



Hillsborough County Aviation Authority

Financial Statements, Other Financial Information
and Compliance Reports

Year Ended September 30, 2025

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Independent Auditors' Report

RSM US LLP

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, 2025, 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, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the beginning net position as of October 1, 2024, was restated to correct errors related to capital assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards and State Financial Assistance (the Information) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, 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 27, 2026

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

Year Ended September 30, 2025

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, 2025, with selected comparative information for the year ended September 30, 2024.

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 with bonds, short-term financing, passenger facility charges, customer facility charges, 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 2025 underscored the financial resiliency of the Authority with record financial performance, despite the impact of Hurricanes Helene and Milton, as well as softening economic conditions and weakened passenger demand. Tampa International Airport experienced a 2.8% decrease in passenger traffic versus 2024, with a total of 24.5 million annual passengers. While passenger demand declined, the resiliency of the region's demand and strong leisure demand helped drive the record financial performance for the Authority. With the strong top-line revenue performance and management's strategic approach to managing operating expenses and inflationary cost pressures, the Authority had the strongest financial performance in its history with a record bottom line contribution to reserves.

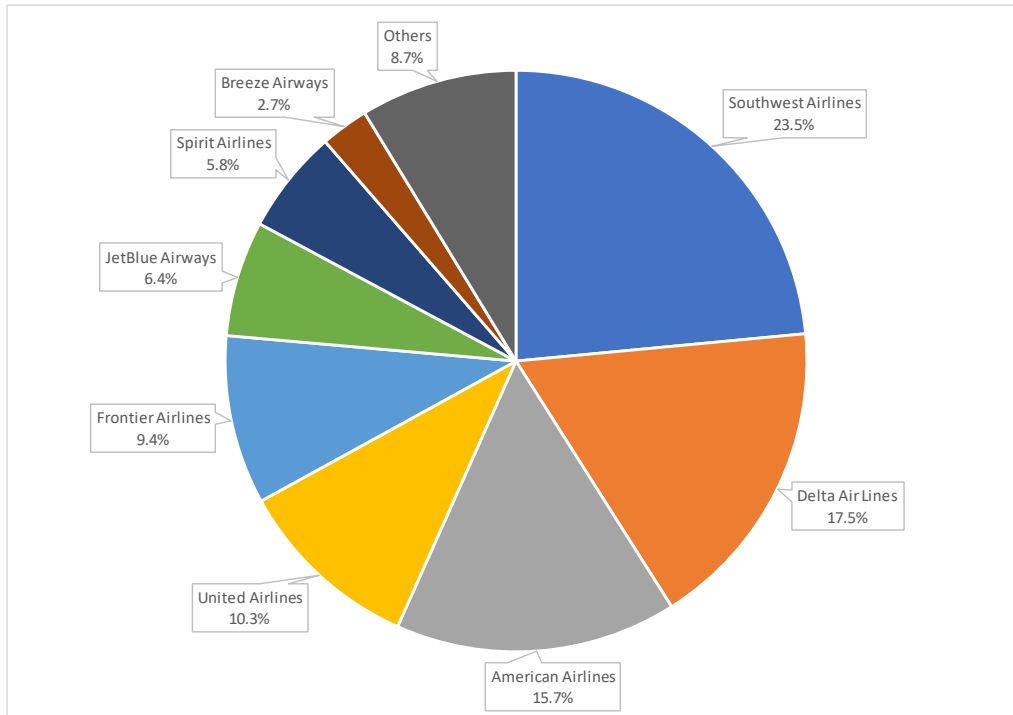
As a result of this performance, the Authority achieved record bottom-line growth, with days cash on hand reaching 958 days, well in excess of our 600-day floor. A positive net position of \$1.7 billion at the current fiscal year-end and a net position increase of \$184.5 million underscored the Authority's financial strength. While passenger enplanements at the Airport for the fiscal year ended September 30, 2025 totaled 12.3 million, a 2.4% decrease as compared with 12.6 million enplanements in 2024, the Authority's cost-recovery rate-setting methodology continues to drive incremental revenue as the Authority debt service and expense base continues to grow, while increased parking rates and the prudent management of Authority reserves continued to buoy the overall revenue performance. As a result of these factors, the Airport's operating revenues grew to \$421.3 million, an increase of \$43.5 million, or 11.5% higher than fiscal year 2024 operating revenues.

For fiscal year 2025, 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 23.5%, Delta was second at 17.6%, and American was third at 15.7%. During 2024, Southwest was the carrier with the highest market share at 25.0%, Delta was second at 16.8%, and American was third at 15.5%.

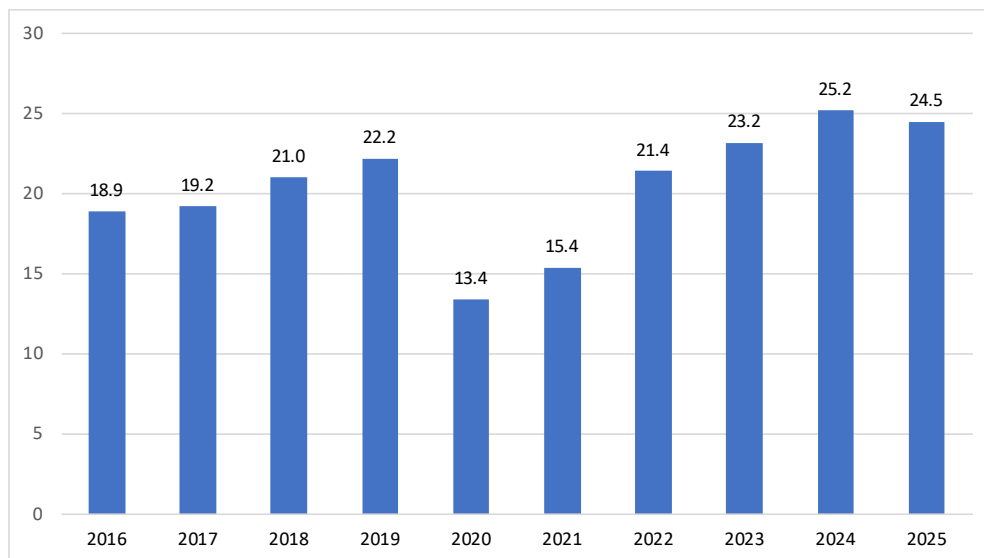
**Hillsborough County Aviation Authority
Management's Discussion and Analysis (Unaudited)**

Year Ended September 30, 2025

The airline market share at Tampa International Airport for fiscal year ended September 30, 2025, is presented in the following chart.



The following graph represents total passenger activity at Tampa International Airport (TPA) from fiscal years 2016 to 2025 to provide a snapshot of air traffic trends during the last ten years.



Landed weight in 2025 totaled 14.5 billion pounds compared to 14.1 billion pounds in 2024. Total operations were 225,930 for 2025, compared to 233,153 for 2024.

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

Year Ended September 30, 2025

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.

Basic Financial Statements

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2025. Increases or decreases in net position over time are relative indicators of the Authority's financial position.

The statement of revenues, expenses and changes in net position shows the results of the Authority's operations reflecting both operating and non-operating activities during the fiscal year ended September 30, 2025. Changes in net position reflect the fiscal year's operating impact upon our overall financial position. The statement summarizes the recording of financial transactions when underlying events occur, not the receipt or disbursement of cash.

The statement of cash flows relates to the cash and cash equivalent inflows and outflows as a result of financial transactions during the fiscal year and also include a reconciliation of operating income to the net cash provided by operating activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

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

Other Information

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

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

Year Ended September 30, 2025

ANAYSIS OF FINANCIAL STATEMENTS

Operating Revenues

The following table presents the total operating revenues for fiscal years 2025 and 2024 in thousands:

Revenue Sources	Year		Percent Change
	2025	2024	2024 to 2025
Passenger Airline Revenue	\$ 162,510	\$ 133,674	21.6%
Parking	118,427	104,506	13.3%
Rental Cars	46,571	52,253	(10.9%)
Concessions	44,160	45,831	(3.6%)
Commercial Rentals	18,842	13,194	42.8%
Ground Transportation	9,353	16,288	(42.6%)
Utilities Reimbursable and Others	8,174	1,085	653.4%
General Aviation	6,687	5,754	16.2%
Cargo	6,554	5,180	26.5%
Total	<u>\$ 421,278</u>	<u>\$ 377,765</u>	11.5%

Overall, the total operating revenues of the Authority were \$421.3 million in fiscal year 2025, an increase of \$43.5 million, or 11.5% compared to 2024, with increases in most lines of business, led by passenger airline revenue, parking and commercial rental revenue. Airline revenue continues to increase due to the Authority's cost-recovery rate-setting methodology, with passenger airline revenue, net of revenue sharing, of \$156.6 million, resulting in a cost per enplanement (CPE) of \$12.78. Parking revenue once again set a record, with revenue of \$118.4 million, an increase of \$13.9 million, or 13.3%, from 2024 as a result of the parking rate increase, coupled with an increased focus on revenue management through the Authority's pre-book parking solution. Commercial rentals continue to increase as the Authority focuses on commercial real estate development opportunities across the campus.

Ground transportation revenue increased by \$385 thousand, or 4.3% versus 2024 due to a increase in trip volume relative to other pick-up modes. Rental car revenues decreased by \$2.7 million, or 5.5% due to the inclusion of adjustments on leases for governmental accounting purposes. This decrease represents a non-cash accounting adjustment required under GASB 87 reporting requirements and does not impact the Authority's cash flows or operating results.

Concessions, utilities reimbursable and others, general aviation, and cargo increased by \$2.7 million, or 4.4% versus 2024 levels due to higher rental rates, utility rates, rental and hangar rental, and landing fees across the various categories.

Airline Rates and Charges

Effective October 1, 2020, the Authority's Board approved the Tampa International Airport Airline Rates, Fees and Charges Resolution (the "Resolution"). The Resolution establishes a cost-recovery rate-setting methodology applicable to all areas within the airline cost centers, including both per-use and leased facilities. Passenger air carriers holding an active Space Rental Agreement for space within the Terminal Complex, as well as all-cargo air carriers holding an active lease within the Authority's Cargo Cost and Revenue Center, are designated as Signatory Airlines under the Resolution. The Resolution also prescribes formulas for Fiscal Year-End Settlement and Revenue Sharing applicable to Signatory Airlines.

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

Year Ended September 30, 2025

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

Passenger Airline Costs	Year	
	2025	2024
Airline Landing Fees	\$ 37,180	\$ 30,213
Landside Terminal Rentals and Fees	58,622	47,585
Airside Building Rentals and Fees	66,708	55,876
Total Airline Fees and Charges	162,510	133,674
Less Airline Revenue Sharing	(5,871)	(4,997)
Net Airline Fees and Charges	<u>\$ 156,639</u>	<u>\$ 128,677</u>
Enplaned Passengers	12,259	12,585
Airline Cost per Passenger	\$ 12.78	\$ 10.22

The calculation of the Airline Cost per Passenger utilized for settlement with the airlines for fiscal year 2025 excluded the uncollectible revenue from bad debts in fiscal year 2025, and resulted in an Airline Cost per Passenger of \$12.78. Bad debt in fiscal year 2025 included \$252 thousand write off for uncollectible amounts from Silver Airlines. In June 2025, Silver Airlines ceased operations of all flights after selling its assets to Wexford Capital, who elected to discontinue operations of the airline.

The following table presents the total operating expense classifications by business units for fiscal years 2025 and 2024 in thousands:

Expense Classification	Year		Percent Change
	2025	2024	2024 to 2025
Personnel Compensation and Benefits	\$ 100,917	\$ 93,869	7.5%
Contractual Maintenance	33,162	32,374	2.4%
Contractual Services	33,135	30,073	10.2%
Communications and Utilities	17,861	16,510	8.2%
Other	9,569	5,412	76.8%
Insurance	8,692	9,095	(4.4%)
Supplies and Materials	7,815	6,726	16.2%
Pension Adjustment	(4,534)	266	(1804.5%)
Total	<u>\$ 206,617</u>	<u>\$ 194,325</u>	6.3%

The Authority continues to see cost increases across several expense categories including Contractual Maintenance, Utilities, Contractual Services, and Personnel expenses.

Total operating expenses were \$206.6 million for fiscal year 2025, which represents a \$12.3 million, or 6.3% increase compared to fiscal year 2024. A comparative analysis of major expenses indicates that the gross payroll expenses increased by \$7.0 million, or 7.5%. This increase is primarily attributable to an expanded staffing to support airport passenger service needs, as well as routine compensation updates. The increase is mainly due to an increase of \$4.5 million for salaries and wages, \$1.5 million for Florida Retirement System and FICA contributions, \$1.1 million for health insurance related costs.

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

Year Ended September 30, 2025

Non-personnel costs were \$10.0 million, or 10.0% higher than fiscal year 2024. Contracted services and maintenance costs increased by \$6.6 million, or 11.1% higher than prior fiscal year. Utilities and insurance expenses increased by \$948 thousand, or 3.7%. Supplies, materials and equipment expenses increased by \$1.1 million, or 16.2%. Other expenses relating to travel and business promotions also increased by \$1.3 million, or 16.9% as a result of increased marketing activities for air service development as well as more than \$1.2 million in hurricane remediation expenses across the campus.

An annual adjustment is recorded to the Authority's Net Pension Liability based on information published in the annual financial report of the Florida Retirement System for the fiscal year ended June 30, 2025, as issued by the State of Florida. For fiscal year 2025, this adjustment resulted in the recognition of non-cash income of \$4.5 million. In comparison, the corresponding adjustment in fiscal year 2024 resulted in the recognition of non-cash expense of \$0.3 million. These amounts reflect changes in the Authority's proportionate share of the collective net pension liability and related deferred inflows and outflows, as determined by the System's annual reporting

Statement of Revenues, Expenses and Changes in Net Position

The following table is a summary of the Authority's operating activities for fiscal years 2025 and 2024 (in thousands):

	Year		
		(As Restated)	
	2025	2024	Change 2024 to 2025
Operating Revenues	\$ 421,278	\$ 377,765	\$ 43,513
Operating Expenses	206,617	194,321	12,296
Signatory Airline Revenue Sharing	5,871	4,997	874
Operating Income before Depreciation and Amortization	208,790	178,444	30,346
Depreciation and Amortization	156,188	170,382	(14,194)
Operating Income	52,602	8,062	44,540
Net Nonoperating Expense	(29,389)	(9,405)	(19,984)
Capital Contributions	164,751	165,020	(269)
Increase in Net Position	\$ 187,964	\$ 163,677	\$ 24,287

In fiscal year 2025, operating income before depreciation and amortization was \$208.8 million, an increase of \$30.3 million compared to the prior year, which indicates business growth during fiscal year 2025.

Depreciation and amortization expenses were \$156.2 million in 2025, a decrease of \$14.2 million compared with 2024. See Note 16 for further information.

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

Year Ended September 30, 2025

Net non-operating expenses in fiscal year 2025 increased \$20.0 million compared to fiscal year 2024, which can be attributable to the increase of \$12.4 million in interest earnings resulting from the Authority's prudent expansion of investment portfolio and steady interest rates throughout the fiscal year offset by an increase of \$10.4 million in unrealized loss in accordance with fair market value reporting under governmental accounting standards, an increase of \$23.5 million debt service interest expense, an increase of \$2.5 million in loss on disposal of capital assets and \$176 thousand loss on the termination of a customer lease.

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 2025, total capital contributions decreased by \$269 thousand compared to fiscal year 2024. The decrease was primarily attributable to a \$2.5 million reduction in Passenger Facility Charge (PFC) revenues and a \$1.8 million decrease in net Customer Facility Charge (CFC) revenues, reflecting lower passenger traffic during the current fiscal year. These decreases were partially offset by a \$2.7 million increase in federal reimbursements related to eligible capital projects.

Statement of Net Position

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

	Year		
		(As Restated)	Change
	2025	2024	2024 to 2025
Current Assets	\$ 744,092	\$ 734,712	\$ 9,380
Capital Assets, Net	2,635,298	2,490,702	144,596
Other Noncurrent Assets	977,752	1,093,678	(115,926)
Total Assets	4,357,142	4,319,092	38,050
Deferred Outflows of Resources	14,938	18,460	(3,522)
Current Liabilities	176,921	153,512	23,409
Noncurrent Liabilities	2,095,750	2,213,866	(118,116)
Total Liabilities	2,272,671	2,367,378	(94,707)
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	374,702	433,431	(58,729)
NET POSITION:			
Net Investment in Capital Assets	1,050,611	978,577	72,034
Restricted	173,425	159,472	13,953
Unrestricted	500,671	398,694	101,977
Total Net Position	\$ 1,724,707	\$ 1,536,743	\$ 187,964

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

Year Ended September 30, 2025

Net position may serve over time as a useful indicator of the Authority's financial position. Net position increased \$187.9 million or 12.2% from prior year. The increase in net position includes \$100.6 million increase in net investment in capital assets indicative of the Authority's ability to generate profits and reinvest in its capital assets. Increases in restricted and unrestricted net position of \$14.0 million and \$102.0 million, respectively, reflects the Authority's continued improvements in financial reserves and liquidity levels to support its operations and future development during fiscal year 2025.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of September 30, 2025 amounts to \$2.6 billion net of accumulated depreciation. The investment in capital assets includes land, construction in progress, equipment, buildings and improvements and right to use assets. The total increase in the Authority's investment in capital assets from the prior year was 5.8%.

Following is a schedule of the Authority's capital assets, net of accumulated depreciation, for fiscal years ended September 30 (in thousands):

	Year		Change 2024 to 2025	
	(As Restated)		\$	%
	2025	2024		
Land	\$ 217,354	\$ 217,354	\$ -	0.0%
Construction in Progress	310,422	332,348	(21,926)	(6.6%)
Equipment – Net	30,741	27,720	3,021	10.9%
Buildings and Improvements – Net	2,071,127	1,905,253	165,874	8.7%
Right to Use Assets	5,654	8,027	(2,373)	(29.6%)
Total Capital Assets – Net	<u>\$ 2,635,298</u>	<u>\$ 2,490,702</u>	<u>\$ 144,596</u>	<u>5.8%</u>

The increase of \$141.1 million in net capital assets from fiscal year 2024 is primarily due to the Authority's completion of the Master Plan Phase 2 projects and other airport improvement projects in the amount of \$397.9 million, which increased net depreciable asset by \$194.1 million.

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

Year Ended September 30, 2025

The following is a list of projects completed in fiscal year 2025.

Completed Projects (In Millions)	2025
Red Side Curb Expansion	\$ 123.0
Airside A & E Security Screening Check Point Expansion	65.4
Automated People Mover	42.2
Main Terminal Airside D Shuttle Station	24.3
Rental Car Facility	17.3
Concessions Redevelopment	15.7
Bag Claim Ceiling Replacement	13.7
VDF Apron C, Taxiway C & F, Runway 13-36	11.9
Airfield Perimeter Fence	11.6
Demolish Administration Building	11.4
Other Projects	61.4
Total	<u>\$ 397.9</u>

In April 2024, PFC Application #12, authorizing PFC collections in the amount of \$25.5 million was approved by the Federal Aviation Authority, bringing the total collection authority for all PFC applications to \$1.7 billion. Through September 30, 2025, \$1.0 billion has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2025 totaled over \$910.2 million. Expenditures in excess of collections are funded from the issuance of PFC-backed revenue bonds, and bank notes or from Authority funds that will be reimbursed from PFCs.

The depreciation and amortization for capital assets of \$131.0 million and net loss on disposal of capital assets of \$2.6 million offset the increase in capital assets of \$701.3 million. See Note 7 for a detailed discussion of capital assets.

Debt Administration

At the end of fiscal year 2025, the Authority had general airport revenue bonds outstanding in the total amount of \$2.1 billion. Of this total, \$99.2 million is reported as the current liability. A schedule of the Authority's debt activity for the years ending September 30, is presented in the following table (in thousands):

	Year		Change 2024 to 2025	
	2025	2024	\$	%
Outstanding Bonds	\$ 1,995,354	\$ 2,081,165	\$ (85,811)	(4.1%)
Net Unamortized Bonds Premium	124,963	131,106	(6,143)	(4.7%)
Total Debt	<u>\$ 2,120,317</u>	<u>\$ 2,212,271</u>	<u>\$ (91,954)</u>	<u>(4.2%)</u>

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

Year Ended September 30, 2025

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 fiscal years ending September 30, is presented in the following table:

	Requirement	Year	
		2025	2024
Senior Debt Service Coverage	1.25x	2.82x	3.79x
Subordinated Debt Service Coverage	1.25x	7.54x	7.31x
Subordinated Debt Service Coverage (3rd Lien)	1.15x	2.55x	3.10x
CFC Debt Service Coverage	1.50x	1.57x	1.68x

As of September 30, 2025, the public underlying ratings for the Authority's outstanding senior revenue bonds, subordinated PFC backed revenue bonds, and CFC-backed revenue bonds with stable outlook are listed in the following table:

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

The Airport's strong origin and destination demand, together with continued growth within its service area, contributed to enplanement growth of approximately 18% between 2015 and 2019, and a comparatively faster recovery of passenger traffic following the COVID-19 pandemic. Passenger activity in fiscal year 2025 declined as a result of the impacts of Hurricanes Helene and Milton, as well as broader economic conditions and industry-wide challenges.

The Authority's prudent and disciplined financial management maintained a record liquidity position, with 937 days cash on hand as of fiscal year-end 2025. Credit ratings further reflect strong net revenue debt service coverage ratios (DCSR) and a favorable economic and financial outlook, supporting the stable outlook assigned by all rating agencies.

ECONOMIC OUTLOOK

During fiscal year 2025, the airline industry slowed, as seen in TPA's passenger traffic numbers, which decreased slightly from 25.2 in 2024 to 24.5 million passengers in 2025. Despite this decrease, TPA continues to plan and execute on the Authority's master plan to ensure adequate capacity and an exceptional customer experience in the future, underscored by the opening of the Red Express Curbside in August 2025 as well as the completion of the 100% design for the new 16-gate airside D which is currently planned for a 2029 opening. Moving beyond Airside D, the Authority continues to work with Ricondo & Associates, the Authority's Airport Master Planner, to identify and outline plans for future enhancements to the campus footprint. The Authority is also proud to have been ranked within the top two airports by J.D. Power's Large Hub Airport Satisfaction Study in North America for a fourth consecutive year, which further illustrates the world-class reputation within the industry.

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

Year Ended September 30, 2025

TO OBTAIN FURTHER 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, Chief Financial Officer, 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.

It is also suggested you visit our website at www.tampaairport.com for general information about the Authority.

BASIC FINANCIAL STATEMENTS

Hillsborough County Aviation Authority

Statement of Net Position

September 30, 2025

(In Thousands)

ASSETS	
CURRENT ASSETS	
Unrestricted:	
Cash and Cash Equivalents	\$ 272,942
Investments	6,003
Accounts Receivable	24,360
Accrued Interest Receivable	5,997
Lease Receivable	59,236
Prepays	6,011
Government Grants Receivable	30,662
Other Assets	3,154
Total Unrestricted Assets	<u>408,365</u>
Restricted:	
Cash and Cash Equivalents	39,489
Investments	296,238
Total Restricted Assets	<u>335,727</u>
Total Current Assets	<u>744,092</u>
NONCURRENT ASSETS	
Capital Assets:	
Land	217,354
Construction in Progress	310,422
Building, Equipment and Improvements	4,281,861
Right to Use Leased Equipment	1,089
Right to Use Subscription IT Assets	13,077
Total Capital Assets	<u>4,823,803</u>
Less Accumulated Depreciation	(2,179,993)
Less Accumulated Amortization for Right to Use Leased Equipment	(972)
Less Accumulated Amortization for Right to Use Subscription IT Assets	(7,540)
Total Capital Assets, Net	<u>2,635,298</u>
Cash and Cash Equivalents, Restricted	228,805
Investments, Unrestricted	246,340
Investments, Restricted	178,724
Lease Receivable, Net, Unrestricted	320,723
Passenger Facility Charges Receivable, Restricted	3,160
Total Noncurrent Assets	<u>3,613,050</u>
Total Assets	<u>4,357,142</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows on Pension Related Amounts	13,541
Deferred Outflows on OPEB Related Amounts	1,397
Total Deferred Outflows of Resources	<u>14,938</u>

(Continued)

Hillsborough County Aviation Authority

Statement of Net Position (Continued)

September 30, 2025

(In Thousands)

LIABILITIES	
CURRENT LIABILITIES	
Payable from Unrestricted Assets:	
Accounts Payable – Construction	\$ 5,856
Accrued Airline Revenue Sharing	5,871
Accounts Payable – Trade	9,234
Accrued Expenses	16,426
Accrued Project Expenditures	18,522
Lease Liability	121
Subscription IT Liability	2,110
Other Liabilities	6,793
Total Current Liabilities Payable from Unrestricted Assets	<u>64,933</u>
Payable from Restricted Assets:	
Accounts Payable – Construction	12,676
Accrued Interest Payable	75
Current Maturities of Revenue Bonds Payable	99,237
Total Current Liabilities Payable from Restricted Assets	<u>111,988</u>
Total Current Liabilities	<u>176,921</u>
NONCURRENT LIABILITIES	
Revenue Bonds Payable, Net of Premiums and of Current Maturities	2,021,080
Subscription IT Liability, Net of Current Maturities	3,586
Net Pension Liability	59,787
Total OPEB Liability	5,376
Other Liabilities	5,921
Total Noncurrent Liabilities	<u>2,095,750</u>
Total Liabilities	<u>2,272,671</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding of Debt	234
Deferred Inflows on Leases	358,393
Deferred Inflows on Pension Related Amounts	13,393
Deferred Inflows on OPEB Related Amounts	2,682
Total Deferred Inflows of Resources	<u>374,702</u>
NET POSITION	
Net Investment in Capital Assets	1,050,611
Restricted for:	
Passenger Facility Charge Purposes	114,373
Customer Facility Charge Purposes	56,822
Other Purposes	2,230
Unrestricted	500,671
Total Net Position	<u>\$ 1,724,707</u>

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2025
(In Thousands)

OPERATING REVENUES	
Passenger Airline Revenue	\$ 162,510
Parking	118,427
Rental Cars	46,571
Concessions	44,160
Commercial Rentals	18,842
Ground Transportation	9,353
Cargo	6,554
General Aviation	6,687
Utilities Reimbursable and Others	8,174
Total Operating Revenues	<u>421,278</u>
OPERATING EXPENSES	
Personnel Compensation and Benefits	100,917
Contractual Maintenance	33,162
Contracted Services	33,135
Communications and Utilities	17,861
Pension Adjustment	(4,534)
Insurance	8,692
Supplies and Materials	7,815
Other	9,569
Total Operating Expenses	<u>206,617</u>
Signatory Airline Net Revenue Sharing	<u>5,871</u>
Operating Income Before Depreciation and Amortization	<u>208,790</u>
DEPRECIATION	
Depreciation and Amortization	153,504
Right to Use Leases Amortization	272
Right to Use Subscription IT Amortization	2,412
Total Depreciation and Amortization	<u>156,188</u>
OPERATING INCOME	<u>52,602</u>

(Continued)

Hillsborough County Aviation Authority

Statement of Revenues, Expenses and Changes In Net Position (Continued)
Year Ended September 30, 2025
(In Thousands)

NONOPERATING REVENUES AND EXPENSES

Interest Income	\$ 53,500
Lease Interest Income	11,349
Net Unrealized Investment Loss	(1,004)
Interest Expense	(90,474)
Loss on Disposal of Capital Assets	(2,584)
Loss on Lease Termination	(176)
Total Nonoperating Revenues and Expenses	<u>(29,389)</u>

CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS

23,213

CAPITAL CONTRIBUTIONS

Passenger Facility Charges	45,893
Federal and State Grants	85,146
Federal Reimbursements	3,961
Customer Facility Charges – Net	28,385
Other Contributions	1,366
Total Capital Contributions	<u>164,751</u>

CHANGE IN NET POSITION

187,964

Total Net Position – October 1, as Previously Reported

1,508,130

Prior Period Restatement (See Note 16)

28,613

Net Position, as Restated

1,536,743

TOTAL NET POSITION – END OF YEAR

\$ 1,724,707

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Statement of Cash Flows
Year Ended September 30, 2025
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Cash Receipts from Customers	\$ 488,388
Cash Payments to Suppliers for Goods and Services	(173,953)
Cash Payments to Employees for Services	(100,610)
Net Cash Provided by Operating Activities	<u>213,825</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Revenue Bond Maturities	(85,812)
Interest Paid on Revenue Bonds and Bank Notes	(98,886)
Acquisition and Construction of Capital Assets	(295,855)
Rental Car Customer Facility Charges	28,385
Federal and State Grants	73,833
Passenger Facility Charges	45,893
Net Cash Used by Capital and Related Financing Activities	<u>(332,442)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investment Securities	(421,195)
Proceeds from Maturities of Investment Securities	496,585
Income Received on Investments	54,637
Net Cash Provided by Investing Activities	<u>130,027</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

11,410

Cash and Cash Equivalents – Beginning of year

529,826

CASH AND CASH EQUIVALENTS – END OF YEAR

\$ 541,236

Reconciliation to Statement of Net Position:

Cash and Cash Equivalents – Unrestricted	\$ 272,942
Cash and Cash Equivalents – Current Restricted	39,489
Cash and Cash Equivalents – Noncurrent Restricted	228,805
	<u><u>\$ 541,236</u></u>

(Continued)

Hillsborough County Aviation Authority

Statement of Cash Flows (Continued)

Year Ended September 30, 2025

(In Thousands)

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 52,602
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Adjustments for Lease Revenue and Expense	(48,919)
Depreciation and Amortization	153,504
Right to Use Lease Amortization	272
Right to Use IT Subscription Amortization	2,412
Increase in Accounts Receivable	(6,991)
Decrease in Lease Receivable	58,758
Decrease in Passenger Facility Charges Receivable	3,171
Increase in Prepaid Insurance and Other Assets	(318)
Decrease in Accounts Payable – Trade	(1,317)
Increase in Accrued Expenses	1,933
Increase in Other Liabilities	2,353
Increase in Accrued Airline Revenue Sharing	874
Decrease in Pension and OPEB Related Liabilities	(4,509)
Net Cash Provided by Operating Activities	<u>\$ 213,825</u>

Noncash Investing, Capital and Financing Activities:

Unrealized Loss on Investments	<u>\$ (1,004)</u>
Amortization of Bond Premium – Net	<u>\$ 6,142</u>
Amortization of Deferred Gain on Bond Refundings	<u>\$ (2,295)</u>
Amortization of Deferred Inflows on Leases	<u>\$ (61,171)</u>
Accounts Payable – Construction	<u>\$ 4,193</u>
Accrued Project Expenditures	<u>\$ 2,268</u>
Lease Receivable/Deferred Inflow	<u>\$ 1,079</u>
Right to Use Lease Liability	<u>\$ (277)</u>
Right to Use Subscription IT Liability	<u>\$ (1,990)</u>

See accompanying notes to the financial statements.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 1. General

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

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

Accounts receivable: Management considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances. The Authority has determined that no allowance is necessary for fiscal year 2025.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

i) Lessor

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

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

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

- Discount Rate: The Authority uses its incremental bonds borrowing rate to discount the expected lease receipts to present value based on the term of the leases.
- Lease Term: The lease term includes the noncancelable lease period, plus: 1) periods for which the Authority has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Authority is reasonably certain not to exercise the termination option.
- Lease Receipts: Measurement of the lease receivable includes fixed payments, and as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance, and any lease incentives credited to the lessor.

ii) Lessee/Buyer

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

Measurement of Lease Amounts

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

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

Measurement of Subscription IT Amounts

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

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

- Discount rate: The Authority uses its incremental bonds borrowing rate to discount the expected lease receipts to present value based on the term of the leases.
- Lease or subscription term: The lease or subscription term includes the noncancelable period of the lease or SBITA, plus periods covered by either an Authority or lessor/vendor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the Authority and the lessor/vendor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease or subscription term.
- Lease or subscription payments: Lease or subscription payments included in the measurement of the lease or SBITA liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise.

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

The Authority has elected the short-term lease and short-term subscription exemptions under GASB Statements Nos. 87 and 96.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are defined as assets with cost of more than \$5,000 and an estimated useful life of more than one year. Assets are recorded at cost and are depreciated using the straight-line method over their estimated useful lives as follows:

Asset Description	Years
Structures and Improvements	10-40
Runways, Taxiways and Aprons	10-30
Equipment, Furniture and Fixtures	3-15
Right to Use Leased Equipment	3-7
Right to Use IT Subscription	2-40

Capital assets are recorded at historical cost or acquisition value at the date of donation. Donated capital assets are recorded at acquisition value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are expensed as incurred.

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, 2025.

Compensated absences: Employees accrue annual leave in varying amounts based upon length of service, hire date and work schedule per pay period. As of the last payday of the fiscal year, employees may elect to sellback all leave remaining in excess of 256 hours (Police 269 hours), to the Authority, up to 80 hours (Police 84 hours). Upon separation, any balance in accrued leave will be paid out in accordance with policy. A liability is recognized for leave that (a) has been earned by employees, (b) is attributable to services already rendered, and (c) is more likely than not to be paid or settled through paid time off or other means. The cost of accumulated annual leave is accrued when earned.

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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports amounts related to deferred gains on refunding of debt, pension, 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 income earned on bank accounts, lease interest income, net unrealized loss on investments, interest paid on debt service, and loss from the disposal of capital assets and lease termination.

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 eligibility requirements are met, which typically occurs when related project costs are incurred.

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

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

Parking – Automobile parking fees.

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

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

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

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

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

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

Utilities Reimbursable and Others – Reimbursements for utilities, insurance, fingerprinting services, other operating and maintenance expenses, and fees from other rentals and miscellaneous incomes, including forfeiture income, sales of surplus assets, and operating grants from the federal government for reimbursing securities at the Airport.

Recently adopted accounting pronouncements: GASB Statement No. 101, *Compensated Absences*, was issued in June 2022 and is effective for the Authority as of October 1, 2024. 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. The adoption of this statement did not have a material impact on the Authority's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023, and is effective for the Authority as of October 1, 2024. This statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the Authority's financial statements.

Recently issued accounting pronouncements: GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2023, and will be effective for the Authority in fiscal year 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The Authority is currently evaluating the impact of this statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024, and will be effective for the Authority in fiscal year 2026. The objective of this statement is to provide the users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussions and Analysis for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. The Authority is currently evaluating the impact of this statement on its financial statements.

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025, and will be effective for the Authority in fiscal year 2028. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement describes the date the financial statements are available to be issued as the date at which: (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles, and (2) approvals necessary for issuance have been obtained. This statement also requires the date through which subsequent events have been evaluated to be disclosed and clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Authority is currently evaluating the impact of this statement on its financial statements.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 3. Rate Making Policy

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

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

As mentioned above, there is a revenue sharing provision for the Signatory Airlines of the net remaining revenues after the funding of operating expenses, debt service, Authority funded-capital, and a minimum \$10 million deposit to surplus for 10% of the proportional share of certain revenues as a percentage of the total revenues of the net remaining revenues. The amount shared under this provision for the year ended September 30, 2025 was \$5.87 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 are 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

During fiscal year 2025, the Authority invested in the investment pools, including Florida Prime (Prime) administered by the Florida State Board of Administration (SBA), and The Florida Cooperative Liquid Assets Securities System (FLCLASS), which are allowed under its investment policy. Included in cash equivalents are deposits in these two investment pools. Florida Prime and FLCLASS 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, 2025, the Authority has a total balance of \$393.2 million in the investment pools.

At September 30, 2025, cash, cash equivalents and investments were as follows (in thousands):

U.S. Treasury Securities	\$ 726,484
Certificate Deposit	821
Investments Subtotal	<u>727,305</u>
Cash in Deposit Accounts	541,236
Total Cash and Cash Equivalents and Investments	<u><u>\$ 1,268,541</u></u>
Reconciliation to Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 272,942
Cash and Cash Equivalents, Restricted, Current	39,489
Cash and Cash Equivalents, Restricted, Noncurrent	228,805
Investments, Unrestricted, Current	6,003
Investments, Restricted, Current	296,238
Investments, Unrestricted, Noncurrent	246,340
Investments, Restricted, Noncurrent	178,724
Total Cash and Cash Equivalents and Investments	<u><u>\$ 1,268,541</u></u>

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.

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, by placing the investment of current operating funds to maturities of 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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

As of September 30, 2025, the Authority held the following investments as categorized below (in thousands) in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

	Investment Maturities		
	Less Than 1 Year	1 to 5 Years	Total
Investment Type:			
U.S. Treasury Securities	\$ 302,240	\$ 424,244	\$ 726,484
Total	\$ 302,240	\$ 424,244	\$ 726,484

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 meet specific rating requirements. Investments held in obligations of U.S. government agencies were rated AA+ by Fitch, Aa1 by Moody's and AA+/A-1 by S&P. Funds invested in the Florida Prime and FLCLASS are rated AAAm by S&P.

Custodial Credit Risk

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

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, 2025:

- U.S. Treasury securities of \$726.5 million are valued using bank quoted market prices (Level 1 inputs).

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 these accounts as of September 30, 2025, is as follows (in thousands):

Restricted for Debt Service:

Bond Principal, Interest and Redemption	
Sinking Fund	\$ 2,490
Bond Reserve Fund	151,882

Restricted to Acquisition of Property and Equipment:

Construction and Equipment Funds	400,233
	554,605

Other Restricted Funds:

Escrow and Forfeiture Deposits	439
Certificate Deposit for Owner Controlled Insurance Program Collateral	820
Passenger Facility Charges	133,730
Rental Car Customer Facility Charges	56,822
	191,811
Total Restricted Assets	\$ 746,416

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

Note 6. Leases and Subscription IT Arrangements

a) Lessor

The Authority has entered into various leases with the tenants for the use of property, space and facilities at the Airport. Among these properties are the concession areas, restaurants and lounges, stores, terminal areas, airside 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

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 6. Leases and Subscription IT Arrangements (Continued)

GASB 87 Leases – Included

In accordance with GASB 87, the Authority recognizes a lease receivable and a deferred inflow of resources for leases that the Authority categorizes as GASB 87 – Included leases. In fiscal year 2025, a total of 64 leases were identified as GASB 87 – Included leases, which are classified into seven groups based on their business functions. They are Rental Car Concessions (9), Food and Beverage Concessions (5), General Merchandise Concessions (6), Hotel (1), Commercial Real Estate Leases (19), Skycenter Office Space Leases (13) and Other Concessions (11). The incremental bonds borrowing rates ranged up to 4.31% based on the term of the leases and are used to discount the expected lease receipts to present value. Lease additions in fiscal year 2025 comprised (1) Commercial Real Estate lease and (1) Skycenter office lease. Conversely, during fiscal year 2025 one lease agreements was terminated – (1) Skycenter office lease.

GASB 87 lease activity for the year ended September 30, 2025, is presented as follows (in thousands):

	Lease Receivable (PV)				Lease Receivable (PV)		
	Beginning Balance	Lease	Lease	Implied	Receivable	Ending Balance	Current Portion
	October 1, 2024	Additions	Termination	Interest Income	Reduction	September 30, 2025	Lease Receivable
Rental Car	\$ 131,106	\$ -	\$ -	\$ 2,375	\$ (31,673)	\$ 99,433	\$ 32,397
Commercial Real Estate	103,140	111	-	3,269	(4,898)	98,353	5,107
SkyCenter	70,658	968	(2,975)	2,551	(2,501)	66,150	3,163
Food and Beverage Concessions	68,793	-	-	1,383	(10,156)	58,637	10,608
General Merchandise Concessions	32,395	-	-	646	(5,124)	27,271	5,351
Hotel Concessions	20,236	-	-	724	(739)	19,497	767
Other Concessions	13,468	-	-	401	(2,850)	10,618	1,843
Total	\$ 439,796	\$ 1,079	\$ (2,975)	\$ 11,349	\$ (57,941)	\$ 379,959	\$ 59,236

The Authority reported lease receivable addition of \$1.1 million, termination of \$3.0 million, respectively, and interest income of \$11.4 million related to the lease revenue in fiscal year 2025.

At September 30, 2025, lease receivables are \$59.2 million and \$320.7 million for current and noncurrent assets, respectively.

The Authority reported deferred inflows increase of \$1.1 million during fiscal year 2025 as a result of the new lease additions, and recognized lease revenues of \$59.5 million as of September 30, 2025. These leases are summarized below (in thousands):

	Deferred Inflows			Deferred Inflows	
	Beginning Balance	Lease	Lease	Deferred Revenue	Ending Balance
	October 1, 2024	Additions	Termination	Recognized	September 30, 2025
Rental Car	\$ 126,768	\$ -	\$ -	\$ 31,692	\$ 95,076
Food and Beverage Concessions	97,881	111	-	6,750	91,242
General Merchandise Concessions	67,851	968	(2,799)	4,747	61,273
Hotel Concessions	64,642	-	-	8,424	56,218
Commercial Real Estate Leases	30,446	-	-	3,886	26,560
Skycenter	19,293	-	-	1,002	18,291
Other Concessions	12,684	-	-	2,951	9,733
Total	\$ 419,565	\$ 1,079	\$ (2,799)	\$ 59,452	\$ 358,393

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 6. Leases and Subscription IT Arrangements (Continued)

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 Transportation 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 are as follows (in thousands):

<u>Years Ending September 30</u>	
2026	\$ 60,006
2027	15,481
2028	12,965
2029	11,074
2030	10,445
2031-2035	32,849
2036-2040	17,937
2041-2055	3,513
	<u>\$ 164,270</u>

b) Lessee and Subscription IT Arrangements

The Authority is a lessee for various leased vehicles, equipment and other assets as well as various software lease arrangements (SBITA).

A total of 17 right to use SBITA assets were identified during the course of the fiscal year ended September 30, 2025. These include long-term financial and operating software agreements. Terms are fixed and there are no variable payments.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 6. Leases and Subscription IT Arrangements (Continued)

Right to use leased assets and right to use subscription IT assets activity for the year ended September 30, 2025, are as follows (in thousands):

	October 1, 2024	Additions	Deductions	September 30, 2025
Right to Use Leased Assets:				
Buses	\$ 847	\$ -	\$ -	\$ 847
Equipment	55	-	-	55
Other-Décor	187	-	-	187
Total Right to Use Leased Assets	1,089	-	-	1,089
Less Accumulated Amortization for:				
Leased Buses	528	212	-	740
Equipment	32	14	-	46
Other-Décor	140	46	-	186
Total Accumulated Amortization	700	272	-	972
Total Leased Assets, Net:	389	(272)	-	117
Right to Use Subscription IT Assets	12,766	311	-	13,077
Less: Accumulated Amortization	5,128	2,412		7,540
Right to Use Subscription IT Assets, Net	7,638	(2,101)	-	5,537
Total Right to Use Leased Assets and Right to Use Subscription IT Assets, Net	\$ 8,027	\$ (2,373)	\$ -	\$ 5,654

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2025, is summarized as follows (in thousands):

	Balance October 1, 2024 (As Restated)	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2025
Land	\$ 217,354	\$ -	\$ -	\$ 217,354
Construction in Progress	332,348	375,966	(397,892)	310,422
Equipment	87,491	13,893	(5,512)	95,872
Buildings and Improvements	3,888,258	311,089	(13,358)	4,185,989
Right to Use Assets	13,855	311	-	14,166
	<u>4,539,306</u>	<u>701,259</u>	<u>(416,762)</u>	<u>4,823,803</u>
Less Accumulated Depreciation:				
Equipment	(59,771)	(10,872)	5,512	(65,131)
Buildings and Improvements	(1,983,005)	(142,631)	10,774	(2,114,862)
Right to Use Assets	(5,828)	(2,684)	-	(8,512)
	<u>(2,048,604)</u>	<u>(156,187)</u>	<u>16,286</u>	<u>(2,188,505)</u>
Total Capital Assets – Net	<u>\$ 2,490,702</u>	<u>\$ 545,072</u>	<u>\$ (400,476)</u>	<u>\$ 2,635,298</u>
Land	\$ 217,354			\$ 217,354
Construction in Progress	332,348			310,422
Equipment – Net	27,720			30,741
Buildings and Improvements – Net	1,905,253			2,071,127
Right to Use Assets – Net	8,027			5,654
	<u>\$ 2,490,702</u>			<u>\$ 2,635,298</u>

The beginning balance of accumulated depreciation for Buildings and Improvements decreased by approximately \$28.6 million, due to a prior-period restatement (see Note 16).

Note 8. Debt and Other Noncurrent 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.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 8. Debt and Other Noncurrent Liabilities (Continued)

The total principal maturities and debt service requirements for all revenue bonds through the year 2054 as of September 30, 2025, are as follows (in thousands):

Years Ending September 30	Principal	Interest	Total Debt Service
2026	\$ 99,237	\$ 68,528	\$ 167,765
2027	109,902	70,527	180,429
2028	58,895	83,286	142,181
2029	61,335	81,167	142,502
2030	63,930	78,887	142,817
2031-2035	274,045	358,243	632,288
2036-2040	338,800	293,370	632,170
2041-2045	466,970	199,560	666,530
2046-2050	369,615	86,806	456,421
2051-2054	152,625	18,523	171,148
	<u>\$ 1,995,354</u>	<u>\$ 1,338,897</u>	<u>\$ 3,334,251</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 8. Debt and Other Noncurrent Liabilities (Continued)

Revenue bond information and activity as of and for the year ended September 30, 2025 is presented below (in thousands). All principal payments are due October 1, while interest on the fixed rate bonds is due semiannually on April 1 and October 1. Since all debt service payments required under the Trust Agreement are deposited with the Trustee as of September 1, it is the Authority's policy to record the October 1 principal and interest payments as of the close of business on September 30.

	Issuance Amount	Interest Rates	Bonds Payable at September 30	
			Serial Bonds	Maturing in Fiscal Year
Revenue and Revenue Refunding Bonds:				
2015A Senior	148,210	5.00%	-	2027 – 2044
2017A Senior	54,665	2.56%	54,665	2028 – 2031
2018B Senior	32,175	2.57%	17,325	2025 – 2028
2018C Senior	26,665	3.25%	26,665	2029 – 2033
2018E Senior	140,120	5.00%	120,270	2025 – 2048
2018F Senior	160,855	5.00%	137,710	2025 – 2048
2021A Senior	31,400	1.14%	20,934	2025 – 2027
2022A Senior	263,760	4.00% – 5.00%	246,665	2025 – 2052
2022B Senior	111,390	4.00% – 5.00%	104,690	2025 – 2052
2024A Senior	89,745	4.28% to 4.31%	64,745	2025 -2027
2024B Senior	462,975	5.00% to 5.50%	462,975	2027 - 2054
Subtotal Senior Bonds	<u>1,521,960</u>		<u>1,256,644</u>	
2018A PFC Subordinated	102,500	5.00%	102,500	2031 – 2048
2022A PFC Subordinated	348,105	2.036% – 3.858%	317,220	
Subtotal PFC Subordinated Bonds	<u>450,605</u>		<u>419,720</u>	
2015A CFC	88,975	5.00%	88,975	2041 – 2044
2015B CFC	294,350	3.901% – 5.25%	230,015	2025 – 2041
Subtotal CFC Bonds	<u>383,325</u>		<u>318,990</u>	
Total Bonds	<u>\$ 2,355,890</u>		1,995,354	
Unamortized Bond Premium – Net			<u>124,963</u>	
Total Revenue Bonds Payable			<u>2,120,317</u>	
Less Current Portion of Bonds Payable			<u>(99,237)</u>	
Long-Term Portion of Bonds Payable			<u>\$ 2,021,080</u>	

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 8. Debt and Other Noncurrent 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. The senior debt service coverage ratio was 2.82 in 2025.

Rate covenants under the Subordinated Trust Agreement are a two-part test. First, net revenues after the payment of senior lien debt plus pledged PFCs must equal at least 125% of the of the annual debt service on the subordinated lien debt. Secondly, overall combined net revenues and pledged PFCs must equal at least 115% of the combined annual debt service of the senior and subordinated lien bonds. The subordinated debt coverage ratios must exceed 1.25 and 1.15, respectively, under these two tests. The subordinated debt coverage ratio under the first test was 7.54 in 2025. The subordinated debt coverage ratio under the second test was 2.55 in 2025.

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. The CFC debt coverage ratio was 1.57 in 2025.

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 \$2.17 billion. The Authority recognized \$275.98 million in net revenues during 2025, and made principal and interest payments on senior revenue bonds of \$97.7 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 \$662.7 million. The Authority recognized \$45.9 million of PFC revenues during 2025, and made principal and interest payments on subordinated revenue bonds of \$30.4 million.

CFC revenues have been pledged as collateral for the CFC revenue bonds. The total amount of the pledge is equal to the remaining principal and interest payments of \$505.4 million. The Authority recognized \$41.8 million in gross CFC revenues during 2025, and made principal and interest payments on CFC revenue bonds of \$26.6 million.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 8. Debt and Other Noncurrent Liabilities (Continued)

Right to Use Lease Liabilities

The net present value of the Authority's minimum for future lease payments for noncancelable leases as of September 30, 2025, is as follows (in thousands):

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 121	\$ 1	\$ 122

Right to Use Subscription IT Liabilities

The net present value of the Authority's minimum future subscription payments for noncancelable SBITAs as of September 30, 2025, is as follows (in thousands):

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2025	\$ 2,110	\$ 189	\$ 2,299
2026	1,209	115	1,324
2027	970	75	1,045
2028	87	53	140
2029	90	50	140
2030-2034	504	196	700
2035-2039	526	95	621
2040-2044	200	5	205
	<u>\$ 5,696</u>	<u>\$ 778</u>	<u>\$ 6,474</u>

Bank Notes

In the prior year, the Authority had a revolving credit agreement not to exceed \$100,000,000 with Truist bank.

On May 12, 2025, the Authority established a Revolving Credit Facility with Truist Bank, with a maximum commitment amount of \$150,000,000, pursuant to a Revolving Credit Agreement and related taxable and tax-exempt revolving credit notes. This Revolving Credit Facility replaced an existing credit facility with Truist Bank.

Total interest expenses incurred on the bank notes during the year ended September 30, 2025, was \$238,736. As of September 30, 2025, there was no outstanding balance for bank note.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 8. Debt and Other Noncurrent Liabilities (Continued)

Bonds, bank notes and other non-current liability information and activity for the year ended September 30, 2025, are summarized as follows (in thousands):

	Balance October 1, 2024	Additions	Paydowns	Balance September 30, 2025	Amount Due within One Year
Senior Bonds	\$ 1,318,345	\$ -	\$ (61,701)	\$ 1,256,644	\$ 74,412
PFC Subordinated Bonds	433,650	-	(13,930)	419,720	14,240
CFC Bonds	329,170	-	(10,180)	318,990	10,585
Total Bonds and Notes Payable	<u>2,081,165</u>	<u>-</u>	<u>(85,811)</u>	<u>1,995,354</u>	<u>99,237</u>
Compensated Absences*	5,591	282	-	5,873	1,620
Environmental Liabilities	165	350	(193)	322	322
Right to Use Lease Liabilities	399	-	(278)	121	121
Right to Use Subscription IT Liabilities	7,686	311	(2,301)	5,696	2,110
Pension Liabilities	72,345	-	(12,558)	59,787	-
Other Post Employment Benefits	5,586	492	(702)	5,376	-
Arbitrage Rebate Payable	-	1,668	-	1,668	-
Total Other Liabilities	<u>\$ 91,772</u>	<u>\$ 3,103</u>	<u>\$ (16,032)</u>	<u>\$ 78,843</u>	<u>\$ 4,173</u>

*Additions to Compensated Absences is reported net of reductions

Other Noncurrent Liabilities

This consists of compensated absences, right to use subscription IT liabilities, pension, OPEB and arbitrage rebate payable, 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, 2025, are \$322 thousand and are included with accrued expenses in the statement of net position.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 9. Contributions

The Authority has received capital contributions by means of federal and state grants, PFC and other sources and they are as follows for the year ended September 30, 2025 (in thousands):

PFCs	\$	45,893
Federal Airport Improvement Program (AIP) Grants		8,928
State Grants		76,218
Federal Reimbursements		3,961
CFCs – Net		28,385
Other Contribution (Debartolo Hangar)		1,366
Total Capital Contributions	\$	<u>164,751</u>

CFC collections prior to revenue recognition and applicable operating and maintenance expense offsets were \$41.8 million in 2025.

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 \$11.9 million for both the FRS and HIS for the fiscal year ended September 30, 2025.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Florida Retirement System Pension Plan

Plan Description

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

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

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. 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 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:

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-2025 fiscal year September 30, were as follows:

Class	Year Ended June 30, 2025		Year Ended June 30, 2026	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	11.57	3.00	11.97
FRS, Special Risk	3.00	30.73	3.00	33.13
FRS, Senior Management Service	3.00	32.46	3.00	31.18
DROP—Applicable Members from All of the Above Classes	0.00	19.13	0.00	20.02

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions, but do not include the 2.00% contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The Authority's contributions to the FRS were \$9.5 million for the fiscal year ended September 30, 2025. This allocation is in addition to a required employee contribution of 3% of gross compensation for each member class (excluding DROP participants).

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Pension Costs

At September 30, 2025, the Authority reported a liability of \$41.3 million for its proportionate share of the FRS net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1, 2025. 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2025, the Authority's proportion was 0.1330%.

For the year ended September 30, 2025, the Authority recognized pension expense of \$9.8 million for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,409	\$ -
Changes in Actuarial Assumptions	4,794	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(6,892)
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	974	(978)
Authority Contributions Subsequent to the Measurement Date	1,989	-
Total	<u>\$ 12,166</u>	<u>\$ (7,870)</u>

Deferred outflows of \$2.0 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a decrease in collective pension expense as follows (in thousands):

Years Ending June 30:	Amount
2026	\$ 6,677
2027	(1,186)
2028	(1,775)
2029	(1,409)
2030	-
Thereafter	-
	<u>\$ 2,307</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.50% Average, including inflation
Investment Rate of Return	6.70%, Net of pension plan investment expense including inflation

Mortality rates were based on PUB-2010 tables with projection scale MP-2021.

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, 2025, is summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.2%	1.1%
Fixed Income	29%	5.5%	5.4%	4.0%
Global Equity	45%	8.5%	6.9%	18.3%
Real Estate	12%	8.4%	7.1%	16.8%
Private Equity	11%	42.4%	8.8%	28.4%
Strategic Investments	2%	6.5%	6.1%	8.7%
Totals	<u>100%</u>			

Discount Rate

The long-term expected rate of return assumption of 6.70% consists of two components: an inferred real (in excess of inflation) return of 4.20% and a long-term average annual inflation assumption of approximately 2.40% as adopted in October 2025 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Pension Liability Sensitivity

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

Description	2025		
	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	5.70%	6.70%	7.70%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 81,015	\$ 41,282	\$ 7,970

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the periods October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively, the contribution rate was 2.00% of payroll pursuant to section 112.363, Florida Statutes. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$1.3 million for the year ended September 30, 2025.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Pension Costs

At September 30, 2025 the Authority reported a liability of \$ 18.5 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1, 2024. 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, 2025, the Authority's proportion was 0.1444%.

For the year ended September 30, 2025, the Authority recognized pension expense of \$2.0 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	\$ 111	\$ (29)
Changes in Actuarial Assumptions	164	(4,478)
Net Difference Between Projected and Actual Earnings on HIS Program Investments	-	(15)
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	795	(1,001)
Authority Contributions Subsequent to the Measurement Date	305	-
Total	<u>\$ 1,375</u>	<u>\$ (5,523)</u>

Deferred outflows of \$305 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, 2025. 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
2025	\$ (984)
2026	(1,176)
2027	(990)
2028	(793)
2029	(510)
	<u>\$ (4,453)</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.50% including inflation
Municipal Bond Index Rate	5.20%

Mortality rates were based on the Generational PUB-2010 with projection scale MP-2021.

Discount Rate

The discount rate used to measure the total HIS Plan pension liability for September 30, 2025 was 5.20%. 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	2025		
	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	4.20%	5.20%	6.20%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 20,867	\$ 18,505	\$ 16,524

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>.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 2024-2025 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, were as follows:

Class	Year Ended June 30, 2025		Year Ended June 30, 2026	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	8.30	3.00	8.30
FRS, Special Risk	3.00	16.00	3.00	16.00
FRS. Senior Management Service	3.00	9.67	3.00	9.67

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 \$2.2 million for the year ended September 30, 2025. Employee contributions to the Investment Plan totaled \$519 thousand for the year ended September 30, 2025.

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. Other Post Employment Benefits (OPEB)

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

(a) Description of OPEB Plan

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

Funding Policy

The Authority does not accumulate assets to pay benefits but rather finances the program on a pay-as-you-go basis. Under the self-funded medical program, retirees are required to pay the same monthly premium cost that is applicable to the active employee, less a subsidy of \$7.50 times the number of years continuously employed with the Authority at the time of retirement. The maximum amount of the subsidy is \$225 per month. This subsidy totaled \$60,180 in fiscal year 2025. 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, 2024:

<u>Plan Membership</u>	<u>September 30, 2024</u>
Active	660
Retired	336

(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, 2025:

Measurement Date	September 30, 2025
Actuarial Valuation Date	October 1, 2023
Salary Increase Rate	3.0% per annum
Health Care Cost Trend Rate:	
Pre-65 years old	7.00%
65 years and older	7.00%
Discount Rate	4.47%
Mortality Tables used	Pub-2010 projected forward using most recent SOA Mortality Improvement Scale MP-2021

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. Other Post Employment Benefits (OPEB) (Continued)

The changes in the assumptions during the fiscal year ended September 30, 2025, reflect the changes in the discount rate, which was increased from 3.97% to 4.47%. 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 were derived based on the prescribed interest rate methodology under GASB 74/75 using an average of two 20-year municipal bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index – 4.50% and Fidelity GO AA 20 Year 4.44%) as of September 30, 2025.

(c) Changes in the Total OPEB Liability

Changes in the total OPEB liability for the fiscal year ended September 30, 2025, based on the measurement date, are as follows (in thousands):

Balance, beginning of year	\$ 5,586
Changes for the year:	
Service Cost	249
Interest Cost	243
Changes in assumptions or other inputs	(408)
Benefit payments	(294)
Net change	(210)
Balance, end of year	\$ 5,376

(d) OPEB Expenses

OPEB expense recognized by the Authority for the fiscal year ended September 30, 2025 was \$318 and is included in Personnel Compensation and Benefits in the statement of revenue, expenses and changes in net position.

(e) OPEB Deferred Outflows and Inflows of Resources

At September 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 694	\$ (768)
Changes of assumptions/inputs	703	(1,914)
	\$ 1,397	\$ (2,682)

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 12. Other Post Employment Benefits (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)
2026	\$ (173)
2027	(173)
2028	(173)
2029	(173)
2030	(109)
Thereafter	(484)
	<u>\$ (1,285)</u>

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

Health Care Cost Trend Sensitivity

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

	Health Care Cost Trend	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2025	4.47%	<u>\$ 4,538</u>	<u>\$ 5,376</u>	<u>\$ 6,474</u>

Discount Rate Sensitivity

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

	Discount Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2025	4.47%	<u>\$ 6,264</u>	<u>\$ 5,376</u>	<u>\$ 4,673</u>

Hillsborough County Aviation Authority

Notes to the Financial Statements

Note 13. Risk Management

The Authority has developed risk mitigation strategies for loss prevention to address exposure to various risks. One of those risk mitigation strategies is the purchase of commercial insurance for losses related to torts and other liabilities, theft of, damage to and destruction of assets, natural disasters and workers' compensation. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The Authority provides a group health self-insurance plan for its retirees, employees and eligible dependents. The Authority is liable for the uninsured risk of loss under the plan. The Authority's liability is estimated by management in consultation with external insurance professionals. A summary of the liability for the self-insurance plan as of September 30, 2025, is presented below (in thousands):

	2025
Liability, beginning of the fiscal year	\$ 404
Current year claims and changes in estimates	14,505
Claims paid during the year	(14,530)
Liability, end of the fiscal year	<u>\$ 379</u>

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

Note 14. Commitments and Contingencies

Construction and Maintenance Contracts

In connection with the Authority's ongoing maintenance programs, long-term maintenance contracts have been executed for services that are incomplete. These contracts are typically cancelable by either party with advance notice ranging from 30 to 180 days. The Authority also has entered into contracts and agreements totaling approximately \$1.56 billion for construction, engineering services, land acquisition and equipment, approximately \$437 million of which remains unspent.

Contingencies

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

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

Concentration of Revenues

The Authority leases facilities to the airlines and to other businesses to operate concessions at the Authority. For the fiscal year ended September 30, 2025, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

Southwest Airlines Co.	8.4%
Delta Air Lines, Inc.	5.8%
American Airlines, Inc.	5.1%

The three airlines listed above represented 56.7% of the enplanements in 2025.

Hillsborough County Aviation Authority

Notes to the Financial Statements

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 \$494,900 during the year ended September 30, 2025. The total expense incurred by the Authority during the year ended September 30, 2025 was \$12.3 million.

Note 16. Prior Period Restatement

The Authority identified a prior period error correction due to capital assets that were assigned an improper useful life or in-service date, resulting in an understatement of beginning net position as of October 1, 2024. In accordance with GASB 100, *Accounting Changes and Error Corrections*, this error correction has been reported by restating the beginning capital asset and net position balance as of October 1, 2024.

(in thousands)	Accumulated Depreciation	Net Position	Prior Year Change in Net Position
September 30, 2024, as previously reported	\$ 2,077,230	\$ 1,508,130	\$ 152,516
Error Correction – Overstatement of Depreciation	(28,613)	28,613	11,161
September 30, 2024, as restated	<u>\$ 2,048,617</u>	<u>\$ 1,536,743</u>	<u>\$ 163,677</u>

REQUIRED SUPPLEMENTARY INFORMATION

Hillsborough County Aviation Authority
Required Supplementary Information (Unaudited)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$ 249	\$ 277	\$ 282	\$ 274	\$ 276	\$ 338	\$ 261	\$ 251	\$ 326
Interest Cost	243	200	205	117	116	182	225	202	184
Differences between expected and actual experience	-	-	-	928	-	(1,509)	-	-	-
Changes in assumptions	(408)	231	(31)	(1,537)	42	(279)	1,190	(375)	(430)
Benefit payments	(294)	(320)	(160)	(127)	(280)	(296)	(288)	(225)	(171)
Net Change in total OPEB liability	(210)	388	296	(345)	154	(1,564)	1,388	(147)	(91)
Total OPEB liability – beginning	5,586	5,198	4,902	5,247	5,093	6,657	5,269	5,416	5,507
Total OPEB liability – ending	<u>\$ 5,376</u>	<u>\$ 5,586</u>	<u>\$ 5,198</u>	<u>\$ 4,902</u>	<u>\$ 5,247</u>	<u>\$ 5,093</u>	<u>\$ 6,657</u>	<u>\$ 5,269</u>	<u>\$ 5,416</u>
Covered employee payroll	\$ 62,242	\$ 57,980	\$ 53,392	\$ 51,837	\$ 54,412	\$ 52,572	\$ 45,142	\$ 43,615	\$ 42,141
Total OPEB Liability as a percentage of covered employee payroll	9%	10%	10%	9%	10%	10%	15%	12%	13%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.133016%	0.131890%	0.136087%	0.132226%	0.129367%	0.133187%	0.130367%	0.121263%	0.118371%	0.118844%
Authority's Proportionate Share of the Net Pension Liability	\$ 41,282	\$ 51,021	\$ 54,227	\$ 49,199	\$ 9,772	\$ 57,725	\$ 44,897	\$ 36,525	\$ 35,013	\$ 30,008
Authority's Covered Payroll	\$ 52,057	\$ 46,955	\$ 46,869	\$ 42,612	\$ 39,894	\$ 40,458	\$ 39,416	\$ 35,907	\$ 34,772	\$ 33,815
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	79.30%	108.66%	115.70%	115.46%	24.50%	142.68%	113.91%	101.72%	100.69%	88.74%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 8,153	\$ 7,538	\$ 6,605	\$ 5,821	\$ 5,027	\$ 4,627	\$ 4,186	\$ 3,544	\$ 3,093	\$ 3,122
Contributions in Relation to the Contractually Required Contribution	(8,153)	(7,538)	(6,605)	(5,821)	(5,027)	(4,627)	(4,186)	(3,544)	(3,093)	(3,122)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 52,642	\$ 47,178	\$ 45,640	\$ 43,531	\$ 39,990	\$ 40,485	\$ 40,126	\$ 36,628	\$ 35,305	\$ 36,326
Contributions as a Percentage of Covered Payroll	15.49%	15.98%	14.47%	13.37%	12.57%	11.43%	10.43%	9.68%	8.76%	8.59%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.144374%	0.142147%	0.149793%	0.145224%	0.141012%	0.146476%	0.145753%	0.135788%	0.130843%	0.130356%
Authority's Proportionate Share of the Net Pension Liability	\$ 18,505	\$ 21,324	\$ 23,789	\$ 15,382	\$ 17,297	\$ 17,884	\$ 16,308	\$ 14,372	\$ 13,990	\$ 15,192
Authority's Covered Payroll	\$ 68,853	\$ 61,842	\$ 59,995	\$ 54,212	\$ 50,182	\$ 51,321	\$ 49,425	\$ 44,495	\$ 42,127	\$ 39,634
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	26.88%	34.48%	39.65%	28.37%	34.47%	34.85%	33.00%	32.30%	33.21%	38.33%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,312	\$ 1,213	\$ 1,013	\$ 899	\$ 826	\$ 849	\$ 827	\$ 750	\$ 707	\$ 699
Contributions in Relation to the Contractually Required Contribution	(1,312)	(1,213)	(1,013)	(899)	(826)	(849)	(827)	(750)	(707)	(699)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 69,931	\$ 62,349	\$ 59,395	\$ 54,992	\$ 50,395	\$ 51,267	\$ 50,321	\$ 45,479	\$ 43,025	\$ 42,986
Contributions as a Percentage of Covered Payroll	1.88%	1.95%	1.71%	1.63%	1.64%	1.66%	1.64%	1.65%	1.64%	1.63%

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

OTHER INFORMATION

HILLSBOROUGH COUNTY AVIATION AUTHORITY
SCHEDULE OF BONDS ISSUED, REDEEMED AND OUTSTANDING
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)

Revenue Bond Issue	Original Issuance	Redeemed in Prior Years	Refunded in Prior Years	Redeemed In Current Year	Refunded in Current Year	Outstanding September 30, 2025
2015A Senior	\$ 148,210	\$ -	\$ 148,210	\$ -	\$ -	\$ -
2017A Senior	54,665	-	-	-	-	54,665
2015A CFC	88,975	-	-	-	-	88,975
2015B CFC	294,350	54,155	-	10,180	-	230,015
2018B Senior	32,175	7,335	-	7,515	-	17,325
2018C Senior	26,665	-	-	-	-	26,665
2018E Senior	140,120	17,770	-	2,080	-	120,270
2018F Senior	160,855	20,880	-	2,265	-	137,710
2018A Subordinated	102,500	-	-	-	-	102,500
2021A Senior	31,400	-	-	10,466	-	20,934
2022A Senior	263,760	6,660	-	10,435	-	246,665
2022B Senior	111,390	2,760	-	3,940	-	104,690
2022A Subordinated	348,105	16,955	-	13,930	-	317,220
2024A Senior	89,745	-	-	25,000	-	64,745
2024B Senior	462,975	-	-	-	-	462,975
Total	\$ 2,355,890	\$ 126,515	\$ 148,210	\$ 85,811	\$ -	\$ 1,995,354

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
REVENUE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)**

	Account	Reserve Account
Balance, October 1, 2024	\$ 18,218	\$ 547
Receipts:		
Revenue	349,510	-
Parking	102,399	-
Pre-Book Parking	17,844	-
Interest	279	13
Badging	113	-
Transfers from:		
Sinking Funds	4,059	-
CFC Fund	5,998	-
Reserve Fund	4,538	-
Bagge Grant	32	-
Ground Transportation	256	-
Intrafund Transfers and Other Deposits	2,201	321
Total Available	<u>\$ 505,447</u>	<u>\$ 881</u>
Disbursements:		
Sales Taxes	\$ (9,732)	\$ -
Transfers to:		
Operations and Maintenance Fund	(205,760)	-
Sinking Fund	(125,827)	-
Operating Reserve	(321)	-
Customer Facility Charges	(41,909)	-
Surplus	(97,013)	-
Imprest	(2,473)	-
Net Investment Activity	-	(758)
Intrafund Transfers and Other Costs	(506)	-
Total Disbursements	<u>\$ (483,541)</u>	<u>\$ (758)</u>
Balance, September 30, 2025	<u>\$ 21,906</u>	<u>\$ 123</u>

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
SINKING FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)**

	<u>Interest Account</u>	<u>Principal Account</u>
Balance, October 1, 2024	\$ 2,023	\$ 1,448
Receipts:		
Interest	98,145	3,168
Maturity/Sale	-	85,622
Transfers from:		
Revenue Fund	64,125	61,702
PFCs	16,461	13,930
CFCs	16,418	10,180
Total Receipts	<u>\$ 197,172</u>	<u>\$ 176,050</u>
Disbursements:		
Investment Purchases		
Investment Purchases From Revenue	\$ (64,122)	\$ (62,458)
Investment Purchases From PFCs	(16,458)	(14,099)
Investment Purchases From CFCs	(16,416)	(10,304)
Debt Service Payments		
Paid from Revenue Fund	(64,125)	(61,702)
Paid from PFCs	(16,461)	(13,930)
Paid from CFCs	(16,418)	(10,180)
Transfers to Revenue Fund	(2,612)	(1,448)
Total Disbursements	<u>\$ (196,612)</u>	<u>\$ (174,121)</u>
Balance, September 30, 2025	<u>\$ 560</u>	<u>\$ 1,929</u>

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
OPERATING AND MAINTENANCE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)**

Balance, October 1, 2024	\$ 6,880
Receipts:	
Transfers from:	
Revenue Fund	\$ 205,760
Capital Improvement Fund	436
CFC	3,952
CFC Surplus	3,414
Surplus	6,358
Other Interfund Transfers-Net	3,753
Other Deposits	1,137
Interest	185
Intrafund Transfers and Other Deposits	4,252
Total Available	<u>\$ 236,127</u>
Disbursements:	
Disbursements – Payroll	\$ (73,562)
Contribution to Florida Retirement System	(12,914)
Disbursements – Non Personnel Operating Expenses	(24,848)
Transfer to Imprest Fund	(102,521)
Transfer to Self Insurance	(13,363)
Airlines Settlement	(6,051)
Intrafund Transfers and Other Costs	(174)
Total Disbursements	<u>\$ (233,433)</u>
Balance September 30, 2025	<u><u>\$ 2,694</u></u>

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
RESERVE FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)**

Balance, October 1, 2024	\$ 150,178
Receipts:	
Interest	5,209
Other Transfers	1,038
	<u>156,425</u>
Total Available	<u>156,425</u>
Disbursements:	
Transfers to:	
Revenue Fund	(4,538)
Net Maturity & Purchases	(5)
	<u>(4,543)</u>
Total Disbursements	<u>(4,543)</u>
Balance, September 30, 2025	<u>\$ 151,882</u>

Investment Detail

Investment	Due Date	Amortized Cost	Fair Value
T-Note	2/15/26	\$ 6,159	\$ 6,172
T-Note	8/15/26	11,696	11,693
T-Note	5/15/27	4,115	4,167
T-Note	8/15/27	11,823	11,784
T-Note	2/15/28	31,896	32,352
T-Note	8/15/28	27,362	27,209
T-Note	9/30/29	13,901	13,787
T-Note	5/15/30	31,653	30,503
Total Investments		\$ 138,605	\$ 137,667

**HILLSBOROUGH COUNTY AVIATION AUTHORITY
SURPLUS FUND
SCHEDULE OF CASH AND INVESTMENT TRANSACTIONS
YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(IN THOUSANDS)**

Cash Balance, October 1, 2024	\$ 54,385
Investments:	
Certificate Deposit Balance	796
Investments	<u>278,772</u>
Total Cash and Investment Balance, October 1, 2024	333,953
Receipts:	
Transfer from Revenue Fund	97,013
Investments	33,158
Transfer from Capital Improvement Fund	26,000
Interest	<u>557</u>
Total Available	<u>490,681</u>
Disbursements:	
Transfer to CIF	(34,031)
Transfer to O&M	(6,358)
Transfer to CFC Revenue	(2,247)
Transfer to CFC Surplus	(3,848)
Transfer to Equipment Fund	(2,854)
Transfer to Imprest Fund	(1,362)
Other Costs	<u>(737)</u>
Total Disbursements	<u>(51,437)</u>
Balance, September 30, 2025	<u><u>\$ 439,244</u></u>

Investment Detail

<u>Investment</u>	<u>Due Date</u>	<u>Amortized Costs</u>	<u>Fair Value</u>
Cash	N/A	\$ 11,381	\$ 11,381
Certificate Deposit	12/29/2026	\$ 820	\$ 820
Investment Pool	N/A	194,722	194,722
Treasury Bills	10/15/2026	9,984	10,093
Treasury Bills	4/15/2027	19,942	20,247
Treasury Bills	8/15/2027	14,952	14,951
Treasury Bills	2/15/2030	20,349	20,244
Treasury Bills	5/15/2028	19,936	19,920
Treasury Bills	11/30/2027	18,592	18,770
Treasury Bills	5/31/2028	18,591	18,802
Treasury Bills	11/15/2028	19,431	19,695
Treasury Bills	2/15/2028	19,339	19,604
Treasury Bills	12/31/2029	39,696	40,111
Treasury Bills	9/30/2027	29,977	29,887
		<u>\$ 426,331</u>	<u>\$ 427,866</u>
Total Cash and Investments		<u><u>\$ 437,712</u></u>	<u><u>\$ 439,247</u></u>

SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY AVIATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR END SEPTEMBER 30, 2025 (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	3-12-0078-79	20.106	\$ 1,469
	3-12-0078-80	20.106	403
	3-12-0078-82	20.106	190
	3-12-0078-83	20.106	2,005
	3-12-0078-84	20.106	980
	3-12-0078-86	20.106	371
	3-12-0097-40	20.106	309
	3-12-0097-41	20.106	687
	3-12-0097-42	20.106	1,997
	3-12-0097-43	20.106	517
Total Direct Airport Improvement Program Funding			<u>8,928</u>
US Department of Justice:			
Direct:			
Equitable Sharing Program		16.922	<u>110</u>
Total Direct U.S. Department of Justice Equitable Sharing Program Funding			<u>110</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,038</u></u>

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR END SEPTEMBER 30, 2025
(In Thousands)**

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	Assistance Listing Number	Current Year Expenditures
Florida Department of Transportation:			
Direct:			
Aviation Grant Programs			
	GQ273/FM438711-1	55.004	\$ 47
	G2598/FM438713-1	55.004	453
	G1T29/FM438753-1	55.004	65,506
	G2706/FM440564-1	55.004	1,404
	G2T38/FM444218-1	55.004	37
	G2Q75/FM444474-1	55.004	2,475
	G2T37/FM444479-1	55.004	2,464
	G2U18/FM444480-1	55.004	488
	G2D60/FM446801-1	55.004	985
	G2F41/FM448026-1	55.004	127
	G2V37/FM448736-1	55.004	500
	G2M40/FM448737-1	55.004	258
	G2377/FM448841-1	55.004	468
	G2133/FM452904-1	55.004	160
	G3767/FM444476-1	55.004	18
	G3766/FM454108-1	55.004	734
	G3794/FM455229-1	55.004	9
			<u>76,133</u>
Total State Aviation Development Grant Funding			<u>76,133</u>
Florida Department of Transportation:			
Pass Through:			
National Highway Traffic Safety Administration			
State and Community Highway Traffic Safety Program	G3481	20.600	<u>85</u>
Total State Financial Assistance			<u><u>76,218</u></u>
Total of Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 85,256</u></u>
			(Concluded)

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

Hillsborough County Aviation Authority

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state award activity of Hillsborough County Aviation Authority (the Authority) under programs and projects of the federal and state government for the year ended September 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Florida Auditor General* (Chapter 10.550). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2025.

Note 4. Pass-Through Grantors

The Authority did not receive any federal awards from pass-through grantors during the year ended September 30, 2025.

Note 5. Indirect Cost Rate

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for contract awards prior to October 1, 2024 and 15% de minimis indirect cost rate allowed under the Uniform Guidance for other contract awards on or after October 1, 2024.

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 27, 2026. Our report includes an emphasis-of-matter paragraph related to a capital asset restatement.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs) as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 VS LLP

Tampa, Florida
March 27, 2026

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

Independent Auditor's Report

Members of the Board of Directors
Hillsborough County Aviation Authority

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

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Hillsborough County Aviation Authority's (the Authority) 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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

RSM VS LLP

Tampa, Florida
March 27, 2026

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs Year Ended September 30, 2025

I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes

 Unmodified

 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
20.106

Name of Federal Program or Cluster
Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,000,000

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
55.004

Name of State Program or Project
Aviation Development Grants

Dollar threshold used to distinguish between type A and type B project:

\$ 2,283,990

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2025

II – Financial Statement Findings

Finding 2025 – Capital Assets

Criteria: GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires state and local governments to report capital assets at historical cost and depreciated over their estimated useful lives, except for land. Depreciation is required to be systematic and rational, reflecting the consumption of an asset's service capacity over its estimated useful life. Organizations are required to establish reasonable and supportable estimates of useful lives based on factors such as the asset's expected use, condition, and service demands, and to apply those estimates consistently.

Condition: During the audit, management identified deficiencies related to capital asset depreciation. This included the identification of an asset with an improperly assigned estimated useful life, resulting in accelerated depreciation expense and requiring a restatement of the beginning net position of the financial statements. Through management's work to identify the pervasiveness of the error, management also identified certain capital assets with depreciation miscalculations and certain capital assets with in-service date errors.

Cause: The cause of the misstatements were due to inadequate review and monitoring procedures related to the determination and approval of estimated useful lives and the accuracy and completeness of depreciation calculations, including in-service dates.

Effect or potential effect: The errors identified resulted in a material misstatement of depreciation expense, accumulated depreciation, and net position, requiring a restatement of beginning net position of approximately \$28.6M as of October 1, 2024. While not determined to be pervasive in nature, these misstatements resulted in an increased risk that additional misstatements related to capital assets and depreciation could occur and not be prevented or detected on a timely basis.

Recommendation: We recommend that management enhance internal controls over capital assets by implementing formal manual or systematic review and approval procedures for estimated useful lives assigned to capital assets and strengthened controls surrounding the completeness and accuracy of depreciation calculations.

Views of responsible officials: Management agrees with the finding. See corrective action plan.

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

No matters to report.

Hillsborough County Aviation Authority

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025**

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, 2025.

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 the PFC program for the year ended September 30, 2025.

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 an 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 VS LLP

Tampa, Florida
March 27, 2026

Hillsborough County Aviation Authority

**Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2025
(In Thousands)**

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Adjustment	Ending Balance Unliquidated PFCs
December 31, 2024	\$ 124,760	\$ 12,701	\$ 1,339	\$ (7,598)		\$ 131,202
March 31, 2025	\$ 131,202	\$ 12,320	\$ 1,267	\$ (7,598)		\$ 137,191
June 30, 2025	\$ 137,191	\$ 9,991	\$ 1,372	\$ (7,598)		\$ 140,956
September 30, 2025	\$ 140,956	\$ 14,053	\$ 1,384	\$ (20,580)	\$ (4,237)	\$ 131,576

See accompanying notes to schedule.

Hillsborough County Aviation Authority

Notes to Schedule of Passenger Facility Charges (PFC) Collected and Expended Year Ended September 30, 2025

Note 1. General

The accompanying Schedule of Passenger Facility Charges (PFC) Collected and Expended (the Schedule) presents the activity of the PFC program of the Hillsborough County Aviation Authority (the Authority) for the year ended September 30, 2025. 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.

Hillsborough County Aviation Authority

Schedule of Findings and Questioned Costs – Passenger Facility Charges Year Ended September 30, 2025

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.

IV – Status of Prior Year Audit Findings

There were no prior year findings.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings

Passenger Facility Charges Program

Year Ended September 30, 2025

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

Management Letter

RSM US LLP

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, 2025, and issued our report thereon dated March 27, 2026.

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 Financial 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 Each Major State Financial Assistance Project; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and State of Florida Chapter 10.550, *Rules of the Auditor General*, 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 Section 218.415, *Florida Statutes*. Disclosures in those reports and schedules, which are dated March 27, 2026, 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 financial audit report. No findings or recommendations were 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)5.a. 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the Authority's management represented that the PACE program authorized pursuant to Section 163.081 or Section 163.082, *Florida Statutes*, did not operate within the Authority's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

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 district's fiscal year was 703.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 42.
- c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency as \$85,915,164.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$155,611,914.

- 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 10/1/24 thru 9/30/25
7321 25	TPA FIRE ALARM SYSTEM UPGRADE PH2	\$ 1,318,000	\$ 290,819
7325 25	TPA EMERGENCY GENERATORS & DOCKING STATIONS	4,936,000	220,893
7330 25	TPA A/S A COOLING TOWER ELECTRICAL SERVICE	528,000	389,839
7340 25	TPA ARFF DORM ROOM CONVERSION AND RESTROOM RENOVATION	1,856,800	184,764
7345 25	TPA AIRFIELD GRADING AND SAFETY AREA IMPROVEMENTS	3,139,400	432,613
7355 25	TPA LONG TERM PARKING GARAGE FIRE SUPPRESSION SYSTEM REFURBISHMENT	732,600	46,910
7360 25	TPA RED SIDE DEPARTURE LEVEL TRAFFIC COATING	1,683,000	71,212
7365 25	TPA AIRSIDES A AND F BAG SORT FACILITIES LIGHT FIXTURES REPLACEMENT	1,230,600	37,921
7375 25	TPA REAL ESTATE DEVELOPMENT PH2	2,904,900	115,964
7380 25	TPA SKYCENTER ROOF REPLACEMENT	5,460,700	3,610,458
7385 25	TGA GENERAL AVIATION APRON REHABILITATION	13,996,000	28,740
7405 25	TPA FY25 TAMPA FUEL COMMITTEE PROJECTS	2,556,300	286,619
7410 25	TPA FY25 ITS COMMODITY PURCHASES	2,450,000	1,145,932
7415 25	TPA ANCILLARY BUILDING ROOF REHABILITATION	1,267,000	163,261
7420 25	TPA FY25 COMMON USE SYSTEM ENHANCEMENTS	1,100,000	938,407
7430 25	TPA AIRSIDE E AIRLINE AND TSA SPACE REHABILITATION	218,000	31,524
7435 25	TPA AIRFIELD ELECTRICAL VAULT STORM SURE PROTECTION	2,484,300	106,409
7440 25	TPA AIRCRAFT FIREFIGHTING FOAM TRANSITION PLAN	1,650,000	594,589
7445 25	TPA FY25 ITS SPECIAL PROJECTS COMMODITY	1,000,000	938,883
7595 25	TPA DRAINAGE REHABILITATION HURRICANE DAMAGE	11,750,000	3,036,016
7605 25	GA HURRICANE PROJECTS	2,715,200	360,893
8525 25	TPA AIRSIDE E ROOF REPLACEMENT	27,450,900	1,787,203
		<u>\$ 92,427,700</u>	<u>\$ 14,819,869</u>

- 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:



Schedule 1

FISCAL YEAR 2025 - Q4 ENDED September 30, 2025
ACTUAL OPERATING RESULTS VERSUS BUDGET (UNAUDITED)

Summary Results

(dollars in thousands)

	FY2025 YTD		Variance FY25 YTD Actual Vs. Budget	
	Actual	Budget	Dollars	Percent
Revenues	\$ 482,698	\$ 470,680	\$ 12,018	2.6%
Net Operating Expenses	201,422	205,760	4,338	2.1%
Funds Available for Debt Service	\$ 281,276	\$ 264,920	\$ 16,356	6.2%
Net Debt Service	97,890	98,279	389	0.4%
Funds Available	183,386	166,641	16,745	10.0%
Estimated Airline Revenue Sharing	(5,871)	(5,171)	(700)	-13.5%
Estimated Airline Settlement	3,495	-	3,495	-100.0%
Funds Available for ASIP, Capital & Reserves	<u>\$ 181,010</u>	<u>\$ 161,470</u>	<u>\$ 19,540</u>	<u>12.1%</u>
Cost Per Enplaned Passenger	<u>\$ 12.75</u>	<u>\$ 12.13</u>	<u>\$ (0.62)</u>	<u>-5.1%</u>

Additional Matters

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

Purpose of This Letter

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

RSM VS LLP

Tampa, Florida
March 27, 2026

Independent Accountant's Report

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* (Specified Requirements), during the period October 1, 2024 to September 30, 2025. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. 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.

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

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

In our opinion, the Authority complied, in all material respects, with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2024 to September 30, 2025.

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.



Tampa, Florida
March 27, 2026

Corrective Action Plan

Hillsborough County
Aviation Authority
P.O. Box 22287
Tampa, Florida 33622
phone/ 813-870-8700
fax/ 813-875-6670
TampaAirport.com

Identifying Number: 2025-001

Hillsborough County Aviation Authority
Corrective Action Plan
Year Ended September 30, 2025

Finding:

The Authority identified a material error related to the prior-year recording of certain fixed assets, which resulted in those assets being depreciated incorrectly over that period.

Corrective Actions Taken or Planned:

The Authority will evaluate and adjust the current staffing levels as necessary to ensure the proper capacity, expertise, and oversight is in place to achieve the accuracy of capital accounting processes and the proper monitoring of CIP activities; and will be implementing a new structure to oversee these functions.

This new structure will include a Senior Manager of Capital Accounting with significant capital accounting expertise, including experience designing and maintaining effective internal controls, extensive experience managing Capital Improvement Program (CIP) accounting, and strong process leadership with the ability to coordinate cross-functionally with internal departments.

In addition, the Authority has revised and strengthened its internal processes, adding additional levels of oversight, reviews and approvals to the capital accounting environment. As part of its ongoing ERP upgrade, the Authority is also evaluating changes to its ERP with the goal of minimizing or preventing the ability for this fixed asset accounting error to happen again in the future.

The combination of the dedicated Capital Accounting team, improved processes and potential systemic changes will strengthen the Authority's control environment and improve overall oversight of the CIP program, helping to minimize the risk of similar issues occurring in the future.

Anticipated Date of Implementation/Completion:

July 31st, 2026

Individual Responsible:

Damian Brooke, CFO