HILLSBOROUGH COUNTY AVIATION AUTHORITY

FINANCIAL STATEMENTS, OTHER FINANCIAL INFORMATION AND COMPLIANCE REPORTS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

HILLSBOROUGH COUNTY AVIATION AUTHORITY
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough County Aviation Authority (Authority), as of and for the years ended September 30, 2014 and 2013, 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 audits 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 auditors' 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 financial position of the Authority as of September 30, 2014 and 2013 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 4-15 and 48 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, 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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
November 26, 2014

The following management's discussion and analysis (MD&A) of the financial performance and activity of the Hillsborough County Aviation Authority (the Authority) is to provide an introduction and understanding of the financial statements of the Authority for the years ended September 30, 2014 and 2013, with selected comparisons to prior years.

The Authority and Airport Activity Highlights

The Authority was created in 1945 and is an independent special district governed by the Hillsborough County Aviation Authority Act, Chapter 2003-370, Laws of Florida (the Act). The Act provides that the Authority will have exclusive jurisdiction, control, supervision and management over all publicly owned airports in Hillsborough County. There are five Authority Board members: three residents of Hillsborough County appointed to the Authority by the Governor of the State of Florida for four-year terms; the Mayor of the City of Tampa, ex officio; and a Commissioner of, and selected by, the Board of County Commissioners of Hillsborough County, ex officio.

The Authority owns and operates Tampa International Airport (the Airport) and three general aviation airports. The Airport occupies approximately 3,400 acres and is primarily an origination-destination (O&D) airport serving the greater Tampa Bay Area. Peter O. Knight Airport, a 139-acre facility, is located six miles southeast of the Airport; Plant City Airport, a 199-acre facility, is located 22 miles east of the Airport; and Tampa Executive Airport, a 407-acre facility, is located 12 miles east of the Airport.

The Authority is a self-supporting organization and generates revenues from airport users to fund operating expenses and debt service requirements. Capital projects are funded through the use of bonds, short-term financing, passenger facility charges, rental car facility fees, federal and state grants and internally generated funds. Although empowered to levy ad valorem property taxes, the Authority has not collected any tax funds since 1973.

The financial results for 2014 demonstrated the success of the Airport's focus on continued airline marketing efforts to grow the core business, increasing non-aviation revenues, and keeping airline costs competitive. The strong financial performance during 2014 continued a trend which has seen overall financial results improve substantially since 2010. The total number of passengers, at 17,325,011 for 2014, increased 2.4% over the prior year, and also included a 13.7% increase in international passengers. During 2014, revenues increased $13,407,000 over the prior year as passenger traffic increased at the highest rate year-over-year in the past 7 years. In addition to the passenger growth, concessions, rental car, & parking spend per transaction increased versus the prior year. These positive results support the measures the Authority has taken to strengthen the financial viability of the organization. The Authority, a major driver in the economic growth of the Tampa Bay region, continued on its mission to bring more international and domestic air service to Tampa Bay for 2014 and beyond as well as additional revenue initiatives and programs which will continue to grow the core business, increase non-aviation revenues, and maintain competitive airline costs as well as ensure the overall strong financial performance of the Authority.

Passenger enplanements at Tampa International for the fiscal year ended September 30, 2014, totaled 8,673,747 which is an increase of 180,487 from the prior fiscal year. While domestic seat capacity remained flat, an increase of 5.2% international seat capacity indicated a continuing growth in international air services. In addition, load factor increased for the year by 1.6 points especially driven by strong year-over-year increases in the final quarter of fiscal year 2014. For 2014, the top three airlines, in terms of passenger enplanement market share, remained the same as the prior year. Southwest (combined with AirTran) remained the highest market share of 35.3%, Delta was second at 17.2%, and US Airways was third at 11.0%. During 2013, Southwest maintained the highest market share of 36.3% after acquiring AirTran, Delta was second at 16.8%, and United was third at 11.0%.

Landed weight in 2014 totaled 10,019,573 thousand pounds, compared to 10,042,234 thousand pounds and 10,022,085 thousand pounds in 2013 and 2012, respectively. The number of landings for domestic and international flights was 76,917 for 2014, compared to 78,250 and 79,120 for 2013 and 2012, respectively. These results for landed weight and landings are due to consolidation in the industry as well as improved airline discipline regarding increasing capacity in the market.

Overview of the Financial Statements

The Authority operates as a single enterprise fund with multiple cost centers. The financial statements are prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except land, over their useful life. Reference should be made to Note 2 – Summary of Significant Accounting Policies in the accompanying financial statements for a summary of the Authority's significant accounting policies. Following this MD&A are the basic financial statements and supplemental schedules of the Authority. These statements and schedules, along with the MD&A, are designed to provide readers with an understanding of the Authority's finances.

The statements of net position present information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2014 and 2013, with the difference between these reported as net position. The statements of revenues, expenses and changes in net position present financial information showing how the Authority's net position changed during the fiscal years ended September 30, 2014 and 2013. These statements summarize the recording of financial transactions when the underlying events occur, not the receipt or disbursement of cash. The statements of cash flows relate to the cash and cash equivalent inflows and outflows as a result of financial transactions during the two fiscal years and also include a reconciliation of operating income to the net cash provided by operating activities.

Financial Highlights

Operating Revenues

	Year			Percent Change	
Revenue Classification	2014	2013	2012	2013 to 2014	2012 to 2013
Airfield	$ 14,857,840	$ 14,285,206	$ 13,620,735	4.0 %	4.9 %
Terminal Building	46,270,829	43,005,918	40,690,338	7.6	5.7
Airside Buildings	18,639,279	17,849,625	16,810,600	4.4	6.2
Commercial Landside	97,911,419	90,290,968	87,269,078	8.4	3.5
Cargo	2,234,934	2,270,828	2,236,581	(1.6)	1.5
Auxiliary Airports	930,739	875,780	923,695	6.3	(5.2)
General Aviation	2,211,539	2,192,413	2,209,206	0.9	(0.8)
Federal	1,338,114	490,482	1,152,761	172.8	(57.5)
Other	10,210,037	9,936,723	10,309,071	2.8	(3.6)
Total	$ 194,604,730	$ 181,197,943	$ 175,222,065	7.4	3.4

The table above presents the major operating revenue classifications for fiscal years 2014, 2013 and 2012. Airfield revenues are comprised of landing fees received from the airlines based on landed weight of the aircraft. In accordance with the airline agreement, signatory landing fee rates are calculated by dividing 90% of total expenditures in the airfield cost center by the annual total landed weight of all commercial airlines. Non-signatory landing fees are calculated for the fiscal year based on the approved budget. An increase in airfield revenues of 4% or $572,600 in fiscal year 2014 is attributable to increased non-signatory landings as Alaska Airlines and Copa Airlines launched new service while other non-signatory carriers increased their operations. During fiscal year 2014, the Authority continued its Air Service Incentive Program (ASIP) as a component of the air service marketing initiatives to attract airlines entering the Tampa Bay market, providing fee waivers to the airlines in the program. Under this program, the total landing fees waived for both signatory and non-signatory airlines were $164,000 in 2014, compared to $227,700 and $94,100 in 2013 and 2012, respectively. The change in airfield revenues in 2013 is attributed to the increase in landed weight as a result of improved passenger activities, and the increase of landing fees associated with the higher expenses in the airfield cost center.

Major terminal building revenues include space rental to the airlines, food and beverage, general merchandise, and other concession revenues. Space rental fees to the airlines in the terminal building are based on the cost of providing the space to the airlines. In fiscal year 2014, overall terminal building revenues increased 7.6% or $3,300,000 over the prior year. For fiscal year 2013, the overall terminal building revenues increased 5.7% or $2,315,600 over the prior year. Signatory airline rental rates were up 5.7%, with an average increase of $9.93 per square foot, generating $670,000 more airline rental revenues, and non-signatory airlines added $340,000 rental revenues. The ASIP incentives for airlines offset the terminal space rental revenues in the amount of $184,000. Another year of the updated concessions concepts coupled with an increase in spend per enplaned passenger at the Airport resulted in an increase of 8.3% in food and beverage sales, generating $982,000 additional revenues. General merchandise sales grew 4.2%, adding $207,000 in concession revenues. 2014 also was the first year the Authority began collecting privilege fees from the off-airport parking operators. For the first 9 months of collection, this resulted in an increase in revenues of $206,000. Advertising was down $176,000 for the year as one-time short-term advertising campaigns in 2013 were not duplicated in 2014.

As with terminal rentals, airside airline rental rates are based on the cost of providing the space to the airlines. In fiscal year 2014, the overall increase in airside revenues was $790,000. The airside rental rates increased 7.3% ($5.34) per square foot in 2014 resulting in a net increase of signatory airline rental revenues of $417,000. Additional increases of $158,000 in non-signatory and other space rentals, $113,000 in gate use and hardstand charges, and $79,000 in Federal Inspection fees from custom services provided to international passengers drove the additional increases versus the prior year. The Authority granted a waiver of airside airline fees of $190,000 as a part of the ASIP in 2014.

In 2013, the overall increase in airside revenues was $1,039,000. The airside rental rates increased 4.8% ($3.51) per square foot in 2013; offset a reduction of Airside F space rental of 3,736 square feet, resulting in a net increase of signatory airline rental revenues of $481,900. The increases of $625,900 in the use of Authority gates, $117,300 in governmental and commercial rental income, $27,400 in Federal Inspection fees from custom services provided to international passengers, and $30,700 in utilities reimbursements, offset a decrease in non-signatory airline space rental revenues of $33,200, and $64,800 decrease in ATM concessions at airsides resulting from a change of the agreement. The Authority granted a waiver of airside airline fees of $209,700 as a part of the ASIP in 2013, reducing overall airside revenues by $145,600.

The commercial landside classification consists of car rental, parking, the ground transportation privilege and permit fees, and hotel concession revenues, which overall increased $7,620,500 in fiscal year 2014. The primary contributing factors are the increases of parking revenues of $5.1 million, or 9.5% over the prior year due to the increase in passenger traffic coupled with a rate increase in both the employee and public parking areas. In addition, car rental concession revenues increased by $2.0M (6.0%), with $1.24M and $716,000 from on and off Airport car rentals, respectively, offsetting a decrease of $20,600 in ground transportation privilege and permit fees. In addition, the airport hotel saw increases of 17.2% or $238,000 versus the prior years as well.

In 2013, commercial landside revenues increased $3,021,900. The primary contributing factors are the increases of parking revenues of $2.1 million, or 4.1% over the prior year, and car rental concession revenues of $901,700 (3%), with $368,800 and $532,900 from on and off Airport car rentals, respectively, offsetting a decrease of $81,500 in ground transportation privilege and permit fees. In addition, hotel concessions added $25,000 more revenues in 2013.

Cargo revenues in the fiscal year 2014 were down slightly 1.6% or $36,000 as Global Aviation significantly reduced operations in early 2014 before vacating their space in July 2014. In 2013, the cargo revenues remained flat, with a moderate increase of $34,200 in rental revenues compared to 2012, which are due to rental rate adjustments.

General aviation and auxiliary operating revenues in 2014 totaled $3,142,300, $74,100 over the prior year. The increase is primarily due to the contractual percentage the Authority receives increasing during the year. In fiscal year 2013, general aviation and auxiliary operating revenues totaled $3,068,200 a decrease of $64,700, due to reduced fuel sales and FBO concession revenues.

Other revenues include rentals received for the fuel farm, land rent for rental car storage areas, the post office and the mall, revenues received for the Pemco lease of the maintenance hangars, and concession revenues from the flight kitchen operations, and other miscellaneous revenues. Although there are multiple items making up this category, an overall increase of $273,300 is primarily due to increased airfield concessions revenue from ground handlers as airlines move toward third party operators for ground handling and maintenance services, increase in the Pemco MRO business versus the prior year, as well as increased forfeiture collections over the prior year.

Federal reimbursements include an agreement with the Transportation Security Administration (TSA) under which the Authority receives reimbursement for providing law enforcement services on behalf of the TSA at the passenger security checkpoints. During 2014, reimbursement for Law Enforcement Officers increased by $847,000 versus the prior year to $1,096,100 as funding of the final 9 months of 2013 became available from the TSA in 2014. Grants of $242,000 and $241,000 were also received for the canine program at the Airport in fiscal year 2014 and 2013, respectively.

Operating Expenses

	Year			Percent Change	
Expense Classification	2014	2013	2012	2013 to 2014	2012 to 2013
Airfield	$ 10,136,040	$ 9,659,834	$ 9,037,357	4.9 %	6.9 %
Terminal Building	28,827,681	26,547,937	26,016,758	8.6	2.0
Airside Buildings	22,359,051	20,840,424	20,262,460	7.3	2.9
Commercial Landside	24,080,229	22,898,619	22,188,267	5.2	3.2
Cargo	751,034	630,116	569,517	19.2	10.6
Auxiliary Airports	1,538,771	1,340,726	1,309,194	14.8	2.4
General Aviation	827,288	801,106	991,136	3.3	(19.2)
Passenger Transfer System	4,198,571	3,943,064	3,801,744	6.5	3.7
Roads and Grounds	9,127,904	8,468,144	7,949,822	7.8	6.5
Other	2,459,575	1,914,208	1,501,503	28.5	27.5
Total	$ 104,306,144	$ 97,044,178	$ 93,627,758	7.5	3.6

The table above presents the major expense classifications for 2014, 2013, and 2012. Total operating expenses for 2014 were $104,306,100, an increase of $7,262,000, or 7.5% increase over the prior fiscal year. Total operating expenses for 2013 were $97,044,200, an increase of $3,416,400, or 3.6% increase over the prior fiscal year. The sections following provide a more detailed analysis of these variances.

2014 Discussion of Operating Expenses

The Authority continued the trend of strong growth and successful cost management, in fiscal year 2014. Although the total expenses increased approximately $6 million compared with fiscal year 2013, they were $1.8 million less than the budget. In fiscal year 2014, salaries and benefits increased 10.3%, or $4,838,800 compared to fiscal year 2013. The major contributing factors to this variance were an increase of $2,467,400 in salaries, due to filling of vacancies and a merit increase that averaged 3.5%, increased contributions of $1,349,500 to the Florida Retirement System, full year deferred retirement plan, and FICA, $761,700 increase in group medical and compensation insurance, and other benefits of $260,200. An increase of $168,800 in contracted services is due to $712,900 increases in professional services, federal and state lobby services, parking maintenance, and promotional advertising expenses, offsetting a decrease of $544,200 in business improvement studies, firefighting, legal, engineering, and environment testing service expenses. There was less than a 1% or $121,600 increase in contractual maintenance, relating to janitorial and trash removal services. Supplies and materials increased 9% or $250,300 compared with 2013, primarily due to the increases in electrical and miscellaneous supplies. Utility expenses increased $529,000, attributable to an increase in consumption for the current year. The increase of $561,100 in promotions, travel and conferences, and dues and subscriptions reflect the continuing marketing effort to grow the core business and promoting new air services at the airport. During 2014, the Authority allocated $3,410,900 of project related costs to capital projects, an increase of $364,800 over fiscal year 2013.

2013 Discussion of Operating Expenses

As mentioned in the Highlights section, the Authority adopted a 2013 budget growth trajectory plan which included a strategy for sustaining and growing new programs and introducing initiatives. The overall financial operating results for the fiscal year showed that the plan worked effectively, and while total expenses overall increased over the prior fiscal year, they were $4.5 million less than the budget. In fiscal year 2013, salaries and benefits increased 5.2%, or $2,324,400 compared to fiscal year 2012. The contributing factors to this variance were an increase of $850,400 in salaries, due to filling of vacancies and a merit increase that averaged 2.5%, increased contributions of $835,900 to the Florida Retirement System, deferred retirement plan and FICA, $774,600 increase in group medical and compensation insurance, and other benefits of $224,300, offset by decreases in overtime and other employee costs of $357,200. An increase of $1,118,600 in contracted services was primarily due to additional costs of $942,700 relating to concessions, parking and ground transportation studies, marketing, information technology, and promotional services as a part of fiscal year 2013 budget plan to initiate new business programs. Other increases in this section included $102,100 in firefighting service expenses, $99,300 in engineering and insurance consulting, $116,400 in legal services, and $106,700 in other services, offsetting a decrease of $248,600 in parking maintenance and environmental testing services. There was a moderate increase of 2% or $316,400 in contractual maintenance and a $58,000 increase in supplies and materials as compared to the prior year. Utility expenses decreased $574,000 due to a slight decrease in consumption for the fiscal year. The increases in travel and conferences, dues and subscriptions and promotions of $276,000 reflected the continuing marketing effort to expand air services and business networking activities. Insurance and other expenses were up $181,600 compared with the prior year. During 2013, the Authority allocated $3,046,100 of project related costs to capital projects, an increase of $605,800 over last year.

Summary of Changes in Net Position

The following is a summary of the statements of revenues, expenses and changes in net position:

	Year			Change	Change
	2014	2013	2012	2013 to 2014	2012 to 2013
Operating Revenues	$ 194,604,730	$ 181,197,943	$ 175,222,065	$ 13,406,787	$ 5,975,878
Operating Expenses	104,306,144	97,044,178	93,627,758	7,261,966	3,416,420
Signatory Airline Revenue Sharing	9,012,420	7,494,479	7,058,662	1,517,941	435,817
Operating Income before Depreciation and Amortization	81,286,166	76,659,286	74,535,645	4,626,880	2,123,641
Depreciation and Amortization	89,361,262	89,084,941	87,249,218	276,321	1,835,723
Operating Income (Loss)	(8,075,096)	(12,425,655)	(12,713,573)	4,350,559	287,918
Net Nonoperating Expense	(23,215,064)	(30,066,634)	(35,694,289)	6,851,570	5,627,655
Capital Contributions	68,672,815	66,239,751	60,873,166	2,433,064	5,366,585
Increase in Net Position	$ 37,382,655	$ 23,747,462	$ 12,465,304	$ 13,635,193	$ 11,282,158

In 2014, the operating revenues were $194,604,800, an increase of $13,406,800 over the prior year and operating expenses increased $7,262,000, compared to the prior year. Operating income before depreciation and amortization was $81,286,200, an increase of $4,626,900 over the prior year.

The 2013 operating revenues, at $181,197,900, increased $5,975,900 over the prior year, and operating expenses increased $3,416,400, compared to the prior year. Operating income before depreciation and amortization was $76,659,300, an increase of $2,123,600 over the prior year. Details of the operating revenues and expenses are more fully discussed in the previous section "Financial Highlights" of this MD&A. Depreciation and amortization expenses were $89,361,300, $89,084,900 and $87,249,200 for 2014, 2013 and 2012, respectively.

Capital contributions consist of Federal and State Grants, Passenger Facility Charges (PFCs), and Rental Car Customer Facility Charges, which are being received to fund various construction projects and the land acquisition program at the Airport. PFCs are collected at a $4.50 per passenger level by the airlines, of which $4.39 is remitted to the Authority.

During 2014, capital contributions from PFCs were $33,663,000, which is an increase of $477,100 over the prior year. Total federal and state grants were $18,944,300, which is a decrease of $5,891,500 over the prior year, primarily due to projects completed in fiscal year 2013 that had grant funding.

In 2013, capital contributions from PFCs were $33,185,800, a decrease of $247,300 over the prior year. Total federal and state grants were $24,835,800, an increase of $4,837,100 over the prior year, due to the increase of $15,275,500 in the state grants, offsetting the reduction of $10,438,400 in federal grants (AIP) from the U.S. Department of Transportation and the Department of Homeland Security.

For fiscal year 2014, the Rental Car Customer Facility Charge (CFC) were $16,065,600 which is an increase of $7,847,400 over the prior year and is a result of the increase from $2.50 per day to $5.00 per day and the implementation the Transportation Facility Charge at $2.00 per day on the off airport rental car companies. See Note 2 – Summary of Significant Account Policies.

In 2013, the CFC collected was $8,218,200, an increase of $776,800 over the prior year and reflects a positive recovery of Florida tourism industry in 2013. This fee generates additional funds for on-going and future rental car customer facility development projects and to pay debt service on future borrowings for rental car projects.

Net non-operating expenses in 2014 decreased $6,851,600 compared with the prior year, which is primarily attributed to the decrease in interest expenses of $4,802,100, resulting from the refunding of bonds with savings on the debt service interest of $4,373,700, as well as an increase of net investment gains and interest income of $1,637,000. Amortization of bonds deferred loss and gains and capitalized interest of $865,100 further reduced interest expenses.

Net non-operating expenses for 2013 decreased $5,627,700 compared with the prior year, primarily attributable to a one-time exchange transaction that occurred in the prior year. Interest expenses were $2,026,300 lower than the prior fiscal year, as a result of a declining outstanding debt, offsetting an increase in the Bank Notes balance in 2013, and a decrease of $3,433,900 in investment income resulting from a reduction of $3,186,300 in unrealized gain of debt service reserve fund's long-term investments.

Summary of Statements of Net Position

A summarized comparison of the Authority's total assets, deferred outflows, total liabilities, deferred inflows, and net position at September 30, 2014, 2013, and 2012 is as follows:

	Year			Change	Change
	2014	2013	2012	2013 to 2014	2012 to 2013
ASSETS					
Current Assets	$ 270,070,890	$ 263,362,681	$ 247,537,758	$ 6,708,209	$ 15,824,923
Capital Assets, Net	1,149,445,769	1,171,573,700	1,199,053,437	(22,127,931)	(27,479,737)
Other Non-Current Assets	1,533,228	2,144,202	2,426,656	(610,974)	(282,454)
Total Assets	1,421,049,887	1,437,080,583	1,449,017,851	(16,030,696)	(11,937,268)
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding of Debt	2,826,721	3,493,089	4,378,424	(666,368)	(885,335)
LIABILITIES					
Current Liabilities	116,556,692	93,831,925	99,245,689	22,724,767	(5,413,764)
Non-Current Liabilities	530,980,884	610,234,610	641,390,911	(79,253,726)	(31,156,301)
Total Liabilities	647,537,576	704,066,535	740,636,600	(56,528,959)	(36,570,065)
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding of Debt	2,449,240	-	-	2,449,240	-
NET POSITION					
Net Investment in Capital Assets	618,609,166	590,716,821	591,969,475	27,892,345	(1,252,654)
Restricted	99,023,310	90,594,741	69,760,239	8,428,569	20,834,502
Unrestricted	56,257,316	55,195,575	51,029,961	1,061,741	4,165,614
Total Net Position	$ 773,889,792	$ 736,507,137	$ 712,759,675	$ 37,382,655	$ 23,747,462

Current assets at September 30, 2014, totaled $270,070,900, an increase of $6,708,200 compared to September 30, 2013. The contributing factors of the changes are increases in the Rental Car Customer Facility Charge fund cash balance of $11,834,800, construction funds cash balance of $11,543,100, capital improvement fund and surplus fund cash balance of $6,094,700, improved revenue cash reserve of $2,331,600. Offsetting these changes are the partial liquidation of debt service reserve fund related to the 2003 series bond refundings of $20,797,300, lower receipts in government grants and PFC revenues of $3,892,500 and a reduction in prepaid insurance and other assets of $411,000.

Current liabilities, with a balance of $116,556,700 at September 30, 2014, are $22,724,800 more than the end of fiscal year 2013. The increase in current liabilities is primarily due to the change in the current portion of the Bank Note in the amount of $17,427,000, an increase in construction project payable and accrued expenses of $4,028,000, $2,242,400 more in accrued airline revenue sharing and operating accounts payable, and $1,734,000 more in deferred revenues, offsetting a reduction in the current maturities of bonds of $2,695,000.

Current assets at September 30, 2013, totaled $263,362,700, an increase of $15,824,900 compared to September 30, 2012. The contributing factors of the changes are an increase in the CFC fund balance of $8,112,800, surplus fund cash balance of $14,585,100, improved revenue cash reserve of $2,655,900, remaining cash proceeds of $13,132,300 from the issuance of Bank Notes, and an expected increase in government grants receivable of $1,084,600. Offsetting these changes are the increase of payments of $17,915,600 for the continued airport construction projects from capital improvement funds and prior bond issues, reductions in PFC collections of $4,595,500, and $1,268,500 in the operating revenues receivable.

Current liabilities, with a balance of $93,831,900 at September 30, 2013, are $5,413,800 less than the end of last fiscal year. The decrease in current liabilities is due to the change in the current portion of the Bank Notes in the amount of $15,779,800, offset the increases of $5,402,000 in construction project payable, current maturities of principal payments of revenue bonds of $2,850,000, accrued expenses of $1,490,900, and airline revenue sharing of $435,800. A detailed description of the Bank Notes is included "Debt Management" section.

At September 30, 2014, non-current liabilities totaled $530,980,900, a reduction of $79,253,700 compared with the balance at the end of 2013. The decrease is primarily due to a repayment of the Bank Notes in the amount of $96,796,600, resulting from the 2013 bond refundings, offsetting the increase of principal balance of long-term bonds of $12,760,000. In addition, the bonds premium is increased by $4,828,400 as a result of new debt issuance in fiscal year 2014.

At September 30, 2013, non-current liabilities totaled $610,234,600, a reduction of $31,156,300 compared with the balance at the end of 2012. The decrease is due to principal maturities of $56,055,000 on long term bonds, and amortization of bonds premium or discount totaling $2,597,800, offset an increase of Bank Notes in the amount of $27,434,000 resulting from new issues in 2013.

Airline Rates and Charges

Effective October 1, 1999, the Authority entered into an airline-airport use and lease agreement (Agreement) with the signatory airlines, which had a seven-year term and incorporated the lease and use of the terminal complex and the airfield at the Airport. During 2006, this Agreement, with the same basic terms, was extended for an additional three years and in 2009 an additional year extension was agreed to. Negotiations were completed with the airlines in 2010 for a new five year agreement (New Agreement), in effect until September 30, 2015. The New Agreement is substantially similar to the prior Agreement, with the exception of the revenue sharing component, as discussed in the next paragraph. The Agreement establishes a “compensatory” rate-making methodology where the signatory airlines pay fees and charges based on the Authority's cost of providing facilities and services to the airlines.

Rates and charges are calculated on an annual basis and reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient revenues are generated to satisfy all requirements of the Authority's Trust Agreement. At the end of each fiscal year, the Authority will recalculate rates and charges based on audited financial data and a settlement will take place with the signatory airlines. Included in the Agreement are rates and charges calculations with specific rebates of debt service coverage and sharing of 20% of net remaining revenues. Non-signatory rates and charges do not provide for a 25% debt service coverage reduction or the net revenue sharing component; thus, the Authority charges two distinct rates to airlines operating at the airport based on the cost of providing services for facilities utilized. Under the terms of the New Agreement, if the initial net remaining revenue calculation results in less than $20,000,000 net remaining revenues to the Authority, the revenue sharing component to the signatory airlines will be reduced until the $20,000,000 threshold is met. If the revenue sharing is reduced to the signatory airlines, the Authority will refund the amounts as soon as uncommitted funds become available in the Surplus Fund. In years when the initial net remaining revenue calculation results in net remaining revenues to the Authority in excess of $30,000,000, the revenue sharing percentage to the signatory airlines will increase to 25% on net remaining revenues prior to the deduction for revenue sharing above $37,500,000.

The following table summarizes passenger airline rents, landing fees, net revenue sharing and cost per enplaned (departing) passenger for fiscal years 2014 and 2013. Cost per enplaned passenger is a standard industry measurement, and the goal of the Authority is to maintain a competitive cost per enplanement at the Airport.

Passenger Airline Costs	2014	2013
Airline Landing Fees	$ 13,980,507	$ 13,487,790
Landside Terminal Rentals	22,574,262	20,476,981
Airside Building Rentals	17,859,855	17,226,234
Total Airline Fees and Charges	54,414,624	51,191,005
Less: Airline Revenue Sharing	(9,012,420)	(7,494,479)
Net Airline Fees and Charges	$ 45,402,204	$ 43,696,526
Enplaned Passengers	8,673,747	8,493,260
Airline Cost per Passenger	$ 5.23	$ 5.14

Capital Improvement Program

During fiscal year 2014, the Authority received Board approval for $927 million of capital projects related to the Master Plan as well as $84 million for projects included in the annual capital program. Major projects started in fiscal year 2014 include the Main Terminal & Airport Concessions Redevelopment Program budgeted at $122,500,000; Concessions Warehouse & Flight Kitchen budgeted at $17,145,000; Reconstruct Taxiway J and Bridge budgeted at $30,692,800; South Terminal Support Area Roadway budgeted at $21,409,200; Automated People Mover budgeted at $417,500,000; Consolidated Rental Car Facility budgeted at $318,700,000 and Checked Baggage System Upgrades and Optimization – Construction Phase at $58,000,000. These projects will be funded with PFC funds, federal and state grants, debt financing and CFC funds.

In fiscal year 2014, the Authority substantially completed their Main Terminal Interior Modernization at a cost of $9,843,200. Other substantially completed projects include the Short Term Parking Garage Ramp Rehabilitation at a cost of $6,545,400, Terminal and Airside Interior Dynamic Signage at a cost of $5,906,300. These completed projects were paid by a combination of Authority funds and grants.

Current and prior year capital spending includes projects approved in prior years that are still underway. In 2014 and 2013, the Authority expended $46,770,000 and $44,735,300, respectively, towards the acquisition and construction of capital assets.

PFC Application #9, authorizing PFC collections in the amount of $33,030,300 was approved by the Federal Aviation Administration in September 2012, bringing the total collection authority for all PFC applications to $828,872,500. Through September 30, 2014, $589,234,400 has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2014 total $727,262,800. Expenditures in excess of collections are funded from the issuance of PFC-backed revenue bonds, commercial paper notes and bank notes, or from Authority funds that will be reimbursed from PFCs.

Debt Management

At the end of the current fiscal year, the Authority had general airport revenue bonds outstanding in the total amount of $551,230,000. Of this total, $53,360,000 is current and will mature on October 1, 2015. Prior to 2009, all of the Authority's long-term bonds were issued as insured debt.

In October 2013, the Authority issued the 2013A Subordinated Revenue Refunding Bonds in the par amount of $168,865,000. The proceeds from this issue were used refund the 2003A Series PFC-backed Bonds and to convert a portion of the Bank Notes to bonds. The refunding of the 2003A Bonds resulted in approximate net present value savings of $5.3 million. In November 2013, the Authority issued the 2013A and 2013B Revenue Refunding Bonds in the par amount of $38,635,000 and $35,235,000, respectively to refund the 2003B and 2003D Series Bonds, and portion of the Bank Notes. The refunding of these bonds resulted in approximate net present values savings of $12.6 million. In December 2013, the Authority issued the 2013C Revenue Refunding Bonds in the par amount of $34,095,000 to refund 2013C Series Bonds. The refunding of the 2013C Bonds resulted in approximately net present value savings of $5.7 million.

During 2011, as notified and expected, the letter of credit provider for the Commercial Paper notes program that was initiated in September 21, 2001, Landesbank Baden-Wurttemberg (LBBW), exercised their termination rights under the agreement, effective July 12, 2011. This action necessitated the refinancing of the outstanding CP notes prior to the date of termination. Direct bank loans have become a viable and competitive alternative for municipal borrowers during the past two years. Therefore, in addition to evaluating a potential replacement letter of credit to support the Authority's existing $105 million CP program, the Authority also evaluated utilizing a fixed or variable rate direct bank loan with revolving features. On April 7, 2011, the Board approved the selection of SunTrust to provide a variable rate direct bank loan to the Authority. The direct bank loan negotiated with the bank provides for a note with a seven-year maturity term (Bank Notes). The Bank Notes are subject to the revolving credit agreement with the bank, and may not exceed a principal amount of $105,000,000 at any one time. The agreement includes a provision to allow the Authority to convert from a variable rate to a fixed rate of interest at a future date. The initial draw against the revolving loan was used to refinance the $85.2 million outstanding commercial paper notes. The revolving loan under the credit agreement may also be used to pay the cost of the revolving loan, to finance or refinance certain extensions, improvements and betterments to the airport system, and to refinance certain maturities of bonds issued under the trust agreement.

On June 21, 2011, the Authority issued $85,310,000 of the Bank Notes to redeem the outstanding Series B and Series D commercial paper notes outstanding in the total amount of $85,180,000. Of the Bank Notes, $79,120,568 is expected to be repaid from PFCs, and $6,189,432 is expected to be repaid from general revenues. The issue cost with the initial draw was $130,000. The second Bank Note issuance of $2,743,335 was made on July 27, 2011. The proceeds from the issue of the Bank Note were deposited into the sinking fund principal account and used to pay at maturity on October 1, 2011, $903,333 of the 2001A Bonds, $401,667 of the 2003D Bonds, $459,167 of the 2005A Bonds and $979,167 of the 2008C Bonds. This refinancing issuance continues a multi-year plan to better level the Authority's debt service in future years.

During fiscal year 2012, an amendment was made on the Bank Notes to increase the principal amount not exceeding $130,000,000. This amendment to the not to exceed amount was for a term of three years or until the next public bond issue. However, during fiscal year 2013, the Authority commenced negotiations with SunTrust to extend the not to exceed amount of the Note to $200,000,000, allow taxable draws under the Bank Note and change the formula upon which the variable interest rate is calculated. This amendment with SunTrust closed on October 18, 2013.

The Authority issued multiple 2012 Bank Notes to fund its capital projects, equipment, and debt service refundings, including $7,500,000 Bank Notes for its capital projects and shuttle buses on March 27, 2012; $11,000,000 Bank Notes to fund the Airport's terminal building and PFC 9 projects ($7,014,000), and for the partial revenue bonds refunding ($3,975,000) on July 31, 2012. The amounts refunded were $953,333 for the 2001A Bonds, $975,000 for the 2003C Bonds, $422,500 for the 2003D Bonds, $1,005,833 for the 2005A Bonds, and $618,334 for the 2008C Bonds. The issue costs of the 2012 Bank Notes were $64,995 and $11,000, respectively.

In fiscal year 2013, the Authority used $10,000,000 PFC receipts to repay the bank note advances made for PFC 4 projects, surplus revenues of $227,000 to repay advances for parking shuttle bus purchases, and $1,910,000 grant receipts of PFC 9 projects to repay advances on these projects on January 10, 2013, and made partial payment of $4,293,900 on Bank Notes for PFC 9 projects on July 1, 2013. The Authority also issued a total of $23,316,100 Bank Notes to fund capital projects, including $20,020,037 for PFC 9 projects, $1,501,503 for the fuel farm upgrade, and $1,794,560 for purchasing the employee buses on March 14, 2013, and for the partial revenue bonds refunding ($4,769,000) on July 30, 2013. The amounts refunded were $1,005,833 for the 2001A Bonds, $1,026,667 for the 2003C Bonds, $446,667 for the 2003D Bonds, $1,058,333 for the 2005A Bonds, $406,667 for the 2005B Bonds, $463,333 for the 2006A Bonds and $356,667 for the 2006B Bonds. The issue costs of the 2012 Bank Notes were $23,336 and $4,833, respectively.

During fiscal year 2014, the Authority refunded a portion of the Bank Notes with proceeds from the 2013 refunding bonds, and also issued the Bank Notes to fund its capital projects. In October 2013, the Authority made partial payments of $1,726,300 on the Bank Notes for the PFC 9 project, issued $100,000 2013B Taxable Notes, and refunded $89,140,605 2013A Subordinated Tax-Exempt Bank Notes with the proceeds of 2013A Subordinated Revenue Refunding Bonds.

In November 2013, the Authority paid $4,566,703 on the Bank Notes with the proceeds of 2013B Senior Revenue Refunding Bonds. In May 2014, the Authority made total payments of $3,036,000 on the Bank Notes for the capital projects, and issued $7,000,000 Bank Notes for PFC 10 capital projects. In July 2014, the Authority issued a total of $13,000,000 Bank Notes to fund PFC 10 capital projects. In September 2014, the Authority made a partial principal payment of $1,000,000. The total issue costs for the Bank Notes are $54,229 (see Note 8 – Debt and Other Non-Current Liabilities).

The Authority's bond covenants require that revenues available to pay debt service, as defined in the Trust Agreement, exceed 1.25 times the annual debt service amount. The debt service coverage ratio for 2014 and 2013 was 1.71 and 1.56, respectively.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Ann Davis, Director of Finance, Tampa International Airport, P. O. Box 22287, Tampa, FL 33622. Information of interest may also be obtained on the Authority's website at TampaAirport.com.

FINANCIAL STATEMENTS

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	$ 65,269,736	$ 62,690,054
Restricted:		
Cash and Cash Equivalents	124,466,240	95,612,140
Investments	64,666,973	85,398,111
Accounts Receivable, Net	4,557,013	3,597,553
Passenger Facility Charges Receivable	3,317,988	3,683,195
Government Grants Receivable	4,165,870	7,693,162
Accrued Interest Receivable	493,599	1,143,051
Prepaid Insurance and Other Assets	3,133,471	3,545,415
Total Restricted Assets	204,801,154	200,672,627
Total Current Assets	270,070,890	263,362,681
NONCURRENT ASSETS		
Capital Assets:		
Land	199,480,991	190,388,939
Construction in Progress	36,261,066	33,146,366
Building, Equipment and Improvements	2,019,609,305	1,971,770,841
Total	2,255,351,362	2,195,306,146
Less: Accumulated Depreciation	(1,105,905,593)	(1,023,732,446)
Total Capital Assets, Net	1,149,445,769	1,171,573,700
Debt Prepaid Insurance Costs, net	1,533,228	2,144,202
Total Noncurrent Assets	1,150,978,997	1,173,717,902
Total Assets	$ 1,421,049,887	$ 1,437,080,583
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Debt	$ 2,826,721	$ 3,493,089

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2014 AND 2013

	2014	2013
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	$ 1,263,706	$ 2,642,698
Accrued Airline Revenue Sharing	9,012,420	7,494,479
Total Current Liabilities Payable from Unrestricted Assets	10,276,126	10,137,177
Payable from Restricted Assets:		
Accounts Payable – Construction	9,392,680	6,532,234
Accounts Payable – Trade	4,521,280	4,283,623
Accrued Expenses	12,863,145	9,829,727
Accrued Interest Payable	101,377	113,144
Current Maturities of Revenue Bonds Payable	53,360,000	56,055,000
Current Maturities of Bank Notes	22,089,400	4,662,371
Unearned Revenue and Other Liabilities	3,952,684	2,218,649
Total Current Liabilities Payable from Restricted Assets	106,280,566	83,694,748
Total Current Liabilities	116,556,692	93,831,925
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities	510,465,326	492,876,916
Bank Notes, Net of Current Maturities	16,748,527	113,545,164
Other Liabilities	3,767,031	3,812,530
Total Noncurrent Liabilities	530,980,884	610,234,610
Total Liabilities	$ 647,537,576	$ 704,066,535
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt	$ 2,449,240	$ -
NET POSITION		
Net Investment in Capital Assets	618,609,166	590,716,821
Restricted for:		
Construction	41,422,444	40,396,352
Rental Car Customer Facility Charges	27,074,516	15,239,706
Other Purposes	30,526,350	34,958,683
Unrestricted	56,257,316	55,195,575
Total Net Position	$ 773,889,792	$ 736,507,137

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Airfield	$ 14,857,840	$ 14,285,206
Terminal Building	46,270,829	43,005,918
Airside Buildings	18,639,279	17,849,625
Commercial Landside	97,911,419	90,290,968
Cargo	2,234,934	2,270,828
Auxiliary Airports	930,739	875,780
General Aviation	2,211,539	2,192,413
Federal Reimbursements	1,338,114	490,482
Other	10,210,037	9,936,723
Total Operating Revenues	194,604,730	181,197,943
OPERATING EXPENSES		
Airfield	10,136,040	9,659,834
Terminal Building	28,827,681	26,547,937
Airside Buildings	22,359,051	20,840,424
Commercial Landside	24,080,229	22,898,619
Cargo	751,034	630,116
Auxiliary Airports	1,538,771	1,340,726
General Aviation	827,288	801,106
Passenger Transfer System	4,198,571	3,943,064
Roads and Grounds	9,127,904	8,468,144
Other	2,459,575	1,914,208
Total Operating Expenses	104,306,144	97,044,178
Signatory Airline Net Revenue Sharing	9,012,420	7,494,479
Operating Income before Depreciation and Amortization	81,286,166	76,659,286
Depreciation and Amortization	89,361,262	89,084,941
OPERATING LOSS	(8,075,096)	(12,425,655)
NONOPERATING REVENUES AND EXPENSES		
Interest Income	1,854,995	2,747,677
Net Realized and Unrealized Investment Gain and (Loss)	(543,278)	(3,072,931)
Interest Expense	(24,526,781)	(29,328,915)
Other Nonoperating Expense	-	(412,465)
Total Nonoperating Expenses - Net	(23,215,064)	(30,066,634)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	$ (31,290,160)	$ (42,492,289)

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
CAPITAL CONTRIBUTIONS		
Passenger Facility Charges	$ 33,662,960	$ 33,185,837
Federal and State Grants	18,944,268	24,835,756
Rental Car Customer Facility Charges	16,065,587	8,218,158
Total Capital Contributions	68,672,815	66,239,751
CHANGE IN NET POSITION	37,382,655	23,747,462
Total Net Position - Beginning of Year	736,507,137	712,759,675
TOTAL NET POSITION - END OF YEAR	$ 773,889,792	$ 736,507,137

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Cash Receipts from Customers	$ 193,995,692	$ 182,125,733
Cash Payments to Suppliers for Goods and Services	(69,062,781)	(68,360,879)
Cash Payments to Employees for Services	(36,089,747)	(33,940,755)
Cash Receipts from Federal Reimbursements	1,338,114	490,482
Net Cash Provided by Operating Activities	90,181,278	80,314,581
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Revenue Refunding Bonds	287,943,750	-
Proceeds from Issuance of Bank Notes	20,100,000	28,085,100
Principal and Interest Paid on Revenue Bond Refunding	(218,435,042)	-
Redemption of Bank Notes	(99,469,608)	(16,430,900)
Payments of Bond Issue Costs	(1,873,695)	(412,465)
Payments of Bank Notes Issue Costs	(54,229)	(28,169)
Principal Paid on Revenue Bond Maturities	(49,745,000)	(53,205,000)
Interest Paid on Revenue Bonds and Bank Notes	(27,302,108)	(32,402,171)
Acquisition and Construction of Capital Assets	(65,178,480)	(54,655,888)
Net Proceeds from Direct Financing Lease and Other Assets	-	111,668
Rental Car Customer Facility Charges	16,065,587	8,218,158
Federal and State Grants	22,471,560	23,751,109
Passenger Facility Charges	34,028,167	33,871,768
Net Cash Used by Capital and Related Financing Activities	(81,449,098)	(63,096,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(102,626,234)	(108,094,357)
Proceeds from Maturities of Investment Securities	118,713,443	108,817,280
Income Received on Investments	6,614,393	2,663,318
Net Cash Provided by Investing Activities	22,701,602	3,386,241
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,433,782	20,604,032
Cash and Cash Equivalents - Beginning of Year	158,302,194	137,698,162
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 189,735,976	$ 158,302,194

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$ (8,075,096)	$ (12,425,655)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and amortization	89,361,262	89,084,941
(Increase) Decrease in Accounts Receivable	(959,460)	1,268,482
Decrease in Prepaid Insurance and Other Assets	411,944	218,122
Increase in Accounts Payable - Trade	237,657	392,906
Increase Accrued Expenses, Unearned Revenue, and Other Liabilities	9,204,971	1,775,785
Net Cash Provided by Operating Activities	$ 90,181,278	$ 80,314,581
NONCASH ACTIVITIES		
Unrealized Loss on Investments	$ (4,643,929)	$ (3,052,656)
Amortization of Bond Premium - Net	$ 2,172,093	$ 2,597,772
Amortization of Deferred Gain on Bond Refundings	$ (600,152)	$ -
Amortization of Deferred Loss on Bond Refundings	$ 778,301	$ 885,337

See accompanying Notes to Financial Statements.

NOTE 1 GENERAL

Description

The Hillsborough County Aviation Authority (the Authority) was created in 1945 as an independent special district governed by the Hillsborough County Aviation Authority Act, Chapter 2003-370, Laws of Florida (the Act). The Act provides that the Authority has exclusive jurisdiction, control, supervision and management over all public airports within Hillsborough County. As such, the Authority is authorized to issue revenue bonds to finance the construction of aviation-related projects. Revenue bonds issued by the Authority are payable solely from revenues of the Authority and are not obligations of the City of Tampa, Hillsborough County, or the State of Florida. Pursuant to the general laws of Florida, the Authority owns and operates Tampa International Airport (the Airport) and three general aviation airports (collectively, the Airport System).

In connection with the Authority's issuance and sale of $67,000,000 principal amount of Revenue Bonds dated October 1, 1968, the Authority entered into the 1968 Trust Agreement. Since the date of its execution, the Authority has, concurrently with each revenue bond issue beginning in 1981, made various amendments and modifications to the terms of the original 1968 Trust Agreement. Many of these amendments were contingent upon the receipt of the requisite consent of the bondholders. Some amendments were prepared in "conceptual" form, awaiting definitive language to be prepared at the discretion of the Authority. During fiscal year 1999, the Authority received the requisite bondholder consent for all the definitive amendments, and the 1968 Trust Agreement, as amended, was codified and restated (the Trust Agreement). In fiscal year 2006, in association with the issuance of the 2006 Revenue Refunding Bonds (see Note 8 – Debt and Other Non-Current Liabilities), the Trust Agreement was again codified and restated to implement the conceptual amendment relating to the issuance of variable rate debt.

During fiscal year 2014, in association with the issuance of the 2013A Subordinated Revenue Refunding Bonds, the Authority entered the Subordinated Trust Agreement, to refund a portion of the outstanding Tax-Exempt Subordinated Revenue Notes, Series 2013A issued pursuant to that certain Amended and Restated Revolving Credit Agreement (the "Loan Agreement") dated as of October 18, 2013. The Loan Agreement provides the Authority future borrowing capacity in connection with airport projects.

Pursuant to the provisions of the Trust Agreement, the Authority entered into lease agreements with certain airlines (the Signatory Airlines) serving the Airport. These lease agreements provide the basis of determining airline facility rentals and landing fees on an annual basis. The agreements, in effect since 1970, with the Signatory Airlines serving Tampa International Airport expired on September 30, 1999. Effective October 1, 1999, the Authority executed Airline-Airport Use and Lease Agreements with the Signatory Airlines (the Agreements), which had terms of seven years and would have expired on September 30, 2006. In fiscal year 2006, the Authority and Signatory Airlines extended the Agreements with basically the same terms for an additional three years. During fiscal year 2009, the Agreements were again extended one more year to September 30, 2010. Prior to the end of the agreement, a new agreement was negotiated with the Signatory Airlines.

NOTE 1 GENERAL (CONTINUED)

Description (Continued)

This agreement maintains the compensatory rate-making methodology (see Note 3 – Rate Making Policy) and is substantially similar to the Agreements, except for a modification to the revenue sharing component and the recognition of the Authority's desire to implement common use passenger processing. The agreement has a five-year term, expiring on September 30, 2015. In the fiscal year 2014, an amendment was approved to extend the term for a period of five years to September 30, 2020.

Basis of Presentation

The Authority operates the Airport System as a single enterprise fund with multiple cost centers to account for the costs of services. Costs are recovered in the form of charges to users for such services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States. The Authority applies all applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989, and all applicable pronouncements required by the Governmental Accounting Standards Board (GASB).

The Authority has elected not to apply accounting standards issued after November 30, 1989 by the Financial Accounting Standards Board. The Authority's significant financial and accounting policies utilized in formulating these financial statements are as follows:

Cash and Cash Equivalents

The Authority classifies investments in short-term repurchase agreements and investments with original maturities less than three months from the date of purchase as cash equivalents.

Investments

The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair values to be presented as a component of investment income. The Authority invests in overnight repurchase agreements and short-term direct treasuries that are recorded at cost. Since the term of the instruments is of such short duration, the Authority believes cost approximates their fair values. Investments in Florida PRIME operated by the Florida State Board of Administration (SBA) is a "2a-7-like" pool in accordance with GASB 31; therefore, the investments are not presented at fair value but at the actual pooled share price, which approximates fair value. The SBA also operates the Fund B Surplus Funds Trust Fund (Fund B), which is accounted for as a fluctuating net asset value pool in accordance with GASB 31. U.S. Treasury notes and bonds are stated at fair value, based on available market data. Investment income is credited or charged with any unrealized gain or loss, based on the change in fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets and Liabilities

The Trust Agreement requires the segregation of certain assets into restricted accounts and limits their use to specific items as defined by the document. Current liabilities payable from restricted assets are the liabilities that are to be retired by the use of restricted assets.

Net Position Flow Assumptions

In certain cases, the Authority may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position, a flow assumption must be made about the order in which resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position.

Accounts Receivable

The Authority considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances.

Grants

Grants received from federal and state governmental agencies that are restricted for the acquisition or construction of capital assets are recorded as capital contributions when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. Depreciation on assets acquired or constructed with government grant monies is included in Depreciation and Amortization in the accompanying statements of revenues, expenses and changes in net position. Funds received from the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA) that are used to partially offset security costs for the implementation of federally mandated security requirements and other related operating and maintenance costs are recorded separately from capital grants and are included as Federal Reimbursements in the statements of revenues, expenses and changes in net position.

Passenger Facility Charges (PFCs)

PFCs are imposed at $4.50 per enplaned passenger, of which the Authority receives $4.39. The remitting airline retains $0.11 for administrative processing costs. PFCs are restricted for use on pre-approved projects. PFCs are recorded as Capital Contributions in the accompanying statements of revenues, expenses and changes in net position.

Rental Car Facility Charges

On October 1, 2011, the Authority implemented a $2.50 per day Rental Car Customer Facility Fee (RCFF) with the on airport rental car companies. Effective April 6, 2014, the RCFF was increased to $5.00 per day. The Transportation Facility Charge (TFC) in the amount of $2.00 per day with the off airport rental car companies was also implemented during fiscal year 2014. The portion of the CFC recognized as operating revenue is based upon the debt service costs on the existing rental car facilities. The remaining portion is recorded as a capital contribution and is used for ongoing and future customer facility development projects.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Insurance Costs, Bond Discounts and Premiums, and Deferred Loss or Gain on Bond Refundings

Debt insurance costs and bond discounts and premiums are deferred in the year of issuance and amortized using the declining balance method over the life of the issue since the results are not significantly different from the effective interest method of amortization. Debt issue costs other than insurance costs are expensed in accordance with the GASB Statement 65 requirements. Losses and gains on bond refundings are deferred and amortized as a component of interest expense using the declining balance method over the shorter of the remaining life of the original issue or the life of the new issue, and are reported as deferred outflows of resources and deferred inflows of resources in compliance with GASB Statement 65 requirements on the statement of net position.

Interest Costs

Interest costs incurred during periods of construction are capitalized as a component of the assets to which these costs relate for all projects except those funded through the rate-making process (see Note 3 – Rate Making Policy), grants and PFCs. In situations involving qualifying assets financed with the proceeds of tax-exempt debt, the amount of interest capitalized is reduced by any interest income earned on the temporary investment of such monies. Interest is capitalized throughout the construction period and is amortized on a straight-line basis over the estimated useful life of the respective asset after the project is substantially completed.

Capital Assets

Capital assets are recorded at cost and are depreciated using the straight-line method typically over their estimated useful lives as follows:

Structures and Improvements	10-40 Years
Runways, Taxiways and Aprons	10-30 Years
Equipment, Furniture and Fixtures	3-15 Years

On an annual basis, the Authority evaluates the useful lives of capital assets and writes off net capitalized costs of assets with no future value. Net capitalized costs written off are included in Depreciation and Amortization in the accompanying statements of revenues, expenses and changes in net position.

Self-Insurance

The Authority provides a group health self-insurance plan for its retirees, employees and eligible dependents. The Authority is liable for the uninsured risk of loss under the plan. The Authority's liability is estimated by management in consultation with external insurance professionals.

Pension Plans

Pension expenses include amortization of prior service costs over a period of 30 years. The Authority's policy is to fund accrued pension costs, which include normal costs and amortization of prior service costs for regular employees and amounts determined by the Florida Retirement System (see Note 10 – Pension and Other Post-Employment Benefits).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating Revenues and Expenses

Non-operating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the Authority. This classification includes interest earned on bank accounts, unrealized gain or loss on investments, and interest paid on debt service as well as asset contribution.

Capital Contributions

Capital contributions consist primarily of grants and contributions from federal and state governmental agencies, passenger facility charges, and rental car facility charges. Capital contributions resulting from grants are recognized as earned as related project costs are incurred.

Revenue Classifications

The components of the major operating revenue classifications are as follows:

Airfield – Fees for landing of cargo and passenger aircraft.

Terminal Building – Airline space rentals in passenger terminal building, privilege fees for the operation of terminal complex concessions of food and beverage, general merchandise and duty-free store, and other miscellaneous fees in terminal building.

Airside Buildings – Rentals of facilities space at airsides and other miscellaneous fees at the airside buildings.

Commercial Landside – Automobile parking fees, rent-a-car privilege fees and space rental, privilege fees for the operation of the hotel and permit fees of off-airport rental cars and limousine/cab.

Cargo – Cargo space rentals, apron rentals, fuel flowage fees, and other grounds rental.

Auxiliary Airports – Fees from services at all airports operated by the Authority, other than Tampa International Airport.

General Aviation – Fees from services for general aviation activities at Tampa International Airport.

Other – Fees from aviation supporting facilities provided to tenants, rentals from non-aviation properties, reimbursement for utilities, and other miscellaneous income.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Authority has developed risk mitigation strategies for loss prevention to address exposure to various risks. One of those risk mitigation strategies is the purchase of commercial insurance for losses related to torts and other liabilities, theft of, damage to and destruction of assets and natural disasters.

Recent Accounting Pronouncements

GASB Statement 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, was issued in March 2012, and is effective for the Authority in fiscal year 2014. This statement is for the purpose of improving accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 66 had no impact on the Authority's financial statements.

GASB Statement 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, was issued in June 2012, and will be effective for the Authority in fiscal year 2014. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement is not applicable to the Authority. Therefore, the adoption of this statement has no impact on its financial statements.

GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, was issued in June 2012, and will be effective for the Authority in fiscal year 2015. The statement addresses accounting and financial reporting for pensions provided to governmental employees through pension plans that are administered by trusts. The Authority participates in the Florida Retirement System that is administered by the State of Florida. Under this standard, the Authority will be 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 Authority has not yet determined the impact on its financial statements.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013, and will be effective for the Authority in fiscal year 2015. This statement provides specific accounting and financial reporting guidance for combinations and disposals in the governmental environment. The Authority does not anticipate any mergers, acquisitions, and transfers of operations in the future.

GASB Statement 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, was issued in April 2013, and is effective for the Authority in fiscal year 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. A government that extends a non-exchange financial guarantee is required to recognize a liability if it is more likely than that not the government will be required to make a payment on

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

the guarantee; a government that has issued an obligation guaranteed in a non-exchange transaction is required to recognize revenue to the extent of the reduction in its guaranteed liabilities. The statement will enhance comparability of financial statements among governments and specify the information to be disclosed by governments that extend non-exchange financial guarantees. The Authority is not a party to a non-exchange financial guarantee. Therefore, this statement is not applicable to the Authority.

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 contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Authority has not yet determined the impact on its financial statements.

NOTE 3 RATE-MAKING POLICY

The Trust Agreement states the Authority, not taking into consideration any money received from federal and state grants, PFCs, ad valorem taxes, and certain other monies, will fix and establish or revise, as needed, rental rates and other charges for use of the services and facilities of the Airport System, which will be sufficient in each fiscal year to make payments and deposits, as required under the Trust Agreement. Currently, all bonds and outstanding debt of the Authority are issued under the Trust Agreement, and these covenants are reiterated in each Official Statement of bonds issued.

The Agreements incorporate the lease and use of the Terminal Building, Airsides A, C, E, F, any future Airside Buildings, and the Airfield at the Tampa International Airport. The Agreements establish a "compensatory" rate-making methodology where the airlines pay the Authority fees and charges based on the Authority's cost of providing facilities and services. The costs to be allocated to the Signatory Airlines include operating and maintenance expenditures, debt service, debt service coverage of 25%, Trust Fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects. The new Agreements incorporate all of the covenants contained in the Trust Agreement governing the issuance of Airport Revenue Bonds. They also provide the Signatory Airlines with a net revenue sharing provision. The amounts due to the Signatory Airlines under this provision for the years ended September 30, 2014 and 2013 were $9,012,420 and $7,494,479, respectively. The net revenue sharing is presented as a separate item after Operating Expenses on the statements of revenues, expenses and changes in net position. Depreciation and amortization is excluded from the rate making process.

NOTE 4 CASH AND INVESTMENTS

Included in the Authority's cash balances are amounts deposited with the Florida State Board of Administration (SBA) as well as amounts deposited with commercial banks in interest bearing demand accounts. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, Security for Public Deposits Act (the Public Deposit Act). Under the Public Deposit Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Public Deposit Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company, provided a power of attorney is delivered to the State Treasurer.

SBA

The SBA is governed by a Board of Trustees (Trustees) comprised of the Governor, the Chief Financial Officer, and the Attorney General of the State of Florida. On November 29, 2007, the Trustees voted to suspend deposits and withdrawals into and from the Investment Pool. This action was taken to cease transactions that resulted in the Investment Pool's assets decreasing from approximately $27 billion to $14 billion in a month's time. During this time period, some local governments initiated withdrawals due to fears associated with securities held by the SBA that were downgraded below the credit quality guidelines set for initial purchase as well as some limited defaults.

On November 30, 2007, the SBA, through direction of the Trustees, secured the services of BlackRock on an interim basis to provide an independent financial review of the Investment Pool and to recommend a strategic course of action. As a result, the Investment Pool was split into two funds: approximately 86% was placed in Fund A and the holdings in this fund were subsequently assigned a rating of AAAm by Standard & Poor's on December 21, 2007. Fund A was reopened on December 6, 2007 for deposits and limited withdrawals. The remaining 14% of the original pool was placed in Fund B. The objective regarding Fund B was to maximize the collection of Fund B's principal and interest and to allow all or as much principal as possible to be returned to participants. Federated was selected by the Trustees to manage the Investment Pool in March 2008.

Since the time the fund was closed in November 2007, the SBA implemented authorized withdrawals on a periodic basis from both funds as investments matured or interest was received. As of November 30, 2007, the Authority had a total of approximately $63 million deposited in the Investment Pool. Throughout fiscal year 2008, under the SBA established withdrawal guidelines, the Authority withdrew funds to use for normal operating and capital project activities. On December 23, 2008, all balances in original Fund A, now known as Florida PRIME, became 100% liquid. Deposits and withdrawals directly into and from Fund B remain suspended; however transfers of principal and interest payments collected

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

SBA (Continued)

on existing securities held in Fund B are periodically being made from that Fund to the Florida PRIME accounts of Fund B participants in proportion to their original adjusted Fund B balances. These amounts are available as 100% liquid balance. In September 2014, a full amount of Fund B remaining principal was transferred to Prime accounts.

As of September 30, 2014, the Authority had $10,680,373 deposited in Florida PRIME and zero balance remaining in Fund B.

At September 30, 2014 and 2013, all cash and cash equivalent and investments, were as follows:

	2014	2013
U.S. Treasury Securities	$ 64,666,973	$ 84,777,960
SBA - Florida PRIME and Fund B	10,680,372	10,736,285
Investment in Money Market Bank Accounts	6,726,138	7,859,372
Cash Equivalents Subtotal	17,406,510	18,595,657
Cash in Deposit Accounts	172,329,466	140,326,688
Total Cash and Investments	$ 254,402,949	$ 243,700,305
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	$ 65,269,736	$ 62,690,054
Cash and Cash Equivalents – Restricted	124,466,240	95,612,140
Investments - Restricted	64,666,973	85,398,111
Total Cash and Investments	$ 254,402,949	$ 243,700,305

The Authority is authorized to invest in securities as described in its investment policy and the Trust Agreement. As of September 30, 2014 and 2013, the Authority held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

	Investment Maturities - 2014				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type					
U.S. Treasury Securities	$ 4,887,707	$ 28,682,213	$ 17,789,572	$ 13,307,481	$ 64,666,973
SBA - Florida PRIME	10,680,372	-	-	-	10,680,372
Investment in Money Market Bank Accounts	6,726,138	-	-	-	6,726,138
Total	$ 22,294,217	$ 28,682,213	$ 17,789,572	$ 13,307,481	$ 82,073,483

	Investment Maturities - 2013				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type					
U.S. Treasury Securities	$ 5,076,190	$ 51,155,677	$ 28,546,093	$ -	$ 84,777,960
SBA - Florida PRIME and Fund B	10,116,134	620,151	-	-	10,736,285
Investment in Money Market Bank Accounts	7,859,372	-	-	-	7,859,372
Total	$ 23,051,696	$ 51,775,828	$ 28,546,093	$ -	$ 103,373,617

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the investments of current operating funds to maturities of less than one year. The Authority's investment policy also requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Investments of other non-operating funds will have terms appropriate to the needs for funds. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Trust Agreement.

Credit Risk

The Authority's banking and investment policy is to apply the prudent-person rule: investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would make, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived. The Authority will also strive to maximize the return on the portfolio while minimizing risk. The Authority's policy allows investments in the SBA, money market funds with the highest credit quality from a nationally recognized rating agency, direct obligations of the U.S. Treasury, deposits secured by the Public Deposit Act and Federal agencies and instruments. Repurchase agreements are only allowed for deposits secured by the Public Deposit Act or direct obligations of the U.S. Treasury. As part of the SBA, Florida PRIME is rated AAAm and Fund B is not rated by any nationally recognized statistical rating agency. The money market bank accounts are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk means the magnitude of a government's investment in a single issuer. Excluded from this definition are investments issued or explicitly guaranteed by the U.S. government and external investments pools. The Authority's funds are held in U.S. Treasuries, investments collateralized by U.S. Treasuries, the SBA's Florida PRIME or institutions that are members of the State of Florida collateral pool. The Authority's banking and investment policy states that assets will be diversified to control the risk of loss.

NOTE 5 RESTRICTED ASSETS

The Trust Agreement, among other things, requires all airport revenues, excluding PFCs, grants, bond proceeds and their earnings, and revenues from certain non-trust funded projects, be deposited in the Revenue Fund, the establishment of certain trust accounts, and defines the priority and flow of cash receipts. Certain of these trust accounts require specified balances and are restricted as to use. Bond proceeds issued for construction are held by a trustee appointed by the Authority per the bond agreement. Debt Service and Debt Reserve accounts are held by a trustee designated by the Trust Agreement and are pledged as collateral for debt service. A summary of the balances in these accounts as of September 30, 2014 and 2013 is as follows:

	2014	2013
Restricted for Debt Service:		
Bond Principal, Interest, and Redemption Sinking Fund	$ 16,906	$ 37,347
Bond Reserve Fund	65,163,849	85,940,736
Restricted to Acquisition of Property and Equipment:		
Construction and Equipment Funds	51,495,128	39,952,027
Restricted to Operating Expenses:		
Operating Reserve Account	17,024,111	16,540,109
Operation and Maintenance	9,871,810	6,351,056
	143,571,804	148,821,275
Other Restricted Funds:		
Revenue Funds	23,192,864	21,258,220
Escrow and Forfeiture Deposits	344,641	431,654
Capital Acquisition	7,483,858	11,376,357
Rental Car Facility Future Development	27,074,516	15,239,706
Prepaid Insurance and Other Assets	3,133,471	3,545,415
	61,229,350	51,851,352
Total Restricted Assets	$ 204,801,154	$ 200,672,627

NOTE 6 LEASES

The Authority has entered into various leases with the tenants for the use of property, space and facilities at Tampa International Airport. Among these properties are the concession areas, restaurants and lounges, terminal areas, airsides and rental car areas. All leases are cancelable.

NOTE 7 CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2014 and 2013 is summarized as follows:

	Balance October 1, 2013	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2014
Land	$ 190,388,939	$ 9,092,052	$ -	$ 199,480,991
Construction in Progress	33,146,366	57,373,798	(54,259,098)	36,261,066
Equipment	38,759,718	4,641,108	(1,536,742)	41,864,084
Buildings and Improvements	1,933,011,123	48,929,620	(4,195,522)	1,977,745,221
	2,195,306,146	120,036,578	(59,991,362)	2,255,351,362
Less: Accumulated Depreciation:				
Equipment	(26,677,489)	(5,861,800)	2,140,127	(30,399,162)
Buildings and Improvements	(997,054,957)	(81,941,961)	3,490,487	(1,075,506,431)
	(1,023,732,446)	(87,803,761)	5,630,614	(1,105,905,593)
Total Capital Assets – Net	$ 1,171,573,700	$ 32,232,817	$ (54,360,748)	$ 1,149,445,769

	Balance October 1, 2012	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2013
Land	$ 188,559,393	$ 1,864,455	$ (34,909)	$ 190,388,939
Construction in Progress	25,898,607	53,172,933	(45,925,174)	33,146,366
Equipment	32,743,388	7,238,769	(1,222,439)	38,759,718
Buildings and Improvements	1,900,635,551	45,055,266	(12,679,694)	1,933,011,123
	2,147,836,939	107,331,423	(59,862,216)	2,195,306,146
Less: Accumulated Depreciation:				
Equipment	(23,186,606)	(5,963,981)	2,473,098	(26,677,489)
Buildings and Improvements	(925,596,896)	(82,782,667)	11,324,606	(997,054,957)
	(948,783,502)	(88,746,648)	13,797,704	(1,023,732,446)
Total Capital Assets – Net	$ 1,199,053,437	$ 18,584,775	$ (46,064,512)	$ 1,171,573,700

Depreciation expense and amortization of capitalized interest during the years ended September 30, 2014 and 2013 were $87,803,761 and $88,746,648, respectively. These amounts are included in Depreciation and Amortization in the accompanying statements of revenues, expenses and changes in net position.

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES

Revenue Bonds

All revenue bonds issued by the Authority are parity bonds and have been issued under the terms of the Trust Agreement and supplements thereto. The bonds are payable solely from revenues, as defined in the Trust Agreement, after the payment of the cost of operation and maintenance expenses.

During the years ended September 30, 2014 and 2013, serial revenue bonds in the amounts of $49,745,000 and $53,205,000, respectively, were redeemed. Total interest costs incurred on outstanding bonds during the years ended September 30, 2014 and 2013, were $27,555,176 and $31,109,119, respectively. Of these interest amounts, $1,506,221 and $1,348,353 was capitalized, respectively. Amortization of prepaid bond insurance costs in the fiscal years 2014 and 2013 was $93,230 and $170,786, respectively.

On October 30, 2013, the Authority issued the Tampa International Airport Subordinated Revenue Refunding Bonds 2013 Series A in the amount of $168,865,000, the 2013A Subordinated Revenue Refunding Bonds were issued with a premium of $11,113,750, at a rate of 2.0% to 5.5%, and maturities from 2014 to 2030.

The 2013A Subordinated Bonds issue proceeds of $179,978,750, debt service reserve funds attributable to the refunding in the amount of $6,673,844, additional contribution of $874,273, less total issue costs of $1,569,120, were used to refund the 2003 Series A Revenue Bonds maturing on October 1, 2014 to October 1, 2018, outstanding in the principal amount of $96,115,000, and a portion of the Bank Notes in the principal amount of $89,140,605. The refunding resulted in a calculated net present value savings of $5,283,474.

On November 20, 2013, the Authority issued the Tampa International Airport Revenue Refunding Senior Bonds 2013 Series A and 2013 Series B in the amounts of $38,635,000 and $35,235,000, respectively. The Series A Senior Bonds were issued at a rate of 1.875% with maturities from 2014 to 2021, and the Series B Senior Bonds were issued at a rate of 2% with maturities from 2014 to 2023.

The 2013 Series A Senior Bonds were used to refund the 2003 Series B Bonds, maturing October 1, 2014 to October 1, 2020. The issue proceeds of $38,635,000, debt service reserve funds attributable to the refunding in the amount of $$3,098,777, additional contribution of $68,620, less issue costs of $100,679, were used to refund the 2003 Series B Revenue Bonds maturing October 1, 2014 to October 1, 2020, outstanding in the principal amount of $41,290,000. The refunding resulted in a calculated net present value savings of $6,662,133.

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

The 2013 Series B Senior Bonds were used to refund the 2003 Series D Bonds, maturing October 1, 2014 to October 1, 2023. The issue proceeds of $35,235,000, debt service reserve funds attributable to the refunding in the amount of $5,267,106, additional contribution of $60,693, less issue costs of $101,941, were used to refund the 2003 Series D Revenue Bonds maturing October 1, 2014 to October 1, 2023, outstanding in the principal amount of $41,290,000, and a portion of the Bank Notes in the principal amount of $4,566,703. The refunding resulted in a calculated net present value savings of $5,894,701.

On December 18, 2013, the Authority issued the Tampa International Airport Revenue Refunding Senior Bonds 2013 Series C in the amounts of $34,095,000. The Series C Senior Bonds were issued at a rate of 1.0% with maturities from 2014 to 2019.

The 2013 Series C Senior Bonds were used to refund the 2003 Series C Bonds, maturing October 1, 2014 to October 1, 2019. The issue proceeds of $34,095,000, debt service reserve funds attributable to the refunding in the amount of $10,643,018, and additional contribution of $55,106, less issue costs of $101,956, were used to refund the 2003 Series C Revenue Bonds maturing October 1, 2014 to October 1, 2019, outstanding in the principal amount of $44,085,000. The refunding resulted in a calculated net present value savings of $5,669,027.

On July 30, 2013, the Authority drew $4,769,000 in Bank Notes to refund portion of several bond series. The amounts refunded were $1,005,833 for the 2001A Bonds, $1,026,667 for the 2003C Bonds, $446,667 for the 2003D Bonds, $1,058,333 for the 2005A Bonds, $406,667 for the 2005B Bonds, $463,333 for the 2006A Bonds and $356,667 for the 2006B Bonds.

The total principal maturities and debt service requirements for all revenue bonds through the year 2038, as of September 30, 2014 are as follows:

Year Ended September 30,	Principal	Interest	Total Debt Service
2015	$ 53,360,000	$ 25,230,018	$ 78,590,018
2016	47,570,000	23,009,436	70,579,436
2017	34,720,000	20,954,772	55,674,772
2018	33,605,000	19,526,479	53,131,479
2019	31,205,000	18,057,054	49,262,054
2020-2024	127,515,000	75,541,398	203,056,398
2025-2029	105,840,000	48,684,263	154,524,263
2030-2034	65,375,000	23,469,975	88,844,975
2035-2038	52,040,000	7,271,525	59,311,525
Total	$ 551,230,000	$ 261,744,920	$ 812,974,920

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

Revenue bond information and activity as of and for the years ended September 30, 2014 and 2013 is presented below. All principal payments are due October 1, while interest on the fixed rate bonds is due semiannually on April 1 and October 1. Since all debt service payments required under the Trust Agreement are deposited with the Trustee as of September 1, it is the Authority's policy to record the October 1 principal and interest payments as of the close of business on the preceding September 30.

	2014		2013	
	Balance Outstanding	Amounts Due Within One Year	Balance Outstanding	Amounts Due Within One Year
Revenue and Revenue Refunding Bonds:				
1996B Series, 6.0%	$ 9,085,000	$ -	$ 9,085,000	$ -
2001A Series, 5.5%	6,715,000	6,715,000	13,080,000	6,365,000
2003A Series, 5.0% to 5.5%	-	-	96,115,000	17,240,000
2003B Series, 4.375% to 5.25%	-	-	41,290,000	1,295,000
2003C Series, 5.0% to 5.25%	-	-	44,085,000	6,480,000
2003D Series, 3.75% to 5.5%	-	-	35,530,000	2,830,000
2005A Series, 5.25%	52,485,000	7,040,000	59,170,000	6,685,000
2005B Series, 5.0% to 5.125%	21,345,000	2,690,000	23,910,000	2,565,000
2006A Series, 4.375% to 5.0%	9,925,000	4,025,000	13,750,000	3,825,000
2006B Series, 4.375% to 5.0%	7,620,000	3,090,000	10,565,000	2,945,000
2008A Series, 5.375% to 5.5%	133,000,000	-	133,000,000	-
2008B Series, 5.0%	16,725,000	-	16,725,000	-
2008C Series, 4.0% to 5.75%	9,625,000	-	9,625,000	-
2008D Series, 4.0% to 5.5%	3,110,000	-	3,110,000	-
2009A Series, 4.635% to 5.0%	26,300,000	6,120,000	32,125,000	5,825,000
2013A Series 1.875%	37,400,000	1,495,000	-	-
2013B Series 2.0%	32,685,000	2,700,000	-	-
2013C Series 1.0%	28,540,000	5,795,000	-	-
2013A Subordinated 2.0% to 5.5%	156,670,000	13,690,000	-	-
	551,230,000	$ 53,360,000	541,165,000	$ 56,055,000
Unamortized Bond Premium – Net	12,595,326		7,766,916	
Total Revenue Bonds Payable	$ 563,825,326		$ 548,931,916	

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

	Balance September 30, 2013	Additions	Refunding	Paydowns	Balance September 30, 2014
1996B Revenue Bonds	$ 9,085,000	$ -	$ -	$ -	$ 9,085,000
Bonds	13,080,000	-	-	(6,365,000)	6,715,000
2003A Revenue Bonds	96,115,000	-	(96,115,000)	-	-
2003B Revenue Bonds	41,290,000	-	(41,290,000)	-	-
Bonds	44,085,000	-	(44,085,000)	-	-
Bonds	35,530,000	-	(35,530,000)	-	-
2005A Revenue Bonds	59,170,000	-	-	(6,685,000)	52,485,000
Bonds	23,910,000	-	-	(2,565,000)	21,345,000
Bonds	13,750,000	-	-	(3,825,000)	9,925,000
Bonds	10,565,000	-	-	(2,945,000)	7,620,000
2008A Revenue Bonds	133,000,000	-	-	-	133,000,000
2008B Revenue Bonds	16,725,000	-	-	-	16,725,000
Bonds	9,625,000	-	-	-	9,625,000
Bonds	3,110,000	-	-	-	3,110,000
2009A Revenue Bonds	32,125,000	-	-	(5,825,000)	26,300,000
2013A Revenue Refunding	-	38,635,000	-	(1,235,000)	37,400,000
2013B Revenue Refunding	-	35,235,000	-	(2,550,000)	32,685,000
2013C Revenue Refunding	-	34,095,000	-	(5,555,000)	28,540,000
2013A Subordinated Revenue Refunding	-	168,865,000	-	(12,195,000)	156,670,000
	$ 541,165,000	$ 276,830,000	$ (217,020,000)	$ (49,745,000)	$ 551,230,000

	Balance September 30, 2012	Additions	Refunding	Paydowns	Balance September 30, 2013
1996B Revenue Bonds	$ 9,085,000	$ -	$ -	$ -	$ 9,085,000
Bonds	19,115,000	-	(1,005,833)	(5,029,167)	13,080,000
2003A Revenue Bonds	112,535,000	-	-	(16,420,000)	96,115,000
2003B Revenue Bonds	42,540,000	-	-	(1,250,000)	41,290,000
Bonds	50,245,000	-	(1,026,667)	(5,133,333)	44,085,000
Bonds	38,210,000	-	(446,667)	(2,233,333)	35,530,000
2005A Revenue Bonds	65,520,000	-	(1,058,333)	(5,291,667)	59,170,000
Bonds	26,350,000	-	(406,667)	(2,033,333)	23,910,000
Bonds	16,530,000	-	(463,333)	(2,316,667)	13,750,000
Bonds	12,705,000	-	(356,667)	(1,783,333)	10,565,000
2008A Revenue Bonds	133,000,000	-	-	-	133,000,000
2008B Revenue Bonds	16,725,000	-	-	-	16,725,000
Bonds	10,680,000	-	-	(1,055,000)	9,625,000
Bonds	3,450,000	-	-	(340,000)	3,110,000
2009A Revenue Bonds	37,680,000	-	-	(5,555,000)	32,125,000
	$ 594,370,000	$ -	$ (4,764,167)	$ (48,440,833)	$ 541,165,000

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Bank Notes

On June 21, 2011, the Authority entered into an agreement with SunTrust to provide a variable rate direct bank loan (Bank Notes). The Bank Notes had a seven-year term, were subject to the revolving credit agreement with SunTrust Bank and had a not to exceed principal amount of $105,000,000 at any one time. The initial draw against the revolving loan of $85,310,000 was used to redeem the outstanding Series B and Series D commercial paper notes outstanding in the amount of $85,180,000. The issue cost for the initial draw was $130,000. The second draw of $2,743,335 was made on July 29, 2011.

On March 1, 2012, a new amendment was approved to increase the principal amount not exceeding $130,000,000, which required the issuance of the 2012 Bank Notes to replace the 2011 Bank Notes This amended principal amount was set to last for three years or until the next public bond issue.

During fiscal year 2012, the Authority issued multiple Bank Notes in the amount of $18,500,000 to fund its capital projects and equipment. The issue costs totaled $75,995.

As of September 30, 2012, the outstanding Bank Notes totaled $106,553,335 with an interest rate of 1.20159%.

During fiscal year 2013, the Authority issued multiple Bank Notes in the amount of $28,085,100 to fund its capital projects and paid $16,430,900 for principal payments and revenue bond refunding. The issue costs totaled $28,169.

On October 18, 2013, the Authority amended and restated its agreement which increased the principal amount not exceeding $200,000,000.

During fiscal year 2014, the Authority issued multiple Bank Notes in the amount of $20,100,000 to fund its capital projects. The Authority made partial payments on the Bank Notes in the amount of $99,469,608 which were for principal payments and revenue bond refunding.

As of September 30, 2014, the outstanding Bank Notes totaled $38,837,927, with an interest rate of 1.164286%. The total issue costs of $54,229 were expensed in the fiscal year 2014.

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Bank Notes (Continued)

Bank Notes information and activity for the years ended September 30, 2014 and 2013 is presented below:

	Balance October 1, 2013	Additions	Refundings/ Paydowns	Balance September 30, 2014	Amounts Due Within One Year
Bank Notes	$ 118,207,535	$ 20,100,000	$ (99,469,608)	$ 38,837,927	$ 22,089,400

	Balance October 1, 2012	Additions	Refundings/ Paydowns	Balance September 30, 2013	Amounts Due Within One Year
Bank Notes	$ 106,553,335	$ 28,085,100	$ (16,430,900)	$ 118,207,535	$ 4,662,371

Other Non-Current Liabilities

This line item consists of compensated absences (see Note 11 – Commitments and Contingencies), and pollution remediation obligations.

As required by GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* the Authority recognizes certain remediation obligations in its financial statements. There are several sites on airport property requiring the establishment of liabilities under GASB 49. The Authority's Planning and Development staff, working in conjunction with outside environmental specialists and the Florida Department of Environmental Protection (FDEP) and other government agencies, developed detailed plans and cost estimates of the pollution remediation liabilities associated with these sites. The total estimated and recorded liabilities for the sites at September 30, 2014 and 2013 are $495,977 and $537,179, respectively; and the long-term portion is $346,179 for 2013, only. One of the sites had a phased recovery from a former tenant. Phase 1 amount was recovered by the Authority during fiscal years 2010 to 2012. In Phase 2, there was an expected recovery of $460,600 from a former tenant of one of the sites which was recorded as a receivable in the financial statements in the fiscal year 2009. Half of the recovery funds were received in February 2010, and the remaining balance was received in 2012. There is a phase 2 remediation with a receivable balance of $185,000 and a portion of the receivable has been received in 2013. As of September 30, 2014, the remaining balance of the receivable is $129,549.

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Other Non-Current Liabilities (Continued)

Other non-current liability information and activity for the years ended September 30, 2014 and 2013 is presented below:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
Compensated Absences	$ 3,466,351	$ 300,348	$ -	$ 3,766,699
Environmental Liabilities	346,179	-	(346,179)	-
Total Other Liabilities	$ 3,812,530	$ 300,348	$ (346,179)	$ 3,766,699

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013
Compensated Absences	$ 3,165,623	$ 300,728	$ -	$ 3,466,351
Environmental Liabilities	584,440	198,331	(436,592)	346,179
Total Other Liabilities	$ 3,750,063	$ 499,059	$ (436,592)	$ 3,812,530

Special Purpose Revenue Bonds

Under provisions of the Trust Agreement, Special Purpose Revenue Bonds may be issued by the Authority for the purpose of construction and acquisition of special purpose facilities. Special Purpose Revenue Bonds are not an obligation of the Authority, and are issued on the credit of the facility user. Special Purpose Revenue Bonds were issued in prior years by US Airways and Delta Airlines for the construction of aircraft maintenance facilities and by the fixed base operator of the general aviation facility at the Airport for the construction of an aircraft hangar, maintenance and storage facility.

On January 16, 2003, in connection with its bankruptcy proceedings, US Airways rejected the ground lease portion of the maintenance facility they occupied and subsequently vacated the facility. Under the terms of the bond documents associated with the agreement, the Authority must use its best efforts for a two-year period to re-let the facility. The initial two-year period was extended to February 28, 2006, and the Authority subsequently approved another extension that allowed the bondholders an additional year to re-let the facility. After this time period, the ground lease was terminated and the maintenance facility became the property of the Authority. During the fiscal year ended September 30, 2008, this facility was leased to an aircraft maintenance company. Semiannual interest payments due on the bonds (principal outstanding in the amount of $27,620,000) since January 15, 2003, have not been made by US Airways and the bonds are in default.

NOTE 8 DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Special Purpose Revenue Bonds (Continued)

At September 30, 2014 and 2013, a total of $27,620,000 of Special Purpose Revenue Bonds is outstanding. The Special Purpose Revenue Bonds have been excluded from the accompanying financial statements.

NOTE 9 CONTRIBUTIONS

The Authority has received capital contributions by means of federal and state grants, passenger facility charges, and other sources as follows:

	2014	2013
Passenger Facility Charges	$ 33,662,960	$ 33,185,837
Federal Grants	4,283,782	4,289,465
State Grants	14,660,486	20,546,291
Rental Car Customer Facility Charges	16,065,587	8,218,158
Total Capital Contributions	$ 68,672,815	$ 66,239,751

On October 1, 2011, the Authority implemented a rental car customer facility charge program (RCFF) with the on airport rental car companies. The $2.50 RCFF per rental day generated additional funds for rental car facility development projects or to pay debt service on future borrowings on rental car projects. Effective April 6, 2014, the rate increased to $5.00 per day. The Transportation Facility Charge (TFC) in the amount of $2.00 per day was implemented during fiscal year 2014 with the off airport rental cars. In 2014 and 2013, the amounts of $16,065,587 and $8,218,158 were recognized respectively as capital contributions.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS

Florida Retirement System

All Authority full-time employees are eligible to participate in the Florida Retirement System (FRS). The FRS is a cost-sharing multiple employer retirement system, administered by the Division of Retirement, Department of Management Services of the State of Florida. The Florida Retirement System has two plan options, a defined benefit pension plan and a defined contribution plan. The benefit provisions and all other requirements are established by Chapters 112 and 121, *Florida Statutes*. The FRS Annual Report provides financial statements and required supplementary information for the FRS. The report is compiled by and is available from the State of Florida, Division of Retirement, 1317 Winewood Blvd., Bldg. 8, Tallahassee, FL 32399-1560. The Florida Legislature made substantive changes to the FRS in the fiscal year 2011. The changes are disclosed in the following section.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Defined Benefit Pension Plan (the Pension Plan)

The Pension Plan provides retirement, disability, and death benefits and an annual cost-of-living adjustment to plan members. Regular participants who retire at or after age 62, with 10 years of service (or 6 years of service on or after July 1, 2002, (or age 65 with 8 years of service on or after July 1, 2011); or after 30 years of service, or 33 years of service for new FRS pension plan participating members on or after July 1, 2011, regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to their years of service times a percentage value (ranging from 1.60% to 1.68%) multiplied by their average final compensation. Special risk participants who retire after age 55, with 10 years of service (or 6 years of services on or after July 1, 2002, or age 60 with 8 years of service, or age 57 with 30 years of service on or after July 1, 2011), or after 25 years of service (or 30 years of services on or after July 1, 2011), regardless of age, receive a similar benefit (ranging from 2.00% to 3.00%). Senior Management Service Class (SMSC) participants, who retire at or after age 62, with 7 years of SMSC service; or with 10 years of service (or 6 years of services on or after July 1, 2002; or age 65 with 8 years of service on or after July 1, 2011, or with 30 years (or 33 years on or after July 1, 2011) of service regardless of age, receive a similar benefit (2.0%) multiplied by their average final compensation. Alternatively, SMSC participants may elect to participate in a local annuity plan. Average final compensation is the employee's average salary over their highest five fiscal years' earnings (or highest eight fiscal years' earnings on or after July 1, 2011). Vested employees may retire after vesting, but before normal retirement, and receive reduced retirement benefits.

Effective July 1, 1998, the Florida Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement Pension Plan benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred Pension Plan monthly benefits are held in the FRS Trust Fund and accrue interest.

Defined Contribution Retirement Plan

Beginning December 1, 2002, the FRS offered a second retirement plan option, the FRS Investment Plan. Under the FRS Investment Plan the employer pays all contributions, which are a percentage of salary based on the FRS Membership Class. The employer contributes to an account in the employee's name. The employee makes investment elections within the investment funds chosen by the SBA. The retirement benefit is based on the account balance, and the benefit is vested after one year of service. If an employee leaves the job, he or she can keep the benefit in the FRS, or transfer his or her account to another retirement plan. The employee can also elect to cash out the benefit when leaving, but the distribution is subject to tax penalties for taking early withdrawal. The employee in this plan is not eligible for DROP. All employees in the FRS Pension Plan were given a choice of switching from the FRS Pension Plan to the FRS Investment Plan within a designated time period.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FRS Contributions

FRS members are required to contribute monthly amounts on behalf of their employees, regardless of which plan the employee may participate in, at actuarially determined rates expressed as percentages of covered payroll. Effective July 1, 2011, the FRS plan participating employees are required to contribute 3% of the gross salary to fund their retirement benefits. The employer's contribution percentage of payroll rate as of September 30, 2014 was 7.37% for regular participants, 19.82% for special risk participants, 21.14% for senior management and 12.28% for DROP participants and as of September 30, 2013 was 6.95% for regular participants, 19.06% for special risk participants, 18.31% for senior management and 12.84% for DROP participants. Total contributions for fiscal years 2014, 2013 and 2012 were $4,137,027, $3,241,594 and $2,827,576, respectively. The Authority's contributions represented less than one percent of total contributions required of all participating members. The total contributions for fiscal years 2014, 2013, and 2012 were 100% of the required amount.

Other Post-Employment Benefits (OPEB)

In addition to pension benefits, the Authority offers other post-employment benefits of health, dental and life insurance. Employees that retire under the FRS have the option to continue to participate in the group insurance plans of the Authority. The retirees and their dependents are offered the same coverage as is provided to current employees. The plan is a single-employer defined benefit healthcare plan self-funded by the Authority through the health care insurance provider. The dental insurance plan is fully contributory and there is no OPEB liability associated with this benefit. The Authority does not issue a separate financial report for the OPEB Plan.

The Authority had a net OPEB obligation for the years ended September 30, 2014 and 2013 of $1,159,000 and $996,000, respectively, which is included in accrued expenses in the statements of net position.

Funding Policy

Benefit provisions and contribution obligations have been established and may be amended by the Authority Board. The required contributions are based on the projected pay-as-you-go financing requirements. In June of 2013, the Authority's Board approved a change of its health insurance plan from a fully-insured medical program to a self-funded medical program. It is anticipated that switching to a self-funded program will save the Authority 3% to 5% annually in health care costs. A summary of the liability for the self-insurance plan is presented below:

	2014	2013
Liability, Beginning of the fiscal year	$ 1,154,606	$ -
Current year claims and changes in estimates	8,070,893	2,798,510
Claims paid during the year	(7,935,757)	(1,643,904)
Liability, End of the fiscal year	$ 1,289,742	$ 1,154,606

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

Under the self-funded medical program, retirees are required to pay the same monthly premium cost that is applicable to the active employee, less a subsidy of $5 times the number of years continuously employed with the Authority at the time of retirement. The maximum amount of the subsidy is $150. This subsidy is recognized as an expense in the period in which it occurs, and expenses were $48,320 and $53,690 in fiscal year 2014 and 2013, respectively. The retiree and dependents may also participate in the dental and life insurance plans, but must pay the full cost of the premiums associated with these plans. Employees are eligible for a flat $10,000 life insurance benefit upon retirement, which reduces to $5,000 at age 70. If a retiree does not participate in these plans upon retirement, he or she is not eligible to participate in the future. The Authority provided post-employment health benefits for the years ended September 30, 2014 and 2013 to 134 and 118 recipients respectively. A summary of monthly required contributions for retirees for the fiscal years ended September 30, 2014 and 2013 is provided as follows:

Monthly Required Contributions for Retirees

	2014		2013	
HMO Plans				
Retiree Only	$	611	$	591
Retiree, 1 Dependent	$	1,249	$	1,209
Retiree, Family	$	1,859	$	1,800
PPO Plans				
Retiree Only (Under 65)	$	850	$	823
Retiree, 1 Dependent (Under 65)	$	1,897	$	1,836
Retiree, Family (Under 65)	$	2,737	$	2,649
Retiree only (65+)	$	732	$	708
Retiree (65+), 1 Dependent (65+)	$	1,463	$	1,417
Retiree (65+), 1 Dependent (Under 65)	$	1,778	$	1,721
Retiree (Under 65), Dependent (65+)	$	1,593	$	1,532
Dental Plans				
Retiree Only	$	29	$	29
Dependents	$	43	$	43
Life Insurance Contributions	$0.115 per $1,000 of Coverage per Month			

In addition, pursuant to Section 112.0801, Florida Statutes, the Authority is required to offer the option of continuing health care, hospitalization, dental care and vision care insurance benefits to retired former employees and their eligible dependents at a cost not to exceed that of active employees. Although the retiree pays the cost for any such continuation, the premiums charged are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees have higher costs, this results in the Authority subsidizing a portion of the cost of the retiree coverage.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual Cost

The annual OPEB cost and Net OPEB obligation of the employer is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Beginning in the year ended September 30, 2009, the Authority's annual OPEB cost (expense) is calculated based on actuarially determined annual contribution. Recorded expenses for the years ended September 30, 2014 and 2013 was $402,000 and $385,000, respectively.

The following table shows the components of the Authority's annual OPEB cost of the years ended September 30, 2014 and 2013, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

	2014	2013
Annual Required Contribution (ARC)	$ 398,000	$ 382,000
Interest on Net OPEB Obligation	45,000	37,000
Adjustment to Annual Contribution	(41,000)	(34,000)
Annual OPEB Cost (Expense)	402,000	385,000
Contributions Made	(239,000)	(221,000)
Increase in Net OPEB Obligation	163,000	164,000
Net OPEB Obligation – Beginning of Year	996,000	832,000
Net OPEB Obligation – End of Year	$ 1,159,000	$ 996,000

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	$ 368,000	$ 175,000	47.55%	$ 492,000
9/30/2011	$ 349,000	$ 172,000	49.28%	$ 669,000
9/30/2012	$ 368,000	$ 205,000	55.71%	$ 832,000
9/30/2013	$ 385,000	$ 221,000	57.40%	$ 996,000
9/30/2014	$ 402,000	$ 239,000	59.45%	$ 1,159,000

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The Authority's funded status of the plan as of October 1, 2013, the most recent actuarial valuation date was as follows:

Actuarial Accrued Liability (AAL)	$	4,433,000
Actual Value of Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	4,433,000
Funded Ratio		0.00%
Covered Payroll	$	34,634,100
Unfunded Actuarial Accrued Liability (UAAL) as a Percentage of Covered Payroll		12.80%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Covered payroll is the 2013-2014 budgeted regular salaries for active employees. The required schedule of funding progress immediately following the notes presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations. A summary of actuarial methods and assumptions is listed as follows:

Actuarial Valuation Date	October 1, 2013
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percentage of Projected Payroll Maximum 30 Years on an Open Basis
Asset Valuation Method	N/A
Actuarial Assumptions:	
Annual Discount Rate	4.5%
Projected Salary Increase	3%
Healthcare Inflation Rate	9% Initial 5% Ultimate

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction and Maintenance Contracts

In connection with the Authority's ongoing maintenance programs and long-term maintenance contracts have been executed for services that are incomplete. These contracts are typically cancelable by either party with advance notice ranging from 30 to 180 days. The Authority also has entered into contracts and agreements totaling approximately $168.4 million for construction, engineering services, land acquisition and equipment, approximately $91.9 million of which remains unspent.

Compensated Absences

The Authority provides for compensated absences to its employees through employee benefit programs. Under the programs, employees are provided compensated absences for sick and vacation time, as well as related retirement amounts. The amount owed under the program was $4,484,166 at September 30, 2014. Expected amounts that will be paid out in the subsequent fiscal year are recorded as accrued expenses in the statement of net position. Amounts expected to be paid out past the subsequent fiscal year are included with other non-current liabilities in the statement of net position.

Contingencies

The Authority is involved in litigation and claims as defendant or plaintiff arising in the ordinary course of operations. In the opinion of management, based on the advice of counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Authority.

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

NOTE 12 RELATED PARTY TRANSACTIONS

The Authority considers the City of Tampa to be a related party because the Mayor of the City of Tampa is a member of governance of both entities. The City of Tampa provides certain services to the Authority including firefighting personnel and utilities. Total expense incurred by the Authority during the years ended September 30, 2014 and 2013 for these services were $6,003,500 and $5,949,200, respectively.

NOTE 13 SUBSEQUENT EVENT

On November 6, 2014, the Authority approved construction contracts totaling approximately $267.4 million in association with Master Plan Phase 1 projects approved as part of the fiscal year 2014 capital budget. These projects will be funded by a mix of state grants, PFCs and CFCs.

REQUIRED SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY AVIATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014 AND 2013

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
8/1/2007	$ -	$ 2,955,000	$ (2,955,000)	-	$ 32,578,300	9%
8/1/2009	$ -	$ 3,341,000	$ (3,341,000)	-	$ 32,110,800	10%
10/1/2010	$ -	$ 3,796,000	$ (3,796,000)	-	$ 31,946,700	12%
10/1/2012	$ -	$ 4,266,000	$ (4,266,000)	-	$ 33,706,700	13%
10/1/2013	$ -	$ 4,433,000	$ (4,433,000)	-	$ 34,634,100	13%