Hillsborough County Aviation Authority

Financial Statements, Other Financial Information and Compliance Reports
Years Ended September 30, 2016 and 2015

CONTENTS

Independent Auditor's Report

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

We have audited the accompanying financial statements of the Hillsborough County Aviation Authority (the Authority), as of and for the year ended September 30, 2016, 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.

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Auditors

The financial statements of the Authority, as of and for the year ended September 30, 2015, were audited by other auditors whose report dated May 10, 2016 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of funding progress – other post-employment benefits plan, the schedules of the Authority' proportionate share of the net pension liability, and the schedules of Authority contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of bonds issued, redeemed and outstanding, the schedules of cash and investment transactions, and the summary schedule of insurance policies are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required *by Title 2 U.S. Code of Federal Regulations Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Chapter 10.550, *Rules of the Auditor General, State of Florida*, and the schedule of passenger facility charges collected and expended as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of passenger facility charges collected and expended provides relevant information that is not provided by the financial statements and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or a complete presentation in accordance with the cash basis of accounting. Under the cash basis, expenditures are recognized when paid rather than when the obligation is incurred and receipts are recorded when cash is received rather than when earned. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of bonds issued, redeemed and outstanding, the schedules of cash and investment transactions, and the summary schedule of insurance policies have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This 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.

RSM US LLP

Tampa, Florida
May 15, 2017

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, 2016 and 2015, 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 2016 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 2016 continued a trend which has seen overall financial results improve substantially since 2010. The total number of passengers, at 18,929,554 for 2016 is an increase of 2.4% over the prior year, as domestic traffic increased by 1.6% and international traffic increased by 23.4%. Although the airport is moving through the master plan construction, strong concessions spend per passenger and an established public parking customer base coupled with the passenger growth helped drive revenues up by $6,824,000 up over 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 2016 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, 2016, totaled 9,485,879 which is an increase of 222,500 or 2.4% from the prior fiscal year. The domestic load factor increased by 1.2 points to 86.1% on average while international seat capacity increased by 25.9%. For 2016, the top three airlines, in terms of passenger enplanement market share were Southwest, American (including US Airways), and Delta. Southwest remained the highest market share of 34.7%, the combined American with US Airways moved to second at 17.8%, and Delta was third at 17.2%. During 2015, Southwest maintained the highest market share of 34.6%, Delta was second at 17.2%, and US Airways was third at 10.6%.

Landed weight in 2016 totaled 10,788,244 thousand pounds, compared to 10,483,785 thousand pounds and 10,019,573 thousand pounds in 2015 and 2014, respectively. The number of landings for domestic and international flights was 83,617 for 2016, compared to 83,830 and 76,917 for 2015 and 2014, respectively. The increase in landed weight is primarily due to increased gauge of the aircraft serving TPA, which is more than offsetting a decrease in overall operations as the industry continues to consolidate.

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, 2016 and 2015. 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, 2016 and 2015. 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	2016	2015	2014 RESTATED	2015 to 2016	2014 to 2015
Airfield	$ 17,410,487	$ 16,432,476	$ 14,857,840	6.0%	10.6%
Terminal Building	48,250,652	49,273,922	46,270,829	(2.1)	6.5
Airside Buildings	19,828,461	19,921,053	18,639,279	(0.5)	6.9
Commercial Landside	108,488,403	103,382,759	97,911,419	4.9	5.6
Cargo	2,121,928	2,019,161	2,234,934	5.1	(9.7)
Auxiliary Airports	1,182,089	1,089,074	930,739	8.5	17.0
General Aviation	2,323,015	2,298,444	2,211,539	1.1	3.9
Federal Reimbursements	955,176	786,844	1,338,114	21.4	(41.2)
Other	8,922,480	10,201,533	10,210,037	(12.5)	(0.1)
Total	$ 209,482,691	$ 205,405,266	$ 194,604,730	2.0%	5.5%

The table above presents the major operating revenue classifications for fiscal years 2016, 2015 and 2014. 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 6.0% or $978,000 in fiscal year 2016 is attributable to increased landed weight as average aircraft gauged increased along with the increased non-signatory landings as Lufthansa German Airlines completed its first full fiscal. During fiscal year 2016, 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 $281,400 in 2016, compared to $127,800 and $164,000 in 2015 and 2014, respectively.

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 2016, overall terminal building revenues decreased 2.0% or $1,023,300 over the prior year. For fiscal year 2015, the overall terminal building revenues increased 6.5% or $3,003,100 over the prior year. Signatory airline terminal rental rates increased by 1.1% from fiscal year 2015 to fiscal year 2016 with an average increase of $2.06 per square foot. The signatory airline agreement was extended through 2020 however, with this extension, the carriers were given a one-time opportunity to re-evaluate space requirements. As a result, numerous signatory carriers reduced their square footage and in-turn reduced the overall terminal rental revenues versus the prior year. Additionally, with the ongoing phasing of the concessions re-development program, concessions terminal rents decreased by $290,300 or 6.2% versus the prior year. An increase of $363,200 in concession sales and service fees partially offset the space rent reduction. The ASIP incentives for airlines offset the terminal space rental revenues in the amount of $262,800.

As with terminal rentals, airside airline rental rates are based on the cost of providing the space to the airlines. In fiscal year 2016, the airside rents decreased by $92,600. Although the airside rental rates increased by 3.5% or $2.77 per square foot in 2016, a reduction in the square footage of space rented resulted in a net decrease of signatory airline rental revenues of $2,116,270. Additional increases of $1,960,600 in non-signatory and other space rentals, primarily attributable to the ongoing American/US Airways merger, an $188,200 increase in Federal Inspection fees from customs services provided to international passengers, and an $111,800 increase in gate usage and hardstand charges helped offset the decreases in signatory airside rentals. The Authority granted a waiver of airside airline fees of $305,600 as a part of the ASIP in 2016.

In fiscal year 2015, the overall increase in airside revenues was $1,281,800. The airside rental rates decreased slightly ($0.20) per square foot in 2015 resulting in a net decrease of signatory airline rental revenues of $34,100. Additional increases of $48,000 in non-signatory and other space rentals, and $79,000 in Federal Inspection fees from customs services provided to international passengers helped offset a decrease of $33,100 in gate use and hardstand charges. The Authority granted a waiver of airside airline fees of $95,500 as a part of the ASIP in 2015.

The commercial landside classification consists of car rental, parking, the ground transportation privilege and permit fees, and hotel concession revenues, which overall increased $5,105,600 in fiscal year 2016. Daily parking rates were adjusted effective October 1, 2015, driving overall parking revenues by $6,621,000 or 10.3% versus the prior year. Rental car transactions for the year increased by 0.7% versus 2015, however, the average rate per transaction decreased by 4.6%, which in turn drove the revenue down by $1,727,300. Hotel revenue increased by 117,800 or 6.5% due to high occupancy rates coupled with an increase in the average rental room rate. In addition, $93,200 increases in ground transportation and other concession revenues further offset the reduction in car rental revenues.

In 2015, commercial landside revenues increased $5,471,300. The primary contributing factors are the increases of parking revenues of $3.5 million, or 5.9% over the prior year due to the increase in passenger traffic and a change in customer preference as parkers moved to more premium options. The increased passenger traffic also contributed to a $1.6 million (4.2%) increase in car rental concession revenue with $1.55 million and $59,500 from on and off airport car rentals respectively. In addition, the airport hotel revenues to the Authority increased by 11.4% or $185,200 versus the prior years due to increased volume and room rate.

Cargo revenues in the fiscal year 2016 increased by 5.1% or $102,800 as a result of the introduction of daily Amazon cargo freighter service. In 2015, Cargo revenues in the fiscal year 2015 declined by 9.7% or $215,800 as a result of the bankruptcy filing of Global Aviation and their operations ending in July 2014.

General aviation and auxiliary operating revenues in 2016 totaled $3,505,104, $117,600 higher than the prior year. The increase is primarily due to an increase in tenants and aircraft occupancy at Tampa Executive Airport under the leadership of FBO (Skyport Holdings/Volo Aviation). In fiscal year 2015, general aviation and auxiliary operating revenues totaled $3,387,518, an increase of $245,200, due to the increase in the contractual percentage of FBO gross receipts during the year as well as the successful transition to Skyport Holdings/Volo Aviation at Tampa Executive Airport.

Other revenues include rentals received for the fuel farm, land rent for rental car storage areas, the post office and the International Plaza Mall, revenues received for the Pemco lease of the maintenance hangars, concession revenues from the flight kitchen operations, and other miscellaneous revenues. Although there are multiple items making up this category, an overall decrease of $1,279,100 is primarily due to the anticipated decrease in footprint of the rental car operators from large land leases to small service centers as part of the ConRAC construction plan. This decrease alone lowered revenue by $1,716,100 but was partially offset by increased overall commercial area rentals of $292,600, due to appraisal based rent increases, as well as continued growth in the flight kitchen operations and shared tenant services, totaling $140,700.

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 2016, reimbursement for Law Enforcement Officers increased by $168,300 versus the prior year due to higher than projected funding levels. In FY2015, the reimbursement was $704,640. Grants of $250,600 and $204,000 were also received for the canine program at the Airport in fiscal year 2016 and 2015, respectively.

Operating Expenses

	Year			Percent Change	
Expense Classification	2016	2015	2014 RESTATED	2015 to 2016	2014 to 2015
Airfield	$ 12,577,673	$ 11,474,823	$ 10,136,040	9.6%	13.2%
Terminal Building	30,263,297	30,409,028	28,827,681	(0.5)	5.5
Airside Buildings	26,221,302	23,711,509	22,359,051	10.6	6.0
Commercial Landside	27,426,993	24,693,761	24,080,229	11.1	2.5
Cargo	739,327	699,277	751,034	5.7	(6.9)
Auxiliary Airports	1,528,688	1,473,503	1,538,771	3.7	(4.2)
General Aviation	1,011,664	907,306	827,288	11.5	9.7
Passenger Transfer System	4,330,343	4,271,253	4,198,571	1.4	1.7
Roads and Grounds	9,790,121	9,443,143	9,127,904	3.7	3.5
Other	5,583,279	1,087,955	1,138,177	413.2	(4.4)
Total	$119,472,687	$108,171,558	$102,984,746	10.4%	5.0%

The table above presents the major expense classifications for 2016, 2015, and 2014. Total operating expenses for 2016 were $119,472,700, an increase of $11,301,100, or 10.4% increase over the prior fiscal year. Total operating expenses for 2015 were $108,171,600, an increase of $5,186,800, or 5.0% increase over the prior fiscal year. The sections following provide a more detailed analysis of these variances.

2016 Discussion of Operating Expenses

The Authority continued the trend of strong growth and successful cost management in fiscal year 2016. Although the total operating expenses increased approximately $8.8 million compared with fiscal year 2015, they were $1,710,100 less than the budget. In fiscal year 2016, salaries and benefits increased 6.4%, or $3,660,500 compared to fiscal year 2015. The major contributing factors to this variance were an increase of $2,567,400 in salaries, due to a lower vacancy factor, the full-year impact of the 2015 merit increases, a 2016 merit increase that averaged 3.5%, increased rates leading to a contributions increase of $345,000 or 9.1% to the Florida Retirement System, FICA increase of $199,100, and a $271,000 increase in medical insurance, and other employee costs. An increase of $1,540,300 in contracted services is due to the introduction of the Concessions Warehouse Management Fee for the concessions redevelopment program which totaled $796,000, a net increase of $289,100 in professional services for a variety of projects associated with the implementation of ongoing Authority initiatives, an increase in the Airport Fire Rescue costs of $293,800 due to contractual increase with the City of Tampa, a $280,100 increase in promotional advertising which is primarily for the master plan marketing to improve the passenger experience in light of the increase in construction in the terminal complex. These increases were partially offset by a decrease of $212,400 in airport engineering costs due to the decrease in non-master plan projects, a decrease in outside legal services of $191,400 following the hiring of an internal General Counsel, and a $104,100 decrease in external audit expenses due to the timing in the transition of external auditors. There was a 7.5% or $1,213,600 increase in contractual maintenance, relating to software maintenance cost increases of $893,800 and janitorial contract increases of $140,600 due to higher rates with the new janitorial provider. Other increases in areas included increased costs of trash removal, shuttle maintenance, and monorail expenses totaling $201,400 higher when compared with the prior year. Supplies and materials increased 10.2% or $317,200, primarily due to the increases in building system and miscellaneous supplies. Utility expenses decreased by $35,500, attributable to decreased consumption due to the construction related decrease in airside shuttle usage which more than offset increases in telecommunication, water and sewer costs. Airport insurance premiums increased by $346,000 or 14.2% over the prior year. Other expenses increased by $265,400 or 10.4% which can be attributed to increased cloud based services, dues & subscriptions, employee recruitment, and travel, conferences & training costs. During 2016, the Authority allocated $4,721,500 of project related costs to capital projects, an increase of $668,300 over the fiscal year 2015. In addition, changes in environmental expenses and pension expenses of $1.9 million are attributable to the increase in operating expenses.

2015 Discussion of Operating Expenses

The Authority continued the trend of strong growth and successful cost management, in fiscal year 2015. Although the total expenses increased approximately $5.1 million compared with fiscal year 2014, they were $138,000 less than the budget. In fiscal year 2015, salaries and benefits increased 10.0%, or $5,203,000 compared to fiscal year 2014. The major contributing factors to this variance were an increase of $2,869,200 in salaries, due to filling of vacancies and a merit increase that averaged 3.5%, increased rates leading to a contributions increase of $702,300 to the Florida Retirement System and FICA, $484,100 increase in other employee costs due to an increase in estimated long-term post-employment costs, $454,000 increase in group medical insurance, and $525,000 increase in other benefits. An increase of $1,594,100 in contracted services is due to a $553,000 increase in the cost of outside legal services as the Authority was without an in-house legal counsel for the entire year, a $403,000 increase in airport rescue and firefighting costs with the City of Tampa, a $310,700 increase in promotional advertising due to the costs associated with master plan marketing to ensure continued high customer service levels during the construction, and $286,600 increase in airport engineering services, offsetting a decrease of $124,100 in other professional services and $32,000 in employee parking costs. There was a 1.2% or $195,800 increase in contractual maintenance, relating to other equipment/software maintenance costs, which have been partially offset by a decrease of $291,300 in janitorial costs due to decreased benefit and staffing costs associated with transition in janitorial providers. Supplies and materials increased 3.0% or $89,200 compared with 2014, primarily due to the increases in building system and miscellaneous supplies. Utility expenses increased $96,200, attributable to an increase in passenger traffic driving consumption up for the current year. Other expenses decreased by $112,000 or 4.2% versus 2014 due to the Authority no longer being responsible for the Airport Marriott's Ad Valorem Taxes ($277,500) which more than offset an increase in dues and subscriptions of $81,000 and miscellaneous costs of $86,000. During 2015, the Authority allocated $4,053,300 of project related costs to capital projects, an increase of $642,400 over fiscal year 2014.

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
	2016	2015	2014 RESTATED	2015 to 2016	2014 to 2015
Operating Revenues	$209,482,691	$205,405,266	$194,604,730	$ 4,077,425	$ 10,800,536
Operating Expenses	119,472,687	108,171,558	102,984,746	11,301,129	5,186,812
Signatory Airline Revenue Sharing	9,866,864	10,534,756	9,012,420	(667,892)	1,522,336
Operating Income before Depreciation and Amortization	80,143,140	86,698,952	82,607,564	(6,555,812)	4,091,388
Depreciation and Amortization	84,738,296	93,570,189	89,361,262	(8,831,893)	4,208,927
Operating Income (Loss)	(4,595,156)	(6,871,237)	(6,753,698)	2,276,081	(117,539)
Net Nonoperating Expense	(33,227,709)	(9,907,236)	(23,215,064)	(23,320,473)	13,307,828
Capital Contributions	152,228,079	94,912,916	68,672,815	57,315,163	26,240,101
Increase in Net Position	$114,405,214	$ 78,134,443	$ 38,704,053	$ 36,270,771	$ 39,430,390

In 2016, the operating revenues were $209,482,700, an increase of $4,077,400 over the prior year, and operating expenses increased $11,301,100, compared to the prior year. Operating income before depreciation and amortization was $80,143,100, a decrease of $6,555,800 over the prior year.

In 2015, the operating revenues were $205,405,300, an increase of $10.8 million over the prior year, and operating expenses increased $5,186,800, compared to the prior year. Operating income before depreciation and amortization was $86,698,952, an increase of $4,091,400 over the prior year.

Depreciation and amortization expenses were $84,738,300, $93,570,200, and $89,361,300 for 2016, 2015 and 2014, respectively.

Capital contributions consist of Federal and State Grants, Federal Reimbursements, Passenger Facility Charges (PFCs), and Customer Facility Charges (CFC), 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 2016, capital contributions from PFCs were $36,764,000, a decrease of $344,600 over the prior year. Total federal and state grants at $74,416,100, were $48,828,600 increase over the prior year. The increases were primarily attributable to the increases of $48,242,100 in the master plan project grants funded by the Florida Department of Transportation, and federal airport improvement grants of $4,625,100, offsetting a decrease of other capital improvement grants of $4,046,500. In addition, the Authority received Federal Reimbursements of $2,253,000 for the baggage claim project at the airport.

In 2015, capital contributions from PFCs were $37,108,600, an increase of $3,445,600 over the prior year. Total federal and state grants were $25,587,400, an increase of $6,643,200 over the prior year, primarily due to an increase of state grants offsetting a decrease in the federal airport improvement grants.

For fiscal year 2016, the Customer Facility Charge (CFC) net collections were $38,795,000 which is an increase of $8,977,300 over the prior year, resulting from a full year impact of rate increase.

In fiscal year 2015, the Customer Facility Charge (CFC) net collections were $29,817,800 which is an increase of $13,752,200 over the prior year, and is a result of the full year impact of the increase in transaction day rate from $2.50 to $5.00 and the implementation of the Transportation Facility Charge (TFC) of $2.00 per transaction day. In addition, effective July 6, 2015, the CFC daily rate is increased to $5.95 for current on-airport companies and those off-airport companies who bid on being in the Consolidated Rental Car Center (ConRAC) transitioned from the $2.00 per day TFC charge to $5.95 per transaction day CFC charge. Furthermore, rental car transactions were also increased 5.8% over fiscal year 2014, which contributed to the increased collections.

Net non-operating expenses in 2016 increased $23,320,500 compared with prior year, primarily due to the increases of debt service interest payments of $26,086,800, as a result of new bonds issuance in late fiscal year 2015 to fund master plan capital projects, offset by an increase of in capitalized interest of 10,747,300 and a net increase of $2,842,100 in interest income due to better returns in debt proceeds investments.

Net non-operating expenses in 2015 decreased $13,307,800 compared with the prior year, primarily due to the receipt of one time legal settlement proceeds of $11,278,800, and increases in capitalized interest of $885,800, attributable to 2015 bonds issues to for the Master Plan capital projects. The increase in investment income of $2,501,300 offsets an increase of $1,345,800 in debt service interest expenses.

Summary of Statements of Net Position

The following is a summary of the Authority's total assets, deferred outflows, total liabilities, deferred inflows, and net position:

	Year			Change	Change
	2016	2015	2014 RESTATED	2015 to 2016	2014 to 2015
ASSETS					
Current Assets	$ 207,719,974	$ 181,201,004	$ 115,282,834	$ 26,518,970	$ 65,918,170
Capital Assets, Net	1,582,218,350	1,244,226,832	1,149,445,769	337,991,518	94,781,063
Other Non-Current Assets	511,789,358	763,143,786	156,321,284	(251,354,428)	606,822,502
Total Assets	2,301,727,682	2,188,571,622	1,421,049,887	113,156,060	767,521,735
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding of Debt	1,648,532	2,171,164	2,826,721	(522,632)	(655,557)
Deferred Outflows on Pension Related Amounts	17,740,513	5,599,798	2,823,953	12,140,715	2,775,845
Total Deferred Outflows of Resources	19,389,045	7,770,962	5,650,674	11,618,083	2,120,288
LIABILITIES					
Current Liabilities	156,902,197	120,763,883	115,789,327	36,138,314	4,974,556
Non-Current Liabilities	1,222,215,382	1,244,266,272	549,396,853	(22,050,890)	694,869,419
Total Liabilities	1,379,117,579	1,365,030,155	665,186,180	14,087,424	699,843,975
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding of Debt	1,623,623	1,813,448	2,449,240	(189,825)	(635,792)
Deferred Inflows on Pension Related Amounts	314,000	3,842,671	11,543,274	(3,528,671)	(7,700,603)
Total Deferred Inflows of Resources	1,937,623	5,656,119	13,992,514	(3,718,496)	(8,336,395)
NET POSITION					
Net Investment in Capital Assets	813,780,062	687,704,824	618,609,166	126,075,238	69,095,658
Restricted	55,966,418	59,082,409	99,023,310	(3,115,991)	(39,940,901)
Unrestricted	70,315,044	78,869,077	29,889,391	(8,554,033)	48,979,686
Total Net Position	$ 940,061,524	$ 825,656,310	$ 747,521,867	$ 114,405,214	$ 78,134,443

Current assets at September 30, 2016, totaled $207,720,000, an increase of $26,519,000. The major contributing factor is the increase of $39,741,200 in restricted cash and cash equivalents, as a result of the master plan project construction expenditures, and decreases in accounts receivables and other assets of $1,213,800. Additionally, the decrease in restricted investments of $13,833,600.

Current assets at September 30, 2015, totaled $181,201,000, an increase of $65,918,200. The major contributing factors of the changes are the increases of $36,794,500 in cash and investments, resulting from the 2015 new revenue bonds proceeds to fund the Master Plan projects. Other increases include accounts receivable of $2,258,200, accrued interest of $442,600, as well as prepaid insurance and other assets of $1,342,600.

Current liabilities, with a balance of $156,937,300 at September 30, 2016, were $36,173,400 increase over the prior year. The increases are primarily due to the multi-years development of the Master Plan projects with an increase of $46,255,400 in construction payable and accrued expenses. The decrease of current portion of bonds principal of $10,695,000 offset the increase in current liabilities.

Current liabilities, with a balance of $120,763,900 at September 30, 2015, were $4,974,600 increase over the prior year. The increase is primarily due to the on-going development of the Master Plan projects with an increase of $23,922,200 in construction payable and accrued expenses. In addition, other accrued expenses including airline revenue sharing, various operating expenses and interest payable are increased by $748,200. The reductions of current portion of bonds principal of $7,790,000 and bank notes of $11,905,900, and deferred revenues and trade accounts payable of $2,186,500 offset the increases in current liabilities.

At September 30, 2016, the net deferred outflows of resources increased by $11,618,000, and the net deferred inflows of resources decreased by $3,718,500, both as a result of the Authority's participation in the Florida Retirement System.

In fiscal year 2015, the Authority implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which resulted in deferred outflows and inflows of resources related to pensions from Authority contributions to the Florida Retirement System subsequent to the measurement date, and other amounts increasing or decreasing in pension expenses. The net deferred outflows of resources were increased by $2,120,300, and the net deferred inflows of resources were decreased by $8,336,400, primarily due to the restated pension reporting under GASB Statement 68 in FY 2014, offsetting an increase of the deferred gain in the amount of $2,449,200 on 2013 refunding of debt.

At September 30, 2016, non-current liabilities totaled $1,222,215,400, a reduction of 22,050,900 compared with the balance at the ending of fiscal year 2015. The major contributing factor is the decrease in bonds payable of $37,135,000, bank notes of $1,771,500, and amortization of bonds premium of $3,151,600, offsetting an increase of other liabilities of $1,805,700 resulting from establishing potential construction related liquidated damage payable of $1,125,000, and increasing in other post-employment benefits and environmental liabilities of $670,600.

At September 30, 2015, non-current liabilities totaled $1,244,266,300, an increase of $694,869,400 compared with the balance at the end of fiscal year 2014. The primary contributing factor is the issuance of 2015 bonds in the principal amount of $705,040,000, with a net increase in bonds premium of $35,922,700. In addition, repayments of bond principals in the amount of $53,360,000 and bank notes of $71,089,400 reduced overall debt service liabilities by $36,293,500 in fiscal year 2015.

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 2016 and 2015. 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	2016	2015
Airline Landing Fees	$ 15,826,721	$ 15,426,776
Landside Terminal Rentals	22,871,765	24,212,582
Airside Building Rentals	18,755,210	19,064,363
Total Airline Fees and Charges	57,453,696	58,703,721
Less: Airline Revenue Sharing	(9,866,864)	(10,534,756)
Net Airline Fees and Charges	$ 47,586,832	$ 48,168,965
Enplaned Passengers	9,485,879	9,263,336
Airline Cost per Passenger	$ 5.02	$ 5.20

Capital Improvement Program

During fiscal year 2016, the Authority received Board approval for $50.1 million of capital projects. Projects in fiscal year 2016 include replacement or upgrade of various systems, rehabilitation of structures and initiative at the general aviation facilities. The Airfield Pavement Rehabilitation Project, budgeted at $19.8 million, extends the useful life of the taxiways and repaint airfield markings. Other airfield and site improvement and rehabilitation projects total $6.1 million. Phase 3 of the Replace Parking Revenue Control System, budgeted at $6.2 million, reduces labor costs, supports new customer product offerings, and maintain payment card industry data security standards. The $3.7 million Commercial Ground Transportation Facility Project is an enabling project for the consolidated rental car facility. Phase 2 of the Common Use Passenger Processing System Enhancement project, in the budget at $3.3 million, increases the efficiency and utilization of existing gates and ticket counters and allow for flexibility to re-assign gates resources as needed. Information technology projects totaling $4.6 million include checked baggage system upgrades and optimization, replacement of interior cabling, and a refresh of the network operations center technology. A total of $4.3 million is budgeted for general aviation projects including tree trimming, automated weather observation system improvements, hangar rehabilitation and pond maintenance. Terminal and airside improvement are budgeted at $1.8 million to upgrade the shuttle and monorail systems, refurbish boarding bridges at Airside A and rehabilitate airline and TSA space at Airside C. These projects will be funded with the Authority funds, PFC funds, federal and state grants.

In fiscal year 2016, the Authority substantially completed Airside F Boarding Bridges and general aviation facility replacements at a cost of $15,627,200, construction of the concessions warehouse at a cost of $7,490,600, fuel farm maintenance at a cost of $7,622,300, shared tenant network system replacement at a cost of $1,561,800, public parking garages rehabilitation at a cost of $1,560,700, police radio system replacement at a cost of $1,310,300, site rehabilitation at a cost of $1,092,900, general aviation master plan update at a cost of $875,500, and other airsides and support facilities maintenance projects at a cost of $1,945,900. These completed projects were paid by a combination of Authority funds and grants.

During fiscal year 2015, the Authority received Board approval of $46 million of capital projects. Projects in FY2015 include the Enterprise Resource Planning and Analytics Project budgeted at $9.3 million, final phase of the on-going land acquisition program budgeted at $5.8 million, replacement of the parking revenue control system budgeted at $5.7 million, the short term garage rehabilitation budgeted at $2.9 million, the east airfield improvement and rehabilitation budgeted at $2.5 million, rehabilitation of the Airside A shuttle structure budgeted at $2.3 million, replacement of lighting fixtures in long term garage budgeted at $2.3 million, and replacement of the police radio system budgeted at $2.1 million. These projects will be funded with the Authority funds, PFC funds, federal and state grants.

In fiscal year 2015, the Authority substantially completed the Main Terminal and Airsides improvements and rehabilitation at a cost of $7,293,900, Shared Use System Upgrades at a cost of $5,675,300, the Short and Long Term Parking Garage Rehabilitation at a cost of $2,011,500, and rehabilitation of structures at the general aviation facilities at a cost of $1,909,200. Other substantially completed projects include Electronic Airport Layout Plan at a cost of $1,493,600, and other facilities and roads improvement at a cost of $1,492,800. 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 2016 and 2015, the Authority expended $335,440,700 and $143,275,900, respectively, towards the acquisition and construction of capital assets.

In May 2015, PFC Application #10, authorizing PFC collections in the amount of $469,873,000 was approved by the Federal Aviation Administration, bringing the total collection authority for all PFC applications to $1,298,745,400. Through September 30, 2016, $662,840,900 has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2016 total $824,169,900. 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 $1,155,080,000. Of this total, $34,875,000 is current and will mature on October 1, 2017. Prior to 2009, all of the Authority's long-term bonds were issued as insured debt.

On November 10, 2015, the Authority issued the Tampa International Airport Senior Revenue Refunding Bonds 2015 Series B, in the principal amount of $43,160,000, and Senior Revenue Refunding Bonds 2015 Series C, in the principal amount of $18,710,000, respectively.

The proceeds from 2015B and 2015C Senior Bonds were used to refund 2005 Series A and Series B Revenue Bonds and partially accrued interest totaling $361,000. The refunding of 2005A and 2005B Bonds results in approximately net present value savings of $6.5 million.

On August 13, 2015, the Authority issued the Tampa International Airport Senior Revenue Bonds 2015 Series A in the amount of $148,210,000, and Subordinated Revenue Bonds 2015 Series A and Series B, in the amount of $19,590,000 and $153,915,000, respectively.

The proceeds from 2015A Senior Revenue Bonds were used to repay the Bank Notes in the principal amount of $26,000,000; as well as to fund the airport Master Plan Phase I projects including the Automated People Mover (APM), Main Terminal Expansion, and Concessions Consolidated Warehouse. The proceeds from 2015A Subordinated Revenue Bonds were used to repay the Bank Notes in the principal amount of $5,790,132, and to fund Taxiway J and Bridge Reconstruction. The issue proceeds from 2015B Subordinated Revenue Bonds were used to repay the Bank Notes in the principal amount of $37,209,868, and to fund the APM and South Terminal Support Area Roadway Improvement projects.

On September 3, 2015, the Authority issued the Tampa International Airport Customer Facility Charge (CFC) Revenue Bonds 2015 Series A and Series B, in the amount of $88,975,000 and $294,350,000, respectively.

The proceeds from 2015A CFC Revenue Bonds are used to fund the APM project, connecting the Main Terminal to Consolidated Rental Car Center (ConRAC), including three APM Stations.

The proceeds from 2015B CFC Revenue Bonds (Taxable) are used to fund the ConRAC project including the relocation and expansion of the existing rental car operations, and improvement of a new consolidated rental car facility.

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.

During fiscal year 2015, the Authority issued $49,000,000 Bank Notes for PFC 10 capital projects, and refunded $69,000,000 Bank Notes with portions of the proceeds from 2015A Senior Revenue Bonds and 2015A and B Subordinated Revenue Bonds. In addition, the Authority repaid $2,089,400 Bank Notes for Economy Garage and Employee Buses. The total issue costs for the Bank Notes are $29,000

During fiscal year 2016, the Authority repaid the Bank Notes in the amount of $12,215,000 for the debt refinement and bus purchases, and issued Bank Notes in the amount of $10,470,000 to refund 2006 Series A and B Revenue Bonds on October 3, 2016. The total issue costs for the Bank Notes are $40,000 (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 2016 and 2015 was 2.37 and 1.89, 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, Florida 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, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	$ 93,039,348	$ 94,261,230
Prepaids	1,838,583	2,604,552
Government Grants Receivable	178,054	117,734
Total Unrestricted Assets	95,055,985	96,983,516
Restricted:		
Cash and Cash Equivalents	92,788,564	49,893,576
Investments	10,867,407	24,700,995
Accounts Receivable, net	6,299,923	6,815,237
Accrued Interest Receivable	769,166	936,198
Other Assets	1,938,929	1,871,482
Total Restricted Assets	112,663,989	84,217,488
Total Current Assets	207,719,974	181,201,004
NONCURRENT ASSETS		
Capital Assets:		
Land	203,721,144	201,836,149
Construction in Progress	564,580,248	188,750,265
Building, Equipment and Improvements	2,084,619,652	2,046,218,538
	2,852,921,044	2,436,804,952
Less: Accumulated Depreciation	(1,270,702,694)	(1,192,578,120)
Total Capital Assets, net	1,582,218,350	1,244,226,832
Cash and Cash Equivalents, Restricted	171,586,564	163,887,501
Investments, Restricted	307,793,427	582,173,220
Passenger Facility Charges Receivable, Restricted	3,617,870	3,726,876
Government Grants Receivable, Restricted	27,352,182	11,714,861
Accrued Interest Receivable, Restricted	174,466	201,332
Debt Prepaid Insurance Costs, net	1,264,849	1,439,996
Total Noncurrent Assets	2,094,007,708	2,007,370,618
Total Assets	$ 2,301,727,682	$ 2,188,571,622
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Debt	1,648,532	2,171,164
Deferred Outflows on Pension Related Amounts	17,740,513	5,599,798
Total Deferred Outflows of Resources	$ 19,389,045	$ 7,770,962

See accompanying notes to financial statements.

Hillsborough County Aviation Authority
Statements of Net Position

September 30, 2016 and 2015

	2016	2015
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable – Construction	$ 1,717,410	$ 1,033,219
Accrued Airline Revenue Sharing	9,866,864	10,534,756
Accounts Payable – Trade	5,383,183	4,186,805
Accrued Expenses	26,832,758	20,318,530
Net Pension Liability, due within one year	437,993	473,085
Total Current Liabilities Payable from Unrestricted Assets	44,238,208	36,546,395
Payable from Restricted Assets:		
Accounts Payable – Construction	64,672,188	24,931,006
Accrued Interest Payable	62,261	1,432,128
Current Maturities of Revenue Bonds Payable	34,875,000	45,570,000
Current Maturities of Bank Notes	10,210,000	10,183,546
Unearned Revenue and Other Liabilities	2,844,540	2,100,808
Total Current Liabilities Payable from Restricted Assets	112,663,989	84,217,488
Total Current Liabilities	156,902,197	120,763,883
NONCURRENT LIABILITIES		
Revenue Bonds Payable, Net of Current Maturities	1,165,571,436	1,205,858,037
Bank Notes, Net of Current Maturities	4,793,527	6,564,981
Net Pension Liability	44,762,771	26,561,348
Other Liabilities	7,087,648	5,281,906
Total Noncurrent Liabilities	1,222,215,382	1,244,266,272
Total Liabilities	$ 1,379,117,579	$ 1,365,030,155
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refunding of Debt	1,623,623	1,813,448
Deferred Inflows on Pension Related Amounts	314,000	3,842,671
Total Deferred Inflows of Resources	$ 1,937,623	$ 5,656,119
NET POSITION		
Net Investment in Capital Assets	813,780,062	687,704,824
Restricted for:		
Construction	31,736,436	45,869,817
Rental Car Customer Facility Charges	24,229,982	13,212,592
Other Purposes	-	-
Unrestricted	70,315,044	78,869,077
Total Net Position	$ 940,061,524	$ 825,656,310

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Airfield	$ 17,410,487	$ 16,432,476
Terminal Building	48,250,652	49,273,922
Airside Buildings	19,828,461	19,921,053
Commercial Landside	108,488,403	103,382,759
Cargo	2,121,928	2,019,161
Auxiliary Airports	1,182,089	1,089,074
General Aviation	2,323,015	2,298,444
Federal Reimbursements	955,176	786,844
Other	8,922,480	10,201,533
Total Operating Revenues	209,482,691	205,405,266
OPERATING EXPENSES		
Airfield	12,577,673	11,474,823
Terminal Building	30,263,297	30,409,028
Airside Buildings	26,221,302	23,711,509
Commercial Landside	27,426,993	24,693,761
Cargo	739,327	699,277
Auxiliary Airports	1,528,688	1,473,503
General Aviation	1,011,664	907,306
Passenger Transfer System	4,330,343	4,271,253
Roads and Grounds	9,790,121	9,443,143
Other	5,583,279	1,087,955
Total Operating Expenses	119,472,687	108,171,558
Signatory Airline Net Revenue Sharing	9,866,864	10,534,756
Operating Income before Depreciation and Amortization	80,143,140	86,698,952
Depreciation and Amortization	84,738,296	93,570,189
OPERATING LOSS	(4,595,156)	(6,871,237)
NONOPERATING REVENUES AND EXPENSES		
Interest Income	4,178,371	2,107,724
Net Realized and Unrealized Investment Gain	2,476,769	1,705,302
Interest Expense	(39,882,849)	(24,999,022)
Legal Settlement	-	11,278,760
Total Nonoperating Expenses - net	(33,227,709)	(9,907,236)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	$ (37,822,865)	$ (16,778,473)

(Continued)

Hillsborough County Aviation Authority

Statements of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended September 30, 2016 and 2015

	2016	2015
CAPITAL CONTRIBUTIONS		
Passenger Facility Charges	$ 36,763,954	$ 37,108,587
Federal and State Grants	74,416,070	25,587,431
Federal Reimbursements	2,253,008	2,399,143
Customer Facility Charges	38,795,047	29,817,755
Total Capital Contributions	152,228,079	94,912,916
CHANGE IN NET POSITION	114,405,214	78,134,443
Total Net Position - Beginning of Year	825,656,310	747,521,867
TOTAL NET POSITION - END OF YEAR	$ 940,061,524	$ 825,656,310

See accompanying notes to financial statements.

Hillsborough County Aviation Authority

Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Cash Receipts from Customers	$ 211,592,303	$ 200,475,197
Cash Payments to Suppliers for Goods and Services	(73,663,054)	(64,035,557)
Cash Payments to Employees for Services	(39,137,628)	(39,246,418)
Cash Receipts from Federal Reimbursements	894,856	814,516
Other - Legal Settlement Proceeds	-	11,278,760
Net Cash Provided by Operating Activities	99,686,477	109,286,498
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Revenue Refunding Bonds	61,870,000	-
Proceeds from Issuance of Revenue Bonds	-	742,959,535
Proceeds from Issuance of Bank Notes	10,470,000	49,000,000
Principal and Interest Paid on Revenue Bond Refunding	(64,460,957)	-
Redemption of Bank Notes	(12,215,000)	(71,089,400)
Payments of Bond Issue Costs	(166,667)	(5,081,729)
Payments of Bank Notes Issue Costs	(40,000)	(49,000)
Principal Paid on Revenue Bond Maturities	(45,600,000)	(53,360,000)
Interest Paid on Revenue Bonds and Bank Notes	(56,829,695)	(28,042,020)
Acquisition and Construction of Capital Assets	(374,235,706)	(173,093,685)
Rental Car Customer Facility Charges	38,795,047	29,817,755
Federal and State Grants	60,161,169	20,292,177
Passenger Facility Charges	36,872,960	36,699,699
Net Cash (Used) Provide by Capital and Related Financing Activities	(345,378,849)	548,053,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(167,220,773)	(626,001,419)
Proceeds from Maturities of Investment Securities	457,790,686	85,402,609
Income Received on Investments	4,494,628	1,565,311
Net Cash Provided (Used) by Investing Activities	295,064,541	(539,033,499)
NET CHANGE IN CASH AND CASH EQUIVALENTS	49,372,169	118,306,331
Cash and Cash Equivalents – Beginning of Year	308,042,307	189,735,976
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 357,414,476	$ 308,042,307

(Continued)

Hillsborough County Aviation Authority

Statements of Cash Flows (Continued)
Years Ended September 30, 2016 and 2015

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$ (4,595,156)	$ (6,871,237)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and amortization	84,738,296	93,570,189
Decrease (Increase) in Accounts Receivable	515,314	(2,258,224)
Decrease (Increase) in Prepaid Insurance and Other Assets	638,203	(1,314,891)
Increase (Decrease) in Accounts Payable – Trade	1,196,378	(334,475)
Increase in Accrued Expenses, Unearned Revenue, and Other Liabilities	17,193,442	15,216,376
Other – Legal Settlement Proceeds	-	11,278,760
Net Cash Provided by Operating Activities	$ 99,686,477	$ 109,286,498
NONCASH ACTIVITIES		
Unrealized Gain (Loss) on Investments	$ 2,356,532	$ 1,678,832
Amortization of Bond Premium – Net	$ 2,273,948	$ 1,996,823
Amortization of Deferred Gain on Bond Refundings	$ 189,825	$ 635,792
Amortization of Deferred Loss on Bond Refundings	$ (522,632)	$ (655,557)
Accounts Payable - Construction	$ (64,672,188)	$ (24,931,006)
Government Grant Receivable	$ 27,352,182	$ 11,714,861

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 into 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.

In fiscal year 2015, due to the issuance of the 2015A and B Customer Facility Charge (CFC) Revenue Bonds to fund a portion of the Automated People Mover (APM) and the Consolidated Rental Car Center (ConRAC) projects, the Authority entered into the CFC Trust Agreement and Concessionaire Agreement dated as of September 1, 2015. The agreement provides the Authority CFC Entitlement Revenues to secure bonds issued under the Senior Trust Agreement.

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)

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. During 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 accompanying financial statements are reported on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

The Authority classifies investments in short-term repurchase agreements and investments with original maturities three months or less 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. 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 Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements*. Fair value is defined by GASB Statement No. 72, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest and dividends are recognized when earned, realized gains and losses when sales occur and unrealized gain or loss based on the change in fair value between reporting periods.

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 resources to have been depleted before unrestricted resources.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable
Management considers the need for an allowance for doubtful accounts based on the expected collectability of outstanding balances. No allowances have been made for both fiscal year 2016 and 2015.

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 operating revenue 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 customer facility charge program (CFC) with the on airport rental car companies. Effective July 6, 2015, the CFC daily rate was increased from $5.00 per day to $5.95 per day for current on-airport companies and those off-airport companies who bid on being in the ConRAC transitioned from the $2.00 per day TFC charge to $5.95 per transaction day CFC charge. 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.

Debt Insurance Costs, Bond Discounts and Premiums
Debt insurance costs and bond discounts and premiums are 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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

Compensated Absences

Employees accrue annual leave in varying amounts based upon length of service, hire date and work schedule per pay period. As of the last payday of the fiscal year all leave remaining in excess of 256 hours (Police 269), based upon the employee's hire date a portion can be purchased by the Authority and up to 80 hours (Police 84 hours) may be carried forward.

Other Post-Employment Benefits

The Authority obtains actuarial valuation reports for its postemployment benefit plan (other than pensions) and records the net obligation as required under Governmental Accounting Standards Board (GASB) Statement No. 45. Disclosure information required by GASB Statement No. 45 is found in Note 12 – Other Post-Employment Benefits (OPEB).

Pensions

In the statement of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the Authority's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on investments, changes in the proportion and differences between the Authority's contributions and proportionate share of contributions, and the Authority's contributions subsequent to the measurement date, relating to the FRS Pension Plan and the Retiree HIS Program. These amounts will be recognized as increases in pension expense in future years.

Note 2. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Authority's statement of net position represent the difference between expected and actual economic experience and the net difference between projected and actual earnings on FRS Pension investments, relating to the FRS Pension Plan and the Retiree HIS Program. These amounts will be recognized as reductions in pension expense in future years.

Losses and gains on bond refundings are deferred and amortized as a component of interest expense using the declining balance method, which approximates the effective interest 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.

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 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

The major sources of revenues are as follows for the fiscal years ending September 30 2016 and 2015:

	2016	2015
Aeronautical Space Rental	$ 43,103,961	$ 44,864,817
Concessions	23,555,767	23,090,725
General Aviation	3,503,154	3,386,560
Landing Fees	16,992,668	16,157,290
Other	14,798,826	13,505,135
Parking	70,863,642	64,261,763
Rental Cars	36,664,673	40,138,976
	$ 209,482,691	$ 205,405,266

Reclassifications

Certain amounts in the prior year financial statements, which included current restricted cash and investments and noncurrent restricted cash and investments and restricted net position, have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

GASB Statement 72, *Fair Value Measurement and Application*, was issued February 2015 and was implemented by the Authority in fiscal 2016. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value providing additional fair value application guidance and enhancing disclosures about fair value measurements.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued June 2015 and will be effective for the Authority in fiscal 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Authority has not yet determined the impact on its financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* was issued June 2015 and will be effective for the Authority in fiscal 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The Authority is currently reviewing the impact for timely implementation.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued December 2015 and will be effective for the Authority in fiscal 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Authority has not yet determined the impact on its financial statements.

GASB Statement 79, *Certain External Investment Pools and Pool Participants*, was issued December 2015 and will be effective for the Authority in fiscal 2016, except for certain provision on portfolio quality, custodial credit risk, and shadow pricing which would be effective for the Authority in fiscal 2017. The objective of this Statement is to address for certain external investments pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. The Authority has not yet determined the impact on its financial statements.

GASB Statement 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, was issued March 2016 and will be effective for the Authority in fiscal 2017. Specifically, this Statement addresses issues regarding: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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, 2016 and 2015 were $9,866,864 and $10,534,756, 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 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.

Florida PRIME

The State Board of Administration (SBA) manages Florida PRIME, a 2a-7 like pool, carried at amortized cost. A 2a-7 like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME operates essentially as a money market fund and the Authority's position in Florida PRIME is considered to be equivalent to its fair value.

Regulatory oversight of the SBA is provided by three state of Florida elected officials designated as trustees: the Governor serves as Chairman of the SBA; the Chief Financial Officer serves as the Treasurer of the SBA; and the Attorney General serves as Secretary of the SBA. External oversight of the SBA is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, provides insight, advice and counsel on these and other matters when appropriate. Audit oversight is also provided by the state of Florida Auditor General. The Authority closed its Florida PRIME account in November 2015.

At September 30, 2016 and 2015, all cash and cash equivalent and investments, were as follows:

	2016	2015
U.S. Treasury Securities	$ 314,880,138	$ 603,139,768
Florida PRIME	-	10,835,341
Investment in Money Market Bank Accounts	-	7,381,978
Certificate Deposit	3,780,696	3,734,447
Investments Subtotal	318,660,834	625,091,534
Cash in Deposit Accounts	357,414,476	289,824,988
Total Cash and Investments	$ 676,075,310	$ 914,916,522
Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents – Unrestricted	$ 93,039,348	$ 94,261,230
Cash and Cash Equivalents – Restricted	264,375,128	213,781,077
Investments - Restricted	318,660,834	606,874,215
Total Cash and Investments	$ 676,075,310	$ 914,916,522

The Authority is authorized to invest in securities as described in its investment policy and the Trust Agreement. As of September 30, 2016 and 2015, the Authority held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

Note 4 Cash and Investments (Continued)

	Investment Maturities – 2016				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type					
U.S. Treasury Securities	$ 230,603,470	$ 20,565,427	$ 14,050,032	$ 49,661,209	$ 314,880,138
Total	$ 230,603,470	$ 20,565,427	$ 14,050,032	$ 49,661,209	$ 314,880,138

	Investment Maturities – 2015				
	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Investment Type					
U.S. Treasury Securities	$ 341,933,714	$ 204,732,269	$ 9,661,967	$ 46,811,818	$ 603,139,768
Florida PRIME	10,835,341	-	-	-	10,835,341
Total	$ 352,769,055	$ 204,732,269	$ 9,661,967	$ 46,811,818	$ 613,975,109

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 banking and investment 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. Florida PRIME is rated AAAm. 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, Certificates of Deposit, 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 4 Cash and Investments (Continued)

Fair Value Measurement

In fiscal year 2016, the Authority implemented GASB Statement No. 72, *Fair Value Measurement and Application.* The Authority categorizes its fair value measurements within the fair value hierarchy established by the standard. The hierarchy is based on the valuation of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of September 30, 2016 and 2015:

U.S. Treasury securities of $314,880,138 and $603,139,768, respectively are valued using quoted market prices (Level 1 input).

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, 2016 and 2015 is as follows:

	2016	2015
Restricted for Debt Service:		
Bond Principal, Interest, and Redemption Sinking Fund	$ 17,931,061	$ 23,487,432
Bond Reserve Fund	88,561,916	96,255,047
Restricted to Acquisition of Property and Equipment:		
Construction and Equipment Funds	414,137,719	651,897,581
Restricted to Operating Expenses:		
Operating Reserve Account	19,051,858	17,887,886
	539,682,554	789,527,946
Other Restricted Funds:		
Revenue Funds	22,262,748	21,761,078
Escrow and Forfeiture Deposits	323,537	371,996
Certificate Deposit for OCIP Collateral	3,780,696	3,734,447
Capital Acquisition	30,970,052	15,441,737
Rental Car Facility Future Development	24,229,982	13,212,592
Prepaid Insurance and Other Assets	1,938,929	1,871,482
	83,505,944	56,393,332
Total Restricted Assets	$ 623,188,498	$ 845,921,278

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.

The following is a schedule by years of minimum future revenues for each of the next five years and thereafter on non-cancelable agreements as of September 30, 2016:

Year Ended September 30,	
2017	$ 82,107,880
2018	91,653,537
2019	91,251,122
2020	90,589,471
2021	53,563,147
Thereafter	234,489,302

Note 7. Capital Assets

Capital asset activity for the years ended September 30, 2016 and 2015 is summarized as follows:

	Balance October 1, 2015	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2016
Land	$ 201,836,149	$ 1,884,995	$ -	$ 203,721,144
Construction in Progress	188,750,265	421,818,177	(45,988,194)	564,580,248
Equipment	46,292,205	2,763,172	(1,166,815)	47,888,562
Buildings and Improvements	1,999,926,333	41,948,577	(5,143,820)	2,036,731,090
	2,436,804,952	468,414,921	(52,298,829)	2,852,921,044
Less: Accumulated Depreciation:				
Equipment	(35,597,872)	(5,233,222)	1,140,404	(39,690,690)
Buildings and Improvements	(1,156,980,248)	(78,619,821)	4,588,065	(1,231,012,004)
	(1,192,578,120)	(83,853,043)	5,728,469	(1,270,702,694)
Total Capital Assets – Net	$ 1,244,226,832	$ 384,561,878	$ (46,570,360)	$ 1,582,218,350

	Balance October 1, 2014	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2015
Land	$ 199,480,991	$ 2,355,158	$ -	$ 201,836,149
Construction in Progress	36,261,066	187,061,406	(34,572,207)	188,750,265
Equipment	41,864,084	5,533,115	(1,104,994)	46,292,205
Buildings and Improvements	1,977,745,221	23,007,640	(826,528)	1,999,926,333
	2,255,351,362	217,957,319	(36,503,729)	2,436,804,952
Less: Accumulated Depreciation:				
Equipment	(30,399,162)	(6,251,819)	1,053,109	(35,597,872)
Buildings and Improvements	(1,075,506,431)	(82,083,674)	609,857	(1,156,980,248)
	(1,105,905,593)	(88,335,493)	1,662,966	(1,192,578,120)
Total Capital Assets – Net	$ 1,149,445,769	$ 129,621,826	$ (34,840,763)	$ 1,244,226,832

Note 7. Capital Assets (Continued)

Depreciation expense and amortization of capitalized interest during the years ended September 30, 2016 and 2015 were $83,853,043 and $88,335,493, 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, 2016 and 2015, serial revenue bonds in the amounts of $45,600,000 and $53,360,000, respectively, were redeemed. Total interest costs incurred on outstanding bonds during the years ended September 30, 2016 and 2015, were $55,081,332 and $28,792,644, respectively. Of these interest amounts, $13,139,382 and $2,392,043 was capitalized, respectively. Amortization of prepaid bond insurance costs in the fiscal years 2016 and 2015 were $69,223, and $93,230, respectively. A total of $166,667 of new bond issue costs during 2016 was expensed.

On November 10, 2015, the Authority issued the Tampa International Airport Senior Revenue Refunding Bonds 2015 Series B, in the principal amount of $43,160,000, at a rate of 1.11%, and maturities from 2016 to 2018.

The 2015B Senior Bonds issue proceeds of $43,160,000, debt service funds attributable to the refunding of $2,794,310, and additional contribution of $59,674, less total issue costs of $111,667 were used to refund 2005 Series A Revenue Bonds maturing on October 1, 2016 to October 1, 2018, outstanding in the principal amount of $45,445,000, and partially accrued interest of $258,468.

On November 10, 2015, the Authority issued the Tampa International Airport Senior Revenue Refunding Bonds 2015 Series C, in the principal amount of $18,710,000, at a rate of 1.80%, and maturities from 2019 to 2023.

The 2015C Senior Bonds issue proceeds of $18,710,000, debt service funds attributable to the refunding of $157,674, and additional contribution of $23,651, less total issue costs of $55,000 were used to refund 2005 Series B Revenue Bonds maturing on October 1, 2019 to October 1, 2023, outstanding in the principal amount of $18,655,000, and partially accrued interest of $102,488.

The refundings of 2005A and 2005B series bonds would result in an estimated net present value savings of $6.5 million and a debt services cash flow savings of $6.9 million.

On August 13, 2015, the Authority issued the Tampa International Airport Senior Revenue Bonds 2015 Series A in the amount of $148,210,000, and Subordinated Revenue Bonds 2015 Series A and Series B, in the amount of $19,590,000 and $153,915,000, respectively.

The 2015A Senior Revenue Bonds were issued with a premium of $13,568,176 at a rate of 5.0%, and maturities from 2027 to 2044. The proceeds of $161,778,176, debt service reserve funds, less total issue costs of $1,140,712 are used to finance the airport Master Plan Phase I projects including the Automated People Mover (APM), Main Terminal Expansion, and Concessions Consolidated Warehouse, as well as the repayment of the Bank Notes in the principal amount of $26,000,000.

Note 8. Debt and Other Non-Current Liabilities (Continued)

The 2015A Subordinated Revenue Bonds were issued with a premium of $1,455,913 at a rate of 5%, and maturities from 2031 to 2044. The issue proceeds of $21,045,913, less total issue costs of $151,899 are used to fund Taxiway J and Bridge Reconstruction, as well as the repayment of the Bank Notes in the principal amount of $5,790,132.

The 2015B Subordinated Revenue Bonds were issued with a premium of $15,121,670 at a rate of 5%, and maturities from 2031 to 2044. The issue proceeds of $169,036,700, less total issue costs of $1,183,001 are used to fund the Automated People Mover (APM), South Terminal Support Area Roadway Improvement projects, as well as the repayment of the Bank Notes in the principal amount of $37,209,868.

On September 3, 2015, the Authority issued the Tampa International Airport Customer Facility Charge (CFC) Revenue Bonds 2015 Series A and Series B, in the amount of $88,975,000 and $294,350,000, respectively.

The 2015A CFC Revenue Bonds were issued with a premium of 7,773,746 at a rate of 5%, and maturities from 2041 to 2044. The proceeds of $96,748,746, less total issue costs of $606,229 are used to fund the APM project, connecting the Main Terminal to Consolidated Rental Car Center (ConRAC).

The 2015B CFC Revenue Bonds (Taxable) were issued at par value with a rate of 5%, and maturities from 2019 to 2044. The proceeds of $294,350,000, less total issue costs of $1,997,888 are used to fund the ConRAC project including the relocation and expansion of the existing rental car operations, and improvement of a new consolidated rental car facility.

The total principal maturities and debt service requirements for all revenue bonds through the year 2044, as of September 30, 2016 are as follows:

Year Ended September 30,	Principal	Interest	Total Debt Service
2017	$ 34,875,000	$ 53,371,295	$ 88,246,295
2018	33,135,000	52,567,870	85,702,870
2019	39,815,000	51,763,164	91,578,164
2020	39,390,000	50,754,634	90,144,634
2021	37,690,000	49,664,462	87,354,462
2022-2026	159,900,000	228,880,869	388,780,869
2027-2031	193,915,000	187,685,511	381,600,511
2032-2036	222,330,000	135,839,439	358,169,439
2037-2041	239,330,000	74,340,988	313,670,988
2042-2044	154,700,000	15,721,750	170,421,750
	$ 1,155,080,000	$ 900,589,982	$ 2,055,669,982

Note 8. Debt and Other Non-Current Liabilities (Continued)

Revenue bond information and activity as of and for the years ended September 30, 2016 and 2015 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.

	2016		2015	
	Balance Outstanding	Amounts Due Within One Year	Balance Outstanding	Amounts Due Within One Year
Revenue and Revenue Refunding Bonds:				
1996B Series, 6.0%	$ 6,230,000	$ 3,025,000	$ 9,085,000	$ 2,855,000
2005A Series, 5.25%	-	-	45,445,000	12,380,000
2005B Series, 5.0% to 5.125%	-	-	18,655,000	-
2006A Series, 4.375% to 5.0%	5,900,000	-	5,900,000	-
2006B Series, 4.375% to 5.0%	4,530,000	-	4,530,000	-
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, 5.75%	9,625,000	-	9,625,000	-
2008D Series, 5.5%	3,110,000	-	3,110,000	-
2009A Series, 4.635% to 5.0%	13,760,000	6,725,000	20,180,000	6,420,000
2013A Series 1.875%	34,305,000	1,625,000	35,905,000	1,600,000
2013B Series 2.0%	27,245,000	2,800,000	29,985,000	2,740,000
2013C Series 1.0%	17,400,000	5,410,000	22,745,000	5,345,000
2013A Subordinated 4.0% to 5.5%	128,750,000	-	142,980,000	14,230,000
2015A Senior 5.0%	148,210,000	-	148,210,000	-
2015B Senior 1.11%	30,750,000	15,290,000	-	-
2015C Senior 1.8%	18,710,000	-	-	-
2015A Subordinated 5.0%	19,590,000	-	19,590,000	-
2015B Subordinated 5.0%	153,915,000	-	153,915,000	-
2015A CFC 5.0%	88,975,000	-	88,975,000	-
2015B CFC 2.587% to 5.250%	294,350,000	-	294,350,000	-
	1,155,080,000	$ 34,875,000	1,202,910,000	$ 45,570,000
Unamortized Bond Premium – Net	45,366,436		48,518,037	
Total Revenue Bonds Payable	$ 1,200,446,436		$ 1,251,428,037	

Note 8. Debt and Other Non-Current Liabilities (Continued)

	Balance September 30, 2015	Additions	Refunding	Paydowns	Balance September 30, 2016
1996B Revenue Bonds	$ 9,085,000	$ -	$ -	$ (2,855,000)	$ 6,230,000
2005A Revenue Bonds	45,445,000	-	(45,445,000)	-	-
2005B Revenue Refunding Bonds	18,655,000	-	(18,655,000)	-	-
2006A Revenue Refunding Bonds	5,900,000	-	-	-	5,900,000
2006B Revenue Refunding Bonds	4,530,000	-	-	-	4,530,000
2008A Revenue Bonds	133,000,000	-	-	-	133,000,000
2008B Revenue Bonds	16,725,000	-	-	-	16,725,000
2008C Revenue Refunding Bonds	9,625,000	-	-	-	9,625,000
2008D Revenue Refunding Bonds	3,110,000	-	-	-	3,110,000
2009A Revenue Bonds	20,180,000	-	-	(6,420,000)	13,760,000
2013A Revenue Refunding Bonds	35,905,000	-	-	(1,600,000)	34,305,000
2013B Revenue Refunding Bonds	29,985,000	-	-	(2,740,000)	27,245,000
2013C Revenue Refunding Bonds	22,745,000	-	-	(5,345,000)	17,400,000
2013A Subordinated Revenue Refunding Bonds	142,980,000	-	-	(14,230,000)	128,750,000
2015A Senior Revenue Bonds	148,210,000	-	-	-	148,210,000
2015B Senior Revenue Bonds	-	43,160,000	-	(12,410,000)	30,750,000
2015C Senior Revenue Bonds	-	18,710,000	-		18,710,000
2015A Subordinated Revenue Bonds	19,590,000	-	-	-	19,590,000
2015B Subordinated Revenue Bonds	153,915,000	-	-	-	153,915,000
2015A CFC Revenue Bonds	88,975,000	-	-	-	88,975,000
2015B CFC Revenue Bonds	294,350,000	-	-	-	294,350,000
	$ 1,202,910,000	$ 61,870,000	$ (64,100,000)	$ (45,600,000)	$ 1,155,080,000

Note 8. Debt and Other Non-Current Liabilities (Continued)

	Balance September 30, 2014	Additions	Refunding	Paydowns	Balance September 30, 2015
1996B Revenue Bonds	$ 9,085,000	$ -	$ -	$ -	$ 9,085,000
2001A Revenue Refunding Bonds	6,715,000	-	-	(6,715,000)	-
2005A Revenue Bonds	52,485,000	-	-	(7,040,000)	45,445,000
2005B Revenue Refunding Bonds	21,345,000	-	-	(2,690,000)	18,655,000
2006A Revenue Refunding Bonds	9,925,000	-	-	(4,025,000)	5,900,000
2006B Revenue Refunding Bonds	7,620,000	-	-	(3,090,000)	4,530,000
2008A Revenue Bonds	133,000,000	-	-	-	133,000,000
2008B Revenue Bonds	16,725,000	-	-	-	16,725,000
2008C Revenue Refunding Bonds	9,625,000	-	-	-	9,625,000
2008D Revenue Refunding Bonds	3,110,000	-	-	-	3,110,000
2009A Revenue Bonds	26,300,000	-	-	(6,120,000)	20,180,000
2013A Revenue Refunding Bonds	37,400,000	-	-	(1,495,000)	35,905,000
2013B Revenue Refunding Bonds	32,685,000	-	-	(2,700,000)	29,985,000
2013C Revenue Refunding Bonds	28,540,000	-	-	(5,795,000)	22,745,000
Refunding Bonds	156,670,000	-	-	(13,690,000)	142,980,000
2015A Senior Revenue Bonds	-	148,210,000	-	-	148,210,000
2015A Subordinated Revenue Bonds	-	19,590,000	-	-	19,590,000
2015B Subordinated Revenue Bonds	-	153,915,000	-	-	153,915,000
2015A CFC Revenue Bonds	-	88,975,000	-	-	88,975,000
2015B CFC Revenue Bonds	-	294,350,000	-	-	294,350,000
	$ 551,230,000	$ 705,040,000	$ -	$ (53,360,000)	$ 1,202,910,000

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

During fiscal year 2015, the Authority issued multiple Bank Notes in the amount of $49,000,000 to fund its capital projects. The Authority repaid the Bank Notes in the amount of $69,000,000 from 2015 revenue bonds proceeds, and $2,089,400 for principal payments.

On September 28, 2016, the Authority repaid the Bank Notes in the amount of $12,215,000 for the debt refinement and bus purchases. On September 30, 2016, the Authority issued Bank Notes in the amount of $10,470,000 to refund 2006 Series A and B Revenue Bonds on October 3, 2016.

As of September 30, 2016, the outstanding Bank Notes totaled $15,003,527, with an interest rate of 1.255057%. The total issue costs of $40,000 were expensed in the fiscal year 2016.

Note 8. Debt and Other Non-Current Liabilities (Continued)

Bank Notes information and activity for the years ended September 30, 2016 and 2015 is presented below:

	Balance October 1, 2015	Additions	Refundings/ Paydowns	Balance September 30, 2016	Amounts Due Within One Year
Bank Notes	$ 16,748,527	$ 10,470,000	$ (12,215,000)	$ 15,003,527	$ 10,210,000

	Balance October 1, 2014	Additions	Refundings/ Paydowns	Balance September 30, 2015	Amounts Due Within One Year
Bank Notes	$ 38,837,927	$ 49,000,000	$ (71,089,400)	$ 16,748,527	$ 10,183,546

Other Non-Current Liabilities

This line item consists of compensated absences, pollution remediation obligations, other post-employment benefits and liquidated damages.

As required by GASB Statement No. 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, 2016 and 2015 are $430,869 and $23,437, respectively.

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 $4,510,872 at September 30, 2016. 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.

Note 8. Debt and Other Non-Current Liabilities (Continued)

Other non-current liability information and activity for the years ended September 30, 2016 and 2015 is presented below:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Amount due within one year	Amount due after one year
Compensated Absences (1)	$ 4,471,744	$ 567,545	$ (528,417)	$ 4,510,872	$ 766,848	$ 3,744,024
Environmental Liabilities (1)	-	430,869	-	430,869	129,244	301,625
Liquidated Damages	-	1,125,000		1,125,000	-	1,125,000
Other Post-Employment Benefits	1,548,000	369,000	-	1,917,000	-	1,917,000
Total Other Liabilities	$ 6,019,744	$ 2,492,414	$ (528,417)	$ 7,983,741	$ 896,092	$ 7,087,649

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015	Amount due within one year	Amount due after one year
Compensated Absences (1)	$ 4,484,166	$ 512,083	$ (524,505)	$ 4,471,744	$ 737,838	$ 3,733,906
Environmental Liabilities (1)	332	-	(332)	-	-	-
Other Post-Employment Benefits	1,159,000	389,000	-	1,548,000	-	1,548,000
Total Other Liabilities	$ 5,643,498	$ 901,083	$ (524,837)	$ 6,019,744	$ 737,838	$ 5,281,906

(1) Compensated absences and the environmental liabilties due within one year is included in accrued expenses and unearned revenue and other liabilities-current on the statement of net position.

Note 9. Contributions

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

	2016	2015
Passenger Facility Charges	$ 36,763,954	$ 37,108,587
Federal Grants	5,184,705	1,239,516
State Grants	69,231,365	24,347,915
Federal Reimbursement	2,253,008	2,399,143
Customer Facility Charges	38,795,047	29,817,755
Total Capital Contributions	$ 152,228,079	$ 94,912,916

Note 10. Defined Benefit Pension Plans

BACKGROUND

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Note 10. Defined Benefit Pension Plans (Continued)

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

In the comprehensive annual financial report issued by FRS for the plan year ended June 30, 2016, management of the FRS Pension Plan (Plan) included a disclosure about the discount rate assumption as set by the 2016 FRS Actuarial Assumption Conference, the body responsible for establishing the actuarial assumptions, and the exception taken (unreasonable assumption) by the Plan Actuary in its Actuarial Valuation report of the Plan as of and for the year ended June 30, 2016. Management of the Authority considered this information, other capital market related information as well as the audited financial statements of the Plan and Employer Allocation Reports issued by the Auditor General of the State of Florida as and for the year ended June 30, 2016, which both contained unmodified opinions and concluded that the information provided by the Plan for reporting by the cost-sharing employers was reasonable.

The Authority's pension expense totaled $5,837,928 and $1,970,064 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2016 and 2015, respectively.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or

Note 10. Defined Benefit Pension Plans (Continued)

any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment and Retirement Age/Years of Service:	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

Note 10. Defined Benefit Pension Plans (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, were applied to employee salaries as follows: Regular 7.26% and 7.52%, Special Risk 22.04% and 22.57%, Senior Management Service 21.43% and 21.77%, and DROP participants 12.88% and 12.99%. The Authority's contributions to the FRS Plan were $3,121,541 and $2,794,783 for the fiscal years ended September 30, 2016 and 2015, respectively.

Pension Costs

At September 30, 2016 and 2015, the Authority reported a liability of $30,008,324 and $14,638,737, respectively, for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the Authority's proportion was 0.1188%, which was an increase of 0.0055% from its proportion measured as of June 30, 2015. At June 30, 2015, the Authority's proportion was 0.1133%, which was an increase of 0.0040% from its proportion measured as of June 30, 2014.

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2016, the Authority recognized pension expense of $4,805,756 for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 2,297,668	$ 279,398
Changes in Actuarial Assumptions	1,815,414	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,756,786	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,112,624	-
Authority Contributions Subsequent to the Measurement Date	861,449	-
Total	$ 13,843,941	$ 279,398

$861,449 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2017	$ 1,748,021
2018	1,748,021
2019	1,748,021
2020	3,974,096
2021	2,803,760
Thereafter	681,175

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2015, the Authority recognized pension expense of $1,155,448 for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 1,545,417	$ 347,186
Changes in Actuarial Assumptions	971,622	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,495,485
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	566,684	-
Authority Contributions Subsequent to the Measurement Date	638,120	-
Total	$ 3,721,843	$ 3,842,671

Actuarial Assumptions
The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.60%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Note 10. Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Totals	100%			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.60% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.60%	7.60%	8.60%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 55,247,357	$ 30,008,324	$ 9,000,163

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

Note 10. Defined Benefit Pension Plans (Continued)

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, the contribution rate was 1.26% and 1.66% of payroll pursuant to section 112.363, Florida Statues. The Authority contributed 100%of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were $698,655 and $508,940, respectively, for the years ended September 30, 2016 and 2015, respectively.

Pension Costs

At September 30, 2016 and 2015, the Authority reported a liability of $15,192,439 and $12,395,695, respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all participating employers. At June 30, 2016, the Authority's proportion was 0.1304%, which was an increase of 0.0088% from its proportion measured as of June 30, 2015. At June 30, 2015, the Authority's proportion was 0.1215%, which was an increase of 0.0042% from its proportion measured as of June 30, 2014.

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2016, the Authority recognized pension expense of $1,511,386 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ -	$ 34,603
Changes in Actuarial Assumptions	2,384,080	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	7,682	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,328,005	-
Authority Contributions Subsequent to the Measurement Date	176,806	-
Total	$ 3,896,573	$ 34,603

$176,806 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2017	$ 565,868
2018	565,868
2019	565,868
2020	564,814
2021	589,318
Thereafter	833,428

Note 10. Defined Benefit Pension Plans (Continued)

For the year ended September 30, 2015, the Authority recognized pension expense of $1,057,655 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ -	$ -
Changes in Actuarial Assumptions	975,218	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	6,710	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	749,720	-
Authority Contributions Subsequent to the Measurement Date	146,308	-
Total	$ 1,877,956	$ -

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 2.85% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Note 10. Defined Benefit Pension Plans (Continued)

Pension Liability Sensitivity
The following presents the Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.85%	2.85%	3.85%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 17,429,179	$ 15,192,439	$ 13,336,067

Pension Plan Fiduciary Net Position
Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

Note 11. Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, were as follows: Regular class 6.3%, Special Risk class 14.00% and Senior Management class 11.34%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the years ended September 30, 2015 and 2014, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

Note 10. Defined Benefit Pension Plans (Continued)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled $552,805 and $490,503 for the years ended September 30, 2016 and 2015, respectively. Employee contributions to the Investment Plan totaled $189,168 and $178,835 for the years ended September 30, 2016 and 2015, respectively.

Note 12. Other Post-Employment Benefits

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, 2016 and 2015 of $1,917,000 and $1,548,000, respectively, which is a non-current liability in the statements of net position.

Note 12. Other Post-Employment Benefits (Continued)

Funding Policy
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 totaled $39,270 and $43,945 in fiscal year 2016 and 2015, 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, 2016 and 2015 to 146 and 131 recipients respectively. A summary of monthly required contributions for retirees for the fiscal years ended September 30, 2016 and 2015 is provided as follows:

Monthly Required Contributions for Retirees

	2016	2015
HMO Plans		
Retiree Only	$ 699	$ 660
Retiree, 1 Dependent	$ 1,430	$ 1,349
Retiree, Family	$ 2,129	$ 2,008
PPO Plans		
Retiree Only (Under 65)	$ 973	$ 918
Retiree, 1 Dependent (Under 65)	$ 2,171	$ 2,048
Retiree, Family (Under 65)	$ 3,133	$ 2,955
Retiree only (65+)	$ 837	$ 790
Retiree (65+), 1 Dependent (65+)	$ 1,674	$ 1,579
Retiree (65+), 1 Dependent (Under 65+)	$ 2,034	$ 1,919
Retiree (Under 65), Dependent (65+)	$ 2,034	$ 1,919
Dental Plans		
Retiree Only	$ 32	$ 32
Dependents	$ 81	$ 81
Life Insurance Contributions	$0.090 per $1,000 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 12. 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, 2016 and 2015 was $616,000 and $585,000, respectively.

The following table shows the components of the Authority's annual OPEB cost of the years ended September 30, 2016 and 2015, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

	2016	2015
Annual Required Contribution (ARC)	$ 613,000	$ 583,000
Interest on Net OPEB Obligation	62,000	46,000
Adjustment to Annual Contribution	(59,000)	(44,000)
Annual OPEB Cost (Expense)	616,000	585,000
Contributions Made	(247,000)	(196,000)
Increase in Net OPEB Obligation	369,000	389,000
Net OPEB Obligation – Beginning of Year	1,548,000	1,159,000
Net OPEB Obligation – End of Year	$ 1,917,000	$ 1,548,000

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
09/30/2014	$ 402,000	$ 239,000	59.45%	$ 1,159,000
09/30/2015	$ 585,000	$ 196,000	33.50%	$ 1,548,000
09/30/2016	$ 616,000	$ 247,000	40.10%	$ 1,917,000

Funded Status and Funding Progress

The Authority's funded status of the plan as of October 1, 2015, the most recent actuarial valuation date was as follows:

Actuarial Accrued Liability (AAL)	$ 6,368,000
Actual Value of Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 6,368,000
Funded Ratio	0.00%
Covered Payroll	$ 40,270,700
Unfunded Actuarial Accrued Liability (UAAL) as a Percentage of Covered Payroll	15.81%

Note 12. Other Post-Employment Benefits (Continued)

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 2015-2016 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, 2014
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	4.0%
Projected Salary Increase	3%
Healthcare Inflation Rate	8.0% Initial 4.5% Ultimate

Note 13. 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, natural disasters and workers' compensation. Details regarding insurance coverage and deductibles is presented by the Authority in the Other Information section of the financial statements.

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. A summary of the liability for the self-insurance plan is presented below:

	2016	2015
Liability, Beginning of the fiscal year	$ 1,251,846	$ 1,289,742
Current year claims and changes in estimates	8,666,628	8,272,773
Claims paid during the year	(8,622,534)	(8,310,669)
Liability, end of the fiscal year	$ 1,295,940	$ 1,251,846

Note 14. 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 $991.8 million for construction, engineering services, land acquisition and equipment, approximately $580.1 million of which remains unspent.

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.

Concentration of Revenues

The Authority leases facilities to the airlines and to other businesses to operate concessions at the Authority. For fiscal years ended September 30, 2016 and 2015, revenues realized from the following sources exceeded 5% of the Authority's total operating revenues:

	2016	2015
Southwest Airlines	8.1%	8.1%
Enterprise Leasing Company of Florida	6.6%	7.3%
HMS Host Corporation	6.5%	7.4%
American Airlines (US Airways)	5.7%	5.8%
Delta Airlines	5.6%	6.1%

Note 15. 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, 2016 and 2015 for these services were $6,522,600 and $6,277,100, respectively.

Note 16. Deepwater Horizon Oil Spill

As a consequence of the Gulf of Mexico oil spill in April 2010, British Petroleum (BP) established the Deepwater Horizon Oil Spill Trust in 2010 to satisfy legitimate individual and business claims; and state and local government claims resolved by BP, as well as other associated costs. The Authority received a settlement on August 7, 2015 in the amount of $11,278,760 for lost compensation and risk transfer. A portion of the settlement was shared with the airlines in the amount of $559,420 for fiscal year 2015.

Note 17. Subsequent Event

On December 15, 2016, the Authority issued the Tampa International Airport Revenue Bonds 2016 Series A in the par amount of $16,425,000. These proceeds, along with a withdraw from the reserves in the amount of $1,600,000 were used for the advanced refunding of the 2008 Series B (Non AMT) Bond, outstanding in the amount of $16,725,000.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress –
Other Post Employment Benefit Obligations

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)
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%
10/1/2014	$ -	$ 5,983,000	$ (5,983,000)	-	$ 37,309,400	16%

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.118844480%	0.113335017%	0.109354355%
Authority's Proportionate Share of the Net Pension Liability	$ 30,008,324	$ 14,638,737	$ 6,672,224
Authority's Covered-Employee Payroll	$ 33,815,069	$ 31,413,190	$ 28,595,685
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	88.74%	46.60%	23.33%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	84.88%	92.00%	96.09%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of Authority Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2016	2015	2014
Contractually Required Contribution	$ 3,121,541	$ 2,794,783	$ 2,403,034
Contributions in Relation to the Contractually Required Contribution	(3,121,541)	(2,794,783)	(2,403,034)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 36,325,660	$ 31,966,393	$ 28,718,892
Contributions as a Percentage of Covered Employee Payroll	8.59%	8.74%	8.37%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*

	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.130355889%	0.121545164%	0.117391378%
Authority's Proportionate Share of the Net Pension Liability	$ 15,192,439	$ 12,395,695	$ 10,976,380
Authority's Covered-Employee Payroll	$ 39,633,682	$ 37,218,200	$ 33,889,301
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	38.33%	33.31%	32.39%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	0.97%	0.50%	0.99%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of Authority Contributions
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*

	2016	2015	2014
Contractually Required Contribution	$ 698,655	$ 508,940	$ 403,596
Contributions in Relation to the Contractually Required Contribution	(698,655)	(508,940)	(403,596)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 42,985,687	$ 37,942,363	$ 34,065,788
Contributions as a Percentage of Covered Employee Payroll	1.63%	1.34%	1.18%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

Hillsborough County Aviation Authority

Schedule of Bonds Issued, Redeemed and Outstanding
Year Ended September 30, 2016

Revenue Bond Issue	Original Issuance	Redeemed In Prior Years	Refunded In Current Year	Redeemed In Current Year	Outstanding September 30, 2016
1996B	$ 55,325,000	$ 46,240,000	$ -	$ 2,855,000	$ 6,230,000
2001A	65,640,000	65,640,000	-	-	-
2005A	84,940,000	39,495,000	45,445,000	-	-
2005B	39,225,000	20,570,000	18,655,000	-	-
2006A	18,385,000	12,485,000	-	-	5,900,000
2006B	14,160,000	9,630,000	-	-	4,530,000
2008A	133,000,000	-	-	-	133,000,000
2008B	16,725,000	-	-	-	16,725,000
2008C	34,780,000	25,155,000	-	-	9,625,000
2008D	11,250,000	8,140,000	-	-	3,110,000
2009A	48,095,000	27,915,000	-	6,420,000	13,760,000
2013A	38,635,000	2,730,000	-	1,600,000	34,305,000
2013B	35,235,000	5,250,000	-	2,740,000	27,245,000
2013C	34,095,000	11,350,000	-	5,345,000	17,400,000
2013A Subordinated	168,865,000	25,885,000	-	14,230,000	128,750,000
2015A Senior	148,210,000	-	-	-	148,210,000
2015B Senior	43,160,000	-	-	12,410,000	30,750,000
2015C Senior	18,710,000	-	-	-	18,710,000
2015A Subordinated	19,590,000	-	-	-	19,590,000
2015B Subordinated	153,915,000	-	-	-	153,915,000
2015A CFC	88,975,000	-	-	-	88,975,000
2015B CFC	294,350,000	-	-	-	294,350,000
Total	$ 1,565,265,000	$ 300,485,000	$ 64,100,000	$ 45,600,000	$ 1,155,080,000

Hillsborough County Aviation Authority

Revenue Fund
Schedule of Cash and Investment Transactions
Year Ended September 30, 2016

	Depository Account	Operating Reserve Account
Balance, October 1, 2015	$ 10,002,541	$ 17,887,886
Receipts:		
Interest	5,293	19,435
Revenue	180,591,803	-
Government Grants	770,396	-
Parking	72,759,981	
Transfers from:		
Debt Reserve Fund	12,139,522	-
Revenue Fund	-	1,144,537
CFC Fund	6,112,791	-
Intrafund Transfers and Other Deposits	228,555	-
Total Available	282,610,882	19,051,858
Disbursements:		
Sales Taxes	(6,157,807)	-
Transfers to:		
Operations and Maintenance Fund	(114,181,279)	-
Sinking Fund	(40,000,392)	-
Surplus Fund	(54,977,227)	-
Imprest Fund	(199,724)	-
2015 B/C Non-AMT Construction Fund	(2,771,550)	-
Operating Reserve	(1,144,537)	-
Customer Facility Charges	(45,032,212)	-
Intrafund Transfers and Other Costs	(7,739,926)	-
Total Disbursements	(272,204,654)	-
Balance, September 30, 2016	$ 10,406,228	$ 19,051,858

Hillsborough County Aviation Authority

Sinking Fund
Schedule of Cash and Investment Transactions
Year Ended September 30, 2016

	Interest Account	Principal Account	Capitalized Interest Account
Balance, October 1, 2015	$ 1,154	$ 21,593	$ 23,440,429
Receipts:			
Interest	20,805	132,841	62,305
Transfers from:			
Revenue Fund	12,653,725	27,346,667	-
PFCs	8,306,594	20,650,000	-
CFCs	19,647,484	-	-
Bank Notes Proceeds	-	10,430,000	-
Total Receipts	40,628,608	58,559,508	62,305
Disbursements:			
Transfers to:			
Debt Service Paid from Revenue Fund	(12,459,364)	(24,950,000)	-
Debt Service Paid from PFCs	(8,306,594)	(20,650,000)	-
Debt Service Paid from CFCs	(19,647,484)	-	-
Debt Service Paid from Capitalized Interest	-	-	(16,085,750)
Debt Service Funds Used for Bonds Refunding	-	(2,396,667)	-
Other Transfers and Costs	(195,515)	(54,838)	(88,683)
Total Disbursements	(40,608,958)	(48,051,505)	(16,174,433)
Balance, September 30, 2016	$ 20,804	$ 10,529,596	$ 7,328,301

Investment Detail

	Due Date	Amortized Cost	Fair Value
T-Notes	3/31/2017	$ 3,644,998	$ 3,646,527
T-Notes	9/30/2017	3,707,121	3,710,832
		$ 7,352,119	$ 7,357,359

Hillsborough County Aviation Authority

Operating and Maintenance Fund
Schedule of Cash and Investment Transactions
Year Ended September 30, 2016

Balance, October 1, 2015	$ 11,739,624
Receipts:	
Transfers from:	
Revenue Fund	114,181,279
Capital Improvement Fund	1,939,272
2008 and 2009 Construction Fund	28,261
PFC Fund	196,173
Sinking Fund	211,085
Other Interfund Transfers	2,768,270
Other Deposits	815,574
Total Available	120,139,914
Disbursements:	
Disbursements to Payroll	(45,232,680)
Contribution to Florida Retirement System	(5,051,590)
Transfer to Surplus Fund	-
Transfer to Imprest Fund	(49,306,168)
Transfer to Self Insurance	(9,276,588)
Other Fund Transfers	(749,800)
Payments, including voids	(9,543,066)
Total Disbursements	(119,159,892)
Balance September 30, 2016	$ 12,719,646

Hillsborough County Aviation Authority

Reserve Fund
Schedule of Cash and Investment Transactions
Year Ended September 30, 2016

Balance, October 1, 2015	$ 93,370,786
Receipts:	
Interest	1,961,131
Net Proceeds on Sales of Investments	120,237
Total Available	2,081,368
Disbursements:	
Transfers to:	
Revenue Fund	(12,139,522)
CFC Fund	(273,631)
Total Disbursements	(12,413,153)
Balance, September 30, 2016	$ 83,039,001

Investment Detail

	Due Date	Amortized Cost	Fair Value
T-Bond	02/15/19	$ 2,832,332	$ 3,095,149
T-Note	08/15/17	7,074,357	7,220,880
T-Note	06/30/18	5,701,144	5,752,597
T-Note	08/15/20	3,997,258	4,120,396
T-Note	08/15/21	3,715,206	3,886,585
T-Note	08/15/22	5,310,471	5,628,231
T-Note	08/15/23	3,899,083	4,111,120
T-Note	05/15/23	4,042,337	4,310,681
T-Note/T-Bond	08/15/28	13,967,773	15,712,627
T-Note	05/15/30	31,723,970	33,948,583
		$ 82,263,931	$ 87,786,849

Hillsborough County Aviation Authority

Surplus Fund
Schedule of Cash and Investment Transactions
Year Ended September 30, 2016

Balance, October 1, 2015	$ 77,748,749
Receipts	
Interest	56,112
Transfers from Revenue Fund	54,977,227
Transfer from Unclaimed Property Fund	610,829
Transfer from Imprest Fund	15,486,852
Other Interfund Transfers	167,300
Total Available	71,298,320
Disbursements:	
Transfer to O&M Fund	(211,085)
Transfer to Capital Improvement Fund	(6,140,002)
Transfer to Equipment Fund	(2,590,900)
Transfer to Imprest Fund	(36,507,925)
Transfer for Project funding	(16,413,190)
2013 Debt Service Bonds & Notes Funding	(196,072)
2011 Note Principal payments	(12,215,000)
Other Costs	(419,994)
Total Disbursement	(74,694,168)
Balance, September 30, 2016	$ 74,352,901

Hillsborough County Aviation Authority

Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2016

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CFDA/ CSFA Number	Current Year Expenditures
US Department of Transportation			
Federal Aviation Administration,			
Airport Improvement Program			
	3-12-0078-59	20.106	$ 148,718
	3-12-0078-61	20.106	(157,688)
	3-12-0078-62	20.106	5,132,837
	3-12-0097-34	20.106	60,837
Total Expenditures of Federal Awards			$ 5,184,704

See accompanying notes to schedule.

Hillsborough County Aviation Authority

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2016

Federal/State Agency, Federal Program/State Project	Contract/ Grant Number	CFDA/ CSFA Number	Current Year Expenditures
Florida Department of Transportation, Aviation Development Grant			
	AK457/404911	55.004	$ (116,860)
	G0A35/415759-1	55.004	42,259
	ARQ09/422551-2	55.004	1,702
	AQI25/422553	55.004	5,219
	AQ698/424097-4	55.004	178,224
	AR389/425920-1	55.004	288,201
	AR390/425920-2	55.004	25,765
	AR634/425920-3	55.004	100,000
	AR636/425920-5	55.004	104,851
	AR637/425920-6	55.004	315,660
	ARO62/428057-1	55.004	106,670
	ARO63/428057-2	55.004	761,806
	ARJ43/428057-5	55.004	66,073
	ARJ42/428057-6	55.004	13,400
	ARJ65/428062-1	55.004	161,180
	AQQ10/428362	55.004	2,046,471
	G0394/429600-1	55.004	54,951
	G0395/429601-1	55.004	483,271
	G0926/429602-1	55.004	1,476
	G0569/429603-1	55.004	2,070
	AQQ06/431497	55.004	216,536
	ARJ32/435722-1	55.004	64,205,215
	G0898/438693-1	55.004	89,391
	G0897/438694-1	55.004	24,330
	G0C59/438695-1	55.004	14,142
	G0895/438697-1	55.004	1,442
	G0894/438698-1	55.004	12,640
	G0893/438699-1	55.004	12,640
	G0892/438700-1	55.004	12,640
Total State Financial Assistance			$ 69,231,365
Total of Expenditures of Federal Awards and State Financial Assistance			$ 74,416,069

(Concluded)

Hillsborough County Aviation Authority

Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended September 30, 2016

Quarter Ended	Beginning Balance Unliquidated PFCs	PFC Collections	Interest Earned	Expenditures	Ending Balance Unliquidated PFCs
December 31, 2015	$ (147,354,748)	$ 8,478,492	$ 4,646	$ (25,024,393)	$ (163,896,003)
March 31, 2016	(163,896,003)	10,329,042	4,447	(9,411,664)	(162,974,178)
June 30, 2016	(162,974,178)	9,482,218	4,378	(7,194,616)	(160,682,198)
September 30, 2016	(160,682,198)	8,583,208	4,468	(9,234,444)	(161,328,966)

Note 1. Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state award activity of the Authority under programs of the federal and state government for the year ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Hillsborough County Aviation Authority (Authority), it is not intended to and does not present the financial position, and changes in net position or cash flows of the Authority.

The Schedule of Passenger Facility Charges (PFC) Collected and Expended is prepared on the cash basis of accounting; however, the Authority's financial statements are prepared on the accrual basis of accounting and such transactions are recorded in the financial statements when revenue is earned or expenses are incurred. The information in this schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration in September 2000. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. To date, the Authority has expended more than it has collected for PFC and has an ending unliquidated balance which will be funded with future PFC collections.

Note 2. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2016.

Note 3. Indirect Cost Recovery

The Authority did not recover its indirect costs using the 10% de minimus indirect cost rate provided under section 200.414 of the Uniform Guidance.

OTHER INFORMATION

Hillsborough County Aviation Authority
Summary Schedule of Insurance Policies

September 30, 2016 (Unaudited)

Lexington Insurance Company

Property Coverage –

All other perils	
(Excluding Terrorism & Named Windstorm)	$1,000,000,000
Deductible	$ 250,000
Named Windstorm -	$ 75,000,000
Deductible – greater of 5% of value or	$ 250,000
Flood Coverage –	$ 75,000,000
Deductible Special Flood Hazard Zones – greater of 5% or	$ 250,000
Terrorism Coverage	$ 100,000,000
Deductible	$ 25,000
Nuclear, Chemical, Biological & Radiological Terrorism	$ 2,500,000
Deductible	$ 100,000

Terrorism and NCBR provided by a stand-alone program via Lloyds of London.

Travelers Casualty and Surety Company of America

Crime Coverage:

Employee Theft	$ 3,000,000
Deductible	$ 25,000
Depositors Forgery	$ 3,000,000
Deductible	$ 25,000
Money Securities on Premises	$ 1,000,000
Deductible	$ 1,000
Money Securities Messenger	$ 1,000,000
Deductible	$ 1,000
Funds Transfer Fraud	$ 3,000,000
Deductible	$ 25,000
Computer Fraud	$ 3,000,000
Deductible	$ 25,000
Personal Accounts Protection	$ 1,000,000
Deductible	$ 25,000

Hillsborough County Aviation Authority
Summary Schedule of Insurance Policies (Continued)

September 30, 2016 (Unaudited)

Beazley – Syndicate 2623/623 at Lloyd's

Cyber Risk Coverage:

Policy Aggregate	$ 5,000,000
Deductible	$ 50,000
Regulatory Defense & Penalties	$ 5,000,000
Deductible	$ 50,000
PCI Fines, Expenses & Costs	$ 1,000,000
Deductible	$ 50,000
Notified Individuals	1,000,000
Deductible	100
First Party Coverage	
Cyber Extortion	$ 5,000,000
Data Protection Loss & Business Interruption	$ 5,000,000
Deductible	$50,000

Commerce and Industry Insurance Company

Florida Storage Tank Third-Party Liability, Corrective Action and Clean Up Costs Coverage:

Each incident	$ 1,000,000
Aggregate Limit	$ 2,000,000
Deductible	$ 5,000

American Southern Insurance Company

Automobile Insurance:

Liability		$1,000,000
Automobile Physical Damage		
(On and Off Premises)	Lesser of Actual Cash Value or Repair	
Uninsured Motorist Coverage		$ 100,000
Personal Injury Protection		Statutory
Florida No-Fault (Statutory)		
Deductible –	Comp/Collision	$1,000 / 5,000
Hired Car Liability		$1,000,000
Hired Car Physical Damage Deductible		
Comprehensive		$ 100
Collision		$ 500

Hillsborough County Aviation Authority
Summary Schedule of Insurance Policies (Continued)

September 30, 2016 (Unaudited)

Florida Municipal Insurance Trust

Workers' Compensation Coverage:	Statutory
Employer's Liability:	
Each Accident	$ 1,000,000
Each Employee	$ 1,000,000
Policy Limit/Disease	$ 1,000,000
Deductible	$ -0-

AIG – Illinois National Insurance Company

Public Officials & Employment Practices Liability Coverage:	
Aggregate	$ 5,000,000
Deductible	$ 50,000

Global Aerospace, Inc.

Airport General Liability Insurance	$300,000,000
War/Terrorism	$150,000,000
Deductible	$ -0-

XL Specialty Insurance Company

Inland Marine:

Contractors Equipment	$ 4,170,945
Deductible (All Other Perils)	$ 5,000
Deductible Misc. Equipment	$ 1,000
EDP Equipment	$ 11,326,268
Deductible: (All Other Perils)	$ 5,000
Windstorm greater of 2% of damaged item or	$ 25,000
Deductible Flood	$ 25,000
Fine Arts	$ 4,774,341
Deductible: (All Other Perils)	$ 1,000
Windstorm greater of 2% of damaged item or	$ 1,000

Hillsborough County Aviation Authority
Summary Schedule of Insurance Policies (Continued)

September 30, 2016 (Unaudited)

Allied World Surplus Lines Insurance Company

Law Enforcement Liability:	
Includes Terrorism	
Each Claim	$ 1,000,000
Each Occurrence	$ 1,000,000
Aggregate	$ 2,000,000
Deductible	$ 25,000

Gerber Life Insurance Company

Employee Travel:	
Each Covered Person (Max)	$ 200,000
Per Accident (Max)	$ 1,000,000

National Union Fire Insurance Company of Pittsburgh, PA

Blanket Accident Insurance:	
Coverage:	
While Engaged in Performance of Duties is Accidentally Killed or Receives Bodily Injury	$ 70,700 Max
Coverage:	
Accidentally Killed or Dismembered While Responding to an Emergency / Perceived Emergency (additional)	$ 70,700 Max
Coverage:	
Individual Unlawfully or Intentionally Dismembered, Killed, or Injured by Another Person (additional)	$ 199,980 Max

The Insurance Company of the State of Pennsylvania

Foreign Travel Policy:	
General Aggregate	$2,000,000
Foreign General Liability	$1,000,000
Foreign Business Auto	$1,000,000
Ransom / Extortion Aggregate	$1,000,000

Hillsborough County Aviation Authority
Summary Schedule of Insurance Policies (Continued)

September 30, 2016 (Unaudited)

American Bankers Insurance Company of Florida

Flood Insurance:

815 Severn Avenue	Building	$404,100
	Deductible	$ 2,000
825 Severn Avenue	Building	$500,000
	Deductible	$ 2,000

PROJECT INSURANCE PROGRAM

Primary Liability and Workers' Compensation

XL Specialty Insurance Company		
Workers' Compensation:		Statutory
	Deductible	$ 250,000
XL - Greenwich Insurance Company		
General Liability:		
	Each Occurrence	$ 2,000,000
	Aggregate	$ 4,000,000
	Deductible	$ 250,000
Clash	Deductible	$ 375,000

Excess Liability

Westchester	$15M excess Primary
AWAC/Westchester	$35M excess $17M
Endurance Berkshire	$50M excess $52M

Builders' Risk

Limits:	
Total Project Value	$592,284,657
Delay in Completion	$40,400,000
Named Windstorm Limit	$50,000,000
Flood Limit	$50,000,000
Earth Movement Limit	$50,000,000
ACE American Insurance Company	25%
Beazley	25%
Travelers	20%
Allianz	20%
Berkshire Hathaway – National Fire & Marine	10%

Deductible	
All Other Perils	$50,000
Delay in Completion	30 days
Named Windstorm	3%/$100K min
Flood	3%/$100K min
Earth Movement	$100,000
AOP	$100,000
Named Storm	3%
Ironshore Specialty Insurance Company	
Environmental/Pollution:	
Site Pollution	$ 25,000,000
Contractor Protective	$ 25,000,000
Catlin Specialty Insurance Company	
Owners Protective Professional Liability:	$ 5,000,000

COMPLIANCE REPORTS

RSM US LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

We have audited, 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, the financial statements of Hillsborough County Aviation Authority (the Authority), which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2017.

Internal Control Over Financial Reporting

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

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

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

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

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

RSM US LLP

Tampa, Florida
May 15, 2017

**Report on Compliance for the Major Federal Program,
the Major State Project, and the Passenger Facility Charge Program;
Report on Internal Control Over Compliance
Required by the Uniform Guidance, Chapter 10.550, Rules of the Auditor General,
and the Passenger Facility Charge Audit Guide for Public Agencies**

Independent Auditor's Report

To the Members of the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

Report on Compliance for the Major Federal Program, the Major State Project, and the Passenger Facility Charge Program

We have audited the Hillsborough County Aviation Authority's (the Authority) compliance with the types of compliance requirements in the US Office of Management and Budget (OMB) *Compliance Supplement*, the Department of Financial Services' State Projects Compliance Supplement, and the Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the Authority's major federal program, the major state project, and the passenger facility charge program for the year ended September 30, 2016. The Authority's major federal program and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program, major state project and passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Chapter 10.550, Rules of the Auditor General; and the Guide. Those standards, the Uniform Guidance, Chapter 10.550 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, major state project, or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program, major state project, and the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program, the Major State Project and the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program, major state project, and the passenger facility charge program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program, major state project, and the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program, major state project and the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.550, Rules of the Auditor General and the Guide. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
May 15, 2017

Hillsborough County Aviation Authority
Schedule of Findings and Questioned Costs

Year Ended September 30, 2016

I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

State Financial Assistance

Internal control over major projects:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for major projects:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?		Yes	X	No

Identification of major projects:

CSFA Number(s)	Name of State Program or Project
55.004	Aviation Development Grants

Dollar threshold used to distinguish between type A and type B projects: $ 300,000

<u>Passenger Facility Charge</u>

Internal control over major projects:

Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None Reported
Type of auditor's report issued on compliance for PFC programs	Unmodified			

II – Financial Statement Findings Section

No matters to report.

III – Federal Award Findings and Questioned Costs

No matters to report.

IV – State Financial Assistance Findings and Questioned Costs

No matters to report.

V – Passenger Facility Charge Program Findings and Questioned Costs

No matters to report.

Hillsborough County Aviation Authority

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2016

No matters reported.

Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida

To the Board of Directors
Hillsborough County Aviation Authority
Tampa, Florida

Report on the Financial Statements
We have audited the financial statements of the Hillsborough County Aviation Authority (the Authority) as of and for the year ended September 30, 2016, and issued our report thereon dated May 15, 2017.

Auditor's Responsibility
We conducted our audit 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.

Other Reports and Schedule
We have issued our Independent Auditor's Report on Internal Control over Financing Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance For Each Major Federal Program, State Project and the Passenger Facility Charge Program; Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 15, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, prior year audit finding 2015-01 has been corrected.

Official Title and Legal Authority
Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The specific legal authority that established the Authority is disclosed in Note 1 of the financial statements.

Financial Condition
Section 10.554(1)(i)5a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report
Section 10.554(1)(i)5b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

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

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

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

RSM US LLP

Tampa, Florida
May 15, 2017

RSM US LLP

Independent Accountant's Report

To the Board of Directors
Hillsborough County Aviation Authority

We have examined the Hillsborough County Aviation Authority's (the Authority) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Florida Auditor General, the Authority Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Tampa, Florida
May 15, 2017