



GREATER ORLANDO AVIATION AUTHORITY

Orlando, Florida

UNAUDITED FINANCIAL STATEMENTS

For the Three Months Ended

December 31, 2022 and 2021

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 December 31, 2022, 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 December 31, 2022 and 2021. 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, 2022, and the changes in its financial position and its cash flows for the nine-month periods ended December 31, 2022 and 2021, 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, 2022, 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, 2023, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 25, 2023

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

	December 31, 2022	September 30, 2022
ASSETS AND DEFERRALS		
Current Assets		
Cash and cash equivalents	\$ 390,584	\$ 516,740
Restricted cash and cash equivalents	194,787	256,884
Accounts and grants receivable, less allowance for uncollectibles of \$544 and \$541, respectively	66,521	24,606
Investments	27,621	-
Interest receivable	2,180	1,230
Lease receivables current	59,038	95,175
Due from other governmental agencies	697	870
Prepaid expenses and inventory	9,266	10,767
Total current assets	<u>750,694</u>	<u>906,272</u>
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	515,743	567,505
Accounts and grants receivable	15,627	17,745
Investments	258,609	222,624
Interest receivable	3,067	2,067
Due from other governmental agencies	10,872	27,159
Prepaid expenses	20,106	2,022
Total restricted assets	<u>824,024</u>	<u>839,122</u>
Unrestricted assets		
Investments	153,035	108,168
Lease receivables non-current	357,701	279,732
Capital reserve receivable	2,707	-
Net OPEB asset	18,494	18,494
Net pension asset	20,414	20,414
Total unrestricted assets	<u>552,351</u>	<u>426,808</u>
Capital assets, net of accumulated depreciation		
Property and equipment	2,587,291	2,683,486
Property held for lease	2,111,048	2,072,474
Work in progress	430,934	422,908
Total capital assets, net of accumulated depreciation	<u>5,129,273</u>	<u>5,178,868</u>
Total noncurrent assets	<u>6,505,648</u>	<u>6,444,798</u>
Total assets	7,256,342	7,351,070
Deferred outflows of resources	<u>12,872</u>	<u>12,992</u>

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
(in thousands)**

	December 31, 2022	September 30, 2022
LIABILITIES, DEFERRALS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued liabilities	\$ 45,590	\$ 49,417
Lease liability	851	-
Unearned revenue	10,409	13,376
Deposits	12,700	13,473
Advance rent from tenants	39,644	11,675
Due to Orlando Executive Airport	902	690
Due to other governmental agencies	5,995	4,392
Accrued airline revenue sharing	54,988	129,425
Payable from restricted assets		
Accrued interest	31,804	66,335
Accounts payable and accrued liabilities	73,216	109,064
Revenue bonds payable, current	87,257	78,975
FDOT indebtedness, current	2,510	2,510
Total current liabilities	<u>365,866</u>	<u>479,332</u>
Noncurrent Liabilities		
Revenue bonds payable, long-term	3,015,286	3,096,854
FDOT indebtedness, long-term	47,731	47,731
Line of credit, long-term	976	46,031
Lease liability	53,834	-
Net pension liability	16,742	16,742
Other long-term liabilities	2,139	2,171
Total noncurrent liabilities	<u>3,136,708</u>	<u>3,209,529</u>
Total liabilities	<u>3,502,574</u>	<u>3,688,861</u>
Deferred inflows of resources	<u>427,679</u>	<u>385,461</u>
Net Position		
Net investment in capital assets	2,173,376	2,128,632
Restricted for		
Debt service	56,401	100,652
Capital acquisitions and construction	590,547	532,694
Total restricted	<u>646,948</u>	<u>633,346</u>
Unrestricted	518,637	527,762
Total net position	<u>\$ 3,338,961</u>	<u>\$ 3,289,740</u>

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

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

	2022	2021 (Restated)
Operating Revenues		
Airfield area	\$ 17,889	\$ 12,525
Terminal area	86,579	67,628
Ground transportation	61,515	47,733
Other buildings and grounds	7,279	10,328
Hotel	13,328	10,297
Rail station	821	519
Total operating revenues	<u>187,411</u>	<u>149,030</u>
Operating Expenses		
Operations and facilities	53,963	34,577
Safety and security	15,823	12,163
Administration	19,113	17,123
Hotel	9,826	7,831
Other	375	544
Total operating expenses	<u>99,100</u>	<u>72,238</u>
Operating income before depreciation	88,311	76,792
Depreciation	<u>(61,186)</u>	<u>(42,849)</u>
Operating income	27,125	33,943
Nonoperating Revenues (Expenses)		
Investment income	11,902	989
Net (decrease) increase in the fair value of investments	1,647	(2,500)
Interest expense and other financing charges	(27,276)	(33,849)
Lease Interest	3,391	3,197
Lease interest expense	(112)	-
Passenger facility charges	22,663	23,014
Customer facility charges	8,482	8,262
Federal, state and other grants	65	121,523
Other	49	(20)
Total nonoperating revenues (expenses)	<u>20,811</u>	<u>120,616</u>
Income before capital contributions	<u>47,936</u>	<u>154,559</u>
Capital Contributions	<u>1,285</u>	<u>11,979</u>
Increase in net position	49,221	166,538
Total Net Position, Beginning of Period	<u>3,289,740</u>	<u>3,038,241</u>
Total Net Position, End of Period	<u>\$ 3,338,961</u>	<u>\$ 3,204,779</u>

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)

	2022	2021 (Restated)
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 222,287	\$ 156,002
Cash paid to suppliers and governmental agencies	(75,196)	(46,312)
Cash paid to employees for services	(24,502)	(20,588)
Cash paid to airlines	(74,437)	(24,492)
Other income	99	(56)
Net cash provided by operating activities	48,251	64,554
Cash flows from noncapital financing activities		
Operating grants	-	121,487
Net cash provided by noncapital financing activities	-	121,487
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	-	121,533
Passenger facility charges - capital	25,004	21,789
Customer facility charges	8,259	7,473
Bond issuance costs	5	-
Principal payments - bonds and line of credit	(113,575)	(309,626)
Interest and other financing charges paid	(66,458)	(82,697)
Lease interest	3,391	3,197
Lease interest expense	(112)	-
Proceeds from sale of assets	15	73
Acquisition and construction of capital assets	(65,493)	(139,341)
Capital contributed by federal grants and state agencies	17,152	1,401
Net cash (used for) capital and related financing activities	(191,812)	(376,198)
Cash flows from investing activities		
Purchase of investments	(139,002)	(95,280)
Proceeds from sale and maturity of investments	32,175	53,126
Interest received	10,373	(32)
Net cash (used for) provided by investing activities	(96,454)	(42,186)
Net increase (decrease) in cash and cash equivalents	(240,015)	(232,343)
Cash and Cash Equivalents, Beginning of Period	1,341,129	1,444,967
Cash and Cash Equivalents, End of Period (1)	\$ 1,101,114	\$ 1,212,624
(1) Cash and Cash Equivalents – Unrestricted Assets	\$ 390,584	\$ 367,478
Cash and Cash Equivalents – Restricted Assets - Current	194,787	271,273
Cash and Cash Equivalents – Restricted Assets - Noncurrent	515,743	573,873
	\$ 1,101,114	\$ 1,212,624

(continued)

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

STATEMENTS OF CASH FLOWS - UNAUDITED
For the Three Months Ended December 31,
(in thousands)

	2022	2021 (Restated)
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 27,125	\$ 33,943
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	61,186	42,849
Other income	99	(56)
Decrease (Increase) in operating assets		
Accounts and grants receivable	(41,915)	713
Lease receivables	(41,832)	34,183
Capital reserve receivable	(2,707)	-
Due from other governmental agencies	173	7,492
Prepaid expenses	1,501	1,583
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	(3,833)	2,053
Due to other governmental agencies	1,603	2,194
Accrued airline revenue sharing	(74,437)	(24,492)
Unearned revenue	(2,967)	(1,615)
Deposits	(773)	903
Advance rent from tenants	27,969	(2,628)
Lease liability	54,685	-
Due from other funds	188	31
Other liabilities	(32)	-
Deferred inflows of resources	42,218	(32,599)
Total adjustments	21,126	30,611
Net cash provided by operating activities	\$ 48,251	\$ 64,554
Noncash Investing, Capital and Financing Activities		
(Decrease) Increase in fair value of investments	\$ 1,646	\$ (2,501)
Capital contributions from other governments	\$ (15,867)	\$ 10,578
Capitalized interest	\$ -	\$ 417
Amortization of bond premiums/discounts	\$ 4,766	\$ 12,795
Amortization of bond refunding losses	\$ (120)	\$ (184)

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 Three Months Ended December 31, 2022**

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, 2022, are not necessarily indicative of the results that may be expected for the year ending September 30, 2023. 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, 2022.

Change in Accounting Principle: In fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

2. CASH DEPOSITS AND INVESTMENTS

At December 31, 2022, and September 30, 2022, the fair value of all securities, regardless of the statement of net position-unaudited, classification was as follows (in thousands):

	December 31, 2022	September 30, 2022
U.S. Treasury and government agency securities	\$ 434,991	\$ 324,976
Asset backed securities	693	750
Corporate securities	3,581	5,066
Local government investment pool	6,071	6,015
Investment in money market funds	582,386	765,200
Total securities	<u>\$ 1,027,722</u>	<u>\$ 1,102,007</u>

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

	December 31, 2022	September 30, 2022
Current Assets		
Cash and cash equivalents	\$ 390,584	\$ 516,740
Restricted cash and cash equivalents	194,787	256,884
Investments	27,621	-
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	515,743	567,505
Investments	258,609	222,624
Unrestricted assets:		
Investments	153,035	108,168
Total cash, cash equivalents and investments	1,540,379	1,671,921
Less cash on deposit	(512,657)	(569,914)
Total securities, at fair value	<u>\$ 1,027,722</u>	<u>\$ 1,102,007</u>

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of December 31, 2022, 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, 2022

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	\$ 160,942	\$274,049	\$ -	\$ -	\$ 434,991	1
Asset backed securities	-	163	488	42	693	1
Corporate securities	501	3,080	-	-	3,581	1
Local government investment pool	6,071	-	-	-	6,071	N/A
Money market funds	582,386	-	-	-	582,386	N/A
	<u>\$ 749,900</u>	<u>\$ 277,292</u>	<u>\$ 488</u>	<u>\$ 42</u>	<u>\$1,027,722</u>	

As of December 31, 2022, 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.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

2. CASH DEPOSITS AND INVESTMENTS

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 December 31, 2022, is 19 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, 2022, is 60 days. According to the Florida Fixed Income Trust, the dollar weighted average days to maturity ("WAM") of the Fixed Income Trust at December 31, 2022, is 9 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life of of the Fixed Income Trust at December 31, 2022, is 79 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 J December 31, 2022, 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 December 31, 2022, and September 30, 2022, 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, 2022.

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

2. CASH DEPOSITS AND INVESTMENTS

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 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, 2022, 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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**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

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, 2022	September 30, 2022
Debt Service	\$ 254,249	\$ 327,131
Capital Acquisition	355,883	302,674
Bond Construction	61,319	121,524
Passenger Facility Charges	173,911	171,766
Customer Facility Charges	105,689	108,783
Operating Reserve	67,760	64,128
Total Restricted Assets	<u>\$ 1,018,811</u>	<u>\$ 1,096,006</u>

Reported in the accompanying financial statements as follows:

	December 31, 2022	September 30, 2022
Restricted Cash and Cash Equivalents - Current	\$ 194,787	\$ 256,884
Total Restricted Assets – Non Current	824,024	839,122
Total Restricted Assets	<u>\$ 1,018,811</u>	<u>\$ 1,096,006</u>

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4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2022, is as follows (in thousands):

	Balance October 1, 2022	Additions and Reclass- ifications	Deductions	Balance December 31, 2022
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 253,742	\$ -	\$ -	\$ 253,742
Assets Held for Future Use	63,637	-	-	63,637
	<u>317,379</u>	<u>-</u>	<u>-</u>	<u>317,379</u>
Other Property and Equipment				
Buildings	1,132,759	-	(51,046)	1,081,713
Improvements	2,813,665	-	-	2,813,665
Equipment	625,371	2,335	(227)	627,479
Motor vehicles	106,719	-	(71)	106,648
	<u>4,678,514</u>	<u>2,335</u>	<u>(51,344)</u>	<u>4,629,505</u>
Accumulated Depreciation				
Buildings	(368,328)	(10,171)	-	(378,499)
Improvements	(1,589,335)	(20,204)	-	(1,609,539)
Equipment	(305,555)	(15,611)	227	(320,939)
Motor vehicles	(49,189)	(1,498)	71	(50,616)
	<u>(2,312,407)</u>	<u>(47,484)</u>	<u>298</u>	<u>(2,359,593)</u>
Net Property and Equipment	<u>2,683,486</u>	<u>(45,149)</u>	<u>(51,046)</u>	<u>2,587,291</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	4,473	-	-	4,473
Other Property and Equipment				
Buildings	2,806,264	-	-	2,806,264
Facilities - Right of Use	-	52,276	-	52,276
Improvements	81,312	-	-	81,312
Equipment	9,726	-	-	9,726
	<u>2,897,302</u>	<u>52,276</u>	<u>-</u>	<u>2,949,578</u>
Accumulated Depreciation				
Buildings	(741,615)	(12,981)	-	(754,596)
Facilities - Right of Use	-	(436)	-	(436)
Improvements	(78,303)	(274)	-	(78,577)
Equipment	(9,383)	(11)	-	(9,394)
	<u>(829,301)</u>	<u>(13,702)</u>	<u>-</u>	<u>(843,003)</u>
Net Property and Equip - Held for Lease	<u>2,072,474</u>	<u>38,574</u>	<u>-</u>	<u>2,111,048</u>
Construction Work in Progress				
Capital Assets Not Depreciated	422,908	2,614,357	(2,606,331)	430,934
Net Capital Assets	<u>\$ 5,178,868</u>	<u>\$ 2,607,782</u>	<u>\$ (2,657,377)</u>	<u>\$ 5,129,273</u>

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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 2023 and 2072. The Orlando International Airport (MCO) report leases receivable with a carrying amount of \$416.7 million and \$374.9 million as of December 31, 2022 and September 30, 2022, respectively, and a deferred inflows lease in the amount of \$390.4 million and \$348.2 million as of December 31, 2022 and September 30, 2022, respectively, related to this agreement. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreements.

MCO recognized \$37.4 million and \$137.2 million of lease revenue principal and \$3.4 million and \$12.6 million of lease interest for the years ended December 31, 2022 and September 30, 2022, 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. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the three months ended December 31, 2022, is as follows (in thousands):

	Balance October 1, 2022	Additions	Deductions	Balance December 31, 2022	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds Public Offerings						
Senior Lien Bonds						
Series 2010A (NON-AMT)	\$ 48,830	\$ -	\$ (1,535)	\$ 47,295	\$ 1,600	\$ 45,695
Series 2015A (AMT)	181,145	-	(3,670)	177,475	3,760	173,715
Series 2016A (AMT)	62,130	-	(670)	61,460	620	60,840
Series 2016B (NON-AMT)	93,130	-	(2,025)	91,105	2,120	88,985
Series 2016C (Taxable)	68,085	-	(675)	67,410	3,150	64,260
Series 2019A (AMT)	1,114,985	-	(28,430)	1,086,555	34,715	1,051,840
Series 2022A (AMT)	183,100	-	-	183,100	2,775	180,325
Series 2022B (Taxable)	64,050	-	-	64,050	-	64,050
Series 2022C (AMT)	8,665	-	-	8,665	1,275	7,390
Series 2022D (NON-AMT)	19,735	-	-	19,735	1,570	18,165
Series 2022E (Taxable)	11,490	-	-	1,490	1,020	10,470
Priority Subordinated Indebtedness						
Series 2016 Priority Subordinated (AMT)	38,350	-	(5,640)	32,710	5,920	26,790
Series 2017A Priority Subordinated (AMT)	844,575	-	-	844,575	3,965	840,610
Total Bonds from Public Offerings	<u>2,738,270</u>	<u>-</u>	<u>(42,645)</u>	<u>2,695,625</u>	<u>62,490</u>	<u>2,633,135</u>
Direct Placement						
Senior Lien Bonds						
Series 2016D (Taxable)	19,273	-	(15,598)	3,675	3,675	-
Total Bonds from Direct Placement	<u>19,273</u>	<u>-</u>	<u>(15,598)</u>	<u>3,675</u>	<u>3,675</u>	<u>-</u>
Total Revenue Bonds	<u>2,757,543</u>	<u>-</u>	<u>(58,243)</u>	<u>2,699,300</u>	<u>66,165</u>	<u>2,633,135</u>
Add unamortized premiums/(discounts)	307,090	-	(4,765)	302,325	-	302,325
Net Revenue Bonds	<u>3,064,633</u>	<u>-</u>	<u>(63,008)</u>	<u>3,001,625</u>	<u>66,165</u>	<u>2,935,460</u>
Special Purpose Facilities Bonds						
Series 2018CFC (Taxable)(Direct Placement)	111,195	-	(10,277)	100,918	21,092	79,826
Total Outstanding Bonds	<u>3,175,828</u>	<u>-</u>	<u>(73,285)</u>	<u>3,102,543</u>	<u>87,257</u>	<u>3,015,286</u>
FDOT Indebtedness (Direct Borrowing)	50,241	-	-	50,241	2,510	47,731
Lines of Credit (Direct Borrowing)	43,292	-	(45,055)	976	-	976
Lease Liability	-	54,983	(298)	54,685	851	53,834
Net Pension Liability	16,742	-	-	16,742	-	16,742
Advanced Rent from Tenants (1)	11,675	90,087	(62,118)	39,644	39,644	-
Other Liabilities						
Compensated Absences (1)	5,942	375	(463)	5,854	4,936	918
Pollution Remediation Liability (1)	2,101	(4)	(30)	2,067	846	1,221
Total Other Liabilities	<u>8,043</u>	<u>375</u>	<u>(497)</u>	<u>7,921</u>	<u>5,782</u>	<u>2,139</u>
Total Noncurrent Liabilities	<u>\$ 3,308,560</u>	<u>\$ 145,441</u>	<u>\$ (181,249)</u>	<u>\$ 3,272,752</u>	<u>\$ 136,044</u>	<u>\$ 3,136,708</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				
	2023	\$ -	\$ 61,804	\$ 61,804
	2024	62,490	122,123	184,613
	2025	64,330	119,102	183,432
	2026	67,290	115,952	183,242
	2027	69,345	112,661	182,006
	2028-2032	334,185	516,365	850,550
	2033-2037	404,495	431,287	835,782
	2038-2042	485,005	326,146	811,151
	2043-2047	561,135	204,004	765,139
	2048-2052	516,995	77,373	594,368
	2053-2055	130,356	4,917	135,272
Total Revenue Bonds		2,695,625	<u>\$ 2,091,734</u>	<u>\$ 4,787,359</u>
Add unamortized premiums and (discounts)		302,325		
Net Revenue Bonds – Public Offerings		<u>\$ 2,997,950</u>		

DIRECT PLACEMENT

	Fiscal Year	Principal	Interest	Total
Revenue and Special Bonds				
	2023	\$ 10,455	\$ 1,798	\$ 12,253
	2024	25,134	3,004	28,138
	2025	22,213	2,210	24,423
	2026	22,992	1,430	24,422
	2027	23,799	623	24,422
Total Revenue and Special Bonds		<u>\$ 104,593</u>	<u>\$ 9,065</u>	<u>\$ 113,658</u>
Add unamortized premiums and discounts		-		
Net Revenue and Special Bonds – Direct Placement		<u>\$ 104,593</u>		
 Total Outstanding Bonds		2,800,218	<u>\$ 2,100,799</u>	<u>\$ 4,901,017</u>
Add unamortized premiums and (discounts)		302,325		
Total Net Outstanding Bonds		<u>\$ 3,102,543</u>		

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6. NONCURRENT LIABILITIES (continued)

DIRECT BORROWING

FDOT Indebtedness	2023	\$ 2,510
	2024	2,565
	2025	2,622
	2026	2,679
	2027	2,738
	2028-2039	37,127
Total FDOT Indebtedness		<u>\$ 50,241</u>
Lines of Credit	2023**	\$ -
	2024	976
Total Lines of Credit		<u>\$ 976</u>
Lease Liability	2023	\$ 851
	2024	1,463
	2025	1,561
	2026	1,666
	2027	1,777
	2028-2043	47,367
Total Lease Liability		<u>\$ 54,685</u>

* The FDOT Indebtedness payments originally due in fiscal years 2021 and 2022 have been deferred as a result of an amendment to the joint participation agreement.

** The Lines of Credit due in fiscal year 2022 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. 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, 2022, the Authority has outstanding \$3.0 billion in Airport Facilities Revenue Bonds issued from 2010 to 2022, and payable through October 1, 2054. Proceeds from the Airport Facilities Revenue Bonds provided financing for various airport capital projects and refunding for previously issued debt.

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

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7. PLEDGED REVENUES (continued)

Revenues plus any Transfers and Subordinated Pledged Revenues (as defined in the Bond Resolution), equal to at least 1.00 time on 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, 2022, is \$4.8 billion with annual requirements ranging from \$61.8 million due in fiscal year 2023 to \$20.0 million in the final year, with the highest requirement of \$188.3 million in the fiscal year 2024. For the three months, ended December 31, 2022, principal and interest requirements were \$47.5 million. The revenues pledged for the year were \$122.6 million. This represents \$102.4 million in Net Revenues as calculated per the Bond Resolution and \$20.2 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, 2022, the Authority’s outstanding Priority Subordinated Indebtedness is comprised of (i) the outstanding Priority Subordinated Airport Facilities Revenue Refunding Bonds, Series 2016 and 2017A and (ii) the FDOT Indebtedness. As of December 31, 2022, 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 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, 2022 is \$109.9 million. For the three months ended December 31, 2022, interest requirements were \$0.9 million. As of December 31, 2022, the outstanding principal balance is \$100.9 million.

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7. PLEDGED REVENUES (continued)

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.

8. 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 has now been extended to January 30, 2039 due to the two year deferral. As of December 31, 2022 and September 30, 2022, respectively, the Authority had an outstanding balance of \$50.2 million and \$50.2 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.

9. 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 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, 2022 and September 30, 2022, the Authority has drawn \$976,000 on this line of credit. As of December 31, 2022 and September 30, 2022, the unused portion of this line of credit was \$274,024,000.

On July 29, 2022, the Authority amended the revolving credit agreement with Bank of America, N.A. to provide the Authority with a \$275 million line of credit, previously under two separate agreements. The term of the line of 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, 2022, 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

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9. LINE OF CREDIT INDEBTEDNESS (continued)

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, 2022 and September 30, 2022, respectively, the Authority has drawn \$0 and \$45,055,000 on this line of credit. As of December 31, 2022 and September 30, 2022, respectively, the unused portion of this line of credit was \$275,000,000 and \$229,945,000.

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.

10. 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, 2022 and September 30, 2022, was \$54.7 million and \$0, respectively.

The future principal and interests payments for lease liabilities as of December 31, 2022, are as follows:

	Principal	Interest	Total
2023	\$ 851	\$ 2,839	\$ 3,690
2024	1,463	3,456	4,919
2025	1,561	3,358	4,919
2026	1,666	3,254	4,920
2027	1,777	3,142	4,919
2028-2043	47,367	27,242	74,609
	<u>\$ 54,685</u>	<u>\$ 43,291</u>	<u>\$ 97,976</u>

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11. REFUNDING BOND ISSUANCES AND DEFERRED AMOUNTS

On February 22, 2022, the Authority issued \$8.7 million in Airport Facilities Refunding Revenue Bonds, Series 2022C (AMT) (the "Series 2022C Bonds") with a true interest rate of 1.63%. From the \$8.7 million issuance, \$1.2 million premium and the \$0.2 million of Authority funds, \$10.0 million was deposited into the Bank of New York Mellon escrow account to refund the outstanding \$9.8 million of Airport Facilities Refunding Revenue Bonds, Series 2011B and pay associated interest of \$0.2 million. The remaining Series 2022C Bond proceeds of \$0.1 million were used to pay related issuance costs. The average life of the Series 2022 Bonds is 4.25 years.

On February 22, 2022, the Authority issued \$19.7 million in Airport Facilities Refunding Revenue Bonds, Series 2022D (NON-AMT) (the "Series 2022D Bonds") with a true interest rate of 1.64%. From the \$19.7 million issuance, \$4.1 million premium and the \$0.5 million of Authority funds, \$24.1 million was deposited into the Bank of New York Mellon escrow account to refund the outstanding \$23.7 million of Airport Facilities Refunding Revenue Bonds, Series 2011C and pay associated interest of \$0.4 million. The remaining Series 2022D Bond proceeds of \$0.2 million were used to pay related issuance costs. The average life of the Series 2022D Bonds is 6.51 years.

On February 22, 2022, the Authority issued \$11.5 million in Airport Facilities Refunding Revenue Bonds, Series 2022E (TAXABLE) (the "Series 2022E Bonds") with a true interest rate of 2.60%. From the \$11.5 million issuance and the \$0.2 million of Authority funds, \$11.6 million was deposited into the Bank of New York Mellon escrow account to refund the outstanding \$1.8 million of Airport Facilities Refunding Revenue Bonds, Series 2011D, \$9.4 million of Airport Facilities Refunding Revenue Bonds, Series 2012A and pay associated interest of \$0.5 million. The remaining Series 2022E Bond proceeds of \$0.1 million were used to pay related issuance costs. The average life of the Series 2022E Bonds is 6.33 years.

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

	December 31, 2022	September 30, 2022
Long Term Debt Deferred Loss (Gain):		
Series 2016C	\$ 4,658	\$ 4,773
Series 2016D	17	22
Total Long Term Debt Net Deferred Loss	<u>\$ 4,675</u>	<u>\$ 4,795</u>

12. BOND ISSUANCES (OTHER THAN REFUNDING ISSUES)

On February 22, 2022, the Authority issued \$183.1 million in Airport Facilities Revenue Bonds, Series 2022A (AMT) (the "Series 2022A Bonds") with a true interest cost of 3.27%. The Series 2022A Bonds were issued for the purpose of providing funds to finance a portion of the 2022 Project (consists of improvements to the Airport System, including the acquisition, design, construction, and equipping of the new South Terminal Complex and certain capital projects in the North Terminal Complex and other airport facilities and associated infrastructure), refinance certain draws made on certain existing lines of credit used to finance a portion of the 2022 Project and associated interest, fund a deposit to the composite reserve subaccount, and pay certain costs of issuance. The average life of the Series 2022A Bonds is 19.74 years.

On February 22, 2022, the Authority issued \$64.1 million in Airport Facilities Revenue Bonds, Series 2022B (Taxable) (the "Series 2022B Bonds") with a true interest cost of 3.26%. The Series 2022B Bonds were issued for the purpose of providing funds to finance a portion of the 2022 Project (consists of improvements to the Airport System, including the acquisition, design, construction, and equipping of the new South Terminal Complex and certain capital projects in the North Terminal Complex and other airport facilities and associated infrastructure), refinance certain draws made on certain existing lines of credit used to finance a portion of the 2022 Project and associated interest, fund a deposit to the composite reserve subaccount, and pay certain costs of issuance. The average life of the Series 2022B Bonds is 15.41 years.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

13. 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):

	<u>2022</u>	<u>2021</u>
Federal Grants	\$ 242	\$ -
State of Florida Grants/Other Grants	1,043	11,979
Total Capital Contributions	<u>\$ 1,285</u>	<u>\$ 11,979</u>

14. 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 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 years Rate and Revenue Sharing Agreement (“Rate Agreement”), whereby the airline 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 at Remaining Revenues. Net Remaining Revenue after the first \$65 million, will be split 50/50 between The Authority and the participating airlines.

15. OUTSTANDING CONTRACT COMMITMENTS

As of December 31, 2022, the Authority had entered into construction contracts, related to MCO, totaling approximately \$4.1 billion for construction, engineering services and equipment, approximately \$0.4 billion of which remains unincurred. Grants, passenger facility charges, and customer facility charges will be utilized to fund a portion of these projects.

16. CONTINGENT LIABILITIES

The Authority does not anticipate any litigation at this time.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2022**

17. 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 years ended December 31, 2022 and September 30, 2022 is as follows (in 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 years ended September 30, 2022 and 2021, is as follows (in thousands):

	Balance 10/1/22	Additions or Adjustments	Payments Current Year	Balance 12/31/22
Pollution Remediation Liability	\$ 2,101	\$ (4)	\$ (30)	\$ 2,067
Net Pollution Remediation Liability Recorded	<u>\$ 2,101</u>	<u>\$ (4)</u>	<u>\$ (30)</u>	<u>\$ 2,067</u>
Reported as follows (shown as Pollution Remediation Liability on Note 6)				
Due within one year	\$ 849	\$ 27	\$ (30)	\$ 846
Due after one year	1,252	(31)	-	1,221
	<u>\$ 2,101</u>	<u>\$ (4)</u>	<u>\$ (30)</u>	<u>\$ 2,067</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.

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.

18. SUBSEQUENT EVENTS

The Authority does not have any subsequent events to report.

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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, 2022, 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 December 31, 2022 and 2021. 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, 2022, and the changes in its financial position and its cash flows for the nine-month periods ended December 31, 2022 and 2021, 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, 2022, 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, 2023, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 25, 2023

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

	December 31, 2022	September 30, 2022
ASSETS AND DEFERRALS		
Current Assets		
Unrestricted		
Cash and cash equivalents	\$ 8,834	\$ 10,147
Accounts and grants receivable	197	92
Investments	686	-
Interest receivable	41	27
Lease receivables current	861	1,143
Due from Orlando International Airport	902	690
Due from other governmental agencies	691	595
Prepaid expenses	59	96
Total current assets	<u>12,271</u>	<u>12,790</u>
Unrestricted assets		
Investments	5,308	4,624
Lease receivables noncurrent	20,059	20,059
Net OPEB asset	378	378
Net pension asset	101	101
Total unrestricted assets	<u>25,846</u>	<u>25,162</u>
Capital assets, net of accumulated depreciation		
Property and equipment	22,274	22,637
Property held for lease	5,963	6,034
Work in progress	3,039	2,809
Total capital assets, net of accumulated depreciation	<u>31,276</u>	<u>31,480</u>
Total noncurrent assets	<u>57,122</u>	<u>56,642</u>
Total assets	69,393	69,432
Deferred outflows of resources	<u>41</u>	<u>41</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)**

	December 31, 2022	September 30, 2022
LIABILITIES, DEFERRALS, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 462	\$ 651
Deposits	24	21
Advance rent from tenants, current	104	104
Due to other governmental agencies	285	283
Total current liabilities	<u>875</u>	<u>1,059</u>
Noncurrent Liabilities		
Advance rent from tenants, long-term	455	480
Other long-term liabilities	279	279
Total noncurrent liabilities	<u>734</u>	<u>759</u>
Total liabilities	<u>1,609</u>	<u>1,818</u>
Deferred inflows of resources	<u>20,509</u>	<u>20,886</u>
Net Position		
Net investment in capital assets	31,277	31,480
Unrestricted	16,039	15,289
Total net position	<u>\$ 47,316</u>	<u>\$ 46,769</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 Three Months Ended December 31,
(in thousands)**

	2022	2021 (Restated)
Operating Revenues		
Airfield area	\$ 159	\$ 139
Terminal area	24	24
Commercial property	570	547
Other airport related	242	192
Total operating revenues	<u>995</u>	<u>902</u>
Operating Expenses		
Operations and facilities	413	423
Safety and security	327	361
Administration	181	206
Other	74	65
Total operating expenses	<u>995</u>	<u>1,055</u>
Operating (loss) income before depreciation	-	(153)
Depreciation	<u>(439)</u>	<u>(519)</u>
Operating loss	(439)	(672)
Nonoperating Revenues		
Investment income	91	18
Net (decrease) increase in the fair value of investments	25	(31)
Lease Interest	173	182
Federal and state grants	503	-
Total nonoperating revenues (expenses)	<u>792</u>	<u>169</u>
Income (loss) before capital contributions	<u>353</u>	<u>(503)</u>
Capital Contributions	<u>194</u>	<u>1,172</u>
Increase in net position	547	669
Total Net Position, Beginning of Period	<u>46,769</u>	<u>45,211</u>
Total Net Position, End of Period	<u>\$ 47,316</u>	<u>\$ 45,880</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 Three Months Ended December 31,
(in thousands)**

	2022	2021 (Restated)
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 716	\$ 760
Cash paid to suppliers and governmental agencies	(870)	(888)
Cash paid to employees for services	(406)	(346)
Net cash (used for) operating activities	(560)	(474)
Cash flows from noncapital financing activities		
Operating grants	503	-
Net cash provided by noncapital financing activities	503	-
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(259)	(167)
Capital contributed by federal grants and state agencies	98	165
Lease interest	173	182
Net cash (used for) capital and related financing activities	12	180
Cash flows from investing activities		
Purchase of investments	(1,647)	(495)
Proceeds from sale or maturity of investments	302	501
Interest received	77	10
Net cash provided by investing activities	(1,268)	16
Increase (Decrease) in cash and cash equivalents	(1,313)	(278)
Cash and Cash Equivalents, Beginning of Period	10,147	9,668
Cash and Cash Equivalents, End of Period (1)	\$ 8,834	\$9,390
(1) Cash and Cash Equivalents – Unrestricted Assets	\$ 8,834	\$ 9,390
	\$ 8,834	\$ 9,390

(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)**

	<u>2022</u>	<u>2021 (Restated)</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities		
Operating loss	\$ (439)	\$ (672)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	439	519
(Increase) Decrease in operating assets		
Accounts and grants receivable	(105)	(15)
Lease receivables	282	270
Prepaid expenses	37	22
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	(189)	(166)
Due to other governmental agencies	2	-
Deposits	3	2
Advance rent from tenants	(25)	(26)
Due from other funds	(188)	(31)
Deferred inflows of resources	(377)	(377)
Total adjustments	(121)	198
Net cash (used for) operating activities	<u>\$ (560)</u>	<u>\$ (474)</u>

Noncash Investing, Capital and Financing Activities

Decrease in fair value of investments	\$ 25	\$ (31)
Capital contributions from other governments	\$ 96	\$ 1,007

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 Three Months Ended December 31, 2022**

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, 2022, are not necessarily indicative of the results that may be expected for the year ending September 30, 2023. For further information, refer to the financial statements and footnotes thereto included in the Annual Comprehensive Financial Report for the year ended September 30, 2022.

Change in Accounting Principle: In fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

2. CASH DEPOSITS AND INVESTMENTS

At December 31, 2022 and September 30, 2022, the fair value of all securities regardless of the statement of net position, classification was as follows (in thousands):

	December 31, 2022	September 30, 2022
U.S. Treasury and government agency securities	\$ 5,995	\$ 4,624
Local government investment pool	59	59
Investment in money market funds	1,408	2,740
Total securities	<u>\$ 7,462</u>	<u>\$ 7,423</u>

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

	December 31, 2022	September 30, 2022
Current Assets		
Unrestricted assets		
Cash and cash equivalents	\$ 8,834	\$ 10,147
Investments	686	-
Noncurrent Assets		
Investments	5,308	4,624
Total cash, cash equivalents and investments	14,828	14,771
Less cash on deposit	(7,366)	(7,348)
Total securities, at fair value	<u>\$ 7,462</u>	<u>\$ 7,423</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
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For the Three Months Ended December 31, 2022**

2. CASH DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2022, ORL held the following investments, as categorized below, in accordance with generally accepted accounting principles:

Investment Maturities (in thousands) at December 31, 2022

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	\$ 2,840	\$ 3,155	\$ -	\$ -	\$ 5,995	1
Local government investment pool	59	-	-	-	59	N/A
Money market funds	1,408	-	-	-	1,408	N/A
	<u>\$ 4,307</u>	<u>\$ 3,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,462</u>	

As of December 31, 2022, the Authority had \$59,227 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 December 31, 2022, is 19 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, 2022, is 60 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, 2022, 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 Three Months Ended December 31, 2022**

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 December 31, 2022, and September 30, 2022, 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, 2022.

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 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.

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2. CASH DEPOSITS AND INVESTMENTS (continued)

At present, no such disclosure has been made. As of December 31, 2022, 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, 2022, and September 30, 2022, ORL does not have any restricted assets.

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4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2022, is as follows (in thousands):

	Balance October 1, 2022	Additions and Reclass- ifications	Deductions	Balance December 31, 2022
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 9,450	\$ -	\$ -	\$ 9,450
Other Property and Equipment				
Buildings	3,884	-	-	3,884
Improvements	54,320	-	-	54,320
Improvements – Colonial Promenade	4	-	-	4
Equipment	420	5	(35)	390
Motor vehicles	724	-	(1)	723
	<u>59,352</u>	<u>5</u>	<u>(36)</u>	<u>59,321</u>
Accumulated Depreciation				
Buildings	(1,452)	(17)	-	(1,469)
Improvements	(43,758)	(339)	-	(44,097)
Equipment	(369)	(5)	35	(339)
Motor vehicles	(586)	(7)	1	(592)
	<u>(46,165)</u>	<u>(368)</u>	<u>36</u>	<u>(46,497)</u>
Net Property and Equipment	<u>22,637</u>	<u>(363)</u>	<u>-</u>	<u>22,274</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	(7,368)	(69)	-	(7,437)
Improvements	(807)	(2)	-	(809)
	<u>(8,175)</u>	<u>(71)</u>	<u>-</u>	<u>(8,246)</u>
Net Property and Equip - Held for Lease	<u>6,034</u>	<u>(71)</u>	<u>-</u>	<u>5,963</u>
Construction Work in Progress				
Capital Assets Not Depreciated	2,809	230	-	3,039
Net Capital Assets	<u>\$ 31,480</u>	<u>\$ (204)</u>	<u>-</u>	<u>\$ 31,276</u>

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5. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the three months ended December 31, 2022, is as follows (in thousands):

	Balance October 1, 2022	Additions	Deductions	Balance December 31, 2022	Amounts Due Within One Year	Amounts Due After One Year
Advanced Rent from Tenants (1)	\$ 584	\$ 135	\$ (160)	\$ 559	\$ 104	\$ 455
Other Liabilities						
Compensated Absences (1)	64	8	(1)	71	61	10
Pollution Remediation Liability (1)	277	31	(10)	298	29	269
Total Other Liabilities	<u>341</u>	<u>39</u>	<u>(11)</u>	<u>369</u>	<u>90</u>	<u>279</u>
Total Noncurrent Liabilities	<u>\$ 925</u>	<u>\$ 174</u>	<u>\$ (171)</u>	<u>\$ 928</u>	<u>\$ 194</u>	<u>\$ 734</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 three months ended December 31 (in thousands):

	2022	2021
Federal Grants	\$ 179	\$ 1,172
State Grants	15	-
Total Capital Contributions	<u>\$ 194</u>	<u>\$ 1,172</u>

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 2023 and 2072. The Orlando Executive Airport (ORL) report leases receivable with a carrying amount of \$20.9 million and \$21.2 million as of December 31, 2022 and September 30, 2022, respectively, and a deferred inflows lease in the amount of \$20.0 million and \$20.4 million as of December 31, 2022 and September 30, 2022, respectively, related to this agreement. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreements.

ORL recognized \$755,000 and \$1.5 million of lease revenue principal and \$173,000 and \$715,000 of lease interest for the years ended December 31, 2022 and September 30, 2022, respectively.

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8. OUTSTANDING CONTRACT COMMITMENTS

As of December 31, 2022, the Authority had entered into contracts, related to ORL, totaling approximately \$17.2 million for construction, engineering services and equipment, approximately \$0.6 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.

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 three months ended December 31, 2022, related to ORL is as follows (in thousands):

	Balance 10/1/22	Additions or Adjustments	Payments Current Year	Balance 12/31/22
Pollution Remediation Liability	\$ 277	\$ 31	\$ (10)	\$ 298
Net Pollution Remediation Liability Recorded	<u>\$ 277</u>	<u>\$ 31</u>	<u>\$ (10)</u>	<u>\$ 298</u>
Reported as follows (shown as Pollution Remediation Liability on Note 5)				
Due within one year	\$ 7	\$ 32	\$ (10)	\$ 29
Due after one year	270	(1)	-	269
	<u>\$ 277</u>	<u>\$ 31</u>	<u>\$ (10)</u>	<u>\$ 298</u>