

GENERAL PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORTS

TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY

June 30, 2015 and 2014

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TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY

MEMBERS OF THE AUTHORITY

June 30, 2015

GUBERNATORIAL APPOINTEES

Curtis Stokes, Chairman

Rebecca J. Smith, Vice Chairman

Vincent Cassidy, Secretary

John Garcia, Member

EX-OFFICIO

Mayor Bob Buckhorn, Member, City of Tampa, Florida

Honorable Lesley “Les” Miller, Member, Board of County Commissioners,  
Hillsborough County, Florida

Paul Steinman, Member, District Secretary,  
Florida Department of Transportation

STAFF

Joseph Waggoner, Executive Director

Patrick Maguire, Esquire, General Counsel

Lynne M. Paul, Chief Financial Officer

Robert Frey, AICP, Director of Planning

David May, Director of Expressway Operations

Susan Chrzan, Director of Communications

Rafael Hernandez, Director of Toll Operations

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Tampa-Hillsborough County Expressway Authority's ("Authority") annual report presents our discussion and analysis of its financial performance during the fiscal year ended June 30, 2015.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows at the close of the fiscal year by \$213,998,110.

Change in net position for fiscal year ended June 30, 2015 totaled \$36,887,940.

Construction work in progress decreased by \$29,180,033 from the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts; Management's Discussion and Analysis, Financial Statements, Supplementary Information, and Regulatory Reports. The Financial Statements also include notes that explain in more detail some of the information contained therein.

### **REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

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

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's trend data on infrastructure condition.

### **FINANCIAL ANALYSIS OF THE AUTHORITY**

The Statement of Net Position presents information on all of the Authority's assets and deferred outflows, and liabilities and deferred inflows, with the difference between them reported as net position. The net position, the difference between assets and liabilities, is one way to measure the financial health or financial position.

Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors should be considered, such as economic conditions, population growth, and changing government legislation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### NET POSITION

The following table summarizes the Authority's Statement of Net Position (in millions):

	2015	2014	Dollar Change
Unrestricted current assets	\$ 13.20	\$ 13.10	\$ 0.10
Restricted current assets	15.03	13.79	1.24
Restricted assets			
Cash and investments	109.18	80.31	28.87
Receivables and other	11.10	6.51	4.59
Property and equipment - net	742.44	710.30	32.14
Construction in progress	3.89	33.07	(29.18)
Total assets	<u>894.84</u>	<u>857.08</u>	<u>37.76</u>
Deferred outflow of resources	<u>31.62</u>	<u>32.83</u>	<u>(1.21)</u>
Total assets and deferred outflows	<u>\$ 926.46</u>	<u>\$ 889.91</u>	<u>\$ 36.55</u>
Current liabilities	\$ 0.45	\$ 0.43	\$ 0.02
Restricted current liabilities	15.03	11.94	3.09
Long-term debt			
Bonds payable	479.74	483.10	(3.36)
Due to other governments	214.19	213.54	0.65
Settlement payable	1.44	2.84	(1.40)
Pension liability	0.90	0.94	(0.04)
Deferred inflow of resources	<u>0.71</u>	<u>-</u>	<u>0.71</u>
Total liabilities and deferred inflows	<u>712.46</u>	<u>712.79</u>	<u>(0.33)</u>
Net position			
Invested in capital assets, net of related debt	154.48	137.37	17.11
Restricted	46.67	27.81	18.86
Unrestricted	<u>12.85</u>	<u>11.94</u>	<u>0.91</u>
Total net position	<u>214.00</u>	<u>177.12</u>	<u>36.88</u>
Total liabilities, deferred inflows and net position	<u>\$ 926.46</u>	<u>\$ 889.91</u>	<u>\$ 36.55</u>

As can be seen from the above table, property and equipment increased \$32.14 due to the completion of the I-4/Selmon Connector and the Selmon Greenway project.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### NET POSITION - Continued

The following table summarizes the Authority's Statement of Revenues, Expenses, and Changes in Net Position (in millions):

	2015	2014	Dollar Change
Toll revenues	\$ 68.21	\$ 45.11	\$ 23.10
Expenses			
Operating expenses	9.93	8.38	1.55
General and administrative	3.39	3.19	0.20
Total expenses	13.32	11.57	1.75
Operating net income	54.89	33.54	21.35
Net non-operating expenses	(19.24)	(19.19)	(0.05)
Income before capital grants	35.65	14.35	21.30
Capital grants	1.23	0.26	0.97
Increase in net position	36.88	14.61	22.27
Net position at beginning of year	177.12	163.29	13.83
Restatement of net position	-	(0.78)	0.78
Net position at end of year	\$ 214.00	\$ 177.12	\$ 36.88

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position, provides details as to the nature and source of these changes. As can be seen from the above table, revenues increased dramatically over the past year, as expected, due to the completion of construction projects including the I-4/Selmon Connector, an upswing in the economy, and population growth of the area, which all contributed to increased traffic for fiscal year 2015.

### BUDGETARY PROCESS

The Authority's Operating Budget is recommended by the Finance and Budget Committee of the Authority's governing board. The budget is based upon a review of current revenues and expenditures and the projected future funding needs of the Authority for administration, operations, maintenance, and the annual approved work program. The budget is then approved by the Authority's governing board.

The development of the Authority's five-year work program is a combined effort between the Executive Director and the Directors of Planning, Roadway Operations, Toll Operations and the Chief Financial Officer. Annual updates to the work program will be presented to the Authority's governing board for approval in conjunction with the annual budget.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets consist of the following:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Assets subject to depreciation				
Buildings and improvements	\$ 10,525,638	\$ -	\$ -	\$ 10,525,638
Furniture and equipment	24,957,565	1,771,632	-	26,729,197
Vehicle	56,619	-	-	56,619
	<u>35,539,822</u>	<u>1,771,632</u>	<u>-</u>	<u>37,311,454</u>
Less accumulated depreciation	<u>(24,714,026)</u>	<u>(900,044)</u>	<u>-</u>	<u>(25,614,070)</u>
	10,825,796	871,588	-	11,697,384
Assets not subject to depreciation				
Infrastructure	<u>699,476,011</u>	<u>31,267,266</u>	<u>-</u>	<u>730,743,277</u>
Total property and equipment	<u>\$ 710,301,807</u>	<u>\$ 32,138,854</u>	<u>\$ -</u>	<u>\$ 742,440,661</u>
Construction in progress	<u>\$ 33,073,200</u>	<u>\$ 3,784,787</u>	<u>\$ (32,964,820)</u>	<u>\$ 3,893,167</u>

The Authority's investment in capital assets includes buildings, improvements, furniture and equipment and roads. The Authority added approximately \$1,772,000 of equipment purchases. Additionally, approximately \$31.27 million of infrastructure improvements related to the I-4/Selmon Connector and the Selmon Greenway project have been placed into service.

### INFRASTRUCTURE PRESERVATION

It is the policy of the Authority that it will take all necessary actions to ensure that infrastructure assets are maintained, repaired, renewed and, when needed, replaced, so as to last indefinitely. Depreciation is not recorded as long as the infrastructure assets are maintained at the level established by the Authority. Routine maintenance and renewal and replacement costs are expensed annually. The Authority's policy is to maintain the roadway condition and a Maintenance Rating Program (MRP) rating 90 or better. The Authority's GEC has determined that the overall rating of the Expressway System in the Florida Department of Transportation's Maintenance Rating Program exceeds minimum standards. For fiscal year 2015, preservation expenses were \$2,919,319.

Anticipated major renewal and replacement activities have been identified and included in the five-year work program. A \$10 million renewal and replacement reserve has been established by the Authority.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

### **SIGNIFICANT EVENTS**

On May 18, 2015, the governing board approved and adopted a Strategic Blueprint. This blueprint defines the Authority's mission which is to provide safe, reliable and financially sustainable transportation services to the Tampa Bay region while reinvesting customer based revenue back into the community. The blueprint outlined the Authority's goals and objectives as well as a strategy for implementation through the year 2025.

### **LONG TERM DEBT**

In December 2012, the Authority issued \$334.17 million in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2012A and 2012B; \$40.42 million in Tampa-Hillsborough County Expressway Authority Taxable Revenue Bonds, Series 2012C; and \$70.1 million in Tampa-Hillsborough County Expressway Authority Taxable Refunding Revenue Bonds, Series 2012D. The refunding bond issues were used to refund the remaining 2002 (\$73.9 million) and the 2005 (\$248.3 million) bonds. The bonds were issued under a new Tampa-Hillsborough County Expressway Authority Master Bond Resolution.

The Series 2012 bonds were rated A- by Standards & Poor's and A3 by Moody's Investor Services. On February 4, 2014, the bonds were upgraded to a rating of A by Standards & Poor's.

The Authority has amounts due to the Department for prior payments of operation and maintenance costs of the expressway system and renewal and replacement costs which occurred under the LPA that was terminated in December 2012; (\$200.4 million). The Authority also owes the Department \$13.8 million in State Transportation Trust loans and interest. The Authority has agreed to repay the Department in twenty annual payments beginning July 1, 2025.

Pursuant to the Authority's Resolution #647 and Tampa-Hillsborough County Expressway Authority Master Bond Resolution, the Traffic Engineer is required to, and has, certified that pledge funds estimated for fiscal year 2016 will be sufficient to comply with estimated bond payments as required by the terms of the Master Resolution.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Between 2007 and 2010, there was a downturn in traffic levels and vehicles miles traveled due to the recession. Many toll facilities experienced year-on-year reductions in traffic and revenue falling well below prior growth projects. The growth trend has turned positive and economic activity is expected to see a return to long-term growth. Analysis by the Authority's Traffic and Revenue Engineer shows that traffic growth on the expressway is directly related to the population growth of west-central Florida. Hillsborough County population growth is expected to have a strong 1.6% average annual growth rate from 2014 to 2025. When preparing the FY2016 budget, population growth and its correlation to traffic was taken into consideration.

### **CONTACTING THE AUTHORITY'S MANAGEMENT**

The financial report is designated to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives.

If you have questions about this report or need additional information, contact the Tampa-Hillsborough County Expressway Authority's Chief Financial Officer at 1104 East Twiggs Street, Suite 300, Tampa, Florida 33602, phone number 813-272-6740.





**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Herman V. Lazzara                      Stephen G. Douglas  
Marc D. Sasser                              Michael E. Helton  
Sam A. Lazzara

Cesar J. Rivero, of Counsel  
Richard B. Gordimer, of Counsel

INDEPENDENT AUDITORS' REPORT

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2015 and 2014 and the respective changes in net position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis-of-Matter – Adoption of New Accounting Pronouncement**

As discussed in Note M to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”) during the fiscal year ended June 30, 2015. The Authority retroactively applied the accounting changes to conform to the provisions of GASB 68 by restating the financial statements for the fiscal year ended June 30, 2014. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

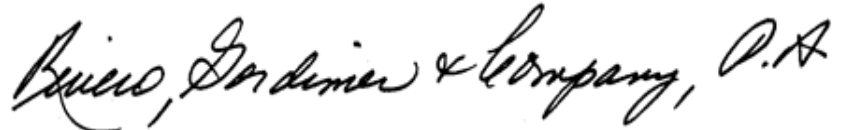
Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Trend Data on Infrastructure Condition on pages 2-6 and 37, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bueco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida  
December 14, 2015

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF NET POSITION

June 30,

	<u>2015</u>	<u>2014</u> (As restated)
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (notes B2 and C)	\$ 2,360,315	\$ 2,300,152
Restricted cash and investments to meet current liabilities	15,026,434	13,788,744
Investments (notes B3 and C)	<u>10,835,123</u>	<u>10,794,121</u>
Total current assets	<u>28,221,872</u>	<u>26,883,017</u>
<b>RESTRICTED ASSETS</b>		
Investments (notes B3 and C)	109,177,152	80,308,767
Accrued interest receivable (note B4)	5,991	6,790
Accounts receivable - tolls (note B4)	9,603,320	5,301,445
Due from governmental agencies (note B4)	1,400,016	1,133,835
Grant receivable	<u>87,401</u>	<u>68,782</u>
Total restricted assets	<u>120,273,880</u>	<u>86,819,619</u>
<b>PROPERTY AND EQUIPMENT - net of accumulated depreciation (notes B10, B11 and D)</b>		
Capital assets not being depreciated:		
Infrastructure	730,743,277	699,476,011
Capital assets net of accumulated depreciation:		
Buildings and improvements	6,469,288	6,756,856
Furniture and equipment	5,205,999	4,035,519
Vehicles	<u>22,097</u>	<u>33,421</u>
Total property and equipment	<u>742,440,661</u>	<u>710,301,807</u>
CONSTRUCTION IN PROGRESS (notes B9, B12, D, and I)	<u>3,893,167</u>	<u>33,073,200</u>
TOTAL ASSETS	<u>894,829,580</u>	<u>857,077,643</u>
DEFERRED OUTFLOWS OF RESOURCES (note B13)	<u>31,617,407</u>	<u>32,828,743</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 926,446,987</u>	<u>\$ 889,906,386</u>

	<u>2015</u>	<u>2014</u> (As restated)
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES FROM UNRESTRICTED ASSETS</b>		
Accounts payable	\$ 128,533	\$ 148,441
Accrued expenses	<u>319,667</u>	<u>285,819</u>
Total current liabilities	<u>448,200</u>	<u>434,260</u>
<b>CURRENT LIABILITIES FROM RESTRICTED ASSETS</b>		
Accounts, contracts and retainage payable (note B6)	665,592	573,675
Settlement payable (note K)	1,680,398	869,156
Current portion of revenue bonds payable (note E)	1,850,000	-
Current portion of governmental agencies payable (note E)	947,167	383,471
Interest payable	9,883,275	9,883,275
Deferred revenue	-	<u>229,167</u>
Total current liabilities payable from restricted assets	<u>15,026,432</u>	<u>11,938,744</u>
<b>LONG-TERM DEBT due after one year (note E)</b>		
Revenue bonds payable	479,733,371	483,102,411
Due to governmental agencies	214,191,383	213,537,247
Settlement payable - net of discount (note K)	<u>1,437,042</u>	<u>2,842,042</u>
Total long-term debt	<u>695,361,796</u>	<u>699,481,700</u>
<b>PENSION LIABILITY (Note G)</b>	<u>902,396</u>	<u>941,512</u>
<b>DEFERRED INFLOWS OF RESOURCES (note B14)</b>	<u>710,053</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>712,448,877</u>	<u>712,796,216</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	154,477,051	137,365,475
Restricted - capital projects	35,111,639	19,899,944
Restricted - operation, maintenance and administrative reserve	11,558,995	7,907,097
Unrestricted	<u>12,850,425</u>	<u>11,937,654</u>
Total net position	<u>213,998,110</u>	<u>177,110,170</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 926,446,987</u>	<u>\$ 889,906,386</u>

The accompanying notes are an integral part of these general purpose financial statements.

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30,

	<u>2015</u>	<u>2014</u> (As restated)
Toll revenues	<u>\$ 68,210,122</u>	<u>\$ 45,107,928</u>
Operating expenses		
Operations	4,624,367	3,978,430
Maintenance	2,919,319	2,767,253
Renewal and replacement	1,150,214	224,878
Depreciation	900,044	857,189
Other expenses	338,135	552,923
Total operating expenses	<u>9,932,079</u>	<u>8,380,673</u>
General and administrative expenses		
Payroll expense	2,137,077	1,987,047
Outside services	849,850	807,996
Occupancy and office expense	406,858	390,953
Total general and administrative expenses	<u>3,393,785</u>	<u>3,185,996</u>
Income from operations	<u>54,884,258</u>	<u>33,541,259</u>
Non-operating revenues (expenses)		
Investment income	612,918	300,378
Net (decrease) increase in the fair value of investments	(120,411)	3,098
Miscellaneous revenue	822,463	817,479
Interest expense	(20,555,861)	(20,313,312)
Total non-operating expenses	<u>(19,240,891)</u>	<u>(19,192,357)</u>
Income before capital grants	35,643,367	14,348,902
Capital grants	<u>1,244,573</u>	<u>246,290</u>
Increase in net position	36,887,940	14,595,192
Net position at beginning of year	177,110,170	163,290,835
Restatement of net position (note M)	<u>-</u>	<u>(775,857)</u>
Net position at end of year	<u>\$ 213,998,110</u>	<u>\$ 177,110,170</u>

The accompanying notes are an integral part of these general purpose financial statements.

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF CASH FLOWS

For the year ended June 30,

	<u>2015</u>	<u>2014</u>
Operating activities		
Receipts from customers	\$ 63,908,247	\$ 45,247,934
Payments to suppliers	(10,729,124)	(8,717,560)
Payments to employees	<u>(2,142,345)</u>	<u>(1,948,082)</u>
Net cash provided by operating activities	<u>51,036,778</u>	<u>34,582,292</u>
Non-capital financing activities		
Miscellaneous non-operating revenue	<u>822,464</u>	<u>817,479</u>
Capital and related financing activities		
Acquisition and construction of capital assets	(3,841,827)	(12,903,151)
Proceeds from governmental advances	3,716,563	12,107,778
Repayment of governmental advances	(2,498,731)	(2,306,853)
Interest paid on revenue bonds	(19,766,551)	(20,370,529)
Cash proceeds from grant	1,263,851	193,805
Payments on settlement payable	<u>(1,000,000)</u>	<u>(2,000,000)</u>
Net cash used by capital and related financing activities	<u>(22,126,695)</u>	<u>(25,278,950)</u>
Investing activities		
Purchase of investments, net	(30,368,920)	(9,334,852)
Interest received on investments	<u>613,717</u>	<u>302,174</u>
Net cash used by investing activities	<u>(29,755,203)</u>	<u>(9,032,678)</u>
Net (decrease) increase in cash	(22,656)	1,088,143
Cash and cash equivalents at beginning of year	<u>5,967,737</u>	<u>4,879,594</u>
Cash and cash equivalents at end of year	<u>\$ 5,945,081</u>	<u>\$ 5,967,737</u>
Cash and cash equivalents - unrestricted	\$ 2,360,315	\$ 2,300,152
Cash and cash equivalents - restricted for current liabilities	<u>3,584,766</u>	<u>3,667,585</u>
Cash and cash equivalents at end of year	<u>\$ 5,945,081</u>	<u>\$ 5,967,737</u>

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF CASH FLOWS - CONTINUED

For the year ended June 30,

	<u>2015</u>	<u>2014</u>
Reconciliation of operating income to net cash provided by operating activities		
Income from operations	<u>\$ 54,884,258</u>	<u>\$ 33,541,259</u>
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	900,044	857,189
Loss on disposal of assets	4,559	276,854
Changes in assets and liabilities		
Accounts receivable - tolls	(4,301,875)	140,006
Due from governmental agencies	(266,181)	(90,455)
Accounts payable	50,408	(173,177)
Deferred revenue	(229,167)	(8,349)
Pension liability	33,847	-
Other liabilities	(39,115)	38,965
Total adjustments	<u>(3,847,480)</u>	<u>1,041,033</u>
Net cash provided by operating activities	<u>\$ 51,036,778</u>	<u>\$ 34,582,292</u>

The accompanying notes are an integral part of these general purpose financial statements.



NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE A - ORGANIZATION AND REPORTING ENTITY

Tampa-Hillsborough County Expressway Authority (the "Authority") was created as a body politic, corporate, and an agency of the State of Florida, under Chapter 348, Part IV, Sections 348.50, et seq., Florida Statutes, effective July 1, 1974. It was created for the purposes of and having the power to construct, reconstruct, improve, extend, repair, maintain and operate the expressway system within Hillsborough County, Florida.

The Authority's governing body consists of a board of seven members (the "Board"). Four members are appointed by the Governor of the State of Florida, subject to confirmation by the State Senate. Serving as ex-officio members are: the Mayor of the City of Tampa, Florida (the "City"), or his/her designee; one member of the Board of County Commissioners of Hillsborough County, Florida (the "County"), selected by such board; and, the District Secretary of the Florida Department of Transportation ("FDOT") serving the district that contains the County, currently District Seven.

The Authority has been determined to be an "Independent Special District", as described in Section 189.403, Florida Statutes, and is a "Related Organization" of the State of Florida, which is referred to as the "Primary Government." The State of Florida appoints a voting majority of the board, but does not have financial accountability.

The Authority is a stand-alone entity for financial reporting purposes; there are no component units included in the accompanying financial statements, and the Authority is not considered a component unit of another entity.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Authority's significant accounting policies consistently applied in the preparation of the accompanying general purpose financial statements follows:

1. Basis of Accounting

The Authority prepares its financial statements on a Proprietary Fund basis using an Enterprise Fund to account for all activities of the Authority. An Enterprise Fund is used to account for operations that are similar to a private business enterprise in those revenues, expenses including depreciation, and changes in net assets are reported. The Authority's revenues and expenses are recognized on the accrual basis of accounting, i.e., revenues are recorded when earned and expenses are recorded when incurred.

The Authority has elected under Governmental Accounting Standards Board (GASB) Statement No. 20 to follow GASB pronouncements and non-conflicting Financial Accounting Standards Board (FASB) statements and interpretations issued prior to November 30, 1989.

2. Cash and Cash Equivalents

Cash and investments with a maturity of three months or less when purchased are considered cash equivalents.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Investments

Investments consist of deposits in investment pools and specific accounts maintained by the Treasurer of the State of Florida and commercial banks.

4. Accounts Receivable

On September 17, 2010 the Authority converted the Selmon Expressway to all electronic tolling. Tolls are collected through the use of either SunPass or Video Toll Collection (VTC). VTC utilizes cameras to record license plate images and a bill for the tolls is sent to the registered owner of the vehicle. The unpaid tolls are recorded as an accounts receivable.

The Authority records accounts receivable at estimated net realizable value. Accordingly, accounts receivable at June 30, 2015 and 2014 are shown net of allowances for doubtful accounts. The Authority has set their allowance for doubtful accounts at approximately \$3,291,000 and \$4,742,000 at June 30, 2015 and 2014, respectively.

5. Debt Service Payments

Debt service payments of principal are recorded at the time funds are disbursed to the paying agent while interest is recorded in the period it relates to. Funds disbursed to the paying agent are no longer under the control of the Authority and cannot be retrieved by the Authority. Principal payments are due on July 1 of each year. Interest payments are due on each January 1 and July 1. In effect, debt service payments of principal will not be recorded until paid, but interest will be recorded and accrued for the amount due on July 1, at the end of the fiscal year.

6. Reclassifications

Certain amounts from the June 30, 2014 financial statements have been reclassified to conform to the June 30, 2015 presentation.

7. Retainage Payable

Retainage payable represents amounts billed to the Authority by contractors for which payment is not due pursuant to retained percentage provisions in construction contracts until substantial completion of performance by contractor and acceptance by the Authority.

8. Bond Premiums and Discounts

Bond premiums and discounts are amortized over the life of the related bond issued, which approximates the effective interest method. Bond premiums and discounts are presented as an addition and a reduction, respectively to the bond payable balances.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Construction in Progress

Costs associated with the construction of new infrastructure assets or betterments of existing infrastructure assets are recorded as construction in progress. Upon completion of construction or betterment of an asset, the construction in progress account is closed to the infrastructure asset account.

10. Property and Equipment

Infrastructure assets, roadways and bridges, are recorded at historical cost, including the costs of right of way, engineering fees, and construction cost. Furniture and equipment, including toll collection equipment, are recorded at historical cost plus the cost of installation for toll collection equipment. The Authority capitalizes asset acquisitions over \$5,000.

11. Depreciation

Depreciation of toll equipment, buildings, toll facilities, and furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	36 years
Electronic toll collection equipment	5 - 10 years
Furniture and equipment	5 years
Computers and software	3 years

The preservation method of accounting is used for infrastructure assets; roads, bridges and other highway improvements with indefinite lives. It is the policy of the Authority that all necessary actions will be taken to ensure that its infrastructure assets will be maintained, repaired, renewed and, when needed, replaced so as to last indefinitely. Depreciation is not recorded as long as the infrastructure assets are maintained at the level established by the Authority. In the event the infrastructure assets of the expressway system fall below acceptable standards of condition established by the policy, a special "contra asset" account will be established against the capital asset that was determined to be deficient in an amount equal to the cost required to restore the asset to an acceptable standard. The Authority's consulting engineer is required to provide a cost estimate of the amount required to bring the asset up to the established standard. Routine maintenance costs and renewal and replacement costs, since they are needed to preserve the value of existing infrastructure assets, are expensed annually. This treatment is consistent with practices of other similar entities within the toll bridge, turnpike and tunnel industry.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Capitalized Interest

Interest costs on funds borrowed to finance the construction of property and equipment during the period of construction, net of interest income, are capitalized and, if the related asset is a depreciable asset, depreciated over the life of the asset. There were no interest costs capitalized for the years ended June 30, 2015 and 2014, respectively.

13. Deferred Outflows of Resources

The Deferred Outflows of Resources on refunding of revenue bonds is the difference between the reacquisition price and the net carrying amount of refunded bonds presented on the statement of net position at June 30, 2015 and 2014 as a deferred outflow of resources in the amounts of \$30,760,980 and \$32,663,088, respectively. The amortization period of deferred refunding losses, is the remaining life of the old debt or the life of the new debt, whichever is shorter.

The Deferred Outflows of Resources on the pension liability relates to pre-payments of future pension contributions and other proportionate share changes of the pension liability since the last measurement date. This totaled \$856,427 and \$165,655 for the years ended June 30, 2015 and 2014, respectively.

14. Deferred Inflows of Resources

The Deferred Inflows of Resources on the pension liability relates to differences between expected and actual earnings on pension investments. This totaled \$710,053 and \$0 at June 30, 2015 and 2014, respectively.

15. Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

16. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

17. Operating Revenues and Expenses

The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operations and maintenance of the Expressway System. All other revenues and expenses are reported as non-operating revenues and expenses.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. Budgets and Budgetary Accounting

The Authority follows the following procedures in establishing budgetary data:

The Authority's operating budget is recommended by the Finance and Budget Committee of the Authority's governing board. The budget is based upon a review of current revenues and expenditures and the projected future funding needs of the Authority for administration, operations, maintenance, and the annual approved work program. The budget is then approved by the Authority's governing board.

The Authority's renewal and replacement and capital improvement projects budget is recommended by the Finance and Budget Committee of the Authority's governing board, based on the first year of the submitted five-year capital projects program.

NOTE C - CASH AND INVESTMENTS

The total carrying amounts of the Authority's cash and investments (unrestricted and restricted) was \$137,549,625 and \$107,221,975 with a fair value of \$137,399,024 and \$107,191,784 at June 30, 2015 and 2014, respectively. Cash consists of deposits with the Florida State Treasurer and commercial banks at June 30, 2015 and 2014. Investments are reported at fair value in the accompanying financial statements.

Deposits are maintained with commercial banks that are organized under the laws of the United States of America or the State of Florida, and are insured by the Federal Deposit Insurance Corporation to legal limits. Security for deposits in excess of insured levels is provided by the requirements of the "Florida Security for Public Deposits Act", Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and if necessary, by assessments against other qualified public depositories.

The following is the percent of any issuer with whom the Authority had invested more than 5% of the Authority's total portfolio as of June 2015 and 2014:

<u>Issuer</u>	<u>2015</u>	<u>2014</u>
Federated Treasury obligations	5.60%	7.26%
Morgan Stanley Institutional Liquidation	91.00%	88.31%

Section 218.415, Florida Statutes, authorizes the Authority to invest surplus funds in the following:

- a. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute 163.01.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE C - CASH AND INVESTMENTS - Continued

- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes 280.02.
- d. Direct obligations of the U.S. Treasury.

All investments held by the Florida Treasury Investment Pool at June 30, 2015 and 2014 were categorized as category 3 investments, were uninsured and unregistered, and were held by the Authority's custodian, but not in the Authority's name. The Florida Treasury Investment Pool was rated by Standard and Poors as A+f at June 30, 2015 and 2014. Additionally, the effective duration on the Florida Treasury Investment Pool is 2.67 years and 2.57 years at June 30, 2015 and 2014, respectively.

As of June 30, 2015 and 2014, \$4,532,832 and \$4,492,586, respectively, was collateralized by the State of Florida collateral pool, which is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if any of its member institutions fail. Required collateral is defined under Chapter 280 of the Florida Statutes, Security for Public Deposits.

As of June 30, 2015 and 2014, other than the investments in the Florida Treasury Investment Pool, all of the investments are in the Authority's name.

The fair value of cash and investments consisted of the following at June 30,:

	2015	2014
Cash on hand	\$ 386	\$ 329
Deposits with commercial banks	132,865,806	102,698,869
Investments with the State Treasurer	4,532,832	4,492,586
Total	\$ 137,399,024	\$ 107,191,784

Certain cash and investments totaling and carried at \$124,359,687 and \$94,160,313, with a fair value of \$124,203,586 and \$94,097,511 as of June 30, 2015 and 2014, respectively, are restricted as to their use by agreements or bond covenants.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE D - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Changes in property and equipment and construction in progress during the years ended June 30, 2015 and 2014 consist of the following:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Assets subject to depreciation				
Buildings and improvements	\$ 10,525,638	\$ -	\$ -	\$ 10,525,638
Furniture and equipment	24,957,565	1,771,632	-	26,729,197
Vehicle	56,619	-	-	56,619
	<u>35,539,822</u>	<u>1,771,632</u>	<u>-</u>	<u>37,311,454</u>
Less accumulated depreciation	<u>(24,714,026)</u>	<u>(900,044)</u>	<u>-</u>	<u>(25,614,070)</u>
	10,825,796	871,588	-	11,697,384
Assets not subject to depreciation				
Infrastructure	<u>699,476,011</u>	<u>31,267,266</u>	<u>-</u>	<u>730,743,277</u>
Total property and equipment	<u>\$ 710,301,807</u>	<u>\$ 32,138,854</u>	<u>\$ -</u>	<u>\$ 742,440,661</u>
Construction in progress	<u>\$ 33,073,200</u>	<u>\$ 3,784,787</u>	<u>\$ (32,964,820)</u>	<u>\$ 3,893,167</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Assets subject to depreciation				
Buildings and improvements	\$ 10,038,723	\$ 486,915	\$ -	\$ 10,525,638
Furniture and equipment	23,857,124	1,100,441	-	24,957,565
Vehicle	44,472	28,147	(16,000)	56,619
	<u>33,940,319</u>	<u>1,615,503</u>	<u>(16,000)</u>	<u>35,539,822</u>
Less accumulated depreciation	<u>(23,872,837)</u>	<u>(857,189)</u>	<u>16,000</u>	<u>(24,714,026)</u>
	10,067,482	758,314	-	10,825,796
Assets not subject to depreciation				
Infrastructure	<u>623,896,933</u>	<u>75,579,078</u>	<u>-</u>	<u>699,476,011</u>
Total property and equipment	<u>\$ 633,964,415</u>	<u>\$ 76,337,392</u>	<u>\$ -</u>	<u>\$ 710,301,807</u>
Construction in progress	<u>\$ 97,628,864</u>	<u>\$ 12,860,524</u>	<u>\$ (77,416,188)</u>	<u>\$ 33,073,200</u>



Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - LONG-TERM DEBT

Long-term debt consists of revenue bonds payable and amounts due to other governmental entities, as follows:

1. Revenue Bonds Payable

The Authority issued \$334,165,000 in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2012A and 2012B; \$40,420,000 in Tampa-Hillsborough County Expressway Authority Taxable Revenue Bonds, Series 2012C; and \$70,105,000 in Tampa-Hillsborough County Expressway Authority Taxable Refunding Revenue Bonds, Series 2012D during the year ended June 30, 2013. The funds were used to refund the Series 2002 and Series 2005 bonds; payoff the SIB and TFRTF loans; fund the Authority's portion of the I-4/Selmon Connector project and the AET conversion; and fund reserves for debt service, operations, maintenance and administration and renewal and replacement.

Bonds payable as of June 30, 2015 are as follows:

Series 2012A bonds payable	
Serial bonds due from July 1, 2016 through July 1, 2032, bearing interest from 3.00% to 5.00%	\$ 97,850,000
Term bonds due July 1, 2037, bearing interest at 5.00%	93,035,000
Term bonds due July 1, 2037, bearing interest at 4.00%	<u>1,550,000</u>
	<u>192,435,000</u>
Series 2012B bonds payable	
Term bonds due July 1, 2042, bearing interest at 5.00%	<u>141,730,000</u>
Series 2012C bonds payable	
Serial bonds (taxable) due from July 1, 2015 through July 1, 2021, bearing interest from 1.32% to 3.04%	<u>40,420,000</u>
Series 2012D bonds payable	
Serial bonds (taxable) due from July 1, 2021 through July 1, 2026, bearing interest from 3.04% to 3.84%	<u>70,105,000</u>
Total bonds payable	444,690,000
Plus unamortized premium	<u>36,893,371</u>
	481,583,371
Less current portion	<u>(1,850,000)</u>
Long-term portion	<u>\$ 479,733,371</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - LONG-TERM DEBT - CONTINUED

The Series 2012 bonds are secured by a pledge of, and lien on, the net system revenues of the expressway system less the cost of operations, maintenance, and administrative expenses.

Debt service requirements to maturity at June 30, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,850,000	\$ 19,742,131	\$ 21,592,131
2017	3,530,000	19,686,004	23,216,004
2018	5,175,000	19,593,371	24,768,371
2019	6,790,000	19,442,633	26,232,633
2020	8,450,000	19,232,228	27,682,228
2021 - 2025	59,090,000	90,836,659	149,926,659
2026 - 2030	72,140,000	77,740,874	149,880,874
2031 - 2035	89,885,000	58,786,950	148,671,950
2036 - 2040	114,455,000	32,825,550	147,280,550
2041 - 2043	<u>83,325,000</u>	<u>4,301,750</u>	<u>87,626,750</u>
	<u>\$ 444,690,000</u>	<u>\$ 362,188,150</u>	<u>\$ 806,878,150</u>

The Division of Bond Finance issued \$88,075,000 and \$326,625,000 State of Florida Tampa-Hillsborough County Expressway Authority Revenue Bonds on behalf of the Authority on March 14, 2002, and July 28, 2005, respectively. The 2005 proceeds were used to pay a portion of the costs of completing the acquisition and construction of the Reversible Lanes Project, to repay interim loans from the Florida Department of Transportation - State Transportation Trust Fund of \$110 million, and to refund bonds issued in 1997.

The refunding portion of the 2005 bonds, together with other legally available moneys, will be used to refund the State of Florida, Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 1997 maturing in the years 2008 through 2027, inclusive, in the outstanding principal amount of \$112,110,000.

The Series 2002 and Series 2005 bonds payable were refunded during the year ended June 30, 2013.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - LONG-TERM DEBT - Continued

2. Debt Service Reserve Requirements

The Authority has established two Debt Service Reserve Accounts; the 2012 A/B Reserve Subaccount and the 2012 C/D Reserve Subaccount. Amounts deposited into the accounts equal the Maximum Annual Debt Service for the Series 2012 bonds and are pledged solely to secure repayment of the bond issue.

The balance of these accounts is as follows at June 30,:

	<u>2015</u>	<u>2014</u>
2012 A/B Reserve	\$ 16,508,264	\$ 16,354,281
2012 C/D Reserve	<u>14,407,769</u>	<u>14,268,726</u>
	<u>\$ 30,916,033</u>	<u>\$ 30,623,007</u>

3. Due to Other Governmental Agencies

The Authority is indebted to other governmental entities as follows at June 30,:

	<u>2015</u>	<u>2014</u>
Due to State of Florida - FDOT	\$ 200,432,438	\$ 199,778,302
Due to State of Florida - FDOT State Transportation Trust Fund	13,758,945	13,758,945
Due to other governments	<u>947,167</u>	<u>383,471</u>
	215,138,550	213,920,718
Less current portion	<u>(947,167)</u>	<u>(383,471)</u>
	<u>\$ 214,191,383</u>	<u>\$ 213,537,247</u>

The amounts due to State of Florida - FDOT resulted from payments of operations and maintenance costs of the expressway system for the year ended June 30, 2013 and prior which occurred under the Lease Purchase Agreement (LPA) with FDOT from November 18, 1997 - December 20, 2012. The LPA was terminated on December 20, 2012. The Authority agrees to pay to FDOT in twenty annual installments beginning July 1, 2025.

The amount due State of Florida - FDOT - State Transportation Trust Fund resulted from advances made to the Authority for the purposes under Section 339.08(2)(g), Florida Statutes, as interim financing for future projects. The amount owed at June 30, 2015 and 2014 was \$12,034,945. The Authority has also negotiated a \$1.724 million interest free loan. These loans are payable in twenty annual installments beginning July 1, 2025.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE E - LONG-TERM DEBT - CONTINUED

The following is long-term debt activity for the years ended June 30, 2015 and 2014:

<u>2015</u>	June 30, 2014	Additions	Deletions	June 30, 2015	Due within one year
<b>Revenue bonds</b>					
Series 2012A	\$ 192,435,000	\$ -	\$ -	\$ 192,435,000	\$ -
Series 2012B	141,730,000	-	-	141,730,000	-
Series 2012C	40,420,000	-	-	40,420,000	1,850,000
Series 2012D	70,105,000	-	-	70,105,000	-
	444,690,000	-	-	444,690,000	1,850,000
Add unamortized bond premium	38,412,411		(1,519,040)	36,893,371	-
Revenue bonds payable - net of current portion	483,102,411	-	(1,519,040)	481,583,371	1,850,000
<b>Due to other governments</b>					
FDOT Long Term Debt	199,778,302	2,769,396	(2,115,260)	200,432,438	-
State Transportation Trust Fund Loan	13,758,945	-	-	13,758,945	-
Other due to governments	383,471	947,167	(383,471)	947,167	947,167
Total due to other governments	213,920,718	3,716,563	(2,498,731)	215,138,550	947,167
<b>Settlement payable</b>	3,711,197	-	(593,757)	3,117,440	1,680,398
Total long-term debt	\$ 700,734,326	\$ 3,716,563	\$ (4,611,528)	\$ 699,839,361	\$ 4,477,565
<u>2014</u>	June 30, 2013	Additions	Deletions	June 30, 2014	Due within one year
<b>Revenue bonds</b>					
Series 2012A	\$ 192,435,000	\$ -	\$ -	\$ 192,435,000	\$ -
Series 2012B	141,730,000	-	-	141,730,000	-
Series 2012C	40,420,000	-	-	40,420,000	-
Series 2012D	70,105,000	-	-	70,105,000	-
	444,690,000	-	-	444,690,000	-
Add unamortized bond premium	39,931,452		(1,519,041)	38,412,411	-
Revenue bonds payable - net of current portion	484,621,452	-	(1,519,041)	483,102,411	-
<b>Due to other governments</b>					
FDOT Long Term Debt	190,242,289	11,724,306	(2,188,293)	199,778,302	-
State Transportation Trust Fund Loan	13,758,945	-	-	13,758,945	-
Other due to governments	118,560	383,471	(118,560)	383,471	383,471
Total due to other governments	204,119,794	12,107,777	(2,306,853)	213,920,718	383,471
<b>Settlement payable</b>	5,547,503	-	(1,836,306)	3,711,197	869,156
Total long-term debt	\$ 694,288,749	\$ 12,107,777	\$ (5,662,200)	\$ 700,734,326	\$ 1,252,627

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE F - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned, but unused vacation and sick leave, which will be paid to employees as of the statement of net position date, or upon retirement from the Authority. The liability for unpaid compensated absences was \$276,111 and \$246,786 at June 30, 2015 and 2014, respectively.

NOTE G - DEFINED BENEFIT PLANS

**State of Florida Retirement System (FRS)**

All permanent employees of the Authority participate in the State of Florida Retirement System (the "FRS"), a multiple-employer cost sharing defined benefit retirement plan or defined contribution retirement plan, administered by the Florida Department of Administration, Division of Retirement. As a general rule, membership in the FRS is compulsory for all employees working in a regular established position for a state agency, county government, district school board, state university, community college or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Employees are classified in either the regular service class or the senior management service class ("SMSC"). The senior management service class is for members who fill the senior level management positions.

Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Employees may participate in the Public Employee Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program, in lieu of participation in the defined benefit retirement plan ("Pension Plan"). If the Investment Plan is elected, active membership in the defined benefit retirement plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration. The contribution rates for the years ended June 30, 2015 and 2014 were 7.37% and 6.95%, respectively, for regular class and 21.14% and 18.31% for senior management class, respectively.

For employees in the Pension Plan, benefits are computed on the basis of age, average final compensation and service credit. Regular class and senior management class employees who were enrolled in the FRS prior to July 1, 2011 and retire at or after age 62 with at least six years of credited service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, based on their final average compensation of their five highest fiscal years of pay for each year of credited service. Employees enrolled on or after July 1, 2011 and who retire at or after age 65 with at least eight years of credited service, or 33 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, as explained above, based on their eight highest fiscal years of pay. Using their date of enrollment as a basis, vested employees with less than the minimum years of service may retire before the minimum age and receive reduced retirement benefits.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE G - DEFINED BENEFIT PLANS - Continued

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Starting on July 1, 2011, Chapter 2011-68 of the Laws of Florida required members of the FRS not enrolled in DROP to contribute 3% of their salary to their retirement. Governmental employers are required to make contributions to the FRS based on statewide contribution rates. For the year ended June 30, 2015, the contribution rate applied to regular employee salaries was 7.37%, including 1.26% for a post-retirement health insurance subsidy ("HIS"). For the year ended June 30, 2014, the contribution rate was 6.95%, which included 1.20% for HIS. The fiscal year 2015 contribution rate applied to senior management salaries was 21.14%, including 1.26% HIS. For the year ended June 30, 2014 contribution rate was 18.31%, which included 1.20% for HIS. For the year ended June 30, 2015 contribution rate applied to the salaries of the employees in DROP was 12.28%, including 1.26% for HIS. For the year ended June 30, 2014 contribution rate was 12.84%, which included 1.20% for HIS. The total contributions for employees covered by the Pension Plan for the years ended June 30 2015 and 2014 was \$226,970 and \$197,145, respectively.

The Authority also participates in a Deferred Compensation plan (the "Plan") for public employees of the State of Florida, under Section 457 of the Internal Revenue Code, covering substantially all of its employees. The Authority's contributions to the Plan are based upon the employee's salaries. Contributions of \$51,787 and \$41,985 were made to the Plan for the year ended June 30, 2015 and 2014, respectively.

**Health Insurance Subsidy (HIS) Program**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administrated in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retiree of the state-administrated retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2014, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Net Pension Liability**

The component of the collective net pension liability of the Authority for the measurement date of June 30, 2015 and 2014 is shown below:

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE G - DEFINED BENEFIT PLANS - Continued

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
June 30, 2015	<u>\$ 411,316</u>	<u>\$ 491,080</u>	<u>\$ 902,396</u>
June 30, 2014	<u>\$ 506,945</u>	<u>\$ 434,567</u>	<u>\$ 941,512</u>

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2014 and July, 2013 for the net pension liability as of June 30, 2015 and 2014, respectively.

**Actuarial Methods and Assumptions**

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined plans was determined by an actuarial valuation as of July 1, 2014, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses the pay-as-you-go funding structure, a municipal bond rate of 4.29% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred during the year ended June 30, 2015:

- FRS: As of June 30, 2014, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%.
- HIS: the municipal rate used to determine total pension liability decreased from 4.63% to 4.29%.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE G - DEFINED BENEFIT PLANS - Continued

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2015.

<b>FRS Net Pension Liability</b>		
	Current Discount/Rate of Return	
1% Decrease		1% Increase
6.65%	7.65%	8.65%
<u>\$ 26,096,800,064</u>	<u>\$ 6,101,470,575</u>	<u>\$(10,530,828,277)</u>

<b>HIS Net Pension Liability</b>		
	Current Discount/Rate of Return	
1% Decrease		1% Increase
3.29%	4.29%	5.29%
<u>\$ 10,635,145,404</u>	<u>\$ 9,350,244,011</u>	<u>\$ 8,277,719,058</u>

**Pension Expense and Deferred Outflows/(Inflows) of Resources**

In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments are amortized over five years.



Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE G - DEFINED BENEFIT PLANS - Continued

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015, was 6.3 years for FRS and 7.2 for HIS. The components of collective pension expense reported in the pension allocation schedules for the year ended June 30, 2015, are presented below for each plan.

**Florida Retirement System**

	Total	Expense	Deferred Outflows/(Inflows)	Amortization Period	Authority's Share of Deferred Outflows / (Inflows)
Beginning net pension liability (NPL), June 30, 2014	\$ 17,214,450,686	\$ -			
Service cost	2,256,738,453	2,256,738,453			
Interest on total pension liability	11,489,920,524	11,489,920,524			
Experience	(448,818,281)	(71,240,997)	\$ (377,577,284)	6.3 yrs	\$ (25,454)
Assumptions	1,256,045,471	199,372,297	1,056,673,174	6.3 yrs	71,233
Employer contributions	(2,190,424,344)	-			
Projected investment earnings	(10,089,454,399)	(10,089,454,399)			
Member contributions	(682,507,323)	(682,507,323)			
(Gain)/loss on investments	(12,722,832,094)	(2,544,566,419)	(10,178,265,675)	5.0 yrs	(684,599)
Administrative expense	18,351,882	18,351,882			
Net pension liability, June 30, 2015	<u>\$ 6,101,470,575</u>	<u>\$ 576,614,018</u>	<u>\$ (9,499,169,785)</u>		<u>\$ (638,820)</u>
Employer proportion at June 30, 2015	0.00006741295	0.00006741295	0.00006741295		
Employer share at June 30, 2014	\$ 506,945				
Employer share at June 30, 2015	411,318	<u>\$ 38,871</u>			
Difference in employer share of NPL	<u>\$ 95,627</u>				

**Health Insurance Subsidy**

	Total	Expense	Deferred Outflows/(Inflows)	Amortization Period	Authority's Share of Deferred Outflows / (Inflows)
Beginning net pension liability (NPL), June 30, 2014	\$ 8,706,314,814	\$ -			
Service cost	190,371,170	190,371,170			
Interest on total pension liability	409,906,929	409,906,929			
Assumptions	386,383,120	53,664,322	\$ 332,718,798	7.2 yrs	\$ 17,475
Employer contributions	(342,566,361)	-			
Projected investment earnings	(5,829,821)	(5,829,821)			
(Gain)/loss on investments	5,610,452	1,122,090	4,488,362	5.0 yrs	235
Administrative expense	53,708	53,708			
Net pension liability, June 30, 2015	<u>\$ 9,350,244,011</u>	<u>\$ 649,288,398</u>	<u>\$ 337,207,160</u>		<u>\$ 17,710</u>
Employer proportion at June 30, 2015	0.00005252037	0.00005252037	0.00005252037		
Employer share at June 30, 2014	\$ 434,567				
Employer share at June 30, 2015	491,078	<u>\$ 34,101</u>			
Difference in employer share of NPL	<u>\$ (56,511)</u>				

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE G - DEFINED BENEFIT PLANS - Continued

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Reporting Period</u> <u>Ending June 30,</u>	<u>FRS Expense</u>	<u>HIS Expense</u>
2016	\$ (162,899)	\$ 2,877
2017	(162,899)	2,877
2018	(162,899)	2,877
2019	(162,899)	2,877
2020	8,638	2,818
Thereafter	<u>4,138</u>	<u>3,382</u>
Totals	<u>\$ (638,820)</u>	<u>\$ 17,710</u>

**Additional Financial and Actuarial Information**

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pensions Amounts by Employer is located in the Florida CAFR and in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2014.

The Florida CAFR is available on-line at:

<http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

The system's CAFR and the actuarial valuation reports as of July 1, 2014, are available on-line at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

The system's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
 Division of Retirement  
 Bureau of Research and Member Communications  
 P.O. Box 9000  
 Tallahassee, Florida 32315-900  
 850-488-4706 or toll free at 877-377-1737

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE H - EMPLOYEE SEVERANCE

The Authority's personnel policies and procedures manual provide unclassified managerial, administrative and unclassified executive management positions a severance benefit upon termination without cause. The number of months of severance pay ranges from three to twelve.

NOTE I - CONTRACTUAL OBLIGATIONS

Consulting Contracts

The Authority has entered into contracts with consultants for design, engineering, technology, construction and other services. The committed, but unspent balances of these contracts were \$1,869,729 and \$3,112,943 as of June 30, 2015 and 2014, respectively.

NOTE J - CURRENT LEASE AGREEMENT WITH TENANT

The Authority leases certain office space and property to tenants which expire in various years through 2034. The approximate future minimum rentals, including renewal options, to be received under these non-cancelable operating leases are as follows:

<u>Year ending June 30,</u>	
2016	\$ 287,247
2017	358,080
2018	358,080
2019	358,080
2020	358,080
Thereafter	<u>373,353</u>
	<u>\$ 2,092,920</u>

NOTE K - CONTINGENCIES

1. General

No suits and claims are pending against the Authority.

2. Settlement Payable

The Authority and PCL settled a dispute arising out of the Reversible Express Lane Project during the year ended June 30, 2012. The parties settled in January of 2012, with a final agreement that the Authority would pay \$11 million between March 2012 and December 2016 to PCL. As of June 30, 2015, \$7.5 million has been paid, leaving \$3,500,000 owed, less a present value discount of \$382,560.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE K - CONTINGENCIES - Continued

The following is the schedule of principal and interest payments required to be made as of June 30, 2015:

**Fiscal year ending June 30,**

2016	\$ 2,000,000
2017	1,500,000
	<u>3,500,000</u>
Present value discount	<u>(382,560)</u>
	3,117,440
Less current portion	<u>(1,680,398)</u>
	<u>\$ 1,437,042</u>

NOTE L - RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and mutual disasters for which the Authority purchased commercial insurance.

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, was issued in June 2012, and was implemented during the year ended June 30, 2015. The statement addresses accounting and financial reporting for pensions provided to governmental employees through pension plans that are administered by a trust. The Authority participates in the Florida Retirement System that is administered by the State of Florida. Under this standard, the Authority is required to report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on its proportionate share of the collective amounts for all the governments in the Florida Retirement System plan.

The net impact of this reporting change on the Authority's financial statements as of and for the fiscal year ended June 30, 2014 is presented as follows:

<b>Statement of Net Position</b>	June 30, 2014 as previously reported	GASB 68 adjustment	June 30, 2014 as reported
Deferred outflow of resources	<u>\$ 32,663,088</u>	<u>\$ 165,655</u>	<u>\$ 32,828,743</u>
Liabilities			
Pension liability	<u>\$ -</u>	<u>\$ 941,512</u>	<u>\$ 941,512</u>
Net position	<u>\$ 177,886,027</u>	<u>\$ 775,857</u>	<u>\$ 177,110,170</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS - Continued

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*, was issued November 2013 and is required to be applied simultaneously with the provisions of GASB Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No.68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contribution entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB Statement 71 was implemented during the year ended June 30, 2015.

NOTE N - SUBSEQUENT EVENTS

The Authority has evaluated events and transactions occurring subsequent to June 30, 2015 as of December 14, 2015 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Tampa-Hillsborough County Expressway Authority

TREND DATA ON INFRASTRUCTURE CONDITION

June 30, 2014

The Authority has elected to use the Modified Approach to account for maintenance of its infrastructure assets. The Florida Department of Transportation (the "FDOT") annually inspects the Authority's roadways. The FDOT utilizes the Maintenance Rating Program ("MRP") to assess the condition of the Expressway System. Copies of the MRP manual may be obtained from the State Maintenance Office, 605 Suwannee Street, Mail Station 52, Tallahassee, FL 32399-0450. The MRP manual provides a uniform evaluation system for maintenance features of the State Highway System. The roadways are rated on a 100-point scale, with 100 meaning that every aspect of the roadway is in new and perfect condition. The Authority's system as a whole is given an overall rating, indicating the average condition of all roadways operated by the Authority. The assessment of condition is made by visual and mechanical tests designed to reveal any condition that would reduce highway-user benefits below the maximum level of service. The Authority's policy is to maintain the roadway condition at a MRP rating of 90 or better.

The results of the last three inspections are as follows:

<u>Evaluation Period Fiscal Year</u>	<u>Rating</u>
2015	94%
2014	94%
2013	94%

The budget-to-actual expenditures for preservation for the past five years are as follows:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>
2015	\$ 3,003,175	\$ 2,919,319
2014	\$ 2,910,880	\$ 2,766,293
2013	\$ 2,845,083	\$ 2,624,294
2012	\$ 3,438,094	\$ 3,430,376
2011	\$ 3,465,479	\$ 3,264,975

Tampa-Hillsborough County Expressway Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2015

Federal/State Grantor and Program/ Project Title	Federal CFDA # or State CSFA#	Contract Number	Federal Expenditures or State Loan
<b>Federal</b>			
<u>U. S. Department of Transportation</u>			
Indirect Programs			
Passed-through the City of Tampa			
National Infrastructure Investments			
TIGER Discretionary Grants	20.933	DTFH61-13-G-0001	<u>\$ 1,244,573</u>
Total expenditures of federal awards			<u>1,244,573</u>
<b>State</b>			
<u>Florida Department of Transportation</u>			
State Transportation Trust Fund Loan	none	40850715801	12,034,945
State Transportation Trust Fund Loan	none	40470415802	<u>1,724,000</u>
Total expenditures of state financial assistance			<u>13,758,945</u>
Total expenditures of federal awards and state financial assistance			<u><u>\$ 15,003,518</u></u>

The accompanying notes are an integral part of this schedule.



Tampa-Hillsborough County Expressway Authority

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

June 30, 2015

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the State grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

NOTE B - CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Authority's continued participation in specific projects. The amount, in any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Authority expects such amounts, if any to be immaterial.

NOTE C - SUBRECIPIENTS

The Authority did not provide federal awards or state financial assistance to subrecipients.

NOTE D - LOANS

As required by rule 27D-1.002 of the Florida Single Audit Act, all loan balances subject to the Florida Single Audit Act are required to be presented on the Schedule of Expenditures of State Financial Assistance. The Authority has expended all loan proceeds as of June 30, 2015. The State Transportation Trust Fund loan proceeds were expended during the year June 30, 2005 and years prior.

## REGULATORY REPORTS



**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Herman V. Lazzara                      Stephen G. Douglas  
Marc D. Sasser                              Michael E. Helton  
Sam A. Lazzara

Cesar J. Rivero, of Counsel  
Richard B. Gordimer, of Counsel

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 14, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

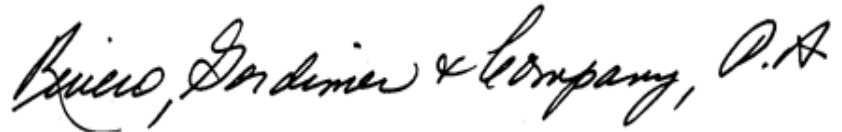
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Buco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida  
December 14, 2015



**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants  
Herman V. Lazzara                      Stephen G. Douglas  
Marc D. Sasser                              Michael E. Helton  
Sam A. Lazzara  
Cesar J. Rivero, of Counsel  
Richard B. Gordimer, of Counsel

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER  
10.550, RULES OF THE FLORIDA AUDITOR GENERAL

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

**Report on Compliance for Each Major Federal Program and State project**

We have audited Tampa-Hillsborough County Expressway Authority’s (the “Authority”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Florida Department of Financial Services’ *State Projects Compliance Supplement*, that could have a direct and material effect on each of Tampa-Hillsborough County Expressway Authority’s major federal programs and state projects for the year ended June 30, 2015. Tampa-Hillsborough County Expressway Authority’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of Tampa-Hillsborough County Expressway Authority’s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Tampa-Hillsborough County Expressway Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Tampa-Hillsborough County Expressway Authority’s compliance.

## **Opinion on Each Major Federal Program and State Project**

In our opinion, Tampa-Hillsborough County Expressway Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of Tampa Hillsborough County Expressway Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tampa-Hillsborough County Expressway Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tampa-Hillsborough County Expressway Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida  
December 14, 2015

Tampa-Hillsborough County Expressway Authority  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting  
 Material weakness(es) identified?      yes   X   no  
 Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards and State Financial Assistance**

Internal control over major programs/projects  
 Material weakness(es) identified?      yes   X   no  
 Significant deficiency(ies) identified?      yes   X   none reported

Type of auditors' report issued on compliance for major federal programs and state projects Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and/or Chapter 10.550 *Rules of the Florida Auditor General*?      yes   X   no

Identification of major programs/projects:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.933	National Infrastructure Investments TIGER Discretionary Grants

<b>State</b> <u>CSFA Number</u>	<u>Name of State Project</u>
NONE	State Transportation Trust Fund Loan

Dollar threshold used to distinguish between type A and type B federal programs      \$   300,000  

Dollar threshold used to distinguish between type A and type B state projects      \$   412,768  

Auditee qualified as low-risk auditee      yes   X   no

Tampa-Hillsborough County Expressway Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2015

**Section II - Financial Statement Findings**

No matters were reported for the year ended June 30, 2015. Accordingly, a corrective action plan is not required.

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs**

No matters were reported for the year ended June 30, 2015. Accordingly, a corrective action plan is not required.

**Section IV - Other Issues**

**a. Prior Year Findings**

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

**b. Management Letter**

No findings or observations were required to be reported in a management letter pursuant to Section 10.554(1)(i), Rules of the Auditor General.





**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants  
Herman V. Lazzara                      Stephen G. Douglas  
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Sam A. Lazzara  
Cesar J. Rivero, of Counsel  
Richard B. Gordimer, of Counsel

MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

**Report on the Financial Statements**

We have audited the financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority"), as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 14, 2015.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 14, 2015, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year findings nor corrective actions disclosed in the preceding audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The required information is disclosed in the Notes to General Purpose Financial Statements (see Note A - Organization and Reporting Entity), page 16.

## Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended June 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

## Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. The Authority did not include any additional special district component units for the year ended June 30, 2015, as this is not applicable.

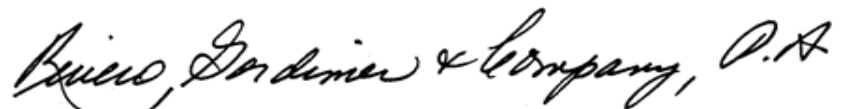
## Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

## Purpose of this Letter

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



Tampa, Florida  
December 14, 2015

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES



**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
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Richard B. Gordimer, of Counsel

INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH THE REQUIREMENTS OF  
SECTION 218.415, FLORIDA STATUTES

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

We have examined Tampa-Hillsborough County Expressway Authority's investment policy compliance with the requirements of Section 218.415, Florida Statutes during the year ended June 30, 2015. Management is responsible for Tampa-Hillsborough County Expressway Authority's compliance with those requirements. Our responsibility is to express an opinion on Tampa-Hillsborough County Expressway Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about Tampa-Hillsborough County Expressway Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Tampa-Hillsborough County Expressway Authority's compliance with specified requirements.

In our opinion, Tampa-Hillsborough County Expressway Authority complied in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

Tampa, Florida  
December 14, 2015