



GREATER ORLANDO AVIATION AUTHORITY

Orlando, Florida

UNAUDITED FINANCIAL STATEMENTS

For the Three Months Ended

December 31, 2020 and 2019

GOAA Finance

GREATER ORLANDO AVIATION AUTHORITY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying interim financial statements of Orlando International Airport (a department of the Greater Orlando Aviation Authority), which comprise the statements of net position as of December 31, 2020, and the related statements of revenues, expenses, and changes in net position, cash flows, and the related notes to the financial statements for each of the three-month periods ended December 31, 2020 and 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the Authority). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

As discussed in Note 1 of the notes to the interim financial statements, the interim financial statements of Orlando International Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of Orlando International Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2020, and the changes in its financial position and its cash flows for the three-month periods ended December 31, 2020 and 2019 in conformity with accounting principles generally accepted in the United States of America.

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

Accountant's Conclusion

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

Required Supplementary Information

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

Prior Period Statements of Net Position

The statement of net position of Orlando International Airport as of September 30, 2020 was audited by us, and we expressed an unmodified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated February 19, 2021 but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 15, 2021

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

	December 31, <u>2020</u>	September 30, <u>2020</u>
ASSETS AND DEFERRALS		
Current Assets		
Cash and cash equivalents	\$ 204,141	\$ 194,098
Restricted cash and cash equivalents	311,758	352,517
Accounts and grants receivable, less allowance for uncollectibles of \$536 and \$536, respectively	41,247	37,446
Interest receivable	558	544
Due from other governmental agencies	538	660
Prepaid expenses and inventory	<u>6,944</u>	<u>6,077</u>
Total current assets	<u>565,186</u>	<u>591,342</u>
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	481,207	564,841
Accounts and grants receivable	6,112	4,870
Investments	751,534	895,284
Interest receivable	2,571	3,421
Due from other governmental agencies	47,808	60,299
Prepaid expenses	<u>13,835</u>	<u>13,209</u>
Total restricted assets	<u>1,303,067</u>	<u>1,541,924</u>
Unrestricted assets		
Investments	<u>137,323</u>	<u>141,865</u>
Total unrestricted assets	<u>137,323</u>	<u>141,865</u>
Capital assets, net of accumulated depreciation		
Property and equipment	2,086,202	2,089,458
Property held for lease	205,609	212,683
Work in progress	<u>2,268,458</u>	<u>2,099,904</u>
Total capital assets, net of accumulated depreciation	<u>4,560,269</u>	<u>4,402,045</u>
Total noncurrent assets	<u>6,000,659</u>	<u>6,085,834</u>
Total assets	6,565,845	6,677,176
Deferred outflows of resources	<u>20,671</u>	<u>20,962</u>

(continued)

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

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

	December 31, <u>2020</u>	September 30, <u>2020</u>
LIABILITIES, DEFERRALS, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 27,536	\$ 25,154
Unearned revenue	16,279	16,951
Deposits	12,551	12,761
Advance rent from tenants	12,013	5,456
Due to Orlando Executive Airport	399	304
Due to other governmental agencies	1,528	1,231
Accrued airline revenue sharing	13,581	24,314
 Payable from restricted assets		
Accrued interest	33,670	68,816
Accounts payable and accrued liabilities	185,757	194,597
Revenue bonds payable, current	<u>92,331</u>	<u>89,104</u>
Total current liabilities	<u>395,645</u>	<u>438,688</u>
 Noncurrent Liabilities		
Revenue bonds payable, long-term	3,170,741	3,258,241
FDOT indebtedness, long-term	50,241	50,241
Line of credit, long-term	125,794	125,794
Net pension liability	29,486	29,486
Net OPEB liability	3,480	3,480
Other long-term liabilities	<u>2,439</u>	<u>2,450</u>
Total noncurrent liabilities	<u>3,382,181</u>	<u>3,469,692</u>
 Total liabilities	<u>3,777,826</u>	<u>3,908,380</u>
 Deferred inflows of resources	<u>5,102</u>	<u>5,102</u>
 Net Position		
Net investment in capital assets	1,671,557	1,507,432
Restricted for		
Debt service	122,536	241,352
Capital acquisitions and construction	662,755	701,186
Unrestricted	<u>346,740</u>	<u>334,686</u>
Total net position	<u>\$ 2,803,588</u>	<u>\$ 2,784,656</u>

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

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

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield area	\$ 17,367	\$ 16,436
Terminal area	41,407	62,657
Ground transportation	27,746	51,359
Other buildings and grounds	5,355	5,935
Hotel	3,728	11,325
Rail station	<u>1,086</u>	<u>1,076</u>
Total operating revenues	<u>96,689</u>	<u>148,788</u>
Operating Expenses		
Operations and facilities	33,091	39,186
Safety and security	10,806	12,243
Administration	14,788	18,951
Hotel	4,965	9,035
Other	<u>542</u>	<u>654</u>
Total operating expenses	<u>64,192</u>	<u>80,069</u>
Operating income before depreciation	32,497	68,719
Depreciation	<u>(44,825)</u>	<u>(46,041)</u>
Operating (loss) income	(12,328)	22,678
Nonoperating Revenues (Expenses)		
Investment income	1,632	7,412
Net (decrease) increase in the fair value of investments	(3,729)	1,071
Interest expense and other financing charges	(5,405)	(17,551)
Participating Airlines net revenue sharing	-	(717)
Passenger facility charges	10,390	25,146
Customer facility charges	3,911	10,418
Federal, state and other grants	10,849	105
Other	<u>5,996</u>	<u>43,550</u>
Income before capital contributions	11,316	92,112
Capital Contributions	<u>7,616</u>	<u>6,067</u>
Increase in net position	18,932	98,179
Total Net Position, Beginning of Period	<u>2,784,656</u>	<u>2,655,636</u>
Total Net Position, End of Period	<u>\$ 2,803,588</u>	<u>\$ 2,753,815</u>

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

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 98,685	\$ 133,916
Cash paid to suppliers and governmental agencies	(41,500)	(105,126)
Cash paid to employees for services	(20,520)	(19,544)
Cash paid to airlines	(10,733)	(57,833)
Other income	<u>322</u>	<u>743</u>
Net cash provided by (used for) operating activities	<u>26,254</u>	<u>(47,844)</u>
Cash flows from noncapital financing activities		
Operating grants	<u>10,848</u>	<u>4,274</u>
Net cash provided by noncapital financing activities	<u>10,848</u>	<u>4,274</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	-	1,324,700
Proceeds from FDOT indebtedness	-	(6,103)
Proceeds from line of credit	37,288	-
Passenger facility charges - capital	9,558	21,111
Customer facility charges	3,506	9,418
Bond issuance costs	-	(5,627)
Principal payments - bonds and line of credit	(116,634)	(461,731)
Interest and other financing charges paid	(68,931)	(44,299)
Proceeds from sale of assets	5,677	47,528
Acquisition and construction of capital assets	(191,547)	(175,137)
Capital contributed by federal grants and state agencies	<u>20,317</u>	<u>(3,886)</u>
Net cash (used for) provided by capital and related financing activities	<u>(300,766)</u>	<u>705,974</u>
Cash flows from investing activities		
Purchase of investments	(66,232)	(1,283,470)
Proceeds from sale and maturity of investments	210,795	76,984
Interest received	<u>4,751</u>	<u>9,512</u>
Net cash provided by (used for) investing activities	<u>149,314</u>	<u>(1,196,974)</u>
Net decrease in cash and cash equivalents	(114,350)	(534,570)
Cash and Cash Equivalents, Beginning of Period	<u>1,111,456</u>	<u>1,649,858</u>
Cash and Cash Equivalents, End of Period (1)	<u>\$ 997,106</u>	<u>\$ 1,115,288</u>
(1) Cash and Cash Equivalents – Unrestricted Assets	\$ 204,141	\$ 251,429
Cash and Cash Equivalents – Restricted Assets - Current	311,758	272,446
Cash and Cash Equivalents – Restricted Assets - Noncurrent	<u>481,207</u>	<u>591,413</u>
	<u>\$ 997,106</u>	<u>\$ 1,115,288</u>

(continued)

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

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

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	\$ (12,328)	\$ 22,678
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation	44,825	46,041
Participating Airlines net revenue sharing	-	(717)
Other income	322	743
(Increase) Decrease in operating assets		
Accounts and grants receivable	(3,801)	(8,726)
Due from other governmental agencies	122	(117)
Prepaid expenses	(867)	474
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	2,777	(46,611)
Due to other governmental agencies	297	1,671
Accrued airline revenue sharing	(10,733)	(57,116)
Unearned revenue	(672)	(1,581)
Deposits	(210)	117
Advance rent from tenants	6,557	(4,657)
Due to other funds	(24)	(43)
Other liabilities	<u>(11)</u>	<u>-</u>
Total adjustments	<u>38,582</u>	<u>(70,522)</u>
Net cash provided by (used for) operating activities	<u>\$ 26,254</u>	<u>\$ (47,844)</u>

Noncash Investing, Capital and Financing Activities

(Decrease) Increase in fair value of investments	\$ (3,729)	\$ 1,072
Capital contributions from other governments	\$ (12,701)	\$ 9,953
Capitalized interest	\$ 21,247	\$ 14,043
Amortization of bond premiums/discounts	\$ 4,927	\$ 5,102
Amortization of bond refunding losses	\$ (292)	\$ (385)

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, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation and Accounting: The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Prior period amounts have been reclassified to conform to the current period presentations. Operating results for the three-month period ended December 31, 2020 are not necessarily indicative of the results that may be expected for the year ending September 30, 2021. For further information, refer to the Authority's financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2020.

2. CASH DEPOSITS AND INVESTMENTS

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

The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company, provided a power of attorney is delivered to the State's CFO.

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

At December 31, 2020 and September 30, 2020, the fair value of all securities, regardless of the statements of net position-unaudited, classification was as follows (in thousands):

	December 31, 2020	September 30, 2020
U.S. Treasury and government agency securities	\$ 856,501	\$ 996,764
Commercial paper	-	-
Asset backed securities	3,006	4,260
Corporate securities	29,350	36,126
Local government investment pool	5,966	5,962
Investment in money market funds	691,352	754,189
Total securities	<u>\$ 1,586,175</u>	<u>\$ 1,797,301</u>

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020

2. CASH DEPOSITS AND INVESTMENTS (continued)

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

	December 31, 2020	September 30, 2020
Current Assets		
Cash and cash equivalents	\$ 204,141	\$ 194,098
Restricted cash and cash equivalents	311,758	352,517
Investments	-	-
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	481,207	564,841
Investments	751,534	895,284
Unrestricted assets:		
Investments	137,323	141,865
Total cash, cash equivalents and investments	1,885,963	2,148,605
Less cash on deposit	(299,788)	(351,304)
Total securities, at fair value	<u>\$ 1,586,175</u>	<u>\$ 1,797,301</u>

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of December 31, 2020, 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, 2020

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total	Level
U.S. Treasury and government agency securities	\$ 690,366	\$ 166,135	\$ -	\$ -	\$ 856,501	1
Asset backed securities	-	1,255	1,627	124	3,006	1
Corporate securities	10,137	19,213	-	-	29,350	1
Local government investment pool	5,966	-	-	-	5,966	N/A
Money market funds	691,352	-	-	-	691,352	N/A
	<u>\$ 1,397,821</u>	<u>\$ 186,603</u>	<u>\$ 1,627</u>	<u>\$ 124</u>	<u>\$ 1,586,175</u>	

As of December 31, 2020, the Authority had \$0.7 million of MCO funds invested in the Florida Prime and \$5.3 million invested in the Fixed Income Trust. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the SBA.

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

tenance Fund and Operation and Maintenance Reserve Account shall mature within twelve months, and 3) investments in the Capital Expenditure Fund, the Renewal and Replacement Fund, Improvement and Development Fund, and the Discretionary Fund shall mature within five years. Investments under the Amended and Restated Master Subordinated Indenture of Trust shall mature no later than needed, except for investments in the Reserve Fund, which shall mature not later than fifteen years from the date of such investment. The Authority portfolio holds a limited number of callable securities. The schedules above present the maturity date of the securities. According to the latest information available from the SBA, the dollar weighted average days to maturity (WAM) of the Florida Prime at December 31, 2020 is 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the Florida Prime at December 31, 2020, is 56 days. According to the latest information available from the Florida Fixed Income Trust, the dollar WAM of the Fixed Income Trust at December 31, 2020 is 106 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the Fixed Income Trust at December 31, 2020, is 112 days.

Credit Risk: The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits the purchase of certain investments to specific rating requirements. Investment in commercial paper is limited to ratings of A-1, P-1, or F1 for short-term investments by two of the three rating agencies: S&P, Moody's and Fitch (without regard to gradation). Investment in dollar denominated Corporate securities is limited to companies in the United States which are rated "A" or better by two of the three rating agencies (without regard to gradation). Investments held in obligations of U.S. government agencies were rated AAA by Fitch, Aaa by Moody's and AA+ by S&P. Investments held in the portfolio as of December 31, 2020, were rated consistent with the Authority's investment policy and bond resolutions. Funds invested in money market funds and the Florida Prime are rated AAAM by S&P. Funds invested with the Fixed Income Trust are rated AAAF by S&P.

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

Concentration of Credit Risk: Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority mitigates its concentration of credit risk by diversifying its investment portfolio. At December 31, 2020, and September 30, 2020, the Authority did not hold investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents), except those expressly permitted pursuant to GASB statement No. 40. The investment policy limits the maximum investment in any one issuer of commercial paper to \$5 million dollars.

Foreign Currency Risk Disclosure: The Authority invests only in securities that are denominated in U.S. dollars. According to the latest information available from the SBA, the Florida Prime was not exposed to any foreign currency risk during the period October 1, 2014 through December 31, 2020.

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

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

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

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

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

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity 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, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020

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, 2020	September 30, 2020
Debt Service	\$ 268,479	\$ 358,885
Capital Acquisition	370,133	373,383
Bond Construction	540,199	693,339
Passenger Facility Charges	246,266	262,534
Customer Facility Charges	131,368	147,920
Operating Reserve	58,380	58,380
Total Restricted Assets	<u>\$ 1,614,825</u>	<u>\$ 1,894,441</u>

Reported in the accompanying financial statements as follows:

	December 31, 2020	September 30, 2020
Restricted Cash and Cash Equivalents - Current	\$ 311,758	\$ 352,517
Total Restricted Assets – Non Current	<u>1,303,067</u>	<u>1,541,924</u>
Total Restricted Assets	<u>\$ 1,614,825</u>	<u>\$ 1,894,441</u>

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4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2020 is as follows (in thousands):

	Balance October 1, 2020	Additions and Reclass- ifications	Deductions and Reclass- ifications	Balance December 31, 2020
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 253,624	\$ -	\$ -	\$ 253,624
Assets Held for Future Use	<u>36,330</u>	<u>267</u>	<u>-</u>	<u>36,597</u>
	<u>289,954</u>	<u>267</u>	<u>-</u>	<u>290,221</u>
Other Property and Equipment				
Buildings	1,096,159	1,490	-	1,097,649
Improvements	2,163,415	29,531	-	2,192,946
Equipment	444,725	2,444	(389)	446,780
Motor vehicles	<u>105,486</u>	<u>765</u>	<u>(924)</u>	<u>105,327</u>
	<u>3,809,785</u>	<u>34,230</u>	<u>(1,313)</u>	<u>3,842,702</u>
Accumulated Depreciation				
Buildings	(285,081)	(10,045)	-	(295,126)
Improvements	(1,441,070)	(17,931)	-	(1,459,001)
Equipment	(246,764)	(7,978)	387	(254,355)
Motor vehicles	<u>(37,366)</u>	<u>(1,797)</u>	<u>924</u>	<u>(38,239)</u>
	<u>(2,010,281)</u>	<u>(37,751)</u>	<u>1,311</u>	<u>(2,046,721)</u>
Net Property and Equipment	<u>2,089,458</u>	<u>(3,254)</u>	<u>(2)</u>	<u>2,086,202</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	<u>4,473</u>	<u>-</u>	<u>-</u>	<u>4,473</u>
Other Property and Equipment				
Buildings	902,514	-	-	902,514
Improvements	81,312	-	-	81,312
Equipment	<u>9,300</u>	<u>-</u>	<u>-</u>	<u>9,300</u>
	<u>993,126</u>	<u>-</u>	<u>-</u>	<u>993,126</u>
Accumulated Depreciation				
Buildings	(700,435)	(6,570)	-	(707,005)
Improvements	(75,193)	(501)	-	(75,694)
Equipment	<u>(9,288)</u>	<u>(3)</u>	<u>-</u>	<u>(9,291)</u>
	<u>(784,916)</u>	<u>(7,074)</u>	<u>-</u>	<u>(791,990)</u>
Net Property and Equip - Held for Lease	<u>212,683</u>	<u>(7,074)</u>	<u>-</u>	<u>205,609</u>
Construction Work in Progress				
Capital Assets Not Depreciated	<u>2,099,904</u>	<u>200,834</u>	<u>(32,280)</u>	<u>2,268,458</u>
Net Capital Assets	<u>\$ 4,402,045</u>	<u>\$ 190,506</u>	<u>\$ (32,282)</u>	<u>\$ 4,560,269</u>

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5. LEASE AND CONCESSION AGREEMENTS

The Authority's operations consist of agreements for use of land, buildings, terminal space and Minimum Annual Guarantees from concessionaires. The agreements consist of (a) one year, cancelable space and use permits, and (b) non-cancelable agreements for land, buildings, terminal space and concessions, which expire between the years 2021 and 2067. Minimum future revenues do not include contingent revenues, which may be received under agreement for use of land and buildings on the basis of revenue or fuel flow fees earned.

The Authority has a 50-year lease with Brightline Trains Florida, LLC, formerly known as Virgin Trains USA Florida, LLC that expires in 2067. The terms of this lease extend beyond the current Operation and Use Agreement with the City of Orlando, expiring in 2065 whereby responsibility for operating the Airport would revert to the City. Upon termination of the Operation and Use Agreement with the City and the Authority, the City shall be deemed to be the lessor and bound by all provisions of the lease.

In August 2020 the Authority Board approved supplemental relief in the amount of \$47.6 million for certain In-Terminal Concessions and Rental Automobile Companies (RAC). The resolution approved the waiver of 50% of the minimum annual guarantee for October 2020 through March 2021. The resolution also provided for a deferral of the August and September 2020 minimum annual guarantee until April 2021, which is convertible to a waiver upon timely payment of the minimum annual guarantees through March 2021. As of the date of this report it is undermined whether or not the Authority Board will provide additional supplemental relief.

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6. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the three months ended December 31, 2020 is as follows (in thousands):

	Balance October 1, 2020	Additions	Deductions	Balance December 31, 2020	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds Public Offerings						
Senior Lien Bonds						
Series 2009C (NON-AMT)	\$ 7,230	\$ -	\$ (2,150)	\$ 5,080	\$ 2,250	\$ 2,830
Series 2010A (NON-AMT)	68,860	-	(2,375)	66,485	2,495	63,990
Series 2011B (AMT)	68,680	-	(1,430)	67,250	1,470	65,780
Series 2011C (NON-AMT)	29,945	-	(2,180)	27,765	2,295	25,470
Series 2011D (Taxable)	33,330	-	(29,925)	3,405	800	2,605
Series 2012A (AMT)	37,065	-	-	37,065	27,685	9,380
Series 2015A (AMT)	203,345	-	(4,120)	199,225	4,285	194,940
Series 2016A (AMT)	78,730	-	(1,540)	77,190	1,620	75,570
Series 2016B (NON-AMT)	96,890	-	(1,830)	95,060	1,930	93,130
Series 2016C (Taxable)	69,395	-	(650)	68,745	660	68,085
Series 2019A (AMT)	1,135,370	-	(9,915)	1,125,455	10,470	1,114,985
	-					
Priority Subordinated Indebtedness						
Series 2016 Priority Subordinated (AMT)	48,835	-	(5,115)	43,720	5,370	38,350
Series 2017A Priority Subordinated (AMT)	923,830	-	-	923,830	-	923,830
Total Bonds from Public Offerings	2,801,505	-	(61,230)	2,740,275	61,330	2,678,945
Direct Placement						
Senior Lien Bonds						
Series 2013A (AMT)	32,680	-	(3,150)	29,530	3,265	26,265
Series 2016D (Taxable)	32,698	-	(5,375)	27,323	8,050	19,273
Total Bonds from Direct Placement	65,378	-	(8,525)	56,853	11,315	45,538
Total Revenue Bonds	2,866,883	-	(69,755)	2,797,128	72,645	2,724,483
Add unamortized premiums and (discounts)	329,889	-	(4,927)	324,962	-	324,962
Net Revenue Bonds	3,196,772	-	(74,682)	3,122,090	72,645	3,049,445
Special Purpose Facilities Bonds						
Series 2018CFC (Taxable)(Direct Placement)	150,573	-	(9,591)	140,982	19,686	121,296
Total Outstanding Bonds	3,347,345	-	(84,273)	3,263,072	92,331	3,170,741
FDOT Indebtedness (Direct Borrowing)	50,241	-	-	50,241	-	50,241
Lines of Credit (Direct Borrowing)	125,794	37,288	(37,288)	125,794	-	125,794
Net Pension Liability	29,486	-	-	29,486	-	29,486
Net OPEB Liability	3,480	-	-	3,480	-	3,480
Advanced Rent from Tenants (1)	5,456	26,562	(20,005)	12,013	12,013	-
Other Liabilities						
Compensated Absences (1)	6,368	228	(123)	6,473	5,366	1,107
Pollution Remediation Liability (1)	1,978	320	(7)	2,291	959	1,332
Total Other Liabilities	8,346	548	(130)	8,764	6,325	2,439
Total Noncurrent Liabilities	\$ 3,570,148	\$ 64,398	\$ (141,696)	\$ 3,492,850	\$ 110,669	\$3,382,181

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

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6. NONCURRENT LIABILITIES (continued)

Principal and Interest Requirements to Maturity:

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

PUBLIC OFFERINGS				
	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
	2021	\$ -	\$ 63,945	\$ 63,945
	2022	61,330	126,378	187,708
	2023	56,830	123,531	180,361
	2024	73,420	120,457	193,877
	2025	76,870	116,862	193,732
	2026-2030	410,415	523,983	934,398
	2031-2035	358,730	432,546	791,276
	2036-2040	434,270	339,026	773,296
	2041-2045	490,890	230,759	721,649
	2046-2050	519,665	109,896	629,561
	2051-2055	257,855	19,845	277,700
Total Revenue Bonds		\$ 2,740,275	\$ 2,207,228	\$ 4,947,503
Add unamortized premiums and discounts		324,962		
Net Revenue Bonds – Public Offerings		<u>\$ 3,065,237</u>		
DIRECT PLACEMENT				
	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
	2021	\$ 9,758	\$ 3,279	\$ 13,037
	2022	31,343	5,897	37,240
	2023	39,705	4,810	44,515
	2024	28,629	3,745	32,374
	2025	25,828	2,825	28,653
	2026-2029	62,572	3,181	65,753
Total Revenue Bonds		\$ 197,835	\$ 27,737	\$ 221,572
Add unamortized premiums and discounts		-		
Net Revenue Bonds – Direct Placement		<u>\$ 197,835</u>		
Total All Revenue Bonds		2,938,110	\$ 2,230,965	\$ 5,169,075
Add unamortized premiums and discounts		324,962		
Total All Net Revenue Bonds		<u>\$ 3,263,072</u>		

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6. NONCURRENT LIABILITIES (continued)

DIRECT BORROWING		
FDOT Indebtedness	2021*	\$ -
	2022*	-
	2023	2,510
	2024	2,565
	2025	2,622
	2026-2039	42,544
Total FDOT Indebtedness		<u>\$ 50,241</u>
Lines of Credit	2021**	\$ 80,014
	2022	45,780
Total Lines of Credit		<u>\$ 125,794</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 2021 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, 2020, the Authority has outstanding \$2.8 billion in Airport Facilities Revenue Bonds issued from 2009 to 2019, 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 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

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7. PLEDGED REVENUES (continued)

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, 2020, is \$5.0 billion with annual requirements ranging from \$64.8 million due for the remainder of fiscal year 2021 to \$20.0 million in the final year, with the highest requirement of \$201.8 million in the fiscal year 2024. For the three months, ended December 31, 2020, principal and interest requirements were \$50.5 million. The revenues pledged for the year were \$65.4 million. This represents \$47.7 million in Net Revenues as calculated per the Bond Resolution and \$17.7 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, 2020, the Authority’s outstanding Priority Subordinated Indebtedness is comprised of (i) the outstanding Priority Subordinated Airport Facilities Revenue Refunding Bonds, Series 2016A and (ii) the FDOT Indebtedness. As of December 31, 2020, 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, 2020 is \$158.8 million. For the three months ended December 31, 2020, interest requirements were \$17.8 million. As of December 31, 2020, the outstanding principal balance is \$141.0 million.

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

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7. PLEDGED REVENUES (continued)

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 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, 2020 and September 30, 2020, respectively, the Authority had an outstanding loan balance of \$50.2 million and \$50.2 million.

Pursuant to the agreement, FDOT advanced \$30 million for approximately three months of cash flow needs. As of December 31, 2020 and September 30, 2020, respectively, the Authority has no outstanding balance.

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

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

On June 29, 2018, the Authority entered into a new revolving credit agreement with Wells Fargo Bank, N.A. to provide the Authority with a \$175 million line of credit. The term of the line of credit expires on June 29, 2021. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 75 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of December 31, 2020 and September 30, 2020, the Authority has a \$25.1 million outstanding balance on the Wells Fargo 2018 line of credit.

On June 29, 2018, the Authority entered into a new revolving credit agreement with Bank of America, N.A. to provide the Authority with a \$75 million line of credit. The term of the line of credit expires on June 29, 2021. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on LIBOR plus 60 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of December 31, 2020 and September 30, 2020, the Authority has a \$54.9 million outstanding balance and a \$17.6 million outstanding balance on the Bank of America 2018 line of credit, respectively.

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9. LINE OF CREDIT INDEBTEDNESS (continued)

On July 31, 2019, the Authority entered into a new revolving credit agreement with Wells Fargo Bank, N.A. to provide the Authority with a \$50 million line of credit. The term of the line of credit expires on July 29, 2022. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 75 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 43 basis points. As of December 31, 2020 and September 30, 2020, the Authority has a \$3.4 million outstanding balance on the Wells Fargo 2019 line of credit.

On July 31, 2019, the Authority entered into a revolving credit agreement with Bank of America, N.A. to provide the Authority with a \$150 million line of credit. The term of the line of credit expires on July 29, 2022. Annual fees for the unused portion of the line of credit are 25 basis points; payable quarterly. Once the loan is utilized at 65%, no unutilized fees are charged. Draw fees are payable monthly, with taxable draws calculated based on the LIBOR plus 54 basis points, and fees for tax-exempt draws calculated at 79% of LIBOR plus 40 basis points. As of December 31, 2020 and September 30, 2020, the Authority has a \$42.4 million outstanding balance on the Bank of America 2019 line of credit.

On November 4, 2020, the Authority paid off the PNC Bank, N.A line of credit that was due to expire on November 6, 2020. As of September 30, 2020, the Authority had a \$37.3 million outstanding balance that was paid off by a draw against the Bank of America, N.A. (2018) line of credit.

In the event of a default, 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 judgement 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. DEFERRED AMOUNTS ON REFUNDING OF BONDS

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

Long Term Debt Deferred Loss (Gain):	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Series 2009B	\$ 249	\$ 333
Series 2011B	128	134
Series 2011C	753	781
Series 2011D	54	59
Series 2012A	125	136
Series 2016C	5,581	5,697
Series 2016D	265	307
Total Long Term Debt Net Deferred Loss	<u>\$ 7,155</u>	<u>\$ 7,447</u>

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11. BOND ISSUANCES (OTHER THAN REFUNDING ISSUES)

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

12. 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>2020</u>	<u>2019</u>
Federal Grants	\$ (423)	\$ (2,115)
State Grants	7,034	3,918
Other	<u>1,005</u>	<u>4,264</u>
Total Capital Contributions	<u>\$ 7,616</u>	<u>\$ 6,067</u>

13. 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 November 1, 2013, airlines had the option to sign a 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 expired on September 30, 2016. 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”).

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Effective October 1, 2016 the Authority entered into a three-year agreement with Participating airlines, which expired on September 30, 2019. For this agreement, the Authority received the first \$65 million of Net Remaining Revenues, with participating airlines sharing in a pool of 65% of all Net Remaining Revenues in excess of the first \$65 million up to \$58 million, 100% of the next \$10 million of remaining revenues and the 65% of all remaining revenues.

Effective October 1, 2019 the Authority entered into a five year Rate and Revenue Sharing Agreement that expires on September 30, 2024. For this agreement the Authority receives the first \$55 million of Net Remaining Revenues for all five years, with participating airlines sharing in a pool of the next \$10 million of all Net Remaining Revenues. Net Remaining Revenue after the first \$65 million, will be split 50/50 between The Authority and the participating airlines.

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14. OUTSTANDING CONTRACT COMMITMENTS

As of December 31, 2020, the Authority had entered into construction contracts, related to MCO, totaling approximately \$4.5 billion for construction, engineering services and equipment, approximately \$0.8 billion of which remains unincurred. Grants, passenger facility charges, and customer facility charges will be utilized to fund a portion of these projects.

15. CONTINGENT LIABILITIES

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

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

16. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills, whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced, with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at \$2.2 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in the financial statements as they become probable. The summary of the environmental activity for the nine months ended December 31, 2020 related to MCO is as follows (in thousands):

	Balance 10/1/20	Additions or Adjustments	Payments Current Year	Balance 12/31/20
Pollution Remediation Liability	\$ 1,978	\$ 320	\$ (7)	\$ 2,291
Net Pollution Remediation Liability Recorded	<u>\$ 1,978</u>	<u>\$ 320</u>	<u>\$ (7)</u>	<u>\$ 2,291</u>

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

Due within one year	\$ 635	\$ 331	\$ (7)	\$ 959
Due after one year	1,343	(11)	-	1,332
	<u>\$ 1,978</u>	<u>\$ 320</u>	<u>\$ (7)</u>	<u>\$ 2,291</u>

The Authority has certain land sites that are being evaluated for potential remediation, in accordance with GASB 49, or are in the post-remediation stage with monitoring being completed, as necessary at MCO. In addition, the Authority has a polluted site from chemical and fuel spills, whereas the Authority is involved in

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For the Three Months Ended December 31, 2020**

litigation at MCO. The liabilities associated with these sites cannot be reasonably estimated and, as such, are not recorded in the financial statements.

17. SUBSEQUENT EVENTS

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

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

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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, 2020, and the related statements of revenues, expenses, and changes in net position, cash flows, and the related notes to the financial statements for each of the three-month periods ended December 31, 2020 and 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Greater Orlando Aviation Authority (the Authority). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

As discussed in Note 1 of the notes to the interim financial statements, the interim financial statements of Orlando Executive Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of Orlando Executive Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2020, and the changes in its financial position and its cash flows for the three-month periods ended December 31, 2020 and 2019 in conformity with accounting principles generally accepted in the United States of America.

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

Accountant's Conclusion

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

Required Supplementary Information

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

Prior Period Statements of Net Position

The statement of net position of Orlando Executive Airport as of September 30, 2020 was audited by us, and we expressed an unmodified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated February 19, 2021, but we have not performed any auditing procedures since that date.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 15, 2021

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

	December 31, <u>2020</u>	September 30, <u>2020</u>
ASSETS AND DEFERRALS		
Current Assets		
Unrestricted		
Cash and cash equivalents	\$ 10,144	\$ 8,797
Accounts and grants receivable	333	361
Investments	-	501
Interest receivable	18	18
Due from Orlando International Airport	399	304
Due from other governmental agencies	416	673
Prepaid expenses	<u>52</u>	<u>37</u>
Total current assets	<u>11,362</u>	<u>10,691</u>
Unrestricted assets		
Investments	<u>4,269</u>	<u>4,877</u>
Total unrestricted assets	<u>4,269</u>	<u>4,877</u>
Capital assets, net of accumulated depreciation		
Property and equipment	25,600	26,052
Property held for lease	6,528	6,607
Work in progress	<u>296</u>	<u>25</u>
Total capital assets, net of accumulated depreciation	<u>32,424</u>	<u>32,684</u>
Total noncurrent assets	<u>36,693</u>	<u>37,561</u>
Total assets	48,055	48,252
Deferred outflows of resources	<u>108</u>	<u>108</u>

(continued)

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

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

	December 31, <u>2020</u>	September 30, <u>2020</u>
LIABILITIES, DEFERRALS, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 404	\$ 587
Deposits	21	21
Advance rent from tenants, current	104	104
Due to other governmental agencies	<u>13</u>	<u>15</u>
Total current liabilities	<u>542</u>	<u>727</u>
Noncurrent Liabilities		
Net pension liability	117	117
Net OPEB liability	71	71
Advance rent from tenants, long-term	662	688
Other long-term liabilities	<u>290</u>	<u>290</u>
Total noncurrent liabilities	<u>1,140</u>	<u>1,166</u>
Total liabilities	<u>1,682</u>	<u>1,893</u>
Deferred inflows of resources	<u>101</u>	<u>101</u>
Net Position		
Net investment in capital assets	32,424	32,684
Unrestricted	<u>13,956</u>	<u>13,682</u>
Total net position	<u>\$ 46,380</u>	<u>\$ 46,366</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)**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield area	\$ 72	\$ 80
Terminal area	24	24
Commercial property	647	704
Other airport related	<u>206</u>	<u>190</u>
Total operating revenues	<u>949</u>	<u>998</u>
Operating Expenses		
Operations and facilities	342	363
Safety and security	339	322
Administration	166	149
Other	<u>69</u>	<u>72</u>
Total operating expenses	<u>916</u>	<u>906</u>
Operating income before depreciation	33	92
Depreciation	<u>(538)</u>	<u>(523)</u>
Operating loss	(505)	(431)
Nonoperating Revenues		
Investment income	22	55
Net (decrease) increase in the fair value of investments	(21)	4
Federal and state grants	<u>256</u>	<u>-</u>
Loss before capital contributions	(248)	(372)
Capital Contributions	<u>262</u>	<u>1</u>
Increase (Decrease) in net position	14	(371)
Total Net Position, Beginning of Period	<u>46,366</u>	<u>43,359</u>
Total Net Position, End of Period	<u>\$ 46,380</u>	<u>\$ 42,988</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)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers, tenants, and governmental agencies	\$ 986	\$ 1,039
Cash paid to suppliers and governmental agencies	(782)	(778)
Cash paid to employees for services	<u>(345)</u>	<u>(317)</u>
Net cash used for operating activities	<u>(141)</u>	<u>(56)</u>
Cash flows from noncapital financing activities		
Operating grants	<u>145</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>145</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(397)	(6)
Capital contributed by federal grants and state agencies	<u>630</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>233</u>	<u>(6)</u>
Cash flows from investing activities		
Purchase of investments	-	(5,013)
Proceeds from sale or maturity of investments	1,089	481
Interest received	<u>21</u>	<u>49</u>
Net cash provided by (used for) investing activities	<u>1,110</u>	<u>(4,483)</u>
Increase (Decrease) in cash and cash equivalents	1,347	(4,545)
Cash and Cash Equivalents, Beginning of Period	<u>8,797</u>	<u>14,193</u>
Cash and Cash Equivalents, End of Period	<u>\$ 10,144</u>	<u>\$ 9,648</u>
(1) Cash and Cash Equivalents – Unrestricted Assets	<u>\$ 10,144</u>	<u>\$ 9,648</u>
	<u>\$ 10,144</u>	<u>\$ 9,648</u>

(continued)

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

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

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (505)	\$ (431)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	538	523
(Increase) Decrease in operating assets		
Accounts and grants receivable	28	(23)
Prepaid expenses	(15)	25
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	(183)	(168)
Due to other governmental agencies	(2)	2
Advance rent from tenants	(26)	(26)
Due from other funds	24	43
Other liabilities	<u>-</u>	<u>(1)</u>
Total adjustments	<u>364</u>	<u>375</u>
Net cash used for operating activities	<u>\$ (141)</u>	<u>\$ (56)</u>

Noncash Investing, Capital and Financing Activities

(Decrease) Increase in fair value of investments	\$ (21)	\$ 5
Capital contributions from other governments	\$ (368)	\$ 1

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, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation and Accounting: The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Prior period amounts have been reclassified to conform to the current period presentations. Operating results for the three-month period ended December 31, 2020 are not necessarily indicative of the results that may be expected for the year ending September 30, 2021. For further information, refer to the financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2020.

2. CASH DEPOSITS AND INVESTMENTS

At December 31, 2020 and September 30, 2020, the fair value of all securities regardless of the statements of net position, classification was as follows (in thousands):

	December 31, 2020	September 30, 2020
U.S. Treasury and government agency securities	\$ 3,241	\$ 4,253
Corporate securities	1,028	1,125
Local government investment pool	58	58
Investment in money market funds	3,193	2,083
Total securities	<u>\$ 7,520</u>	<u>\$ 7,519</u>

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

	December 31, 2020	September 30, 2020
Current Assets		
Unrestricted assets		
Cash and cash equivalents	\$ 10,144	\$ 8,797
Investments	-	501
Noncurrent Assets		
Investments	4,269	4,877
Total cash, cash equivalents and investments	14,413	14,175
Less cash on deposit	(6,893)	(6,656)
Total securities, at fair value	<u>\$ 7,520</u>	<u>\$ 7,519</u>

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ORLANDO EXECUTIVE AIRPORT
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For the Three Months Ended December 31, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2020, ORL held the following investments, as categorized below, in accordance with generally accepted accounting principles:

Investment Maturities (in thousands) at December 31, 2020

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total	Level
U.S. Treasury and government agency securities	\$ 1,512	\$ 1,729	\$ -	\$ -	\$ 3,241	1
Corporate securities	-	1,028	-	-	1,028	1
Local government investment pool	58	-	-	-	58	N/A
Money market funds	3,193	-	-	-	3,193	N/A
	<u>\$ 4,763</u>	<u>\$ 2,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,520</u>	

As of December 31, 2020, the Authority had \$58,112 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, 2020 is 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the Florida Prime at December 31, 2020, is 56 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, 2020, were rated consistent with the Authority's investment policy and bond resolutions. Funds invested in money market funds and the Florida Prime were rated AAAM by S&P.

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

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ORLANDO EXECUTIVE AIRPORT
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For the Three Months Ended December 31, 2020**

2. CASH DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk: Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority mitigates its concentration of credit risk by diversifying its investment portfolio. At December 31, 2020, and September 30, 2020, the Authority did not hold investments exceeding 5 percent of the total investment portfolio (including cash and cash equivalents), except those expressly permitted pursuant to GASB statement No. 40. The investment policy limits the maximum investment in any one issuer of commercial paper to \$5 million.

Foreign Currency Risk Disclosure: The Authority invests only in securities that are denominated in U.S. dollars. According to the latest information available from the SBA, the Florida Prime was not exposed to any foreign currency risk during the period October 1, 2014 through December 31, 2020.

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

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

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

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

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity

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

2. CASH DEPOSITS AND INVESTMENTS (continued)

for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409 (4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of December 31, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

3. RESTRICTED ASSETS

The Release of Federal Surplus Property Obligations for ORL require the segregation of certain assets into restricted accounts. As of December 31, 2020 and September 30, 2020, ORL does not have any restricted assets.

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GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020

4. CAPITAL ASSETS

A summary of capital asset activity for the three months ended December 31, 2020 is as follows (in thousands):

	Balance October 1, 2020	Additions and Reclass- ifications	Deductions	Balance December 31, 2020
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 9,450	\$ -	\$ -	\$ 9,450
Other Property and Equipment				
Buildings	3,884	-	-	3,884
Improvements	54,306	11	-	54,317
Improvements – Colonial Promenade	20	-	(4)	16
Equipment	377	-	-	377
Motor vehicles	690	-	-	690
	<u>59,277</u>	<u>11</u>	<u>(4)</u>	<u>59,284</u>
Accumulated Depreciation				
Buildings	(1,316)	(17)	-	(1,333)
Improvements	(40,415)	(424)	-	(40,839)
Equipment	(329)	(5)	-	(334)
Motor vehicles	(615)	(13)	-	(628)
	<u>(42,675)</u>	<u>(459)</u>	<u>-</u>	<u>(43,134)</u>
Net Property and Equipment	<u>26,052</u>	<u>(448)</u>	<u>(4)</u>	<u>25,600</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	3,658	-	-	3,658
Other Property and Equipment				
Buildings	9,722	-	-	9,722
Improvements	829	-	-	829
	<u>10,551</u>	<u>-</u>	<u>-</u>	<u>10,551</u>
Accumulated Depreciation				
Buildings	(6,809)	(78)	-	(6,887)
Improvements	(793)	(1)	-	(794)
	<u>(7,602)</u>	<u>(79)</u>	<u>-</u>	<u>(7,681)</u>
Net Property and Equip - Held for Lease	<u>6,607</u>	<u>(79)</u>	<u>-</u>	<u>6,528</u>
Construction Work in Progress				
Capital Assets Not Depreciated	25	271	-	296
Net Capital Assets	<u>\$ 32,684</u>	<u>\$ (256)</u>	<u>\$ (4)</u>	<u>\$ 32,424</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO EXECUTIVE AIRPORT
NOTES TO FINANCIAL STATEMENTS - UNAUDITED
For the Three Months Ended December 31, 2020**

5. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the three months ended December 31, 2020 is as follows (in thousands):

	Balance October 1, 2020	Additions	Deductions	Balance December 31, 2020	Amounts Due Within One Year	Amounts Due After One Year
Net Pension Liability	\$ 117	\$ -	\$ -	\$ 117	\$ -	\$ 117
Net OPEB Liability	71	-	-	71	-	71
Advanced Rent from Tenants (1)	792	135	(161)	766	104	662
Other Liabilities						
Compensated Absences (1)	109	1	-	110	91	19
Pollution Remediation Liability (1)	345	(1)	(27)	317	46	271
Total Other Liabilities	<u>454</u>	<u>0</u>	<u>(27)</u>	<u>427</u>	<u>137</u>	<u>290</u>
Total Noncurrent Liabilities	<u>\$ 1,434</u>	<u>\$ 135</u>	<u>\$ (188)</u>	<u>\$ 1,381</u>	<u>\$ 241</u>	<u>\$ 1,140</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):

	<u>2020</u>	<u>2019</u>
Federal Grants	\$ 262	\$ -
State Grants	<u>-</u>	<u>1</u>
Total Capital Contributions	<u>\$ 262</u>	<u>\$ 1</u>

7. OUTSTANDING CONTRACT COMMITMENTS

As of December 31, 2020, the Authority had entered into contracts, related to ORL, totaling approximately \$13.8 million for construction, engineering services and equipment, approximately \$0.2 million of which remains unincurred. Grants will be utilized to fund a portion of these projects.

8. CONTINGENT LIABILITIES

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

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

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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, 2020 related to ORL is as follows (in thousands):

	Balance 10/1/20	Additions or Adjustments	Payments Current Year	Balance 12/31/20
Pollution Remediation Liability	\$ 345	\$ (1)	\$ (27)	\$ 317
Net Pollution Remediation Liability Recorded	<u>\$ 345</u>	<u>\$ (1)</u>	<u>\$ (27)</u>	<u>\$ 317</u>

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

Due within one year	\$ 74	\$ (1)	\$ (27)	\$ 46
Due after one year	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>
	<u>\$ 345</u>	<u>\$ (1)</u>	<u>\$ (27)</u>	<u>\$ 317</u>

10. SUBSEQUENT EVENTS

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

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