GREATER ORLANDO AVIATION AUTHORITY

Orlando, Florida

# UNAUDITED FINANCIAL STATEMENTS

**For the Three Months Ended**

**December 31, 2023 and 2022**

**GOAA Finance**

# GREATER ORLANDO AVIATION AUTHORITY

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Certified Public Accountants

# INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Authority Board
Orlando International Airport
(a Department of the Greater Orlando
Aviation Authority)
Orlando, Florida

We have reviewed the accompanying interim financial statements of Orlando International Airport (a department of the Greater Orlando Aviation Authority), which comprise the statements of net position as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position, cash flows, and the related notes to the financial statements for each of the three-month periods ended December 31, 2023 and 2022. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the "Authority"). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

## Management's Responsibility for the Financial Statements

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

## Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

As discussed in Note 1 of the notes to the interim financial statements, the interim financial statements of Orlando International Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of Orlando International Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2023, and the changes in its financial position and its cash flows for the three-month periods ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Authority Board
Orlando International Airport
(a Department of the Greater Orlando
Aviation Authority)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that required supplementary information be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the Management Discussion & Analysis, Pension schedules, and Other Postemployment Benefit schedules that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

**Prior Period Statements of Net Position**

The statement of net position of Orlando International Airport as of September 30, 2023, was audited by us, and we expressed an unmodified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated March 6, 2024, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 17, 2024

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO INTERNATIONAL AIRPORT**
**STATEMENTS OF NET POSITION – UNAUDITED**
**As of December 31, 2023 and September 30, 2023**
**(in thousands)**

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| ASSETS AND DEFERRALS | | |
| Current Assets | | |
| Cash and cash equivalents | $ 496,947 | $ 594,488 |
| Restricted cash and cash equivalents | 176,776 | 246,534 |
| Accounts receivable, less allowance for uncollectibles of $404 and $400 | 56,452 | 44,327 |
| Investments | - | 10,944 |
| Interest receivable | 1,882 | 1,865 |
| Lease receivables, current | 105,030 | 140,944 |
| Due from other governmental agencies | 1,047 | 1,084 |
| Prepaid expenses and inventory | 10,134 | 12,389 |
| Total current assets | 848,268 | 1,052,575 |
| Noncurrent Assets | | |
| Restricted assets: | | |
| Cash and cash equivalents | 476,203 | 541,594 |
| Accounts receivable | 20,901 | 13,594 |
| Investments | 240,034 | 236,415 |
| Capital reserve receivable | 2,707 | 2,707 |
| Interest receivable | 3,298 | 3,823 |
| Due from other governmental agencies | 59,550 | 35,852 |
| Prepaid expenses | 5,833 | 537 |
| Total restricted assets | 808,526 | 834,522 |
| Unrestricted assets: | | |
| Investments | 170,256 | 135,248 |
| Lease receivables, noncurrent | 1,137,024 | 1,136,569 |
| Total unrestricted assets | 1,307,280 | 1,271,817 |
| Capital assets, net of accumulated depreciation: | | |
| Property and equipment | 2,513,547 | 2,548,002 |
| Buildings right to use leased assets | 49,226 | 49,880 |
| Subscription right of use assets | 1,597 | 2,104 |
| Property held for lease | 2,035,482 | 2,041,022 |
| Work in progress | 528,006 | 494,513 |
| Total capital assets, net of accumulated depreciation | 5,127,858 | 5,135,521 |
| Total noncurrent assets | 7,243,664 | 7,241,860 |
| Total assets | $ 8,091,932 | $ 8,294,435 |
| Deferred outflows of resources | $ 43,936 | $ 44,047 |

See accompanying independent accountant's review report and notes to financial statements.

(continued)

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO INTERNATIONAL AIRPORT**
**STATEMENTS OF NET POSITION – UNAUDITED**
**As of December 31, 2023 and September 30, 2023**
**(in thousands)**

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| LIABILITIES, DEFERRALS, AND NET POSITION | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 59,979 | $ 72,433 |
| Lease obligations, current | 994 | 1,471 |
| Subscription liability, current | 182 | 1,225 |
| Unearned revenue | 7,007 | 9,540 |
| Deposits | 14,451 | 13,990 |
| Advance rent from tenants, current | 14,219 | 13,452 |
| Due to Orlando Executive Airport | 4,280 | 3,535 |
| Due to other governmental agencies | 8,235 | 4,092 |
| Accrued airline revenue sharing | 65,498 | 126,717 |
| Payable from restricted assets: | | |
| Accrued interest | 30,342 | 63,460 |
| Accounts payable and accrued liabilities | 60,442 | 93,951 |
| Due to other governmental agencies | 1,499 | 1,499 |
| Revenue bonds payable, current | 84,493 | 87,624 |
| Total current liabilities | 351,621 | 492,989 |
| Long-term Liabilities | | |
| Lease obligations, long-term | 52,245 | 52,245 |
| Subscription liability, long-term | 159 | 159 |
| Revenue bonds payable, long-term | 2,865,953 | 2,990,165 |
| Line of credit, long-term | 16,476 | 16,476 |
| Net OPEB liability | 1,437 | 1,437 |
| Net pension liability | 41,139 | 41,139 |
| Other long-term liabilities | 1,433 | 1,452 |
| Total long-term liabilities | 2,978,842 | 3,103,073 |
| Total liabilities | $ 3,330,463 | $ 3,596,062 |
| Deferred inflows of resources | 1,209,021 | 1,247,551 |
| Net Position | | |
| Net investment in capital assets | 2,303,377 | 2,220,297 |
| Restricted for | | |
| Debt service | 83,589 | 95,012 |
| Capital acquisitions and construction | 528,919 | 567,668 |
| Total restricted | 612,508 | 662,680 |
| Unrestricted | 680,499 | 611,892 |
| Total net position | $ 3,596,384 | $ 3,494,869 |

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO INTERNATIONAL AIRPORT**
**STATEMENTS OF REVENUES, EXPENSES,**
**AND CHANGES IN NET POSITION - UNAUDITED**
**For Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Operating Revenues | | |
| Airfield area | $ 21,773 | $ 17,889 |
| Terminal area | 100,222 | 86,264 |
| Ground transportation | 67,325 | 58,611 |
| Other buildings and grounds | 8,045 | 7,279 |
| Hotel | 13,568 | 13,328 |
| Rail station | 1,414 | 821 |
| Total operating revenues | 212,347 | 184,192 |
| Operating Expenses | | |
| Operations and facilities | 58,397 | 53,963 |
| Safety and security | 18,911 | 15,823 |
| Administration | 22,262 | 19,113 |
| Hotel | 10,408 | 9,826 |
| Other | 620 | 375 |
| Total operating expenses | 110,598 | 99,100 |
| Operating income before depreciation and amortization | 101,749 | 85,092 |
| Depreciation and amortization | (57,864) | (61,186) |
| Operating income | 43,885 | 23,906 |
| Nonoperating Revenues (Expenses) | | |
| Investment income | 14,133 | 11,902 |
| Net increase (decrease) in the fair value of investments | 6,702 | 1,646 |
| Lease interest income | 10,262 | 8,443 |
| Interest expense | (26,229) | (27,276) |
| Lease interest expense | (1,162) | (112) |
| Subscription interest expense | (4) | - |
| Participating airlines net revenue sharing | (13,379) | - |
| Passenger facility charges | 28,399 | 22,663 |
| Customer facility charges | 12,249 | 8,482 |
| Federal and state grants | - | 65 |
| Other | 128 | 49 |
| Total nonoperating revenues (expenses) | 31,099 | 25,862 |
| Income before capital contributions | 74,984 | 49,768 |
| Capital Contributions | 26,531 | 1,285 |
| Increase in net position | 101,515 | 51,053 |
| Total Net Position, Beginning of Period | 3,494,869 | 3,290,214 |
| Total Net Position, End of Period | $ 3,596,384 | $ 3,341,267 |

**See accompanying independent accountant's review report and notes to financial statements.**

**GREATER ORLANDO AVIATION AUTHORITY**
**STATEMENTS OF CASH FLOWS - UNAUDITED**
**For the Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities | | |
| Cash received from customers, tenants and governmental agencies | $ 195,404 | $ 217,235 |
| Cash paid to suppliers and governmental agencies | (91,384) | (75,196) |
| Cash paid to employees for services | (26,986) | (24,502) |
| Cash paid to airlines | (74,598) | (74,437) |
| Other income | 111 | 99 |
| Net cash provided by operating activities | 2,547 | 43,199 |
| Cash flows from capital and related financing activities | | |
| Passenger facility charges | 24,249 | 25,004 |
| Customer facility charges | 9,098 | 8,259 |
| Bond issuance costs | - | 5 |
| Principal payments - bonds and line of credit | (122,497) | (113,575) |
| Lease interest income | 10,262 | 8,443 |
| Interest paid | (64,088) | (66,458) |
| Lease interest expense | (1,162) | (112) |
| Subscription interest expense | (4) | - |
| Proceeds from sale of assets | 17 | 15 |
| Acquisition and construction of capital assets | (87,605) | (65,492) |
| Capital contributed by federal, state and other agencies | 2,020 | 17,152 |
| Net cash used for capital and related financing activities | (229,710) | (186,759) |
| Cash flows from investing activities | | |
| Purchase of investments | (75,154) | (139,002) |
| Proceeds from sale and maturity of investments | 54,173 | 32,175 |
| Interest received | 15,454 | 10,372 |
| Net cash used for investing activities | (5,527) | (96,455) |
| Net decrease in cash and cash equivalents | (232,690) | (240,015) |
| Cash and Cash Equivalents, Beginning of Period | 1,382,616 | 1,341,129 |
| Cash and Cash Equivalents, End of Period (1) | $ 1,149,926 | $ 1,101,114 |
| (1) Cash and Cash Equivalents – Unrestricted Assets | $ 496,947 | $ 390,584 |
| Cash and Cash Equivalents – Restricted Assets - Current | 176,776 | 194,787 |
| Cash and Cash Equivalents – Restricted Assets - Noncurrent | 476,203 | 515,743 |
| | $ 1,149,926 | $ 1,101,114 |

(continued)

**GREATER ORLANDO AVIATION AUTHORITY**
**STATEMENTS OF CASH FLOWS - UNAUDITED**
**For the Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income | $ 43,885 | $ 23,906 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | |
| Depreciation and amortization | 57,864 | 61,186 |
| Participating airlines net revenue sharing | (13,379) | - |
| Other income | 111 | 99 |
| Decrease (Increase) in operating assets: | | |
| Accounts and grants receivable | (12,125) | (41,915) |
| Lease receivables | 35,459 | (969,660) |
| Capital reserve receivable | - | (2,707) |
| Due from other governmental agencies | 37 | 173 |
| Prepaid expenses | 2,255 | 1,501 |
| Increase (Decrease) in operating liabilities: | | |
| Accounts payable and accrued liabilities | (13,187) | (3,833) |
| Lease obligations, current | (477) | 54,685 |
| Subscription liability | (1,043) | - |
| Due to other governmental agencies | 4,143 | 1,603 |
| Accrued airline revenue sharing | (61,219) | (74,437) |
| Unearned revenue | (2,533) | (2,967) |
| Deposits | 461 | (773) |
| Advance rent from tenants | 767 | 27,969 |
| Due from other funds | 77 | 188 |
| Other liabilities | (19) | (32) |
| Deferred inflows of resources | (38,530) | 968,213 |
| Total adjustments | (41,338) | 19,293 |
| Net cash provided by operating activities | $ 2,547 | $ 43,199 |

Noncash Investing, Capital and Financing Activities

| | 2023 | 2022 |
|---|---|---|
| Increase in fair value of investments | $ 6,702 | $ 1,646 |
| Capital contributions from other governments | $ 24,511 | $ (15,867) |
| Amortization of bond premiums/discounts | $ 4,847 | $ 4,766 |
| Amortization of bond refunding losses | $ (111) | $ (120) |

See accompanying independent accountant's review report and notes to financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Purpose:** The Orlando International Airport (MCO) functions as a self-supporting department operated by the Greater Orlando Aviation Authority (the Authority) and uses the accrual method of accounting. The Authority also operates Orlando Executive Airport (ORL). The department financial statements of ORL are presented separately.

**Basis of Presentation and Accounting:** The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Prior period amounts have been reclassified to conform to the current period presentations. Operating results for the three-month period ended December 31, 2023, are not necessarily indicative of the results that may be expected for the year ending September 30, 2024. For further information, refer to the Authority's financial statements and footnotes thereto included in the Annual Comprehensive Financial Report for the year ended September 30, 2023.

## 2. CASH DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents balances include amounts deposited with commercial banks in interest-bearing and non-interest-bearing demand deposit accounts, as well as the Florida State Board of Administration's (the SBA) Local Government Surplus Investment Pool, referred to as the Florida Prime (the "Florida Prime"). The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida (the Act).

The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally 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 Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company, provided a power of attorney is delivered to the State's CFO.

In accordance with generally accepted accounting principles, the Authority adjusts the carrying value of investments to fair value to be presented as a component of investment income. The fair value of investments is based on available market values. The Florida Prime operated by the SBA is a "2a-7 like" pool and is also presented in accordance with generally accepted accounting principles; therefore, it is not presented at fair value, but at its actual pooled share price which approximates fair value.

At December 31, 2023, and September 30, 2023, the fair value of all securities, regardless of the statement of net position (unaudited), classification was as follows (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| U.S. Treasury and government agency securities | $ 406,671 | $ 378,988 |
| Asset backed securities | 473 | 503 |
| Corporate securities | 3,146 | 3,115 |
| Local government investment pool | 6,394 | 6,304 |
| Investment in money market funds | 525,537 | 692,639 |
| Total securities | $ 942,221 | $ 1,081,549 |

**2. CASH DEPOSITS AND INVESTMENTS** (continued)

These securities are classified on the statements of net position (unaudited) as follows (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Current Assets | | |
| Unrestricted Cash and cash equivalents | $ 496,947 | $ 594,488 |
| Restricted cash and cash equivalents | 176,776 | 246,534 |
| Investments | - | 10,944 |
| Noncurrent Assets | | |
| Restricted assets: | | |
| Cash and cash equivalents | 476,203 | 541,594 |
| Investments | 240,034 | 236,415 |
| Unrestricted assets: | | |
| Investments | 170,256 | 135,248 |
| Total cash, cash equivalents and investments | 1,560,216 | 1,765,223 |
| Less cash on deposit | (617,995) | (683,674) |
| Total securities, at fair value | $ 942,221 | $ 1,081,549 |

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of December 31, 2023 the Authority held the following investments, as categorized below, in accordance with generally accepted accounting principles (in thousands):

Investment Maturities (in thousands) at December 31, 2023

| Investment Type | Less than 1 Year | 1 to 5 Years | 6 to 10 Years | 11 to 15 Years | Total | Level |
|---|---|---|---|---|---|---|
| U.S. Treasury and government agency securities | $ 207,217 | $ 199,454 | $ - | $ - | $ 406,671 | 1 |
| Asset backed securities | - | 437 | 36 | - | 473 | 1 |
| Corporate securities | 3,146 | - | - | - | 3,146 | 1 |
| Local government investment pool | 6,394 | - | - | - | 6,394 | N/A |
| Money market funds | 525,537 | - | - | - | 525,537 | N/A |
| | $ 742,294 | $ 199,891 | $ 36 | $ - | $ 942,221 | |

As of December 31, 2023, the Authority had $0.7 million of MCO funds invested in the Florida Prime and $5.7 million invested in the Fixed Income Trust. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the SBA.

**Interest Rate Risk**: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity, except for those portions of the portfolio that are actively managed by the Authority's Investment Advisor. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they become due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Investments under the Bond Resolution shall mature no later than needed, except for 1) investments in the Debt Service Reserve Account, which shall mature not later than fifteen years (unless such investment is redeemable at the option of the holder, in which event the maturity shall not exceed the final maturity date of the bonds secured by such investment); 2) investments in the Operation and Maintenance Fund and Operation and Maintenance Reserve Account shall mature within twelve months; and 3) investments in the Capital Expenditure Fund, the Renewal and Replacement Fund, Improvement and Development Fund, and the Discretionary Fund shall mature within five years. Investments under the Amended and Restated Master Subordinated Indenture of

## 2. CASH DEPOSITS AND INVESTMENTS (continued)

Trust shall mature no later than needed, except for investments in the Reserve Fund, which shall mature not later than fifteen years from the date of such investment. The Authority portfolio holds a limited number of callable securities. The schedules above present the maturity date of the securities. According to the SBA, the dollar weighted average days to maturity ("WAM") of the Florida Prime at December 31, 2023 is 41 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the Florida Prime at December 31, 2023, is 70 days. According to the Florida Fixed Income Trust, the dollar weighted average days to maturity ("WAM") of the Fixed Income Trust at December 31, 2023 is 70 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average maturity to final ("WAM" to final) of the Fixed Income Trust at December 31, 2023 is 143 days.

**Credit Risk:** The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits the purchase of certain investments to specific rating requirements. Investment in commercial paper is limited to ratings of A-1, P-1, or F1 for short-term investments by two of the three rating agencies: S&P, Moody's and Fitch (without regard to gradation). Investment in dollar denominated Corporate securities is limited to companies in the United States which are rated "A" or better by two of the three rating agencies (without regard to gradation). Investments held in obligations of U.S. government agencies were rated AAA by Fitch, Aaa by Moody's and AA+ by S&P. Investments held in the portfolio as of December 31, 2023 were rated consistent with the Authority's investment policy and bond resolutions. Funds invested in money market funds and the Florida Prime are rated AAAm by S&P. Funds invested with the Fixed Income Trust are rated AAAf /S1 by Fitch Rating.

**Custodial Credit Risk:** For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are either held in the name of the Authority or held in trust under the Authority's name.

**Concentration of Credit Risk:** Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority mitigates its concentration of credit risk by diversifying its investment portfolio. At December 31, 2023 and September 30, 2023 the Authority did not hold investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents), except those expressly permitted pursuant to GASB statement No. 40. The investment policy limits the maximum investment in any one issuer of commercial paper to $5.0 million dollars.

**Foreign Currency Risk Disclosure:** The Authority invests only in securities that are denominated in U.S. dollars. According to the latest information available from the SBA, the Florida Prime was not exposed to any foreign currency risk during the period October 1, 2014 through December 31, 2023.

**Valuation of Investments:** The Authority utilizes the market approach to mark-to-market the fair value of its investment holdings.

GASB 72 established a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

GASB 72 generally requires investments to be measured at fair value. Investments not measured at fair value continue to include, for example, money market investments and "2a-7 like" external investment pools, such as the Florida Prime. GASB 72 requires disclosures be made about fair value measurements, the level of fair value hierarchy, and the valuation techniques. The Authority utilizes a third-party pricing service to mark-to-market holdings of U.S. Treasury securities, corporate securities, and government- sponsored enterprise securities, such as Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Association.

**2. CASH DEPOSITS AND INVESTMENTS** (continued)

The Authority derives pricing for commercial paper holdings directly from the custody statements for each account that has commercial paper holdings. Regarding fair value hierarchy disclosure, GASB 72 characterizes Level 1 inputs as quoted prices in active markets for identical assets or liabilities, therefore, the Authority has denoted Level 1 for each of the various holdings, except for money market and Florida Prime investments. Per the SBA, the Florida Prime meets all of the necessary criteria to elect to measure all of the investments in Florida Prime at amortized cost. Therefore, the Authority's participant account balance is considered the fair value of its investment and is considered exempt from the GASB 72 fair value hierarchy disclosures.

GASB 79 states that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates).

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Chief Executive Officer may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Chief Executive Officer has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Chief Executive Officer until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days." With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of December 31, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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## 3. RESTRICTED ASSETS

The amended and restated Master Subordinated Indenture of Trust authorizing the issuance of the revenue bonds for MCO require segregation of certain assets into restricted accounts. The composition of restricted accounts is as follows (in thousands):

Restricted Assets
(in thousands)

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Debt Service | $ 245,910 | $ 327,639 |
| Capital Acquisition | 324,152 | 304,311 |
| Bond Construction | 60,486 | 54,591 |
| Passenger Facility Charges | 156,933 | 189,091 |
| Customer Facility Charges | 114,399 | 126,079 |
| Operating Reserve | 83,422 | 79,345 |
| Total Restricted Assets | $ 985,302 | $ 1,081,056 |

Reported in the accompanying financial statements as follows:

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Restricted Cash and Cash Equivalents - Current | $ 176,776 | $ 246,534 |
| Total Restricted Assets – Non Current | 808,526 | 834,522 |
| Total Restricted Assets | $ 985,302 | $ 1,081,056 |

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## 4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2023, is as follows (in thousands):

| | Balance October 1, 2023 | Additions and Reclassifications | Deductions | Balance December 31, 2023 |
|---|---|---|---|---|
| **Property and Equipment** | | | | |
| Capital Assets not Depreciated | | | | |
| Land | $ 239,096 | - | - | $ 239,096 |
| Assets Held for Future Use | 14,646 | - | - | 14,646 |
| | 253,742 | - | - | 253,742 |
| Other Property and Equipment | | | | |
| Buildings | 1,156,815 | 693 | - | 1,157,508 |
| Improvements | 2,866,209 | 2,780 | - | 2,868,989 |
| Equipment | 640,831 | 2,426 | (552) | 642,705 |
| Motor vehicles | 107,882 | 909 | (23) | 108,768 |
| | 4,771,737 | 6,808 | (575) | 4,777,970 |
| Accumulated Depreciation | | | | |
| Buildings | (410,442) | (10,576) | - | (421,018) |
| Improvements | (1,677,231) | (21,921) | - | (1,699,152) |
| Equipment | (334,994) | (7,435) | 551 | (341,878) |
| Motor vehicles | (54,810) | (1,330) | 23 | (56,117) |
| | (2,477,477) | (41,262) | 574 | (2,518,165) |
| **Net Property and Equipment** | 2,548,002 | (34,454) | (1) | 2,513,547 |
| **Buildings- Right to Use Leased Assets** | | | | |
| Buildings- Right to Use Leased Assets | 52,276 | - | - | 52,276 |
| Accumulated Depreciation | (2,396) | (654) | - | (3,050) |
| **Net Buildings- Right to Use Leased Assets** | 49,880 | (654) | - | 49,226 |
| **Subscriptions- Right of Use Assets** | | | | |
| Subscriptions- Right of Use assets | 6,003 | 13 | (1,037) | 4,979 |
| Accumulated Depreciation | (3,899) | (520) | 1,037 | (3,382) |
| **Net Subscriptions- Right of Use Assets** | 2,104 | (507) | - | 1,597 |
| **Property and Equipment - Held for Lease** | | | | |
| Capital Assets not Depreciated | | | | |
| Land | 4,473 | - | - | 4,473 |
| Assets Held for Future Use | 63,989 | - | - | 63,989 |
| | 68,462 | - | - | 68,462 |
| Other Property and Equipment | | | | |
| Buildings | 2,739,108 | 9,889 | - | 2,748,997 |
| Improvements | 113,697 | - | - | 113,697 |
| Equipment | 9,726 | - | - | 9,726 |
| | 2,862,531 | 9,889 | - | 2,872,420 |
| Accumulated Depreciation | | | | |
| Buildings | (800,074) | (14,879) | - | (814,953) |
| Improvements | (80,471) | (539) | - | (81,010) |
| Equipment | (9,426) | (11) | - | (9,437) |
| | (889,971) | (15,429) | - | (905,400) |
| **Net Property and Equip - Held for Lease** | 2,041,022 | (5,540) | - | 2,035,482 |
| **Construction Work in Progress** | | | | |
| Capital Assets not Depreciated | 494,513 | 47,911 | (14,418) | 528,006 |
| **Net Capital Assets** | $ 5,135,521 | $ 6,756 | $ (14,419) | $ 5,127,858 |

## 5. LEASE AND CONCESSION AGREEMENTS

The Authority accounts for leases in accordance with GASB Statement No. 87, Leases. The Authority's operations consist of agreements for use of land, buildings, terminal space and Minimum Annual Guarantees from concessionaires. The agreements are made up of various agreements for land, buildings, terminal space and concessions, which expire between the years 2024 and 2072. The Orlando International Airport (MCO) reports leases receivable with a carrying amount of $1.2 billion and $1.3 billion as of December 31, 2023, and September 30, 2023, respectively, and a deferred inflows lease in the amount of $1.2 billion and $1.2 billion as of December 31, 2023 and September 30, 2023, respectively, related to these agreements. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreements.

MCO recognized $38.9 million and $201.8 million of lease revenue principal and $10.3 million and $40.1 million of lease interest income for the three months ended December 31, 2023, and the year ended September 30, 2023, respectively.

The Authority has a 50-year lease with Brightline Trains Florida, LLC, formerly known as Virgin Trains USA Florida, LLC that expires in 2072. The terms of this lease extend beyond the current Operation and Use Agreement with the City of Orlando, expiring in 2065 whereby responsibility for operating the Airport would revert to the City. Upon termination of the Operation and Use Agreement with the City and the Authority, the City shall be deemed to be the lessor and bound by all provisions of the lease.

Regulated Leases

The Authority's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, Leases. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, leases rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Authority recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract.

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## 6. LONG-TERM LIABILITIES

A summary of long-term liability activity for the three months ended December 31, 2023, is as follows (in thousands):

| | Balance October 1, 2023 | Additions | Deductions | Balance December 31, 2023 | Amounts Due Within One Year | Amounts Due After One Year |
|---|---|---|---|---|---|---|
| **Airport Facilities Revenue Bonds Public Offerings** | | | | | | |
| **Senior Lien Bonds** | | | | | | |
| Series 2010A (NON-AMT) | $ 47,295 | $ - | $ (47,295) | $ - | $ - | $ - |
| Series 2015A (AMT) | 177,475 | - | (3,760) | 173,715 | 3,870 | 169,845 |
| Series 2016A (AMT) | 61,460 | - | (620) | 60,840 | 565 | 60,275 |
| Series 2016B (NON-AMT) | 91,105 | - | (2,120) | 88,985 | 2,210 | 86,775 |
| Series 2016C (Taxable) | 67,410 | - | (3,150) | 64,260 | 2,745 | 61,515 |
| Series 2019A (AMT) | 1,086,555 | - | (34,715) | 1,051,840 | 36,440 | 1,015,400 |
| Series 2022A (AMT) | 183,100 | - | (2,775) | 180,325 | 2,915 | 177,410 |
| Series 2022B (Taxable) | 64,050 | - | - | 64,050 | - | 64,050 |
| Series 2022C (AMT) | 8,665 | - | (1,275) | 7,390 | 1,335 | 6,055 |
| Series 2022D (NON-AMT) | 19,735 | - | (1,570) | 18,165 | 1,650 | 16,515 |
| Series 2022E (Taxable) | 11,490 | - | (1,020) | 10,470 | 1,025 | 9,445 |
| **Priority Subordinated Indebtedness** | | | | | | |
| Series 2016 Priority Subordinated (AMT) | 32,710 | - | (5,920) | 26,790 | 6,215 | 20,575 |
| Series 2017A Priority Subordinated (AMT) | 844,575 | - | (3,965) | 840,610 | 3,690 | 836,920 |
| **Total Bonds from Public Offerings** | 2,695,625 | - | (108,185) | 2,587,440 | 62,660 | 2,524,780 |
| **Direct Placement** | | | | | | |
| **Senior Lien Bonds** | | | | | | |
| Series 2016D (Taxable) | 3,675 | - | (3,675) | - | - | - |
| **Total Bonds from Direct Placement** | 3,675 | - | (3,675) | - | - | - |
| **Total Revenue Bonds** | 2,699,300 | - | (111,860) | 2,587,440 | 62,660 | 2,524,780 |
| Unamortized premiums and (discounts) | 288,025 | - | (4,846) | 283,179 | - | 283,179 |
| **Net Revenue Bonds** | 2,987,325 | - | (116,706) | 2,870,619 | 62,660 | 2,807,959 |
| **Special Purpose Facilities Bonds** | | | | | | |
| Series 2018CFC (Taxable)(Direct Placement) | 90,464 | - | (10,637) | 79,827 | 21,833 | 57,994 |
| **Total Outstanding Bonds** | 3,077,789 | - | (127,343) | 2,950,446 | 84,493 | 2,865,953 |
| Lines of Credit (Direct Borrowing) | 16,476 | - | - | 16,476 | - | 16,476 |
| Lease Liabilities | 53,716 | - | (477) | 53,239 | 994 | 52,245 |
| Subscription Liability | 1,384 | 13 | (1,056) | 341 | 182 | 159 |
| Net OPEB Liability | 1,437 | - | - | 1,437 | - | 1,437 |
| Net Pension Liability | 41,139 | - | - | 41,139 | - | 41,139 |
| Advanced Rent from Tenants (1) | 13,452 | 50,679 | (49,912) | 14,219 | 14,219 | - |
| **Other Liabilities** | | | | | | |
| Compensated Absences (1) | 6,377 | 375 | (446) | 6,306 | 5,934 | 372 |
| Pollution Remediation Liability (1) | 1,290 | 24 | (19) | 1,295 | 234 | 1,061 |
| **Total Other Liabilities** | 7,667 | 399 | (465) | 7,601 | 6,168 | 1,433 |
| **Total Long-term Liabilities** | $ 3,213,060 | $ 51,091 | $ (179,253) | $ 3,084,898 | $ 106,056 | $ 2,978,842 |

(1) Advance rent from tenants due within one year is included with current advanced rents from tenants on the statement of net position; compensated absences and pollution remediation liabilities due within one year are included in current accounts payable and accrued liabilities on the statement of net position.

**6. LONG-TERM LIABILITIES** (continued)

**Principal and Interest Requirements to Maturity:**

A schedule of debt maturities is as follows (in thousands):

**PUBLIC OFFERINGS**

| | Fiscal Year | Principal | Interest | Total |
|---|---|---|---|---|
| **Revenue Bonds** | | | | |
| | 2024 | $ - | $ 59,177 | $ 59,177 |
| | 2025 | 62,660 | 116,859 | 179,519 |
| | 2026 | 65,540 | 113,795 | 179,335 |
| | 2027 | 67,505 | 110,594 | 178,099 |
| | 2028 | 69,775 | 107,273 | 177,048 |
| | 2029-2033 | 327,145 | 492,735 | 819,880 |
| | 2034-2038 | 402,345 | 406,971 | 809,316 |
| | 2039-2043 | 488,655 | 302,842 | 791,497 |
| | 2044-2048 | 566,155 | 177,563 | 743,718 |
| | 2049-2053 | 499,160 | 55,884 | 555,044 |
| | 2054-2055 | 38,500 | 1,525 | 40,025 |
| Total Revenue Bonds | | 2,587,440 | $ 1,945,218 | $ 4,532,658 |
| Unamortized premiums and (discounts) | | 283,179 | | |
| Net Revenue Bonds – Public Offerings | | $ 2,870,619 | | |

**DIRECT PLACEMENT**

| | Fiscal Year | Principal | Interest | Total |
|---|---|---|---|---|
| **Revenue and Special Bonds** | | | | |
| | 2024 | $ 10,822 | $ 1,388 | $ 12,210 |
| | 2025 | 22,213 | 2,210 | 24,423 |
| | 2026 | 22,992 | 1,430 | 24,422 |
| | 2027 | 23,800 | 623 | 24,423 |
| Total Revenue and Special Bonds | | 79,827 | $ 5,651 | $ 85,478 |
| Unamortized premiums and (discounts) | | - | | |
| Net Revenue and Special Bonds – Direct Placement | | $ 79,827 | | |
| Total Outstanding Bonds | | 2,667,267 | $ 1,950,869 | $ 4,618,136 |
| Unamortized premiums and (discounts) | | 283,179 | | |
| Total Net Outstanding Bonds | | $ 2,950,446 | | |

**6. LONG-TERM LIABILITIES** (continued)

**DIRECT BORROWING**

| | | | |
|---|---|---|---|
| Lines of Credit | 2024* | $ | - |
| | 2025 | | 16,476 |
| Total Lines of Credit | | $ | 16,476 |
| | | | |
| Lease Liability | 2024 | $ | 994 |
| | 2025 | | 1,570 |
| | 2026 | | 1,675 |
| | 2027 | | 1,787 |
| | 2028 | | 1,907 |
| | 2029-2033 | | 11,628 |
| | 2034-2038 | | 16,079 |
| | 2039-2043 | | 17,599 |
| Total Lease Liability | | $ | 53,239 |

* The Lines of Credit due in fiscal year 2024 were excluded from current liabilities, as these can be repaid with other long-term credit lines. Additionally, it is the Authority's intention to repay this debt with proceeds from a future Bond issue.

**7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The Authority entered Subscription-Based Information Technology Arrangements (SBITA) that allow the right to use and control a vendor's software, alone or in combination with other assets, the terms of which expire through 2025. These arrangements provide access to airline common use systems, accounts receivable software, public warning platforms, and project management software. The leased assets include access to a third party's proprietary software. The measurement of the subscription liabilities is based on the present value of lease payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, and residual value guarantee payments that are fixed in substance. A summary at December 31 and September 30 is as follows (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Subscription Assets | $ 4,980 | $ 6,003 |
| Accumulated Depreciation | 3,383 | 3,899 |
| Net Subscription Assets | $ 1,597 | $ 2,104 |

The borrowing rate of 3.277 percent was used to measure subscription payables. Subscription liabilities recorded under subscription contracts as of December 31, 2023 and September 30, 2023 were $0.3 million and $1.4 million, respectively. The following is a schedule by years of future principal and interest payment requirements related to the Authority's subscription liability as of December 31, 2023 (in thousands):

| | Principal | Interest | Total Future Minimum Lease Payments |
|---|---|---|---|
| 2024 | $ 182 | $ 4 | $ 186 |
| 2025 | 159 | 5 | 164 |
| Total future minimum payments | $ 341 | $ 9 | $ 350 |

## 8. ORLANDO UTILITY COMMISSION (OUC) AGREEMENT

On September 22, 2017, the Aviation Authority, and OUC entered an Interlocal Agreement. Pursuant to the Interlocal Agreement, the Aviation Authority was to identify projects that could expand the then-current utility partnership beyond the traditional power and water services.
The Terminal C projects identified for consideration in the OUC/Aviation Authority partnership include the construction, operation, and maintenance for portions of the:

- 28 MW Backup Generation Plant and 12KV Emergency Distribution.
- 8,790 Ton Central Energy Plant.
- Sustainability Initiatives (solar energy facility).

On October 10, 2018, the Aviation Authority Board approved a Letter of Intent ("LOI") between the Aviation Authority and OUC to negotiate a series of agreements to be presented to the Boards of both entities for approval as a comprehensive transaction structure. With the authorization from the Aviation Authority Board, the Aviation Authority staff, consultants, and legal counsel entered negotiations with OUC, resulting in the Global Agreement, to effectuate the intent of the LOI.

The Aviation Authority funded the engineering, procurement, and construction of the Backup Generation Facility and the Central Energy Plant. OUC designed, engineered, permitted, and constructed the 12 kV electrical distribution system and solar energy facilities at MCO. The cost of the projects was approximately $54 million, inclusive of OUC's capital improvement fund in the amount of $2.7 million, any portion of which is not expended by the term of the agreement will be returned to the Aviation Authority. Additionally, OUC has waived the system development and connection (SDC) charges up to $4 million. The SDC charge is an impact fee for all users of the system to cover necessary improvements over the entire system necessitated by the new service. The term of the agreement is twenty (20) years.

In addition to this being a 20-year agreement to provide reliable and sustainable energy services to the Aviation Authority, this is a financing transaction (treated as a lease under GASB 87). OUC purchased the right to operate the equipment from the Aviation Authority that is used to provide chilled water and backup emergency power distribution to Terminal C over a 20-year term. OUC has paid the Aviation Authority $54 million at the "Turnover Date", November 3, 2022. On that date OUC acquired the right and obligation to maintain the equipment, risk of loss and risk of maintaining the equipment over the 20-year term. The Aviation Authority used those proceeds to repay a portion of a Line of Credit that had been used to finance the construction of these facilities on an interim basis.

The Aviation Authority will compensate OUC for these services through a series of charges:

- A Capital charge, $409,940, which is a fixed monthly charge that recovers the cost for the right to use and obligation to maintain the equipment.
- A Capacity charge, which pays for the actual maintenance of the equipment and the labor for operations of the facility. This charge is based on the tons of chilled water in the case of the CEP or Kilowatt hours in the case of the EPG that the facility can produce times the base rate, adjusted by a % of CPI.

All payments to OUC are subordinate to all Aviation Authority Operating and Maintenance Expense payments as well as all debt service payments regardless of lien status.

## 9. PLEDGED REVENUES

### Airport Facilities Revenue Bonds (Senior Lien Bonds)

The Authority issues Airport Facilities Revenue Bonds under and pursuant to the Amended and Restated Airport Facilities Revenue Bond Resolution, authorizing Airport Facilities Revenue Bonds of the City of Orlando, Florida adopted by the governing board of the Authority, on September 16, 2015, having an effective date of May 1, 2017 (the "Bond Resolution"). As of December 31, 2023, the Authority has outstanding $2.9 billion in Airport Facilities Revenue Bonds issued from 2015 to 2022, and payable through October 1, 2055. Proceeds from the Airport Facilities Revenue Bonds provided financing for various airport capital projects and refunding for previously issued debt.

**9. PLEDGED REVENUES** (continued)

The Airport Facilities Revenue Bonds are secured by a senior lien on and pledge of airport revenues, net of specified operating expenses, along with certain other revenues to the extent they are expressly pledged by the Authority (e.g. Available PFC Revenues). The Authority has agreed to maintain rates and charges each year to provide (i) Net Revenues plus any Transfers (each as defined in the Bond Resolution), equal to at least 1.25 times the sum of the aggregate debt service on all outstanding senior lien Airport Facilities Revenue Bonds each fiscal year, and (ii) Net Revenues plus any Transfers and Subordinated Pledged Revenues (as defined in the Bond Resolution), equal to at least 1.00 times all debt outstanding under the Bond Resolution.

Events of default for bonds issued under the Bond Resolution include nonpayment events, bankruptcy events, and noncompliance with covenants. No assets have been pledged as collateral and no rights of acceleration exist under the Bond Resolution. In the event of default, the Authority shall, if demanded by the trustee, account for all Revenues, moneys, securities, and funds pledged by the Resolution, pay over to the Trustee all moneys, securities and Funds held in any Fund or account under the Resolution and, as received, all Revenues which the Trustee shall first apply to Operation and Maintenance expenses, including payment of reasonable charges of expenses of the Trustee and reasonable fees and disbursements to counsel, and then to payment of interest and principal and redemption price due on the Bonds in order of priority.

Total principal and interest remaining on the Airport Facilities Revenue Bonds as of December 31, 2023, is $4.5 billion with annual requirements ranging from $59.2 million due in fiscal year 2024 to $20.0 million in the final year, with the highest requirement of $179.5 million in the fiscal year 2025. For the three months, ended December 31, 2023, principal and interest requirements were $45.8 million. The revenues pledged for the year were $140.7 million. This represents $120.6 million in Net Revenues as calculated per the Bond Resolution and $20.1 million of Available PFC Revenues as a direct offset of PFC debt service as authorized under the Bond Resolution.

**Priority Subordinated Indebtedness**

The Bond Resolution authorizes the Authority to issue Priority Subordinated Indebtedness and Secondary Subordinated Indebtedness. To date, the Authority has issued and has outstanding under the Amended and Restated Master Subordinated Indenture of Trust, dated as of July 1, 2016 (the "Master Subordinated Indenture") both Priority Subordinated Indebtedness and Secondary Subordinated Indebtedness. As of December 31, 2023, the Authority's outstanding Priority Subordinated Indebtedness is comprised of the outstanding Priority Subordinated Airport Facilities Revenue Refunding Bonds, Series 2016 and 2017A. As of December 31, 2023, the Authority's outstanding Secondary Subordinated Indebtedness is comprised of the Lines of Credit.

Priority Subordinated Indebtedness is secured by a lien on and pledge of Pledged Subordinated Revenues (as defined in the Master Subordinated Indenture) that is subordinate to the pledge of senior lien Airport Facilities Revenue Bonds, and senior to the lien of Secondary Subordinated Indebtedness. The Authority has agreed to maintain rates and charges each year to provide (i) Net Revenues plus any Transfers (each as defined in the Bond Resolution), equal to at least 1.10 times the sum of the aggregate debt service on all aggregate annual subordinated debt each fiscal year, under the Bond Resolution.

Events of default for bonds issued under the Master Subordinated Indenture include nonpayment events, bankruptcy events, and noncompliance with covenants. No assets have been pledged as collateral and no rights of acceleration exist under the Master Subordinated Indenture.

**Special Purpose Facilities Bonds:**

**Customer Facility Charge Taxable Revenue Note**

The Authority authorized the $160,000,000 Taxable Revenue Note (CFC Ground Transportation Project) Series 2018, dated March 29, 2018 (the "Series 2018 Note"), of which a portion is due April 1 and October 1 of each year

## 9. PLEDGED REVENUES (continued)

beginning in 2020 through 2027. The coupon interest rate is 3.48% due semi-annually on April 1 and October 1. The $160.0 million proceeds were drawn over 18 months, by September 30, 2019. Total principal and interest remaining on the note as of December 31, 2023, is $85.5 million. For the three months ended December 31, 2023, interest requirements were $0.7 million. As of December 31, 2023, the outstanding principal balance is $79.8 million.

The repayment of the $160.0 million in Taxable Revenue Note (CFC Ground Transportation Project) issued in 2018 is payable solely from customer facility charges revenue. Proceeds from the note provided financing for the purpose of paying or reimbursing the Authority for a portion of the costs and expenses of financing, designing, constructing, operating, relocating and maintaining the CFC Ground Transportation Project, funding all or a portion of the CFC Stabilization Fund Requirement, and certain costs of issuance. Any bonds issued pursuant to this indenture including the Series 2018 Note are not issued under, and are not subject to the Bond Resolution, and are not secured by the Revenues as defined by the Bond Resolution.

In the event of default, the applicable default rate shall apply to the outstanding principal balance of the note and any additional bonds or refunding bonds for which a default rate is provided, until the event of default no longer exists. No assets have been pledged as collateral and no rights of acceleration exist for this issue.

## 10. FDOT INDEBTEDNESS

On November 5, 2014, the Authority entered into a Joint Participation Agreement (JPA), as amended between the Authority and the Florida Department of Transportation (FDOT), under which FDOT, combined with other FDOT grants will provide total funding of approximately $211.0 million of funds, of which the Authority is required to reimburse FDOT for $52.7 million of the funds provided by FDOT under the JPA, and the balance will be a grant. The proceeds of the loan will be used to pay for portions of the Intermodal Terminal Facility (ITF) that are related to the construction of the passenger rail terminal being developed as part of the ITF adjacent to the Automated People Mover system. Under the JPA, the Authority is obligated to repay the FDOT Loan with no interest commencing January 30, 2020, through 2039. On December 30, 2020, the Florida Department of Transportation (FDOT) executed an amendment agreeing to defer the principal payments due on the FDOT loan for fiscal years 2021 and 2022 as a result of the effects of the COVID-19 pandemic. The final payment was extended to January 30, 2039, due to the two year deferral. The FDOT loan was paid off as of May 12, 2023. As of December 31, 2023, and September 30, 2023, the Authority had an outstanding balance of $0.

Based on the JPA, upon any event of default, FDOT may cause the Authority to remit to FDOT funds sufficient to enable the Authority to satisfy its obligations.

## 11. LINE OF CREDIT INDEBTEDNESS

On July 29, 2022, the Authority amended the revolving credit agreement with Wells Fargo Bank, N.A. to provide the Authority with a $275.0 million line of credit, previously under two separate agreements. The term of the line of credit expires on July 29, 2024. Annual fees for the unused portion of the line of credit are 20 basis points, subject to the maintenance of the current Authority rating, multiplied by the daily authorized amount less the average daily balance of the principal amount of all outstanding advances for the preceding three months; payable on October 1, 2022, and thereafter, quarterly on the first day of each January, April, July and October. In the event of a change in the Authority's rating, the unused fee rate shall equal the number of basis points set forth in the level associated with the Authority rating. Once the loan is utilized at 50%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the Daily Simple Secured Overnight Financing Rate (SOFR) plus the applicable spread; currently 62 basis points. Fees for tax-exempt draws are calculated 80% of the Daily Simple SOFR plus the applicable spread; currently 29 basis points. As of December 31, 2023 and September 30, 2023, the Authority has drawn $9.4 million on this line of credit. As of December 31, 2023 and September 30, 2023, the unused portion of this line of credit was $265.6 million.

On July 29, 2022, the Authority amended the revolving credit agreement with Bank of America, N.A. to provide the Authority with a $275.0 million line of credit, previously under two separate agreements. The term of the line of

## 11. LINE OF CREDIT INDEBTEDNESS (continued)

credit expires on July 31, 2024. Annual fees for the unused portion of the line of credit are 20 basis points, subject to the maintenance of the current Authority rating, multiplied by the daily authorized amount less the average daily balance of the principal amount of all outstanding advances for the preceding three months; payable on October 1, and thereafter, semiannually on the first day of each April and October. In the event of a change in the Authority's rating, the unused fee rate shall equal the number of basis points set forth in the level associated with the Authority rating. Once the loan is utilized at 50%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the BSBY Daily Floating Rate plus 62 basis points. Fees for tax-exempt draws are calculated at each The Securities Industry and Financial Markets Association (SIFMA) accrual period at the SIFMA index rate plus 29 basis points. As of December 31, 2023 and September 30, 2023, the Authority has drawn $7.0 million on this line of credit. As of December 31, 2023 and September 30, 2023, the unused portion of this line of credit was $268.0 million.

In the event of a default for the 2019 Bank of America, N.A., and the 2019 Wells Fargo Bank, N.A., these lines of credit shall bear interest at a rate per annum equal to three percent (3%) plus the greatest of (1) the U.S. prime rate of interest published in the "Money Rates" section of the Wall Street Journal for the last day of the calendar month immediately preceding the calendar month in which the default occurred: (2) the LIBOR Daily Floating Rate plus one hundred (100) basis points (1.0%); or (3) the Federal Funds Rate published by the U.S. Federal Reserve Bank for the last day of the calendar month immediately preceding the calendar month in which the default occurred plus fifty (50 basis points (0.50%). Once such default is cured to the reasonable satisfaction of the bank, this line of credit shall bear interest at the rate otherwise payable. The default rate shall also apply from acceleration until the amounts payable hereunder or any judgment thereon is paid in full.

The default rate shall also apply from acceleration until the amounts payable under the credit agreement or any judgement thereon is paid in full.

## 12. LEASE LIABILITY

The Aviation Authority agreed to build, and Orlando Utilities Commission (OUC) agreed to finance, operate and maintain a central energy plant ("CEP"), and an emergency power generation and 12kV distribution facility ("EPG") for the South Terminal Complex ("STC"). OUC agreed to staff the CEP with OUC personnel, including onsite personnel for management and provision of emergency response for the EPG. OUC also agreed to construct, own, operate and maintain a solar energy facility (collectively with the CEP and the EPG, the "OUC Projects"). Pursuant to the terms of the Global Agreement, OUC will ultimately transfer ownership of the OUC Projects to the Authority at the end of the term of the agreement. The financial obligations of the Authority, which include repayment of capital and charges for ongoing maintenance pursuant to the Global Agreement, become effective upon the Turnover Date. Amendment Number 2 to the Global Agreement dated as of October 20, 2022 between the Authority and OUC ("Amendment No. 2") closed on November 3, 2022. The Authority received $52,276,047 upfront payment in exchange for granting OUC the right to finance, operate and maintain the equipment. The Authority will repay OUC in monthly installments at 6.5% interest over 20 years.

The lease liability recorded under the agreement as of December 31, 2023 and September 30, 2023, was $53.2 million and $53.7 million, respectively.

## 12. LEASE LIABILITY (continued)

The future principal and interests payments for lease liabilities as of December 31, 2023, are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 994 | $ 2,577 | $ 3,571 |
| 2025 | 1,570 | 3,350 | 4,920 |
| 2026 | 1,675 | 3,245 | 4,920 |
| 2027 | 1,787 | 3,132 | 4,919 |
| 2028 | 1,907 | 3,013 | 4,920 |
| 2029-2033 | 11,628 | 12,969 | 24,597 |
| 2034-2038 | 16,079 | 8,517 | 24,596 |
| 2039-2043 | 17,599 | 2,486 | 20,085 |
| | $ 53,239 | $ 39,289 | $ 92,528 |

## 13. REFUNDING BOND ISSUANCES AND DEFERRED AMOUNTS

The Authority reported long term debt deferred loss from the following bonds (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Long Term Debt Deferred Loss (Gain): | | |
| Series 2016C | $ 4,205 | $ 4,315 |
| Total Long Term Debt Net Deferred Loss | $ 4,205 | $ 4,315 |

## 14. BOND ISSUANCES (OTHER THAN REFUNDING ISSUES)

The Authority did not issue bonds during the quarter ended December 31, 2023 and the fiscal year ended September 30, 2023.

## 15. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the three months ended December 31 (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Federal Grants | $ 18,389 | $ 242 |
| State of Florida Grants | 8,130 | 894 |
| Other Grants | 12 | 149 |
| Total Capital Contributions | $ 26,531 | $ 1,285 |

## 16. AIRLINE RATES BY RESOLUTION

Effective November 1, 2013, the Authority began operating under a Resolution Relating to Airline Rates and Charges and Airline Operating Terms and Conditions For the Use Of Facilities And Services At Orlando International Airport, adopted by the Authority Board October 16, 2013 and amended and restated as of August 10, 2016 and subsequently amended and restated as of August 28, 2019 (the "Resolution").

The Resolution, which has no expiration date, provides for a compensatory rate-making methodology for use of the terminal facilities, including certain activity based charges for use of the baggage system, and a residual rate-making methodology to establish landing fees for the use of the airfield. Any airline may commit to use certain terminal

## 16. AIRLINE RATES BY RESOLUTION (continued)

space on an exclusive or preferential basis and, as a result, pay a fixed monthly charge for such space. Otherwise, airlines pay for terminal space assigned by the Authority on a per use basis.

Effective October 1, 2019, the Authority entered into a five-year Rate and Revenue Sharing Agreement ("Rate Agreement"), whereby the airlines affirmatively agreed to the Resolution and the rate-setting methodology therein, and further agreed not to challenge the rates and charges calculated under the Resolution's rate-setting methodology through any judicial or regulatory process throughout the term of the agreement which expires on September 30, 2024. Airlines that sign and comply with the terms of a Rate Agreement with the Authority are entitled to share in certain revenues remaining after the payment of all Authority debt service and operating expenses, including fund deposit requirements ("Net Remaining Revenue"). For this agreement the Authority receives the first $55 million of Net Remaining Revenues for all five years, with participating airlines sharing in a pool of the next $10 million in Remaining Revenues. Net Remaining Revenue after the first $65 million, will be split 50/50 between The Authority and the participating airlines.

## 17. OUTSTANDING CONTRACTS

As of December 31, 2023, the Authority had entered into construction contracts, related to MCO, totaling approximately $4.2 billion for construction, engineering services and equipment, approximately $0.5 billion of which remains unincurred. Grants, passenger facility charges, and customer facility charges will be utilized to fund a portion of these projects.

## 18. CONTINGENT LIABILITIES

The Authority does not anticipate any litigation at this time.

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## 19. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at $2.2 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in the financial statements as they become probable. A summary of the changes in liability for the three months ended December 31, 2023 is as follows (in thousands):

| | Balance October 1, 2023 | Additions or Adjustments | Payments Current Year | Balance December 31, 2023 |
|---|---|---|---|---|
| Pollution Remediation Liability | $ 1,290 | $ 24 | $ (19) | $ 1,295 |
| Net Pollution Remediation Liability Recorded | $ 1,290 | $ 24 | $ (19) | $ 1,295 |
| Reported as follows (shown as Pollution Remediation Liability on Note 6) | | | | |
| Due within one year | $ 210 | $ 43 | $ (19) | $ 234 |
| Due after one year | 1,080 | (19) | - | 1,061 |
| | $ 1,290 | $ 24 | $ (19) | $ 1,295 |

The Authority has certain land sites that are being evaluated for potential remediation, in accordance with GASB 49, or are in the post-remediation stage with monitoring being completed as necessary.

Additionally, the Authority is involved in litigation for a polluted site from chemical and fuel spills on airport property. The liabilities associated with these sites are not reasonably estimable and, as such are not recorded in the financial statements.

## 20. SUBSEQUENT EVENTS

On April 4, 2024, the Authority entered into the 2024A Revolving Credit Agreement with Wells Fargo Bank, N.A., to provide the Authority with a $275.0 million line of credit. The term of this line of credit expires on March 31, 2026. Simultaneously, the Authority terminated the existing June 30, 2019, Revolving Credit Agreement with Wells Fargo Bank, N.A., related to the $275.0 million line of credit, along with any notes securing such line of credit.

On April 11, 2024, the Aviation Authority completed the taxable advance refunding of its Series 2016A and 2016B General Airport Revenue Bonds (GARBs). The refunding involved the defeasance of the outstanding Series 2016A bonds in the amount of $60,840,000 and Series 2016B bonds in the amount of $7,600,000. The refunding was facilitated through a taxable draw on a line of credit and other available Authority funds.

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MSL

Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Authority Board
Orlando Executive Airport
(a Department of the Greater Orlando
Aviation Authority)
Orlando, Florida

We have reviewed the accompanying interim financial statements of Orlando Executive Airport (a department of the Greater Orlando Aviation Authority), which comprise the statements of net position as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position, cash flows, and the related notes to the financial statements for each of the three-month periods ended December 31, 2023 and 2022. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the "Authority"). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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

**Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

As discussed in Note 1 of the notes to the interim financial statements, the interim financial statements of Orlando Executive Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of Orlando Executive Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2023, and the changes in its financial position and its cash flows for the three-month periods ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Authority Board
Orlando Executive Airport
(a Department of the Greater Orlando
Aviation Authority)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that required supplementary information be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the Management Discussion & Analysis, Pension schedules, and Other Postemployment Benefit schedules that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

**Prior Period Statements of Net Position**

The statement of net position of Orlando Executive Airport as of September 30, 2023, was audited by us, and we expressed an unmodified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated March 6, 2024, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 17, 2024

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO EXECUTIVE AIRPORT**
**STATEMENTS OF NET POSITION – UNAUDITED**
**As of December 31, 2023 and September 30, 2023**
**(in thousands)**

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| ASSETS AND DEFERRALS | | |
| Current Assets | | |
| Cash and cash equivalents | $ 9,687 | $ 11,276 |
| Accounts receivable, less allowance For uncollectibles of $0 and $0 | 246 | 148 |
| Interest receivable | 47 | 45 |
| Lease receivables current | 902 | 1,196 |
| Due from Orlando International Airport | 4,280 | 3,535 |
| Due from other governmental agencies | 45 | 133 |
| Prepaid expenses | 9 | 13 |
| Total current assets | 15,216 | 16,346 |
| Unrestricted assets: | | |
| Investments | 6,081 | 4,668 |
| Lease receivables noncurrent | 18,863 | 18,863 |
| Net pension asset | 101 | 101 |
| Total unrestricted assets | 25,045 | 23,632 |
| Capital assets, net of accumulated depreciation: | | |
| Property and equipment | 23,770 | 23,853 |
| Property held for lease | 5,681 | 5,752 |
| Work in progress | 689 | 777 |
| Total capital assets, net of accumulated depreciation | 30,140 | 30,382 |
| Total noncurrent assets | 55,185 | 54,014 |
| Total assets | $ 70,401 | $ 70,360 |
| Deferred outflows of resources | $ 290 | $ 290 |

(continued)

See accompanying independent accountant's review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO EXECUTIVE AIRPORT**
**STATEMENTS OF NET POSTION – UNAUDITED**
**As of December 31, 2023 and September 30, 2023**
**(in thousands)**

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| LIABILITIES, DEFERRALS, AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 709 | $ 783 |
| Deposits | 45 | 45 |
| Advance rent from tenants, current | 104 | 104 |
| Due to other governmental agencies | 14 | 17 |
| Total current liabilities | 872 | 949 |
| Long-term Liabilities | | |
| Net OPEB liability | 134 | 134 |
| Advance rent from tenants, long-term | 350 | 377 |
| Other long-term liabilities | 271 | 271 |
| Total long-term liabilities | 755 | 782 |
| Total liabilities | $ 1,627 | $ 1,731 |
| Deferred inflows of resources | 18,764 | 19,141 |
| Net Position | | |
| Net investment in capital assets | 30,140 | 30,382 |
| Unrestricted | 20,160 | 19,396 |
| Total net position | $ 50,300 | $ 49,778 |

See accompanying independent accountant's review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO EXECUTIVE AIRPORT**
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - UNAUDITED**
**For the Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Operating Revenues | | |
| Airfield area | $ 151 | $ 159 |
| Terminal area | 24 | 24 |
| Commercial property | 738 | 570 |
| Other airport related | 269 | 242 |
| Total operating revenues | 1,182 | 995 |
| Operating Expenses | | |
| Operations and facilities | 532 | 413 |
| Safety and security | 461 | 327 |
| Administration | 212 | 181 |
| Other | 47 | 74 |
| Total operating expenses | 1,252 | 995 |
| Operating gain (loss) before depreciation | (70) | - |
| Depreciation | (426) | (439) |
| Operating gain (loss) | (496) | (439) |
| Nonoperating Revenues (Expenses) | | |
| Investment income | 99 | 91 |
| Net increase (decrease) in the fair value of investments | 83 | 25 |
| Lease interest income | 164 | 173 |
| Federal and state grants | 644 | 503 |
| Total nonoperating revenues (expenses) | 990 | 792 |
| Gain (loss) before capital contributions | 494 | 353 |
| Capital Contributions | 28 | 194 |
| Increase in net position | 522 | 547 |
| Total Net Position, Beginning of Period | 49,778 | 46,769 |
| Total Net Position, End of Period | $ 50,300 | $ 47,316 |

See accompanying independent accountant's review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO EXECUTIVE AIRPORT**
**STATEMENTS OF CASH FLOWS - UNAUDITED**
**For the Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities | | |
| Cash received from customers, tenants, and governmental agencies | $ 892 | $ 716 |
| Cash paid to suppliers and governmental agencies | (901) | (870) |
| Cash paid to employees for services | (419) | (406) |
| Net cash used for operating activities | (428) | (560) |
| Cash flows from noncapital financing activities | | |
| Operating grants | 644 | 503 |
| Net cash provided by noncapital financing activities | 644 | 503 |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (852) | (259) |
| Capital contributed by federal grants and state agencies | 116 | 98 |
| Lease interest | 164 | 173 |
| Net cash (used for) provided by capital and related financing activities | (572) | 12 |
| Cash flows from investing activities | | |
| Purchase of investments | (1,828) | (1,647) |
| Proceeds from sale or maturity of investments | 498 | 302 |
| Interest received | 97 | 77 |
| Net cash used for investing activities | (1,233) | (1,268) |
| Net increase (decrease) in cash and cash equivalents | (1,589) | (1,313) |
| Cash and Cash Equivalents, Beginning of Period | 11,276 | 10,147 |
| Cash and Cash Equivalents, End of Period (1) | $ 9,687 | $ 8,834 |
| (1) Cash and Cash Equivalents – Unrestricted Assets | $ 9,687 | $ 8,834 |
| | $ 9,687 | $ 8,834 |

(continued)

See accompanying independent accountant's review report and notes to financial statements.

**GREATER ORLANDO AVIATION AUTHORITY**
**ORLANDO EXECUTIVE AIRPORT**
**STATEMENTS OF CASH FLOWS - UNAUDITED**
**For the Three Months Ended December 31,**
**(in thousands)**

| | 2023 | 2022 |
|---|---|---|
| Reconciliation of operating loss to net cash provided by (used for) operating activities | | |
| Operating loss | $ (496) | $ (439) |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: | | |
| Depreciation | 426 | 439 |
| (Increase) Decrease in operating assets: | | |
| Accounts and grants receivable | (98) | (105) |
| Lease receivables | 294 | 282 |
| Prepaid expenses | 4 | 37 |
| Increase (Decrease) in operating liabilities: | | |
| Accounts payable and accrued liabilities | (74) | (189) |
| Due to other governmental agencies | (3) | 2 |
| Deposits | - | 3 |
| Advance rent from tenants | (27) | (25) |
| Due from other funds | (77) | (188) |
| Deferred inflows of resources | (377) | (377) |
| Total adjustments | 68 | (121) |
| Net cash used for operating activities | $ (428) | $ (560) |

Noncash Investing, Capital and Financing Activities

| | 2023 | 2022 |
|---|---|---|
| Increase in fair value of investments | $ 83 | $ 25 |
| Capital contributions from other governments | $ (88) | $ 96 |

See accompanying independent accountant's review report and notes to financial statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Purpose:** The Orlando Executive Airport (ORL) functions as a self-supporting department operated by the Greater Orlando Aviation Authority (the Authority), and uses the accrual method of accounting. The Authority also operates Orlando International Airport (MCO). The department financial statements of MCO are presented separately.

**Basis of Presentation and Accounting:** The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Prior period amounts have been reclassified to conform to the current period presentations. Operating results for the three-month period ended December 31, 2023 are not necessarily indicative of the results that may be expected for the year ending September 30, 2024. For further information, refer to the financial statements and footnotes thereto included in the Annual Comprehensive Financial Report for the year ended September 30, 2023.

## 2. CASH DEPOSITS AND INVESTMENTS

At December 31, 2023 and September 30, 2023, the fair value of all securities regardless of the statement of net position classification was as follows (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| U.S. Treasury and government agency securities | $ 6,081 | $ 4,668 |
| Local government investment pool | 63 | 62 |
| Money market funds | 1,670 | 2,462 |
| Total securities | $ 7,814 | $ 7,192 |

These securities are classified on the statements of net position as follows (in thousands):

| | December 31, 2023 | September 30, 2023 |
|---|---|---|
| Current Assets | | |
| Unrestricted assets | | |
| Cash and cash equivalents | $ 9,687 | $ 11,276 |
| Investments | - | - |
| Unrestricted Assets | | |
| Investments | 6,081 | 4,668 |
| Total cash, cash equivalents and investments | 15,768 | 15,944 |
| Less cash on deposit | (7,954) | (8,752) |
| Total securities, at fair value | $ 7,814 | $ 7,192 |

As of December 31, 2023, ORL held the following investments, as categorized below, in accordance with generally accepted accounting principles:

Investment Maturities (in thousands) at December 31, 2023

| Investment Type | Less than 1 Year | 1 to 5 Years | 6 to 10 Years | 11 to 15 Years | Total | Level |
|---|---|---|---|---|---|---|
| U.S. Treasury and government agency securities | $ 4,222 | $ 1,859 | $ - | $ - | $ 6,081 | 1 |
| Local government investment pool | 63 | - | - | - | 63 | N/A |
| Money market funds | 1,670 | - | - | - | 1,670 | N/A |
| | $ 5,955 | $ 1,859 | $ - | $ - | $ 7,814 | |

## 2. CASH DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2023 the Authority had $62,423 of ORL funds invested in the Florida State Board of Administration's (the SBA) Local Government Surplus Investment Pool (the Florida Prime). Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the SBA.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity, except for those portions of the portfolio that are actively managed by the Authority's Investment Advisor. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they become due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Investments under the Bond Resolution shall mature no later than needed, except for 1) investments in the Debt Service Reserve Account, which shall mature not later than fifteen years (unless such investment is redeemable at the option of the holder, in which event the maturity shall not exceed the final maturity date of the bonds secured by such investment); 2) investments in the Operation and Maintenance Fund and Operation and Maintenance Reserve Account shall mature within twelve months; and 3) investments in the Capital Expenditure Fund, the Renewal and Replacement Fund, Improvement and Development Fund, and the Discretionary Fund shall mature within five years. Investments under the Amended and Restated Master Subordinated Indenture of Trust shall mature no later than needed, except for investments in the Reserve Fund, which shall mature not later than fifteen years from the date of such investment. The Authority portfolio holds a limited number of callable securities. The schedules above present the maturity date of the securities. According to the SBA, the dollar weighted average days to maturity ("WAM") of the Florida Prime at December 31, 2023 is 41 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the Florida Prime at December 31, 2023 is 70 days.

**Credit Risk:** The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits the purchase of certain investments to specific rating requirements. Investment in commercial paper is limited to 3a3 and rated A-1, P-1, or F1 for short-term investments by two of the three rating agencies: S&P, Moody's and Fitch (without regard to gradation). Investment in dollar denominated corporate securities is limited to companies in the United States, which are rated A or better by two of the three rating agencies (without regard to gradation). Investments held in obligations of U.S. government agencies were rated AAA by Fitch, Aaa by Moody's, and AA+ by S&P. Investments held in the portfolio as of December 31, 2023 were rated consistent with the Authority's investment policy and bond resolutions. Funds invested in money market funds and the Florida Prime were rated AAAm by S&P.

**Custodial Credit Risk:** For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are either held in the name of the Authority or held in trust under the Authority's name.

**Concentration of Credit Risk:** Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority mitigates its concentration of credit risk by diversifying its investment portfolio. At December 31, 2023 and September 30, 2023 the Authority did not hold investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents), except those expressly permitted pursuant to GASB statement No. 40. The investment policy limits the maximum investment in any one issuer of commercial paper to $5.0 million.

**Foreign Currency Risk Disclosure:** The Authority invests only in securities that are denominated in U.S. dollars. According to the latest information available from the SBA, the Florida Prime was not exposed to any foreign currency risk during the period October 1, 2014 through December 31, 2023.

**Valuation of Investments:** The Authority utilizes the market approach to mark-to-market the fair value of its investment holdings.

GASB 72 established a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability either directly

## 2. CASH DEPOSITS AND INVESTMENTS (continued)

or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

GASB 72 generally requires investments to be measured at fair value. Investments not measured at fair value continue to include, for example, money market investments and "2a-7 like" external investment pools, such as the Florida Prime. GASB 72 requires disclosures be made about fair value measurements, the level of fair value hierarchy, and the valuation techniques. The Authority utilizes a third-party pricing service to mark-to-market holdings of U.S. Treasury securities, corporate securities, and government-sponsored enterprise securities, such as Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Association. The Authority derives pricing for commercial paper holdings directly from the custody statements for each account that has commercial paper holdings. Regarding fair value hierarchy disclosure, GASB 72 characterizes Level 1 inputs as quoted prices in active markets for identical assets or liabilities, therefore, the Authority has denoted Level 1 for each of the various holdings, except for money market and Florida Prime investments. Per the SBA, the Florida Prime meets all of the necessary criteria to elect to measure all of the investments in Florida Prime at amortized cost. Therefore, the Authority's participant account balance is considered the fair value of its investment and is considered exempt from the GASB 72 fair value hierarchy disclosures.

GASB 79 states that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's Authority to impose liquidity fees or redemption gates).

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Chief Executive Officer may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practical from the time the Chief Executive Officer has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Chief Executive Officer until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days." With regard to liquidity fees, Florida Statute 218.409 (4) provides Authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of December 31, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

## 3. RESTRICTED ASSETS

As of December 31, 2023, and September 30, 2023, ORL does not have any restricted assets.

## 4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2023, is as follows (in thousands):

| | Balance October 1, 2023 | Additions and Reclassifications | Deductions | Balance December 31, 2023 |
|---|---|---|---|---|
| **Property and Equipment** | | | | |
| Capital Assets not Depreciated | | | | |
| Land | $ 9,451 | $ - | $ - | $ 9,451 |
| Other Property and Equipment | | | | |
| Buildings | 3,884 | - | - | 3,884 |
| Improvements | 57,024 | - | - | 57,024 |
| Improvements – Colonial Promenade | 2 | - | - | 2 |
| Equipment | 393 | 230 | - | 623 |
| Motor vehicles | 836 | 43 | - | 879 |
| | 62,139 | 273 | - | 62,412 |
| Accumulated Depreciation | | | | |
| Buildings | (1,519) | (17) | - | (1,536) |
| Improvements | (45,236) | (308) | - | (45,544) |
| Equipment | (356) | (16) | - | (372) |
| Motor vehicles | (626) | (15) | - | (641) |
| | (47,737) | (356) | - | (48,093) |
| **Net Property and Equipment** | 23,853 | (83) | - | 23,770 |
| **Property and Equipment - Held for Lease** | | | | |
| Capital Assets not Depreciated | | | | |
| Land | 3,658 | - | - | 3,658 |
| Other Property and Equipment | | | | |
| Buildings | 9,721 | - | - | 9,721 |
| Improvements | 828 | - | - | 828 |
| | 10,549 | - | - | 10,549 |
| Accumulated Depreciation | | | | |
| Buildings | (7,644) | (69) | - | (7,713) |
| Improvements | (811) | (2) | - | (813) |
| | (8,455) | (71) | - | (8,526) |
| **Net Property and Equip - Held for Lease** | 5,752 | (71) | - | 5,681 |
| **Construction Work in Progress** | | | | |
| **Capital Assets Not Depreciated** | 777 | 141 | (229) | 689 |
| **Net Capital Assets** | $ 30,382 | $ (13) | (229) | $ 30,140 |

## 5. LONG-TERM LIABILITIES

A summary of long-term liability activity for the three months ended December 31, 2023, is as follows (in thousands):

| | Balance October 1, 2023 | Additions | Deductions | Balance December 31, 2023 | Amounts Due Within One Year | Amounts Due After One Year |
|---|---|---|---|---|---|---|
| Net OPEB Liability | $ 134 | $ - | $ - | $ 134 | $ - | $ 134 |
| Advanced Rent from Tenants (1) | 481 | 135 | (162) | 454 | 104 | 350 |
| **Other Liabilities** | | | | | | |
| Compensated Absences (1) | 63 | 8 | (7) | 64 | 60 | 4 |
| Pollution Remediation Liability (1) | 283 | 61 | (4) | 340 | 73 ` | 267 |
| **Total Other Liabilities** | 346 | 69 | (11) | 404 | 133 | 271 |
| **Total Long-term Liabilities** | $ 961 | $ 204 | $ (173) | $ 992 | $ 237 | $ 755 |

(1) Advance rent from tenants due within one year is included with current advanced rents from tenants on the statement of net position; compensated absences and pollution remediation liabilities due within one year are included in current accounts payable and accrued liabilities on the statement of net position.

## 6. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the three months ended December 31 (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Federal Grants | $ 14 | $ 179 |
| State Grants | 14 | 15 |
| Total Capital Contributions | $ 28 | $ 194 |

## 7. LEASE AND CONCESSION AGREEMENTS

The Authority accounts for leases in accordance with GASB Statement No. 87, *Leases*. The Authority's operations consist of agreements for use of land, buildings, terminal space and Minimum Annual Guarantees from concessionaires. The agreements are made up of various agreements for land, buildings, terminal space and concessions, which expire between the years 2024 and 2072. The Orlando Executive Airport (ORL) report leases receivable with a carrying amount of $19.8 million and $20.1 million as of December 31, 2023 and September 30, 2023, respectively, and a deferred inflows lease in the amount of $18.5 million and $18.9 million as of December 31, 2023 and September 30, 2023, respectively, related to these agreements. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreements.

ORL recognized $0.4 million and $1.5 million of lease revenue principal and $164,000 and $679,000 of lease interest income for the three months ended December 31, 2023 and the year ended September 30, 2023, respectively.

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## 8. OUTSTANDING CONTRACTS

As of December 31, 2023, the Authority had entered into contracts, related to ORL, totaling approximately $19.3 million for construction, engineering services and equipment, approximately $5.6 million of which remains unincurred. Grants will be utilized to fund a portion of these projects.

## 9. CONTINGENT LIABILITIES

The Authority does not anticipate any litigation at this time.

## 10. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills, whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at $2.0 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in its financial statements as they become probable. The summary of the environmental activity for the three months ended December 31, 2023, related to ORL is as follows (in thousands):

| | Balance October 1, 2023 | Additions or Adjustments | Payments Current Year | Balance December 31, 2023 |
|---|---|---|---|---|
| Pollution Remediation Liability | $ 283 | $ 61 | $ (4) | $ 340 |
| Net Pollution Remediation Liability Recorded | $ 283 | $ 61 | $ (4) | $ 340 |
| Reported as follows (shown as Pollution Remediation Liability on Note 5) | | | | |
| Due within one year | $ 16 | $ 61 | $ (4) | $ 73 |
| Due after one year | 267 | - | - | 267 |
| | $ 283 | $ 61 | $ (4) | $ 340 |

## 11. SUBSEQUENT EVENTS

The Authority did not have any subsequent events for the Orlando Executive Airport.

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