



**GREATER ORLANDO
AVIATION AUTHORITY**

Orlando, Florida

**UNAUDITED
FINANCIAL STATEMENTS**

For the Nine Months Ended

June 30, 2020 and 2019

GOAA Finance

GREATER ORLANDO AVIATION AUTHORITY

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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 June 30, 2020, 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 nine-month periods ended June 30, 2020 and 2019. 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.

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 June 30, 2020, and the changes in its financial position and its cash flows for the nine-month periods ended June 30, 2020 and 2019 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, 2019 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 February 20, 2020 but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
August 14, 2020

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF NET POSITION - UNAUDITED
(in thousands)**

	June 30, <u>2020</u>	September 30, <u>2019</u>
ASSETS AND DEFERRALS		
Current Assets		
Cash and cash equivalents	\$ 229,134	\$ 319,301
Restricted cash and cash equivalents	260,798	299,577
Accounts and grants receivable, less allowance for uncollectibles of \$137 and \$144, respectively	45,105	24,078
Investments	251	4,000
Interest receivable	602	649
Due from Orlando Executive Airport	381	309
Due from other governmental agencies	552	1,098
Prepaid expenses and inventory	<u>7,861</u>	<u>7,289</u>
Total current assets	<u>544,684</u>	<u>656,301</u>
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	545,415	1,030,980
Accounts and grants receivable	5,590	13,290
Investments	1,126,683	251,745
Interest receivable	4,136	3,128
Due from other governmental agencies	38,753	23,150
Prepaid expenses	<u>12,851</u>	<u>10,204</u>
Total restricted assets	<u>1,733,428</u>	<u>1,332,497</u>
Unrestricted assets		
Investments	<u>138,318</u>	<u>82,140</u>
Total unrestricted assets	<u>138,318</u>	<u>82,140</u>
Capital assets, net of accumulated depreciation		
Property and equipment	2,121,204	2,181,000
Property held for lease	219,830	241,394
Work in progress	<u>1,745,507</u>	<u>1,117,320</u>
Total capital assets, net of accumulated depreciation	<u>4,086,541</u>	<u>3,539,714</u>
Total noncurrent assets	<u>5,958,287</u>	<u>4,954,351</u>
Total assets	6,502,971	5,610,652
Deferred outflows of resources	<u>22,744</u>	<u>23,899</u>

(continued)

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF NET POSITION - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
LIABILITIES, DEFERRALS, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 33,441	\$ 37,742
Unearned revenue	16,296	17,460
Deposits	8,109	8,375
Advance rent from tenants	5,492	12,479
Due to other governmental agencies	1,435	1,717
Accrued airline revenue sharing	-	90,669
Payable from restricted assets		
Accrued interest	34,405	44,209
Accounts payable and accrued liabilities	134,766	142,278
Advance rent from tenants	93	-
Revenue bonds payable, current	89,104	104,522
FDOT indebtedness, current	<u>2,430</u>	<u>8,568</u>
Total current liabilities	<u>325,571</u>	<u>468,019</u>
Noncurrent Liabilities		
Revenue bonds payable, long-term	3,263,233	2,088,706
FDOT indebtedness, long-term	47,731	50,241
Line of credit, long-term	33,618	333,270
Net pension liability	20,049	20,049
Net OPEB liability	2,096	2,096
Other long-term liabilities	<u>1,971</u>	<u>1,977</u>
Total noncurrent liabilities	<u>3,368,698</u>	<u>2,496,339</u>
Total liabilities	<u>3,694,269</u>	<u>2,964,358</u>
Deferred inflows of resources	<u>14,557</u>	<u>14,557</u>
Net Position		
Net investment in capital assets	1,507,019	1,361,883
Restricted for		
Debt service	204,674	215,024
Capital acquisitions and construction	704,616	766,903
Unrestricted	<u>400,580</u>	<u>311,826</u>
Total net position	<u>\$ 2,816,889</u>	<u>\$ 2,655,636</u>

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield area	\$ 38,258	\$ 49,193
Terminal area	157,400	192,487
Ground transportation	122,153	149,380
Other buildings and grounds	16,666	16,776
Hotel	24,070	32,614
Rail station	<u>3,235</u>	<u>4,396</u>
Total operating revenues	<u>361,782</u>	<u>444,846</u>
Operating Expenses		
Operations and facilities	109,124	130,248
Safety and security	34,886	34,484
Administration	52,090	59,399
Hotel	18,951	22,688
Other	<u>1,961</u>	<u>2,077</u>
Total operating expenses	<u>217,012</u>	<u>248,896</u>
Operating income before depreciation	144,770	195,950
Depreciation	<u>(139,020)</u>	<u>(134,658)</u>
Operating income	5,750	61,292
Nonoperating Revenues (Expenses)		
Investment income	14,052	16,086
Net increase in the fair value of investments	11,023	8,501
Interest expense and other financing charges	(29,400)	(25,348)
Participating Airlines net revenue sharing	-	(41,231)
Passenger facility charges	49,770	75,630
Customer facility charges	22,573	34,574
Federal, state and other grants	140	10,144
Other	<u>44,882</u>	<u>3,977</u>
Income before capital contributions	118,790	143,625
Capital Contributions	<u>42,463</u>	<u>19,209</u>
Increase in net position	161,253	162,834
Total Net Position, Beginning of Period	<u>2,655,636</u>	<u>2,482,913</u>
Total Net Position, End of Period	<u>\$ 2,816,889</u>	<u>\$ 2,645,747</u>

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 332,496	\$ 453,397
Cash paid to suppliers and governmental agencies	(161,049)	(185,936)
Cash paid to employees for services	(58,171)	(56,168)
Cash paid to airlines	(90,669)	(69,411)
Other income	<u>1,379</u>	<u>2,342</u>
Net cash provided by operating activities	<u>23,986</u>	<u>144,224</u>
Cash flows from noncapital financing activities		
Operating grants	<u>4,326</u>	<u>1,096</u>
Net cash provided by noncapital financing activities	<u>4,326</u>	<u>1,096</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	1,324,700	33,418
Proceeds from FDOT indebtedness	(8,648)	(1,875)
Proceeds from line of credit	22,953	173,726
Passenger facility charges - capital	55,514	74,258
Customer facility charges	24,773	34,063
Bond issuance costs	(5,635)	-
Principal payments - bonds and line of credit	(473,112)	(89,331)
Interest and other financing charges paid	(113,063)	(89,500)
Proceeds from sale of assets	47,577	84
Acquisition and construction of capital assets	(651,231)	(515,055)
Capital contributed by federal grants and state agencies	<u>21,382</u>	<u>22,136</u>
Net cash provided by (used for) capital and related financing activities	<u>245,210</u>	<u>(358,076)</u>
Cash flows from investing activities		
Purchase of investments	(1,491,325)	(61,854)
Proceeds from sale and maturity of investments	574,981	495,534
Interest received	<u>28,311</u>	<u>29,904</u>
Net cash (used for) provided by investing activities	<u>(888,033)</u>	<u>463,584</u>
Net (decrease) increase in cash and cash equivalents	(614,511)	250,828
Cash and Cash Equivalents, Beginning of Period	<u>1,649,858</u>	<u>1,087,356</u>
Cash and Cash Equivalents, End of Period (1)	<u>\$1,035,347</u>	<u>\$ 1,338,184</u>
(1) Cash and Cash Equivalents – Unrestricted Assets	\$ 229,134	\$ 258,920
Cash and Cash Equivalents – Restricted Assets - Current	260,798	246,408
Cash and Cash Equivalents – Restricted Assets - Noncurrent	<u>545,415</u>	<u>832,856</u>
	<u>\$1,035,347</u>	<u>\$ 1,338,184</u>

(continued)

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ <u>5,750</u>	\$ <u>61,292</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	139,020	134,658
Participating Airlines net revenue sharing	-	(41,231)
Other income	1,379	2,342
(Increase) Decrease in operating assets		
Accounts and grants receivable	(21,020)	8,775
Due from other governmental agencies	546	(165)
Prepaid expenses	(572)	(913)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	(1,796)	7,677
Due to other governmental agencies	(282)	370
Accrued airline revenue sharing	(90,669)	(28,180)
Unearned revenue	(1,164)	(1,639)
Deposits	(266)	569
Advance rent from tenants	(6,894)	846
Due to other funds	(40)	(174)
Other liabilities	<u>(6)</u>	<u>(3)</u>
Total adjustments	<u>18,236</u>	<u>82,932</u>
Net cash provided by operating activities	<u>\$ 23,986</u>	<u>\$ 144,224</u>

Noncash Investing, Capital and Financing Activities

Increase in fair value of investments	\$ 11,023	\$ 8,501
Capital contributions from other governments	\$ 21,081	\$ (2,927)
Capitalized interest	\$ 51,474	\$ 24,870
Amortization of bond premiums/discounts	\$ 15,084	\$ 7,339
Amortization of bond refunding losses	\$ (1,155)	\$ (1,518)

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

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 nine-month period ended June 30, 2020 are not necessarily indicative of the results that may be expected for the year ending September 30, 2020. For further information, refer to the Authority’s financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2019.

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 June 30, 2020 and September 30, 2019, the fair value of all securities, regardless of the statements of net position-unaudited, classification was as follows (in thousands):

	June 30, 2020	September 30, 2019
U.S. Treasury and government agency securities	\$ 1,203,672	\$ 281,658
Commercial paper	14,999	4,986
Asset backed securities	5,734	10,154
Corporate securities	40,847	41,089
Local government investment pool	5,955	5,888
Investment in money market funds	<u>731,412</u>	<u>1,098,002</u>
Total securities	<u>\$ 2,002,619</u>	<u>\$ 1,441,777</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

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

	June 30, 2020	September 30, 2019
Current Assets		
Cash and cash equivalents	\$ 229,134	\$ 319,301
Restricted cash and cash equivalents	260,798	299,577
Investments	251	4,000
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	545,415	1,030,980
Investments	1,126,683	251,745
Unrestricted assets:		
Investments	<u>138,318</u>	<u>82,140</u>
Total cash, cash equivalents and investments	2,300,599	1,987,743
Less cash on deposit	<u>(297,980)</u>	<u>(545,966)</u>
Total securities, at fair value	<u>\$ 2,002,619</u>	<u>\$ 1,441,777</u>

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of June 30, 2020, the Authority held the following investments, as categorized below, in accordance with generally accepted accounting principles (in thousands):

Investment Maturities (in thousands) at June 30, 2020

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	\$ 988,321	\$215,351	\$ -	\$ -	\$ 1,203,672	1
Commercial paper	14,999	-	-	-	14,999	1
Asset backed securities	-	3,571	1,997	166	5,734	1 1
Corporate securities	18,960	21,887	-	-	40,847	
Local government investment pool	5,955	-	-	-	5,955	N/A N/A
Money market funds	<u>731,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,412</u>	
	<u>\$1,759,647</u>	<u>\$240,809</u>	<u>\$1,997</u>	<u>\$ 166</u>	<u>\$ 2,002,619</u>	

As of June 30, 2020, the Authority had \$0.7 million of MCO funds invested in the Florida Prime and \$5.3 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 Main-

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020

2. CASH DEPOSITS AND INVESTMENTS (continued)

tenance 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 latest information available from the SBA, the dollar weighted average days to maturity (WAM) of the Florida Prime at June 30, 2020 is 53 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the Florida Prime at June 30, 2020, is 76 days. According to the latest information available from the Florida Fixed Income Trust, the dollar WAM of the Fixed Income Trust at June 30, 2020 is 64 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the Fixed Income Trust at June 30, 2020, is 101 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 June 30, 2020, 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 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 June 30, 2020, and September 30, 2019, 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 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 June 30, 2020.

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.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

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 Executive Director 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 Executive Director 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 Executive Director 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 June 30, 2020, 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:

Restricted Assets (in thousands)		
	June 30, 2020	September 30, 2019
Debt Service	\$ 277,893	\$ 320,256
Capital Acquisition	339,414	335,186
Bond Construction	869,204	380,844
Passenger Facility Charges	292,414	349,079
Customer Facility Charges	157,566	191,874
Operating Reserve	57,735	54,835
Total Restricted Assets	\$ 1,994,226	\$ 1,632,074

Reported in the accompanying financial statements as follows:

	June 30, 2020	September 30, 2019
Restricted Cash and Cash Equivalents - Current	\$ 260,798	\$ 299,577
Total Restricted Assets – Non Current	1,733,428	1,332,497
Total Restricted Assets	\$ 1,994,226	\$ 1,632,074

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4. LEASE AND CONCESSION AGREEMENTS

The Authority's operations consist of agreements for use of land, buildings, terminal space and Minimum Annual Guarantees from concessionaires. The agreements consist of (a) one year, cancelable space and use permits, and (b) non-cancelable agreements for land, buildings, terminal space and concessions, which expire between the years 2020 and 2067. Minimum future revenues do not include contingent revenues which may be received under agreement for use of land and buildings on the basis of revenue or fuel flow fees earned.

On May 20, 2020, the Board adopted resolutions granting limited deferrals or waivers of specific fees due to the Authority from in-terminal concessionaires, in-terminal rental automobile companies, and airlines for the months of May, June, and July as a result of the impact of COVID-19 on aviation travel. All the approved companies must meet specific conditions, as presented in the resolutions, in order to defer payments of specific fees. If a company violates any of the conditions, the Chief Executive Officer may terminate the deferral and make the deferred amounts immediately due, after notice. In the case of waivers offered to the in-terminal concessionaires and in-terminal rental automobile companies, specific conditions also must be met as outlined in the resolutions. As of June 30, 2020, the fixed monthly charges that were deferred is \$7.4 million to be paid starting on September 1, 2020 through August 31, 2021. The Authority is monitoring these customers accounts balances, and, if necessary, the security deposits on hand will be applied to past due amounts. The Authority cannot predict if the amount of revenue waived in future periods will increase or decrease. As previously stated, the COVID-19 pandemic is ongoing and further action may be needed and proposed in upcoming Board meetings.

The Authority has a 50 year lease with Virgin Trains, LLC, formerly known as All Aboard Florida, that expires in 2067. 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.

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5. CAPITAL ASSETS

A summary of capital asset activity for the nine months ended June 30, 2020 is as follows (in thousands):

	Balance October 1, 2019	Additions and Reclas- sifications	Deductions and Reclas- sifications	Balance June 30, 2020
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 257,117	\$ 299	\$ (3,793)	\$ 253,623
Assets Held for Future Use	<u>35,370</u>	<u>909</u>	<u>-</u>	<u>36,279</u>
	<u>292,487</u>	<u>1,208</u>	<u>(3,793)</u>	<u>289,902</u>
Other Property and Equipment				
Buildings	1,058,746	36,645	-	1,095,391
Improvements	2,153,135	9,682	(237)	2,162,580
Equipment	427,116	10,889	(965)	437,040
Motor vehicles	<u>101,723</u>	<u>3,258</u>	<u>(700)</u>	<u>104,281</u>
	<u>3,740,720</u>	<u>60,474</u>	<u>(1,902)</u>	<u>3,799,292</u>
Accumulated Depreciation				
Buildings	(245,385)	(29,735)	-	(275,120)
Improvements	(1,364,176)	(57,657)	62	(1,421,771)
Equipment	(211,471)	(24,953)	962	(235,462)
Motor vehicles	<u>(31,175)</u>	<u>(5,111)</u>	<u>649</u>	<u>(35,637)</u>
	<u>(1,852,207)</u>	<u>(117,456)</u>	<u>1,673</u>	<u>(1,967,990)</u>
Net Property and Equipment	<u>2,181,000</u>	<u>(55,774)</u>	<u>(4,022)</u>	<u>2,121,204</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	<u>4,473</u>	<u>-</u>	<u>-</u>	<u>4,473</u>
Other Property and Equipment				
Buildings	902,514	-	-	902,514
Improvements	81,312	-	-	81,312
Equipment	<u>9,300</u>	<u>-</u>	<u>-</u>	<u>9,300</u>
	<u>993,126</u>	<u>-</u>	<u>-</u>	<u>993,126</u>
Accumulated Depreciation				
Buildings	(674,154)	(19,711)	-	(693,865)
Improvements	(72,777)	(1,843)	-	(74,620)
Equipment	<u>(9,274)</u>	<u>(10)</u>	<u>-</u>	<u>(9,284)</u>
	<u>(756,205)</u>	<u>(21,564)</u>	<u>-</u>	<u>(777,769)</u>
Net Property and Equip - Held for Lease	<u>241,394</u>	<u>(21,564)</u>	<u>-</u>	<u>219,830</u>
Construction Work in Progress				
Capital Assets Not Depreciated	<u>1,117,320</u>	<u>681,706</u>	<u>(53,519)</u>	<u>1,745,507</u>
Net Capital Assets	<u>\$ 3,539,714</u>	<u>\$ 604,368</u>	<u>\$ (57,541)</u>	<u>\$ 4,086,541</u>

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6. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the nine months ended June 30, 2020 is as follows (in thousands):

	Balance October 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Public Offerings						
Senior Lien Bonds						
Series 2009A (AMT)	\$ 58,190	\$ -	\$ (58,190)	\$ -	\$ -	\$ -
Series 2009C	9,280	-	(2,050)	7,230	2,150	5,080
Series 2010A (NON-AMT)	71,145	-	(2,285)	68,860	2,375	66,485
Series 2011B (AMT)	70,040	-	(1,360)	68,680	1,430	67,250
Series 2011C (NON-AMT)	32,025	-	(2,080)	29,945	2,180	27,765
Series 2011D (Taxable)	62,250	-	(28,920)	33,330	29,925	3,405
Series 2012A (AMT)	37,065	-	-	37,065	-	37,065
Series 2015A (AMT)	207,265	-	(3,920)	203,345	4,120	199,225
Series 2016A (AMT)	80,200	-	(1,470)	78,730	1,540	77,190
Series 2016B (NON-AMT)	98,640	-	(1,750)	96,890	1,830	95,060
Series 2016C (Taxable)	70,035	-	(640)	69,395	650	68,745
Series 2019A	-	1,135,370	-	1,135,370	9,915	1,125,455
Priority Subordinated Indebtedness						
Series 2016 Priority Subordinated (AMT)	53,705	-	(4,870)	48,835	5,115	43,720
Series 2017A Priority Subordinated (AMT)	923,830	-	-	923,830	-	923,830
Total Bonds from Public Offerings	<u>1,773,670</u>	<u>1,135,370</u>	<u>(107,535)</u>	<u>2,801,505</u>	<u>61,230</u>	<u>2,740,275</u>
Direct Placement						
Senior Lien Bonds						
Series 2013A (AMT)	35,725	-	(3,045)	32,680	3,150	29,530
Series 2016D (Taxable)	63,198	-	(30,500)	32,698	5,375	27,323
Subordinated Indebtedness						
Special Purpose Facilities Bonds						
Series 2018CFC (Taxable)	160,000	-	(9,427)	150,573	19,349	131,224
Total Bonds from Direct Placement	<u>258,923</u>	<u>-</u>	<u>(42,972)</u>	<u>215,951</u>	<u>27,874</u>	<u>188,077</u>
Total Revenue Bonds	2,032,593	1,135,370	(150,507)	3,017,456	89,104	2,928,352
Add unamortized premiums and (discounts)	160,635	189,330	(15,084)	334,881	-	334,881
Net Revenue Bonds	<u>2,193,228</u>	<u>1,324,700</u>	<u>(165,591)</u>	<u>3,352,337</u>	<u>89,104</u>	<u>3,263,233</u>
FDOT Indebtedness (Direct Borrowing)	58,809	-	(8,648)	50,161	2,430	47,731
Line of Credit (Direct Borrowing)	333,270	22,953	(322,605)	33,618	-	33,618
Net Pension Liability	20,049	-	-	20,049	-	20,049
Net OPEB Liability	2,096	-	-	2,096	-	2,096
Advanced Rent from Tenants (1)	12,479	64,781	(71,675)	5,585	5,585	-
Other Liabilities						
Compensated Absences (1)	5,278	683	(560)	5,401	4,773	628
Pollution Remediation Liability (1)	2,002	14	(38)	1,978	635	1,343
Total Other Liabilities	<u>7,280</u>	<u>697</u>	<u>(598)</u>	<u>7,379</u>	<u>5,408</u>	<u>1,971</u>
Total Noncurrent Liabilities	<u>\$ 2,627,211</u>	<u>\$ 1,413,131</u>	<u>\$ (569,117)</u>	<u>\$ 3,471,225</u>	<u>\$ 102,527</u>	<u>\$ 3,368,698</u>

(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.

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6. NONCURRENT 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	2021	\$ 61,230	\$ 129,182	\$ 190,412
	2022	61,330	126,379	187,709
	2023	56,830	123,531	180,361
	2024	73,420	120,457	193,877
	2025	76,870	116,862	193,732
	2026-2030	410,415	523,983	934,398
	2031-2035	358,730	432,546	791,276
	2036-2040	434,270	339,026	773,296
	2041-2045	490,890	230,759	721,649
	2046-2050	519,665	109,896	629,561
	2051-2055	257,855	19,845	277,700
Total Revenue Bonds		2,801,505	<u>\$ 2,272,466</u>	<u>\$ 5,073,971</u>
Add unamortized premiums and discounts		334,881		
Net Revenue Bonds – Public Offerings		<u>\$ 3,136,386</u>		

DIRECT PLACEMENT				
	Fiscal Year	Principal	Interest	Total
Revenue Bonds	2021	\$ 27,874	\$ 6,840	\$ 34,714
	2022	31,343	5,897	37,240
	2023	39,705	4,810	44,515
	2024	28,629	3,745	32,374
	2025	25,828	2,825	28,653
	2026-2029	62,572	3,181	65,753
Total Revenue Bonds		215,951	<u>\$ 27,298</u>	<u>\$ 243,249</u>
Add unamortized premiums and discounts		-		
Net Revenue Bonds – Direct Placement		<u>\$ 215,951</u>		
Total All Revenue Bonds		3,017,456	<u>\$ 2,299,764</u>	<u>\$ 5,317,220</u>
Add unamortized premiums and discounts		334,881		
Total All Net Revenue Bonds		<u>\$ 3,352,337</u>		

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6. NONCURRENT LIABILITIES (continued)

DIRECT BORROWING

Line of Credit	2021 *	\$	33,618
Total Line of Credit		\$	<u>33,618</u>
FDOT Indebtedness	2021	\$	2,430
	2022		2,565
	2023		2,622
	2024		2,679
	2025		2,738
	2026-2037		37,127
Total FDOT Indebtedness		\$	<u>50,161</u>

* The lines of credit due in fiscal year 2021 were excluded from current liabilities, as it can be repaid with other long term credit lines.

7. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the nine months ended June 30 (in thousands):

	<u>2020</u>	<u>2019</u>
Federal Grants	\$ 11,943	\$ 9,251
State Grants	29,415	9,841
Other	<u>1,105</u>	<u>117</u>
Total Capital Contributions	<u>\$ 42,463</u>	<u>\$ 19,209</u>

8. OUTSTANDING CONTRACT COMMITMENTS

As of June 30, 2020, the Authority had entered into construction contracts, related to MCO, totaling approximately \$4.5 billion for construction, engineering services and equipment, approximately \$1.3 billion of which remains unincurred. Grants, passenger facility charges, and customer facility charges will be utilized to fund a portion of these projects.

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9. CONTINGENT LIABILITIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed costs, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Construction Disputes: The Authority is aware of a dispute with a contractor arising from the construction of improvements at MCO. The contractor has filed a lawsuit resulting from a delay and impact claim against the Authority in the aggregate amount of approximately \$20.0 million in addition to a separate delay claim in the amount of approximately \$1.1 million. The Authority vigorously contests both claims. Additionally, it is too early to evaluate any potential loss arising from the claims. As a result, no amounts have been recognized in the financial statements arising from these claims.

10. PLEDGED REVENUES

The Authority has pledged future airport revenues, net of specified operating expenses, to repay \$2.9 billion in Airport Facilities Revenue Bonds issued from 2009 to 2019. Proceeds from the bonds provided financing for various airport capital projects and refunding for previously issued debt. The bonds are payable solely from the airport system revenues and are payable through the year 2055. The Authority has agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year, at least 1.10 times the aggregate annual subordinated debt, and at least 1.00 times on all other debt. Total principal and interest remaining on the bonds as of June 30, 2020 is \$5.1 billion with annual requirements ranging from \$200.7 million due in fiscal year 2021 to \$20.0 million in the final year, with the highest requirement of 201.8 million in fiscal year 2024. For the nine-month ended June 30, 2020, principal and interest requirements are \$151.3 million. The total airport net revenues pledged for the year were \$223.8 million. This represents \$157.6 million in airport net revenues as calculated per the bond resolution as amended and restated on September 16, 2015 and \$66.2 million of available PFC revenues as a direct offset of PFC debt service as required under the bond resolution as amended and restated on September 16, 2015.

The Authority has pledged future customer facility charges revenue to repay \$160.0 million of the Series 2018 Taxable Revenue Note issued on March 29, 2018. Proceeds from the note provide financing to reimburse 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. The note is structured as a drawdown loan, payable solely from the Customer Facility Charges and the first payment is due on April and October 1st, 2020 through 2027. Total principal and interest outstanding on the note as of June 30, 2020 is \$171.0 million. For the nine-month period ended June 30, 2020, interest requirements were \$20.4 million.

The Amended and Restated Airport Facilities Revenue Bond Resolution, section 604, requires that a valuation of the Debt Service Reserve Account be performed as of March 31 and September 30 of each year. Since the last Debt Service Reserve Requirement calculation dated October 3, 2019, which was prepared at the issuance of the Series 2019A Bonds, there has been no additional issuance of senior lien bonds nor has the senior lien principal amount outstanding changed, which would constitute a recalculation of the Debt Service Reserve Requirement. As of June 30, 2020 and September 30, 2019, respectively, the Authority has sufficient funds available in the Debt Service Reserve Account and is in compliance with the bond covenant coverage requirements.

The Amended and Restated Master Subordinated Indenture of Trust, section 9.02, requires that a valuation of the Subordinated Debt Service Reserve Funds be performed as of March 31 and September 30 of each year. Since the last Pooled Subordinated Reserve Account Requirement calculation dated

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10. PLEDGED REVENUES (continued)

October 1, 2019, there has been no additional issuance of Priority Subordinated Indebtedness secured by the Pooled Subordinated Reserve Account, nor a change in the principal amount outstanding, which would constitute a recalculation of the Pooled Subordinated Reserve Account Requirement. As of June 30, 2020 and September 30, 2019, respectively, the Authority has sufficient funds available in the Subordinated Debt Service Reserve Funds and is in compliance with the bond covenant coverage requirements.

11. BOND ISSUANCES (OTHER THAN REFUNDING ISSUES)

On October 3, 2019, the Authority issued \$1.1 billion in Airport Facilities Revenue Bonds, Series 2019A (AMT) (the "Series 2019A Bonds") with a true interest cost of 3.26%. The Series 2019A Bonds were issued for the purpose of providing funds to finance costs for Phase 1 of South Terminal C and Phase 1 Expansion of the South Terminal Complex, fund other capital improvements, fund a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account, pay capitalized interest, pay the line of credit draws and accrued interest totaling \$323.8 million, and pay certain costs of issuance. The average life of the Series 2019A Bonds is 18.59 years.

12. DEFERRED AMOUNTS ON REFUNDING OF BONDS

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

Long Term Debt Deferred Loss (Gain):	<u>June 30, 2020</u>	<u>September 30, 2019</u>
Series 2009B	\$ 453	\$ 814
Series 2011B	139	157
Series 2011C	811	902
Series 2011D	110	263
Series 2012A	148	183
Series 2016C	5,813	6,162
Series 2016D	<u>358</u>	<u>506</u>
Total Long Term Debt Net Deferred Loss	<u>\$ 7,832</u>	<u>\$ 8,987</u>

13. 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 the 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 each year over 18 years, with no interest, commencing on January 30, 2020 through 2037. As of June 30, 2020 and September 30, 2019, respectively, the Authority had an outstanding loan balance of \$50.2 million and \$52.7 million.

Pursuant to the agreement, the FDOT advanced \$30 million for approximately three months cash flow needs. As of June 30, 2020 the advance was paid off and as of September 30, 2019, the Authority had an outstanding balance of \$6.1 million.

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.

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14. LINE OF CREDIT INDEBTEDNESS

The Aviation Authority currently has five line of credit facilities (LOC Facilities). The LOC Facilities are issued as Subordinated Indebtedness under the Airport Facilities Revenue Bond Resolution. The LOC Facilities are used to provide interim financing for various tax-exempt and taxable airport projects and as an available source of funds to pay future commitments when contracts are awarded until the permanent funding is received. The permanent funding is expected to be made from many different sources, to the extent legally allowable, including federal and state grants, Passenger Facility Charges (PFC), Customer Facility Charges (CFC), and the proceeds from the issuance of General Airport Revenue Bonds and PFC supported Bonds.

Bank of America, N.A.:

On June 29, 2018, the Authority entered into a new revolving credit agreement with Bank of America, N.A. to provide the Authority with a \$75 million line of credit. The term of the line of credit expires on June 29, 2021. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on LIBOR plus 60 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of June 30, 2020 and September 30, 2019, the Authority has no outstanding balance and a \$62.2 million outstanding balance on the Bank of America 2018 line of credit, respectively.

On July 31, 2019, the Authority entered into a revolving credit agreement with Bank of America, N.A. to provide the Authority with a \$150 million line of credit. The term of the line of credit expires on July 29, 2022. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 54 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 40 basis points. As of June 30, 2020 and September 30, 2019, the Authority has no outstanding balance and a \$96.0 million outstanding balance on the Bank of America 2019 line of credit, respectively.

Wells Fargo Bank, N.A.:

On June 29, 2018, the Authority entered into a new revolving credit agreement with Wells Fargo Bank, N.A. to provide the Authority with a \$175 million line of credit. The term of the line of credit expires on June 29, 2021. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 75 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of June 30, 2020 and September 30, 2019, the Authority has no outstanding balance and a \$126.4 million outstanding balance on the Wells Fargo 2018 line of credit, respectively.

On July 31, 2019, the Authority entered into a new revolving credit agreement with Wells Fargo Bank, N.A. to provide the Authority with a \$50 million line of credit. The term of the line of credit expires on July 29, 2022. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 75 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of June 30, 2020 and September 30, 2019, the Authority has no outstanding balance and a \$0.6 million outstanding balance on the Wells Fargo 2019 line of credit, respectively.

PNC Bank, N.A.:

On November 6, 2015, the Authority entered into a revolving credit agreement with PNC Bank, N.A. to provide the Authority with a \$100 million line of credit. The agreement was amended on October 25, 2019 to extend the term expiration to November 6, 2020. Annual fees for the unused portion of the line of credit are 25 basis points based on the total amount authorized less the average daily balance of the principal amount of all outstanding advances for the preceding three months; payable quarterly. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 43 basis points, and

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14. LINE OF CREDIT INDEBTEDNESS (continued)

fees for tax-exempt draws calculated at 79% of LIBOR plus 38 basis points. As of June 30, 2020 and September 30, 2019, the Authority has a \$33.6 million and a \$48.0 outstanding balance on the PNC 2015 line of credit, respectively.

15. 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. The summary of the environmental activity for the nine months ended June 30, 2020 related to MCO is as follows (in thousands):

	Balance 10/1/19	Additions or Adjustments	Payments Current Year	Balance 6/30/20
Pollution Remediation Liability	\$ 2,002	\$ 14	\$ (38)	\$ 1,978
Net Pollution Remediation Liability Recorded	<u>\$ 2,002</u>	<u>\$ 14</u>	<u>\$ (38)</u>	<u>\$ 1,978</u>

Reported as follows (shown as
Pollution Remediation Liability
on Note 5)

Due within one year	\$ 652	\$ 21	\$ (38)	\$ 635
Due after one year	1,350	(7)	-	1,343
	<u>\$ 2,002</u>	<u>\$ 14</u>	<u>\$ (38)</u>	<u>\$ 1,978</u>

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 at MCO. In addition, the Authority has a polluted site from chemical and fuel spills, whereas the Authority is involved in litigation at MCO. The liabilities associated with these sites cannot be reasonably estimated and, as such, are not recorded in the financial statements.

16. AIRLINE RATES BY RESOLUTION

On August 18, 2019, the Authority's Board approved the second amended and restated Resolution relating to airline rates and charges, and airline operating terms and conditions for the use of facilities and services at MCO to be effective on October 1, 2019. The new Rate and Revenue Sharing Agreement provides for the sharing of net revenues that exceed a certain amount after the payment of debt service and other fund deposit requirements. Participating airlines that have executed a Rate and Revenue Sharing Agreement will share in net revenues that exceed \$55.0 million. For the fiscal year 2020, Net Shared Revenues of 100% of the next \$10.0 million and 50% of all Remaining Revenues thereafter. This agreement will be effective for fiscal years 2020 through 2024.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

17. SUBSEQUENT EVENTS

The outbreak of COVID-19, an upper respiratory tract illness, has been declared a pandemic by the World Health Organization, with both domestic and global impact. Both governmental and private actions resulting from such pandemic have caused significant disruptions to domestic and international passenger and cargo air travel. Due to the continued impact of the COVID-19 pandemic, the information contained in this report may differ materially from the current financial position and operations being experienced by the Authority and the Orlando International Airport (the "Airport").

The COVID-19 pandemic is ongoing and the Airport cannot predict: (i) the duration of the pandemic; (ii) actions that may be taken by governmental authorities to contain the outbreak or to recover from its impact; (iii) the length of any current, or further imposition of, travel restrictions or the impact on demand for air travel at the Airport; (iv) the impact on the general airport revenues, customer facility charges, passenger facility charges, fund balances or cash reserves; (v) the impact on the airlines, automobile rental companies, retailers or concessionaires at the Airport; (vi) whether and to what extent the Authority provides or continues deferrals, forbearances, adjustments or other changes to arrangements with airlines, tenants or concessionaires or (vii) the impact on tourism industries in the state or on the local, state, domestic or global economy in general and its further effect on the travel industry.



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 June 30, 2020, 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 nine-month periods ended June 30, 2020 and 2019. 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.

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 June 30, 2020, and the changes in its financial position and its cash flows for the nine-month periods ended June 30, 2020 and 2019 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, 2019 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 February 20, 2020, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
August 14, 2020

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
STATEMENTS OF NET POSITION - UNAUDITED
(in thousands)**

	<u>June 30, 2020</u>	<u>September 30, 2019</u>
ASSETS AND DEFERRALS		
Current Assets		
Unrestricted		
Cash and cash equivalents	\$ 6,907	\$ 14,193
Accounts and grants receivable	330	186
Investments	502	-
Interest receivable	20	26
Due from other governmental agencies	3,057	13
Prepaid expenses	<u>65</u>	<u>57</u>
Total current assets	<u>10,881</u>	<u>14,475</u>
Unrestricted assets		
Investments	<u>4,491</u>	<u>869</u>
Total unrestricted assets	<u>4,491</u>	<u>869</u>
Capital assets, net of accumulated depreciation		
Property and equipment	26,303	22,819
Property held for lease	6,704	6,994
Work in progress	<u>61</u>	<u>518</u>
Total capital assets, net of accumulated depreciation	<u>33,068</u>	<u>30,331</u>
Total noncurrent assets	<u>37,559</u>	<u>31,200</u>
Total assets	48,440	45,675
Deferred outflows of resources	<u>145</u>	<u>145</u>

(continued)

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
STATEMENTS OF NET POSITION - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
LIABILITIES, DEFERRALS, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 516	\$ 599
Deposits	21	21
Advance rent from tenants, current	104	104
Due to Orlando International Airport	381	309
Due to other governmental agencies	<u>17</u>	<u>14</u>
Total current liabilities	<u>1,039</u>	<u>1,047</u>
Noncurrent Liabilities		
Net pension liability	22	22
Net OPEB liability	43	43
Advance rent from tenants, long-term	714	792
Other long-term liabilities	<u>281</u>	<u>284</u>
Total noncurrent liabilities	<u>1,060</u>	<u>1,141</u>
Total liabilities	<u>2,099</u>	<u>2,188</u>
Deferred inflows of resources	<u>273</u>	<u>273</u>
Net Position		
Net investment in capital assets	33,068	30,331
Unrestricted	<u>13,145</u>	<u>13,028</u>
Total net position	<u>\$ 46,213</u>	<u>\$ 43,359</u>

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 Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield area	\$ 152	\$ 251
Terminal area	71	71
Commercial property	2,050	2,022
Other airport related	<u>558</u>	<u>531</u>
Total operating revenues	<u>2,831</u>	<u>2,875</u>
Operating Expenses		
Operations and facilities	1,232	1,747
Safety and security	866	834
Administration	525	445
Other	<u>218</u>	<u>208</u>
Total operating expenses	<u>2,841</u>	<u>3,234</u>
Operating loss before depreciation	(10)	(359)
Depreciation	<u>(1,605)</u>	<u>(1,583)</u>
Operating loss	(1,615)	(1,942)
Nonoperating Revenues		
Investment income	130	207
Net increase in the fair value of investments	89	47
Federal and state grants	<u>-</u>	<u>83</u>
Loss before capital contributions	(1,396)	(1,605)
Capital Contributions	<u>4,250</u>	<u>771</u>
Increase (Decrease) in net position	2,854	(834)
Total Net Position, Beginning of Period	<u>43,359</u>	<u>45,384</u>
Total Net Position, End of Period	<u>\$ 46,213</u>	<u>\$ 44,550</u>

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 Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 2,704	\$ 2,762
Cash paid to suppliers and governmental agencies	(1,996)	(2,366)
Cash paid to employees for services	(991)	(888)
Net cash used for operating activities	<u>(283)</u>	<u>(492)</u>
Cash flows from noncapital financing activities		
Operating grants	-	83
Net cash provided by noncapital financing activities	<u>-</u>	<u>83</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(4,310)	(1,207)
Capital contributed by federal grants and state agencies	1,206	176
Net cash used for capital and related financing activities	<u>(3,104)</u>	<u>(1,031)</u>
Cash flows from investing activities		
Purchase of investments	(5,315)	(247)
Proceeds from sale or maturity of investments	1,280	2,955
Interest received	136	207
Net cash (used for) provided by investing activities	<u>(3,899)</u>	<u>2,915</u>
(Decrease) Increase in cash and cash equivalents	(7,286)	1,475
Cash and Cash Equivalents, Beginning of Period	<u>14,193</u>	<u>12,007</u>
Cash and Cash Equivalents, End of Period	<u>\$ 6,907</u>	<u>\$ 13,482</u>
(1) Cash and Cash Equivalents – Unrestricted Assets	<u>\$ 6,907</u>	<u>\$ 13,482</u>
	<u>\$ 6,907</u>	<u>\$ 13,482</u>

(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 Nine Months Ended June 30,
(in thousands)**

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ <u>(1,615)</u>	\$ <u>(1,942)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,605	1,583
Increase in operating assets		
Accounts and grants receivable	(144)	(43)
Prepaid expenses	(8)	(25)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	(83)	(166)
Due to other governmental agencies	3	-
Deposits	-	6
Advance rent from tenants	(78)	(78)
Due from other funds	40	174
Other liabilities	<u>(3)</u>	<u>(1)</u>
Total adjustments	<u>1,332</u>	<u>1,450</u>
Net cash used for operating activities	\$ <u>(283)</u>	\$ <u>(492)</u>

Noncash Investing, Capital and Financing Activities

Increase in fair value of investments	\$ 89	\$ 47
Capital contributions from other governments	\$ 3,044	\$ 595

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

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 nine-month period ended June 30, 2020 are not necessarily indicative of the results that may be expected for the year ending September 30, 2020. For further information, refer to the financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2019.

2. CASH DEPOSITS AND INVESTMENTS

At June 30, 2020 and September 30, 2019, the fair value of all securities regardless of the statements of net position, classification was as follows:

	June 30, 2020	September 30, 2019
U.S. Treasury and government agency securities	\$ 3,864	\$ 699
Corporate securities	1,129	169
Local government investment pool	58	57
Investment in money market funds	2,459	6,414
Total securities	<u>\$ 7,510</u>	<u>\$ 7,339</u>

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

	June 30, 2020	September 30, 2019
Current Assets		
Cash and cash equivalents	\$ 6,907	\$ 14,193
Noncurrent Assets		
Restricted assets:		
Investments	502	-
Unrestricted assets:		
Investments	4,491	869
Total cash, cash equivalents and investments	<u>11,900</u>	<u>15,062</u>
Less cash on deposit	<u>(4,390)</u>	<u>(7,723)</u>
Total securities, at fair value	<u>\$ 7,510</u>	<u>\$ 7,339</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2020, ORL held the following investments, as categorized below, in accordance with generally accepted accounting principles:

Investment Maturities (in thousands) at June 30, 2020

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	\$2,017	\$1,847	\$ -	\$ -	\$3,864	1
Corporate securities	91	1,038	-	-	1,129	1
Local government investment pool	58	-	-	-	58	N/A
Money market funds	2,459	-	-	-	2,459	N/A
	<u>\$4,625</u>	<u>\$2,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,510</u>	

As of June 30, 2020, the Authority had \$58,022 of ORL funds invested in 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 latest information available from the SBA, the dollar weighted average days to maturity (WAM) of the Florida Prime at June 30, 2020 is 53 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the Florida Prime at June 30, 2020, is 76 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 June 30, 2020, 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.

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020

2. CASH DEPOSITS AND INVESTMENTS (continued)

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 June 30, 2020, and September 30, 2019, 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 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 June 30, 2020.

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. 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 Executive Director 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 Executive Director 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 Executive Director until the Trustees are able to meet to review the necessity

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

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 June 30, 2020, 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

The Release of Federal Surplus Property Obligations for ORL require the segregation of certain assets into restricted accounts. As of June 30, 2020 and September 30, 2019, ORL does not have any restricted assets.

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**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT**

**NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

4. CAPITAL ASSETS

A summary of capital asset activity for the nine months ended June 30, 2020 is as follows (in thousands):

	Balance October 1, 2019	Additions and Reclas- sifications	Deductions	Balance June 30, 2020
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 9,450	\$ -	\$ -	\$ 9,450
Other Property and Equipment				
Buildings	3,884	-	-	3,884
Improvements	49,284	4,809	-	54,093
Improvements – Colonial Promenade	30	-	(14)	16
Equipment	383	5	(6)	382
Motor vehicles	690	-	-	690
	<u>54,271</u>	<u>4,814</u>	<u>(20)</u>	<u>59,065</u>
Accumulated Depreciation				
Buildings	(1,219)	(75)	-	(1,294)
Improvements	(38,809)	(1,180)	-	(39,989)
Equipment	(318)	(16)	5	(329)
Motor vehicles	(556)	(44)	-	(600)
	<u>(40,902)</u>	<u>(1,315)</u>	<u>5</u>	<u>(42,212)</u>
Net Property and Equipment	<u>22,819</u>	<u>(3,499)</u>	<u>(15)</u>	<u>26,303</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	3,658	-	-	3,658
Other Property and Equipment				
Buildings	9,722	-	-	9,722
Improvements	829	-	-	829
	<u>10,551</u>	<u>-</u>	<u>-</u>	<u>10,551</u>
Accumulated Depreciation				
Buildings	(6,429)	(285)	-	(6,714)
Improvements	(786)	(5)	-	(791)
	<u>(7,215)</u>	<u>(290)</u>	<u>-</u>	<u>(7,505)</u>
Net Property and Equip - Held for Lease	<u>6,994</u>	<u>(290)</u>	<u>-</u>	<u>6,704</u>
Construction Work in Progress				
Capital Assets Not Depreciated	518	4,352	(4,809)	61
Net Capital Assets	<u>\$ 30,331</u>	<u>\$ 7,561</u>	<u>\$ (4,824)</u>	<u>\$ 33,068</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT**

**NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

5. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the nine months ended June 30, 2020 is as follows (in thousands):

	Balance October 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year	Amounts Due After One Year
Net Pension Liability	\$ 22	\$ -	\$ -	\$ 22	\$ -	\$ 22
Net OPEB Liability	43	-	-	43	-	43
Advanced Rent from Tenants (1)	896	312	(390)	818	104	714
Other Liabilities						
Compensated Absences (1)	85	4	(5)	84	74	10
Pollution Remediation Liability (1)	271	83	(9)	345	74	271
Total Other Liabilities	<u>356</u>	<u>87</u>	<u>(14)</u>	<u>429</u>	<u>148</u>	<u>281</u>
Total Noncurrent Liabilities	<u>\$ 1,317</u>	<u>\$ 399</u>	<u>\$ (404)</u>	<u>\$ 1,312</u>	<u>\$ 252</u>	<u>\$ 1,060</u>

- (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 nine months ended June 30 (in thousands):

	<u>2020</u>	<u>2019</u>
Federal Grants	\$ 3,903	\$ 725
State Grants	<u>347</u>	<u>46</u>
Total Capital Contributions	<u>\$ 4,250</u>	<u>\$ 771</u>

7. OUTSTANDING CONTRACT COMMITMENTS

As of June 30, 2020, the Authority had entered into contracts, related to ORL, totaling approximately \$14.1 million for construction, engineering services and equipment, approximately \$1.8 million of which remains unincurred. Grants will be utilized to fund a portion of these projects.

8. CONTINGENT LIABILITIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed costs, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Construction Disputes: The Authority is not aware of any current disputes arising from the construction of improvements at ORL in which the contractors involved may seek additional compensation.

**GREATER ORLANDO AVIATION AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Nine Months Ended June 30, 2020**

9. 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 nine months ended June 30, 2020 related to ORL is as follows (in thousands):

	Balance 10/1/19	Additions or Adjustments	Payments Current Year	Balance 6/30/20
Pollution Remediation Liability	\$ 271	\$ 83	\$ (9)	\$ 345
Net Pollution Remediation Liability Recorded	<u>\$ 271</u>	<u>\$ 83</u>	<u>\$ (9)</u>	<u>\$ 345</u>

Reported as follows (shown as
Pollution Remediation Liability
on Note 5)

Due within one year	\$ (2)	\$ 85	\$ (9)	\$ 74
Due after one year	273	(2)	-	271
	<u>\$ 271</u>	<u>\$ 83</u>	<u>\$ (9)</u>	<u>\$ 345</u>

10. SUBSEQUENT EVENTS

The outbreak of COVID-19, an upper respiratory tract illness, has been declared a pandemic by the World Health Organization, with both domestic and global impact. Both governmental and private actions resulting from such pandemic have caused significant disruptions to domestic and international passenger and cargo air travel. Due to the continued impact of the COVID-19 pandemic, the information contained in this report may differ materially from the current financial position and operations being experienced by the Authority and the Orlando International Airport (the "Airport").

The COVID-19 pandemic is ongoing and the Airport cannot predict: (i) the duration of the pandemic; (ii) actions that may be taken by governmental authorities to contain the outbreak or to recover from its impact; (iii) the length of any current, or further imposition of, travel restrictions or the impact on demand for air travel at the Airport; (iv) the impact on the general airport revenues, customer facility charges, passenger facility charges, fund balances or cash reserves; (v) the impact on the airlines, automobile rental companies, retailers or concessionaires at the Airport; (vi) whether and to what extent the Authority provides or continues deferrals, forbearances, adjustments or other changes to arrangements with airlines, tenants or concessionaires or (vii) the impact on tourism industries in the state or on the local, state, domestic or global economy in general and its further effect on the travel industry.