedEx Roof Replacement and Exterior Rehabilitation	3,751,500	182,205
6910 22	Long Term Parking Garage Level 6, Stairways & Elevator Cores	3,161,000	146,156
6915 22	Master Plan Update 2022	4,159,000	1,709,659
6920 22	FY22 ITS Capital Commodity Plan	1,500,000	559,618
6925 22	CCTV Server & Storage Refresh	1,290,000	1,294,630
6930 22	LTPG Elevator Room Air Conditioning Replacement	436,200	126,516
6935 22	East and West Vault Emergency Generator and Switch Replacement	752,200	24,149
6940 22	FY22 Maintenance & Tenant Contingency	382,900	317,594
6945 22	Chiller System Replacement	609,100	64,202
6950 22	T/W Edge Light Replacement	420,700	311,917
6955 22	Payroll Time Keeping System Replacement	226,900	171,003
6960 22	Airfield Maintenance Building Interior Refurbishment	3,751,300	347,417
8425 22	Main Terminal Airside D Shuttle Station	26,425,800	919,822
8430 22	Bag Claim Ceiling Replacement	20,100,000	544,461
8435 22	Airside A and E Security Screening Checkpoint Expansion	53,910,000	2,994,388
		136,778,200	10,298,145

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 2022 ENDED SEPTEMBER 30, 2022

ACTUAL OPERATING RESULTS VERSUS BUDGET (UNAUDITED)

Summary Results

(dollars in thousands)

	FY2022 ANNUAL		Variance FY22 ANNUAL Actual Vs. Budget	
	Actual	Budget	Dollars	Percent
Revenues	$ 326,242	$ 283,086	$ 43,156	15.2%
Net Operating Expenses	154,064	158,583	4,519	2.8%
Funds Available for Debt Service	$ 172,178	$ 124,503	$ 47,675	38.3%
Net Debt Service	54,439	59,219	4,780	8.1%
Funds Available	117,739	65,284	52,455	80.3%
Airline Revenue Sharing	(4,085)	(1,148)	(2,937)	-255.8%
Airline & Cargo Settlement	440	-	440	100.0%
Funds Available for ASIP, Capital & Reserves	$ 114,094	$ 64,135	$ 49,959	77.9%
Cost Per Enplaned Passenger	$ 9.49	$ 9.99	$ 0.50	5.0%

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 2, 2023

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, 2021 to September 30, 2022. 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, 2021 to September 30, 2022.

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 2, 2023