

GENERAL PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORTS

TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY

June 30, 2020 and 2019

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TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY

MEMBERS OF THE AUTHORITY

June 30, 2020

GUBERNATORIAL APPOINTEES

Vincent Cassidy, Chairman

Bennett Barrow, Vice Chairman

Daniel Alvarez, Secretary

Shaun Oxtal, Member

EX-OFFICIO

Mayor Jane Castor, Member, City of Tampa, Florida

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

David Gwynn, Member, District Secretary,  
Florida Department of Transportation

STAFF

Joseph Waggoner, Executive Director

Amy Lettelleir, Esquire, General Counsel

Jeff Seward, Director of Finance

Robert Frey, AICP, Director of Planning and Innovation

Brian Pickard, Director of Operations and Engineering

Susan Chrzan, Director of Public Affairs

Rafael Hernandez, Director of Toll Operations

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

This section of the Tampa-Hillsborough County Expressway Authority's ("Authority") annual report presents our discussion and analysis of its financial performance during the fiscal year ended June 30, 2020.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows at the close of the fiscal year by \$463,927,675.

Change in net position for fiscal year ended June 30, 2020 totaled \$47,838,345.

Construction in progress increased by approximately \$112 million from the prior year.

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

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

### **REQUIRED FINANCIAL STATEMENTS**

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

### NET POSITION

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

	2020	2019	2018
Unrestricted current assets	\$ 27.58	\$ 18.14	\$ 29.34
Restricted current assets	33.65	31.90	32.56
Restricted assets			
Cash and investments	249.53	332.20	361.35
Receivables and other	14.84	18.12	11.00
Capital assets			
Property and equipment - net	737.59	738.51	739.85
Construction in progress	294.75	182.56	105.77
<b>Total assets</b>	<b>1,357.94</b>	<b>1,321.43</b>	<b>1,279.87</b>
Deferred outflows of resources	26.24	28.51	30.50
Current liabilities	3.01	1.47	1.14
Restricted current liabilities	33.65	31.90	32.56
Long-term debt			
Bonds payable	665.19	682.66	693.64
Due to other governments	213.83	213.83	213.83
Pension liability	4.31	3.67	3.47
<b>Total liabilities</b>	<b>919.99</b>	<b>933.53</b>	<b>944.64</b>
Deferred inflows of resources	0.26	0.32	0.15
Net position			
Invested in capital assets, net of related debt	223.92	204.53	181.17
Restricted	218.02	196.43	165.13
Unrestricted	21.99	15.13	19.28
<b>Total net position</b>	<b>\$ 463.93</b>	<b>\$ 416.09</b>	<b>\$ 365.58</b>

As can be seen from the above table, restricted cash and investments decreased \$82.67 million which is a result of construction in progress increasing by \$112.19 million. During the year ended June 30, 2020 the Authority had a strong operational performance of an increase in net position of \$47.84 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### NET POSITION - Continued

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Toll revenues	<u>\$ 87.90</u>	<u>\$ 82.09</u>	<u>\$ 82.72</u>
Expenses			
Operating expenses	15.31	13.50	10.16
General and administrative	<u>6.68</u>	<u>5.58</u>	<u>5.60</u>
Total expenses	<u>21.99</u>	<u>19.08</u>	<u>15.76</u>
Operating net income	65.91	63.01	66.96
Net non-operating expenses	<u>(19.88)</u>	<u>(14.79)</u>	<u>(22.88)</u>
Income before capital grants	46.03	48.22	44.08
Capital grants	<u>1.81</u>	<u>2.29</u>	<u>7.48</u>
Increase in net position	47.84	50.51	51.56
Net position at beginning of year	<u>416.09</u>	<u>365.58</u>	<u>314.02</u>
Net position at end of year	<u>\$ 463.93</u>	<u>\$ 416.09</u>	<u>\$ 365.58</u>

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position, provides details as to the nature and source of these changes. As can be seen from the above table, revenues increased from the prior year. Operating expenses increased \$1.81 million which was related to large renewal and replacement expenses for resurfacing projects during the year. Capital grant revenue decreased by \$0.48 million due to the Connected Vehicle Pilot project moving to its implementation phase.

### BUDGETARY PROCESS

The Authority's Operating Budget is recommended by the Finance and Budget Committee of the Authority's governing board. The budget is based upon a review of current revenues and expenditures and the projected future funding needs of the Authority for administration, operations, maintenance, and the annual approved work program. The budget is then approved by the Authority's governing board. There were no amendments to the approved budget.

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

Toll revenues were lower than budgeted by \$7.3 million due to lower traffic counts than expected as a result of the coronavirus pandemic.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### BUDGETARY PROCESS - Continued

Expenses were lower than budget by \$5.5 million, of which \$5 million was related to renewal and replacement projects that were completed under budget or were not yet completed at the end of the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets consist of the following:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Assets subject to depreciation				
Buildings and improvements	\$ 10,677,826	\$ -	\$ -	\$ 10,677,826
Furniture and equipment	27,359,772	-	-	27,359,772
Vehicle	56,619	-	-	56,619
	<u>38,094,217</u>	<u>-</u>	<u>-</u>	<u>38,094,217</u>
Less accumulated depreciation	<u>(30,123,692)</u>	<u>(1,130,959)</u>	<u>-</u>	<u>(31,254,651)</u>
	7,970,525	(1,130,959)	-	6,839,566
Assets not subject to depreciation				
Land and infrastructure	<u>730,541,081</u>	<u>213,238</u>	<u>-</u>	<u>730,754,319</u>
	<u>\$ 738,511,606</u>	<u>\$ (917,721)</u>	<u>\$ -</u>	<u>\$ 737,593,885</u>
Construction in progress	<u>\$ 182,559,003</u>	<u>\$ 112,408,086</u>	<u>\$ (213,238)</u>	<u>\$ 294,753,851</u>

The Authority's investment in capital assets includes buildings, improvements, furniture and equipment and roads. Additionally, the Authority added approximately \$112 million of construction in progress improvements related to the Selmon West Extension, the South Selmon Safety Project, the Meridian Improvement Project and various other projects.

### INFRASTRUCTURE PRESERVATION

It is the policy of the Authority that it will take all necessary actions to ensure that infrastructure assets are maintained, repaired, renewed and, when needed, replaced, so as to last indefinitely. Depreciation is not recorded as long as the infrastructure assets are maintained at the level established by the Authority. Routine maintenance and renewal and replacement costs are expensed annually. The Authority's policy is to maintain the roadway condition and a Maintenance Rating Program (MRP) rating 90 or better. The Authority's GEC has determined that the overall rating of the Expressway System in the Florida Department of Transportation's Maintenance Rating Program exceeds minimum standards. For fiscal year 2020, road maintenance expenses were \$4,164,056 and renewal and replacement expenses \$2,906,311.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### SIGNIFICANT EVENTS

During the year, significant progress was made on the Selmon West Extension to the Gandy Bridge. Approximately \$90 million was added to construction in progress related to this project. The project is being funded by the Series 2017 Bonds discussed below.

### LONG TERM DEBT

In December 2012, the Authority issued \$192.43 million in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2012A, \$141.73 million in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2012B, \$35.04 million in Tampa-Hillsborough County Expressway Authority Taxable Revenue Bonds, Series 2012C; and \$70.1 million in Tampa-Hillsborough County Expressway Authority Taxable Refunding Revenue Bonds, Series 2012D. The refunding bond issues were used to refund the remaining 2002 (\$73.9 million) and the 2005 (\$248.3 million) bonds. The bonds were issued under a new Tampa-Hillsborough County Expressway Authority Master Bond Resolution.

During the year ended June 30, 2018, the Authority issued \$157,780,000 in Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 2017; \$152,410,000 in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2017B; and \$36,190,000 in Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 2017C. The funds were used to fund the Selmon West Extension Project which includes the construction of 2.5 miles of elevated roadway over a portion of the existing Gandy Boulevard in South Tampa; refund the Series 2012B Bonds; and to fund the South Selmon Safety Project and the Meridian Improvement Project.

In June 2020, the Authority deposited cash on hand of \$4,549,216 into an irrevocable escrow to advance refund, through an in-substance defeasance, \$4,415,000 of the Series 2012C Tax Revenue Bonds. The remaining balance at June 30, 2020 of \$10,210,000 was transferred to the paying agent July 1, 2020. As a result, the Series 2012C Bonds are considered to be defeased and the escrowed assets and the liability for the bonds have been removed from these financial statements. The Authority achieved a cash flow difference and an economic loss of \$18,731 as a result of the refunding.

The Series 2012 Bonds were rated A- by Standards & Poor's and A3 by Moody's Investors Services. On February 4, 2014, the bonds were upgraded to a rating of A by Standards & Poor's. Moody's upgraded the bonds to a rating of A2 on December 15, 2016. The Series 2017, 2017B and 2017C bonds were rated A+ by Standards & Poor's and A2 by Moody's Investors Services.

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

Pursuant to the Tampa-Hillsborough County Expressway Authority Master Bond Resolution, the Traffic and Revenue Engineer has verified that pledged funds estimated for fiscal year 2021 will be sufficient to comply with estimated bond payments as required by the terms of the Master Resolution.



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

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

In typical years, traffic on the Selmon Expressway grows between 2 and 5 percent and toll revenue grows a couple percentage points higher due to the toll indexing policies of the Authority. During the development of the FY2021 budget, it was clear that next year would not be a typical year due to the restrictions in place to combat the COVID-19 pandemic. The Authority's Traffic and Revenue Engineer, Stantec Consulting Services Inc., began tracking traffic and revenue closely when those restrictions were first put into place Friday, March 13, 2020. Traffic on the Selmon Expressway hit a low in mid-April at approximately 60 percent below previous year's level. This followed a recovery of traffic levels through the final months of the fiscal year to levels that were approximately 25 percent below previous year's level.

With this data, three revenue scenarios for FY2021 were developed estimating the potential trajectory of recovery of traffic and toll revenue during this unprecedented event. These scenarios, short, mid and long duration, were defined by the length of time the recovery would take. The FY2021 budget used the mid-duration recovery scenario which discounted previous forecasts by 20 percent, assuming essentially a slightly better than steady state through the fiscal year. Thus far in FY2021, through November, actual traffic is above the budget forecast, with toll revenue following suit.

In September 2020, the Authority issued \$20.09 million in Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 2020A and \$202.10 million in Tampa-Hillsborough County Expressway Authority Taxable Refunding Revenue Bonds Series 2020B. The Series 2020A proceeds will be used for capital improvements to the Expressway System. The Series 2020B proceeds were used to refund Series 2012A and fund the debt service reserve and debt issued costs related to the issuance of the 2020 Series.

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

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

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



Herman V. Lazzara	Stephen G. Douglas
Marc D. Sasser	Michael E. Helton
Sam A. Lazzara	Christopher F. Terrigino
Kevin R. Bass	James K. O'Connor
Jonathan E. Stein	David M. Bohnsack
Richard B. Gordimer, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

## INDEPENDENT AUDITORS' REPORT

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2020 and 2019 and the respective changes in net position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 2 - 9), Trend Data on Infrastructure Condition (page 42), and pension schedules (pages 43 - 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

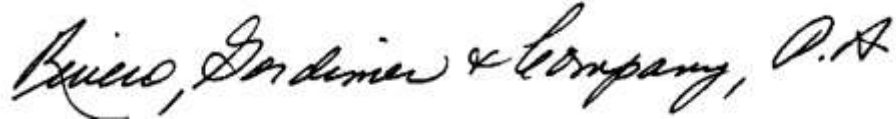
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Requirements* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Tampa, Florida  
January 25, 2021

Handwritten signature in cursive script that reads "Bueco, Gordinier & Company, P.A."

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF NET POSITION

June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (notes B2 and C)	\$ 1,680,487	\$ 1,474,717
Restricted cash and investments to meet current liabilities	33,649,915	31,902,799
Accounts receivable - tolls (note B4)	1,622,718	1,939,274
Investments (notes B3 and C)	24,114,209	14,663,980
Other assets	<u>161,720</u>	<u>64,612</u>
Total current assets	<u>61,229,049</u>	<u>50,045,382</u>
RESTRICTED ASSETS		
Investments (notes B3 and C)	249,532,585	332,201,076
Accrued interest receivable	60,252	395,821
Accounts receivable - tolls (note B4)	14,604,461	17,453,462
Grant receivable	<u>172,677</u>	<u>268,618</u>
Total restricted assets	<u>264,369,975</u>	<u>350,318,977</u>
PROPERTY AND EQUIPMENT - net of accumulated depreciation (notes B9 and D)		
Capital assets not being depreciated:		
Land and infrastructure	730,754,319	730,541,081
Capital assets net of accumulated depreciation:		
Buildings and improvements	5,189,260	5,492,048
Furniture and equipment	<u>1,650,306</u>	<u>2,478,477</u>
Total property and equipment	<u>737,593,885</u>	<u>738,511,606</u>
CONSTRUCTION IN PROGRESS (notes B7, D, and I)	<u>294,753,851</u>	<u>182,559,003</u>
TOTAL ASSETS	<u>1,357,946,760</u>	<u>1,321,434,968</u>
DEFERRED OUTFLOWS OF RESOURCES (note B10)	<u>26,238,133</u>	<u>28,507,464</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,238,133</u>	<u>28,507,464</u>

Tampa-Hillsborough County Expressway Authority  
STATEMENTS OF NET POSITION - CONTINUED

June 30,

	2020	2019
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES FROM UNRESTRICTED ASSETS</b>		
Accounts payable	2,379,527	990,278
Accrued expenses	623,550	482,578
	3,003,077	1,472,856
<b>CURRENT LIABILITIES FROM RESTRICTED ASSETS</b>		
Accounts and contracts payable (note B7)	6,484,251	6,396,878
Current portion of revenue bonds payable (note E)	10,545,000	8,770,000
Current portion of governmental agencies payable (note E)	-	1,605
Interest payable	13,990,664	14,103,866
Unearned revenue	2,630,000	2,630,450
Total current liabilities payable from restricted assets	33,649,915	31,902,799
Total current liabilities	36,652,992	33,375,655
<b>LONG-TERM DEBT due after one year (note E)</b>		
Revenue bonds payable	665,193,483	682,660,285
Due to governmental agencies	213,833,835	213,833,835
Total long-term debt	879,027,318	896,494,120
PENSION LIABILITY (note G)	4,312,517	3,667,779
TOTAL LIABILITIES	919,992,827	933,537,554
<b>DEFERRED INFLOWS OF RESOURCES (note B12)</b>		
TOTAL DEFERRED INFLOWS OF RESOURCES	264,391	315,548
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	223,923,699	204,528,210
Restricted - capital projects	95,042,303	77,141,949
Restricted - operation, maintenance and administrative reserve	34,328,896	34,989,675
Restricted - debt service	88,644,947	84,297,953
Unrestricted	21,987,830	15,131,543
TOTAL NET POSITION	\$ 463,927,675	\$ 416,089,330

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

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30,

	<u>2020</u>	<u>2019</u>
Toll revenues	<u>\$ 87,896,561</u>	<u>\$ 82,090,142</u>
Operating expenses		
Operations	6,551,139	5,742,436
Maintenance	4,164,056	3,952,973
Renewal and replacement	2,906,311	2,097,044
Depreciation	1,130,959	1,162,625
Other expenses	555,116	544,531
Total operating expenses	<u>15,307,581</u>	<u>13,499,609</u>
General and administrative expenses		
Payroll expense	4,908,246	3,844,555
Outside services	1,167,804	1,119,842
Occupancy and office expense	599,898	612,560
Total general and administrative expenses	<u>6,675,948</u>	<u>5,576,957</u>
Total expenses	<u>21,983,529</u>	<u>19,076,566</u>
Income from operations	<u>65,913,032</u>	<u>63,013,576</u>
Non-operating revenues (expenses)		
Investment income	5,369,239	8,102,890
Net increase (decrease) in the fair value of investments	1,658,149	1,445,702
Miscellaneous revenue	884,257	889,329
(Loss) gain on sale of asset	(93,351)	2,543,609
Interest expense	(27,702,160)	(27,775,618)
Total non-operating expenses	<u>(19,883,866)</u>	<u>(14,794,088)</u>
Income before capital grants	46,029,166	48,219,488
Capital grants	<u>1,809,179</u>	<u>2,289,961</u>
Increase in net position	47,838,345	50,509,449
Net position at beginning of year	<u>416,089,330</u>	<u>365,579,881</u>
Net position at end of year	<u>\$ 463,927,675</u>	<u>\$ 416,089,330</u>

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

Tampa-Hillsborough County Expressway Authority

STATEMENTS OF CASH FLOWS

For the year ended June 30,

	<u>2020</u>	<u>2019</u>
Operating activities		
Receipts from customers	\$ 90,975,231	\$ 88,122,008
Payments to suppliers	(12,831,703)	(13,203,230)
Payments to employees	<u>(5,818,711)</u>	<u>(4,137,157)</u>
Net cash from operating activities	<u>72,324,817</u>	<u>70,781,621</u>
Non-capital financing activities		
Miscellaneous non-operating revenue	<u>884,257</u>	<u>889,329</u>
Capital and related financing activities		
Acquisition and construction of capital assets	(112,320,714)	(78,791,872)
Repayment of governmental advances	(1,605)	(15,710)
Interest paid on revenue bonds	(28,228,746)	(28,504,285)
Principal payments on bonds payable	(13,185,000)	(6,790,000)
Cash proceeds from grant	1,992,007	2,949,985
Cash proceeds from sale of asset	<u>-</u>	<u>2,722,840</u>
Net cash from capital and related financing activities	<u>(151,744,058)</u>	<u>(108,429,042)</u>
Investing activities		
Proceeds of investments, net	71,901,274	34,386,666
Interest received on investments	<u>5,704,810</u>	<u>8,002,245</u>
Net cash from investing activities	<u>77,606,084</u>	<u>42,388,911</u>
Net (decrease) increase in cash	(928,900)	5,630,819
Cash and cash equivalents at beginning of year	<u>13,589,890</u>	<u>7,959,071</u>
Cash and cash equivalents at end of year	<u>\$ 12,660,990</u>	<u>\$ 13,589,890</u>
Cash and cash equivalents - unrestricted	\$ 1,680,487	\$ 1,474,717
Cash and cash equivalents - restricted for current liabilities	<u>10,980,503</u>	<u>11,866,248</u>
Cash and cash equivalents at end of year	<u>\$ 12,660,990</u>	<u>\$ 13,340,965</u>



Tampa-Hillsborough County Expressway Authority

STATEMENTS OF CASH FLOWS - CONTINUED

For the year ended June 30,

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by operating activities		
Income from operations	<u>\$ 65,913,032</u>	<u>\$ 63,013,576</u>
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	1,130,959	1,162,625
Changes in assets and liabilities		
Accounts receivable - tolls	3,078,670	6,031,866
Other assets	(97,108)	(14,268)
Accounts payable	1,389,249	294,767
Unearned revenue	(450)	450
Pension items	769,493	258,306
Other liabilities	<u>140,972</u>	<u>34,299</u>
Total adjustments	<u>6,411,785</u>	<u>7,768,045</u>
Net cash provided by operating activities	<u>\$ 72,324,817</u>	<u>\$ 70,781,621</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE A - ORGANIZATION AND REPORTING ENTITY

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

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Accounting

The Authority accounts for its activities through use of an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of a change in financial position is necessary or useful for sound financial administration (business-type activities). Since the Authority only has business-type activities, it is considered a special-purpose government for financial reporting under Governmental Accounting Standards Board (GASB) No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)*. Accordingly, the Authority only presents fund financial statements as defined by GASB 34. The Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Cash and Cash Equivalents

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

3. Investments

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

4. Accounts Receivable

The Selmon Expressway has all electronic tolling. Tolls are collected through the use of either SunPass or Video Toll Collection (VTC). VTC utilizes cameras to record license plate images and a bill for the tolls is sent to the registered owner of the vehicle.

The Authority records accounts receivable at estimated net realizable value. Accordingly, accounts receivable at June 30, 2020 and 2019 are shown net of allowances for doubtful accounts. The Authority has set their allowance for doubtful accounts at approximately \$-0- and \$1,926,000 at June 30, 2020 and 2019, respectively.

5. Debt Service Payments

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

6. Bond Premiums and Discounts

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

7. Construction in Progress

Costs associated with the construction of new infrastructure assets or betterments of existing infrastructure assets are recorded as construction in progress. Upon completion of construction or betterment of an asset, the construction in progress account is closed to the infrastructure asset account. Interest costs incurred prior to the end of a construction period are expensed in the period they are incurred.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Property and Equipment

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

9. Depreciation

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

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

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

10. Deferred Outflows of Resources

The Deferred Outflows of Resources on refunding of revenue bonds is the difference between the reacquisition price and the net carrying amount of refunded bonds. Deferred outflows of resources were \$24,215,769 and \$26,309,189 at June 30, 2020 and 2019, respectively. The amortization period of deferred refunding losses is the remaining life of the old debt or the life of the new debt, whichever is shorter.

The Deferred Outflows of Resources on the pension liability relates to pre-payments of future pension contributions and other proportionate share changes of the pension liability since the last measurement date. This totaled \$2,022,364 and \$2,198,275 for the years ended June 30, 2020 and 2019, respectively.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Deferred Inflows of Resources

The Deferred Inflows of Resources on the pension liability relates to differences between expected and actual earnings on pension investments. This totaled \$264,391 and \$315,548 at June 30, 2020 and 2019, respectively.

12. Restricted Funds

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

13. Estimates

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

14. Operating Revenues and Expenses

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

15. Budgets and Budgetary Accounting

The Authority follows the following procedures in establishing budgetary data:

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

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

NOTE C - CASH AND INVESTMENTS

The total carrying amounts of the Authority's cash and investments (unrestricted and restricted) was \$306,976,811 and \$379,050,860 with a fair value of \$308,977,196 and \$380,242,572 at June 30, 2020 and 2019, respectively. Cash consists of deposits with the Florida State Treasurer, local government investment pools and commercial banks at June 30, 2020 and 2019. Investments are reported at fair value in the accompanying financial statements.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE C - CASH AND INVESTMENTS - Continued

Certain cash and investments totaling and carried at \$280,991,639 and \$362,663,238, with a fair value of \$283,182,500 and \$364,103,875 as of June 30, 2020 and 2019, respectively, are restricted as to their use by agreements or bond covenants.

1. Deposits

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

As of June 30, 2020 and 2019, approximately \$12,717,000 and \$13,463,000, respectively, was collateralized by the State of Florida collateral pool, which is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if any of its member institutions fail. Required collateral is defined under Chapter 280 of the Florida Statutes, *Security for Public Deposits*.

2. Investments

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

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes 280.02.
- d. Direct obligations of the U.S. Treasury.

The Authority has invested \$73,427,863 and \$157,405,848 at June 30, 2020 and 2019, respectively, in FLCLASS, a Florida local government investment pool. FLCLASS is measured at amortized cost that approximated fair value. As such, FLCLASS is not required to be categorized within the fair value hierarchy. The dollar weighted average days to maturity of FLCLASS was 54 days at September 30, 2019. FLCLASS is rated AAAM by S&P Global Ratings.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE C - CASH AND INVESTMENTS – Continued

Investments held by the Florida Treasury Investment Pool at June 30, 2020 and 2019 are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Council per Section 17.575, Florida Statutes. The Florida Treasury Investment Pool was rated by Standard and Poor as AA- and AA- at June 30, 2020 and 2019, respectively. Additionally, the effective duration on the Florida Treasury Investment Pool is 0.43 years and 2.71 years at June 30, 2020 and 2019, respectively.

As of June 30, 2020 and 2019, other than the investments in the Florida Treasury Investment Pool, all of the investments are in the Authority’s name.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value 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.

*Money market funds and certificates of deposits;* Consist of cash deposits with financial institutions and money market funds. The Authority uses quoted market prices of identical assets on active exchanges, or Level 1 measurements.

*Investments:* Primarily consist of fixed income funds. The Authority uses quoted market prices of identical assets on active exchanges, or Level 1 measurements.

*Pooled Short-Term Investments:* Consist of pooled investments with the state which is valued at the quoted market price of the issuer or Level 2 measurements.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table set forth by level, within the fair value hierarchy, the Authority’s investments at fair value as of June 30, 2020 and 2019:

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Short term investments	<u>\$ 125,737,332</u>	<u>\$ 120,728,285</u>	<u>\$ 5,009,047</u>	<u>\$ -</u>
Fixed				
US Government obligations	<u>97,151,011</u>	<u>97,151,011</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 222,888,343</u>	<u>\$ 217,879,296</u>	<u>\$ 5,009,047</u>	<u>\$ -</u>



Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE C - CASH AND INVESTMENTS - Continued

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Short term investments	<u>\$ 111,037,699</u>	<u>\$ 106,188,980</u>	<u>\$ 4,848,719</u>	<u>\$ -</u>
Fixed				
US Government obligations	<u>98,209,134</u>	<u>98,209,134</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 209,246,833</u>	<u>\$ 204,398,114</u>	<u>\$ 4,848,719</u>	<u>\$ -</u>

3. Concentration of Credit Risk

The following is the percent of any issuer with whom the Authority had invested more than 5% of the Authority's total portfolio as of June 2020 and 2019:

<u>Issuer</u>	<u>2020</u>	<u>2019</u>
US Bank	70.92%	53.67%
FLCLASS	24.78%	42.93%

NOTE D - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Changes in property and equipment and construction in progress during the years ended June 30, 2020 and 2019 consist of the following:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Assets subject to depreciation				
Buildings and improvements	\$ 10,677,826	\$ -	\$ -	\$ 10,677,826
Furniture and equipment	27,359,772	-	-	27,359,772
Vehicle	56,619	-	-	56,619
	<u>38,094,217</u>	<u>-</u>	<u>-</u>	<u>38,094,217</u>
Less accumulated depreciation	<u>(30,123,692)</u>	<u>(1,130,959)</u>	<u>-</u>	<u>(31,254,651)</u>
	<u>7,970,525</u>	<u>(1,130,959)</u>	<u>-</u>	<u>6,839,566</u>
Assets not subject to depreciation				
Land and infrastructure	<u>730,541,081</u>	<u>213,238</u>	<u>-</u>	<u>730,754,319</u>
Total property and equipment	<u>\$ 738,511,606</u>	<u>\$ (917,721)</u>	<u>\$ -</u>	<u>\$ 737,593,885</u>
Construction in progress	<u>\$ 182,559,003</u>	<u>\$ 112,408,086</u>	<u>\$ (213,238)</u>	<u>\$ 294,753,851</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE D - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS - Continued

	June 30, 2018	Additions	Deletions	June 30, 2019
Assets subject to depreciation				
Buildings and improvements	\$ 10,677,826	\$ -	\$ -	\$ 10,677,826
Furniture and equipment	27,416,790	-	(57,018)	27,359,772
Vehicle	56,619	-	-	56,619
	<u>38,151,235</u>	<u>-</u>	<u>(57,018)</u>	<u>38,094,217</u>
Less accumulated depreciation	<u>(29,018,085)</u>	<u>(1,162,625)</u>	<u>57,018</u>	<u>(30,123,692)</u>
	9,133,150	(1,162,625)	-	7,970,525
Assets not subject to depreciation				
Land and infrastructure	<u>730,720,312</u>	<u>-</u>	<u>(179,231)</u>	<u>730,541,081</u>
	<u>\$ 739,853,462</u>	<u>\$ (1,162,625)</u>	<u>\$ (179,231)</u>	<u>\$ 738,511,606</u>
Construction in progress	<u>\$ 105,767,571</u>	<u>\$ 76,791,432</u>	<u>\$ -</u>	<u>\$ 182,559,003</u>

NOTE E - LONG-TERM DEBT

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

1. Revenue Bonds Payable

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

During the year ended June 30, 2018, the Authority issued \$157,780,000 in Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 2017; \$152,410,000 in Tampa-Hillsborough County Expressway Authority Refunding Revenue Bonds, Series 2017B; and \$36,190,000 in Tampa-Hillsborough County Expressway Authority Revenue Bonds, Series 2017C. The funds were used to refund the series 2012B bonds; fund Selmon-West Extension Project which includes the construction of 2.5 miles of elevated roadway over a portion of the existing Gandy Boulevard in South Tampa; and fund South Selmon Safety Project and Meridian Improvement Project.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - LONG-TERM DEBT – Continued

On June 15, 2020, the Authority deposited cash on hand of \$4,549,216 into an irrevocable escrow to advance refund, through an in-substance defeasance, \$4,415,000 of the Series 2012C Tax Revenue Bonds. The remaining balance at June 30, 2020 of \$10,210,000 was transferred to the paying agent July 1, 2020. As a result, the Series 2012C Bonds are considered to be defeased and the escrowed assets and the liability for the bonds have been removed from these financial statements. The Authority achieved a cash flow difference and an economic loss of \$18,731 as a result of the refunding.

Bonds payable as of June 30, are as follows:

	<u>2020</u>	<u>2019</u>
Series 2012A bonds payable		
Serial bonds due from July 1, 2016 through July 1, 2032, bearing interest from 3.00% to 5.00%	\$ 97,850,000	\$ 97,850,000
Term bonds due July 1, 2037, bearing interest at 5.00%	93,035,000	93,035,000
Term bonds due July 1, 2037, bearing interest at 4.00%	1,550,000	1,550,000
	<u>192,435,000</u>	<u>192,435,000</u>
Series 2012C bonds payable		
Serial bonds (taxable) due from July 1, 2015 through July 1, 2021, bearing interest from 1.32% to 3.04%	10,210,000	23,075,000
Series 2012D bonds payable		
Serial bonds (taxable) due from July 1, 2021 through July 1, 2026, bearing interest from 3.04% to 3.84%	70,105,000	70,105,000
Series 2017 bonds payable		
Term bonds due July 1, 2047, bearing interest at 5.00%	157,780,000	157,780,000
Series 2017B bonds payable		
Serial bonds (taxable) due from July 1, 2019 through July 1, 2037, bearing interest from 4.00% to 5.00%	18,605,000	18,925,000
Term bonds due July 1, 2042, bearing interest at 4.00%	133,485,000	133,485,000
	<u>152,090,000</u>	<u>152,410,000</u>
Series 2017C bonds payable		
Term bonds due July 1, 2048, bearing interest at 5.00%	36,190,000	36,190,000
Total bonds payable	618,810,000	631,995,000
Plus unamortized premium	56,928,483	59,435,285
	675,738,483	691,430,285
Less current portion	(10,545,000)	(8,770,000)
Long-term portion	<u>\$ 665,193,483</u>	<u>\$ 682,660,285</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - LONG-TERM DEBT - Continued

The Series 2012, Series 2017, Series 2017B and Series 2017C Bonds are secured by a pledge of, and lien on the net system revenues of the expressway system less the cost of operations, maintenance, and administrative expenses. The Master Bond Resolution contains a provision that in the event of default, the bonds are not subject to acceleration, but any holder of such bonds shall be entitled as of right to the appointment of a receiver of the Expressway System in an appropriate judicial proceeding. Debt service requirements to maturity at June 30, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,545,000	\$ 27,981,328	\$ 38,526,328
2022	7,595,000	27,540,398	35,135,398
2023	12,380,000	27,302,552	39,682,552
2024	12,785,000	26,900,933	39,685,933
2025	13,230,000	26,457,524	39,687,524
2026 - 2030	74,510,000	123,912,510	198,422,510
2031 - 2035	92,885,000	105,530,250	198,415,250
2036 - 2040	117,700,000	80,717,000	198,417,000
2041 - 2045	144,670,000	53,737,300	198,407,300
2046 - 2049	132,510,000	16,250,500	148,760,500
	<u>\$ 618,810,000</u>	<u>\$ 516,330,295</u>	<u>\$ 1,135,140,295</u>

2. Debt Service Reserve Requirements

The Authority has established three Debt Service Reserve Accounts; the 2012 A/B Reserve Subaccount, the 2012 C/D Reserve Subaccount and the Common Reserve Subaccount. Amounts deposited into the accounts equal the Maximum Annual Debt Service for the Series 2012 Bonds and are pledged solely to secure repayment of the bond issue. The balance of these accounts is as follows at June 30,:

	<u>2020</u>	<u>2019</u>
2012 A/B Reserve	\$ 13,631,996	\$ 13,083,369
2012 C/D Reserve	15,607,706	14,977,488
2017, 2017 B/C Reserve	33,460,308	32,113,105
	<u>\$ 62,700,010</u>	<u>\$ 60,173,962</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - LONG-TERM DEBT - Continued

3. Due to Other Governmental Agencies

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

	<u>2020</u>	<u>2019</u>
Due to State of Florida - FDOT	\$ 200,074,890	\$200,074,890
Due to State of Florida - FDOT State Transportation Trust Fund	13,758,945	13,758,945
Due to other governments	-	1,605
	<u>213,833,835</u>	<u>213,835,440</u>
Less current portion	-	(1,605)
	<u>\$213,833,835</u>	<u>\$213,833,835</u>

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

The amount due State of Florida - FDOT - State Transportation Trust Fund resulted from advances made to the Authority for the purposes under Section 339.08(2)(g), Florida Statutes, as interim financing for future projects. The amount owed at June 30, 2020 and 2019 was \$12,034,945. The Authority has also negotiated a \$1,724,000 interest free loan. These loans are payable in twenty annual installments beginning July 1, 2025.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - LONG-TERM DEBT – Continued

The following is long-term debt activity for the years ended June 30, 2020 and 2019:

<u>2020</u>	June 30, 2019	Additions	Deletions	June 30, 2020	Due within one year
<b>Revenue bonds</b>					
Series 2012A	\$ 192,435,000	\$ -	\$ -	\$ 192,435,000	\$ -
Series 2012C	23,075,000	-	(12,865,000)	10,210,000	10,210,000
Series 2012D	70,105,000	-	-	70,105,000	-
Series 2017	157,780,000	-	-	157,780,000	-
Series 2017B	152,410,000	-	(320,000)	152,090,000	335,000
Series 2017C	36,190,000	-	-	36,190,000	-
	631,995,000	-	(13,185,000)	618,810,000	10,545,000
Add unamortized bond premium	59,435,285	-	(2,506,802)	56,928,483	-
Revenue bonds payable - net of premium	691,430,285	-	(15,691,802)	675,738,483	10,545,000
<b>Due to other governments</b>					
FDOT Long Term Debt	200,074,890	-	-	200,074,890	-
State Transportation Trust Fund Loan	13,758,945	-	-	13,758,945	-
Other due to governments	1,605	-	(1,605)	-	-
Total due to other governments	213,835,440	-	(1,605)	213,833,835	-
Total long-term debt	\$ 905,265,725	\$ -	\$ (15,693,407)	\$ 889,572,318	\$ 10,545,000
<u>2019</u>	June 30, 2018	Additions	Deletions	June 30, 2019	Due within one year
<b>Revenue bonds</b>					
Series 2012A	\$ 192,435,000	\$ -	\$ -	\$ 192,435,000	\$ -
Series 2012C	29,865,000	-	(6,790,000)	23,075,000	8,450,000
Series 2012D	70,105,000	-	-	70,105,000	-
Series 2017	157,780,000	-	-	157,780,000	-
Series 2017B	152,410,000	-	-	152,410,000	320,000
Series 2017C	36,190,000	-	-	36,190,000	-
	638,785,000	-	(6,790,000)	631,995,000	8,770,000
Add unamortized bond premium	61,960,820	-	(2,525,535)	59,435,285	-
Revenue bonds payable - net of premium	700,745,820	-	(9,315,535)	691,430,285	8,770,000
<b>Due to other governments</b>					
FDOT Long Term Debt	200,074,890	-	-	200,074,890	-
State Transportation Trust Fund Loan	13,758,945	-	-	13,758,945	-
Other due to governments	17,315	-	(15,710)	1,605	1,605
Total due to other governments	213,851,150	-	(15,710)	213,835,440	1,605
Total long-term debt	\$ 914,596,970	\$ -	\$ (9,331,245)	\$ 905,265,725	\$ 8,771,605

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned, but unused vacation and sick leave, which will be paid to employees as of the statement of net position date, or upon retirement from the Authority. The liability for unpaid compensated absences was \$458,818 and \$412,190 at June 30, 2020 and 2019, respectively.

NOTE G - DEFINED BENEFIT PLANS

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

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

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

Employees may participate in the Public Employee Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program, in lieu of participation in the defined benefit retirement plan ("Pension Plan"). If the Investment Plan is elected, active membership in the defined benefit retirement plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. The contribution rates for the years ended June 30, 2020 and 2019 were 8.47% and 8.26%, respectively, for regular class and 25.41% and 24.06% for senior management class, respectively.

For employees in the Pension Plan, benefits are computed on the basis of age, average final compensation and service credit. Regular class and senior management class employees who were enrolled in the FRS prior to July 1, 2011 and retire at or after age 62 with at least six years of credited service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, based on their final average compensation of their five highest fiscal years of pay for each year of credited service.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS - Continued

Employees enrolled on or after July 1, 2011 and who retire at or after age 65 with at least eight years of credited service, or 33 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, as explained above, based on their eight highest fiscal years of pay. Using their date of enrollment as a basis, vested employees with less than the minimum years of service may retire before the minimum age and receive reduced retirement benefits.

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

Starting on July 1, 2011, Chapter 2011-68 of the Laws of Florida required members of the FRS not enrolled in DROP to contribute 3% of their salary to their retirement. Governmental employers are required to make contributions to the FRS based on statewide contribution rates. For the year ended June 30, 2020, the contribution rate applied to regular employee salaries was 8.47%, including 1.66% for a post-retirement health insurance subsidy ("HIS"). For the year ended June 30, 2019, the contribution rate was 8.26%, which included 1.66% for HIS. The fiscal year 2020 contribution rate applied to senior management salaries was 25.41%, including 1.66% HIS. For the year ended June 30, 2019 the contribution rate was 24.06%, which included 1.66% for HIS. For the year ended June 30, 2020 the contribution rate applied to the salaries of the employees in DROP was 14.60%, including 1.66% for HIS. For the year ended June 30, 2019 contribution rate was 14.03%, which included 1.66% for HIS. The total contributions for employees covered by the Pension Plan for the years ended June 30, 2020 and 2019 was \$320,621 and \$311,206, respectively.

The Authority also participates in a Deferred Compensation plan (the "Plan") for public employees of the State of Florida, under Section 457 of the Internal Revenue Code, covering substantially all of its employees. The Authority's contributions to the Plan are based upon the employee's salaries. Contributions of \$77,841 and \$76,422 were made to the Plan for the year ended June 30, 2020 and 2019, respectively.

**Health Insurance Subsidy (HIS) Program**

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



Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS – Continued

**Net Pension Liability**

The component of the collective net pension liability of the Authority as of June 30, 2020 and 2019 is shown below:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
June 30, 2020	<u>\$ 3,456,450</u>	<u>\$ 856,067</u>	<u>\$ 4,312,517</u>
June 30, 2019	<u>\$ 2,896,720</u>	<u>\$ 771,059</u>	<u>\$ 3,667,779</u>

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2019 and July 1, 2018 for the net pension liability as of June 30, 2020 and 2019, respectively.

**Actuarial Methods and Assumptions**

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed as of June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60% for each of the years ended June 30, 2020 and 2019. Payroll growth, including inflation, for both plans is assumed at 3.25% for each of the years ended June 30, 2020 and 2019. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.90% and 7.00% at June 30, 2020 and 2019, respectively. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses the pay-as-you-go funding structure, a municipal bond rate of 3.50% and 3.87% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index) at June 30, 2020 and 2019, respectively. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS – Continued

The following changes in actuarial assumptions occurred during the year ended June 30, 2020:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90% and the active mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

The following changes in actuarial assumptions occurred during the year ended June 30, 2019:

- FRS: The long-term expected rate of return was decreased from 7.10% to 7.00% and the active mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%.

The long-term expected rate of return, net of investment expense on pension plan investments was 6.90% and 7.00% at June 30, 2020 and 2019, respectively. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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 expected rate of return is presented in arithmetic and geometric means.

June 30, 2020			
Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global Equity	54%	8.0%	6.8%
Real estate (property)	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS - Continued

June 30, 2019			
Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global Equity	54%	7.6%	6.3%
Real estate (property)	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the Authority if the discount rate was 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2020 and 2019.

FRS Net Pension Liability - June 30, 2020		
1% Decrease	Current Discount / Rate of Return	1% Increase
5.90%	6.90%	7.90%
\$5,975,051	\$3,456,450	\$1,352,992

HIS Net Pension Liability - June 30, 2020		
1% Decrease	Current Discount / Rate of Return	1% Increase
2.50%	3.50%	4.50%
\$977,244	\$856,067	\$755,140

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS - Continued

FRS Net Pension Liability - June 30, 2019		
1% Decrease	Current Discount / Rate of Return	1% Increase
6.00%	7.00%	8.00%
\$5,286,636	\$2,896,720	\$911,754
HIS Net Pension Liability - June 30, 2019		
1% Decrease	Current Discount / Rate of Return	1% Increase
2.87%	3.87%	4.87%
\$878,192	\$771,059	\$681,759

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

In accordance with GASB 68, paragraph 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

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

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019 was 6.4 years for FRS and 7.2 for HIS and 6.4 for FRS and 7.2 for HIS at June 30, 2018.

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS - Continued

The Authority's proportion of the FRS was 0.0100 percent at June 30, 2020, which was an increase of 0.0004 from its proportion measured as of June 30, 2019. At 2020, the Authority's proportion of the HIS was 0.0077 percent, which was an increase of 0.0004 from its proportion measured as of June 30, 2019.

The Authority recognized pension expense of approximately \$1,134,700, \$612,000 and \$812,000, for the years ended June 30, 2020, 2019 and 2018, respectively.

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**2020**

<b>Deferred Inflows / Outflows of Resources</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 215,410	\$ (3,193)
Changes of assumptions	986,889	(69,968)
Net difference between projected and actual earnings on pension plan investments	552	(191,230)
Changes in proportion and differences between Tampa-Hillsborough County Expressway Authority's contributions and proportionate share of contributions	454,313	-
Tampa-Hillsborough County Expressway Authority's contributions subsequent to the measurement date	<u>365,200</u>	<u>-</u>
Total	<u>\$ 2,022,364</u>	<u>\$ (264,391)</u>

**2019**

<b>Deferred Inflows / Outflows of Resources</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 257,201	\$ (10,218)
Changes of assumptions	1,032,259	(81,523)
Net difference between projected and actual earnings on pension plan investments	465	(223,807)
Changes in proportion and differences between Tampa-Hillsborough County Expressway Authority's contributions and proportionate share of contributions	554,659	-
Tampa-Hillsborough County Expressway Authority's contributions subsequent to the measurement date	<u>353,691</u>	<u>-</u>
Total	<u>\$ 2,198,275</u>	<u>\$ (315,548)</u>

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - DEFINED BENEFIT PLANS – Continued

The \$365,200 and \$353,691 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan years ended June 30, 2020 and 2019, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ending June 30:	
2021	\$ 509,869
2022	169,764
2023	362,322
2024	252,573
2025	69,611
Thereafter	<u>28,634</u>
	<u>\$ 1,392,773</u>

**Additional Financial and Actuarial Information**

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pensions Amounts by Employer is located in the Florida CAFR and in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2019. The system's CAFR and the actuarial valuation reports referenced herein are available online at:

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

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

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

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE SEVERANCE

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

NOTE I - CONTRACTUAL OBLIGATIONS

Consulting Contracts

The Authority has entered into contracts with consultants for design, engineering, technology, construction and other services. The committed, but unspent balances of these contracts were \$45,208,813 and \$132,518,363 at June 30, 2020 and 2019, respectively.

NOTE J - CURRENT LEASE AGREEMENT WITH TENANT

The Authority leases certain office space and property to tenants which expire in various years through 2034.

The approximate future minimum rentals, including renewal options, to be received under these non-cancelable operating leases are as follows:

<u>Year ending June 30:</u>	
2021	\$ 582,348
2022	132,074
2023	126,873
2024	95,901
2025	32,213
Thereafter	<u>496,866</u>
	<u>\$ 1,466,275</u>

NOTE K - RISK MANAGEMENT

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

Tampa-Hillsborough County Expressway Authority

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE L - SUBSEQUENT EVENTS

The Authority has evaluated events and transactions occurring subsequent to June 30, 2020 as of January 25, 2021 which is the date the financial statements were available to be issued.

On September 10, 2020, the Expressway Authority issued the \$222,300,000 Tampa-Hillsborough County Expressway Authority Revenue Bonds Series 2020 consisting of \$202,210,000 in refunding bonds for the 2012 A bonds and \$20,090,000 to fund the Authority's Six-Year Work Program as defined in the fourth supplemental revenue bond resolution.



SUPPLEMENTARY INFORMATION

Tampa-Hillsborough County Expressway Authority  
TREND DATA ON INFRASTRUCTURE CONDITION

June 30, 2020

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

The results of the last three inspections are as follows:

<u>Evaluation Period</u> <u>Fiscal Year</u>	<u>Rating</u>
2020	96%
2019	94%
2018	94%

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

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>
2020	\$ 4,687,500	\$ 4,164,056
2019	\$ 4,458,663	\$ 3,952,973
2018	\$ 3,702,474	\$ 2,749,123
2017	\$ 3,335,147	\$ 2,939,194
2016	\$ 3,133,436	\$ 2,925,092

Tampa-Hillsborough County Expressway Authority

SCHEDULE OF TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY'S  
PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE FLORIDA RETIREMENT  
SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM

**Florida Retirement System (FRS) Defined Benefit Pension Plan**

Authority Year Ending June 30,	Plan Sponsor Measurement Date June 30,	Authority's Proportion of the FRS Net Pension Liability	Authority's Proportionate Share of the FRS Net Pension Liability	Authority's Covered Employee Payroll	Authority's proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	2019	0.010036555%	\$ 3,456,450	\$ 2,690,542	128.47%	82.61%
2019	2018	0.009617100%	\$ 2,896,720	\$ 2,558,813	113.21%	84.26%
2018	2017	0.009267292%	\$ 2,741,202	\$ 2,410,007	113.74%	83.89%
2017	2016	0.007995643%	\$ 2,018,906	\$ 2,173,184	92.90%	84.88%
2016	2015	0.007360228%	\$ 950,672	\$ 1,833,148	51.86%	92.00%
2015	2014	0.006741295%	\$ 411,316	\$ 1,622,163	25.36%	96.09%
2014	2013	0.002944881%	\$ 506,945	\$ 1,569,484	32.30%	88.54%

**Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

Authority Year Ending June 30,	Plan Sponsor Measurement Date June 30,	Authority's Proportion of the FRS Net Pension Liability	Authority's Proportionate Share of the FRS Net Pension Liability	Authority's Covered Employee Payroll	Authority's proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	2019	0.007650970%	\$ 856,067	\$ 2,690,542	31.82%	2.63%
2019	2018	0.007285065%	\$ 771,059	\$ 2,558,813	30.13%	2.15%
2018	2017	0.006852751%	\$ 732,728	\$ 2,410,007	30.40%	1.64%
2017	2016	0.005799349%	\$ 675,890	\$ 2,173,184	31.10%	0.97%
2016	2015	0.005296215%	\$ 540,131	\$ 1,833,148	29.46%	0.50%
2015	2014	0.005250370%	\$ 491,080	\$ 1,622,163	30.27%	0.99%
2014	2013	0.004991401%	\$ 434,567	\$ 1,569,484	27.69%	1.78%

Tampa-Hillsborough County Expressway Authority

SCHEDULE OF TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY'S  
CONTRIBUTIONS FOR THE FLORIDA RETIREMENT SYSTEM AND  
HEALTH INSURANCE SUBSIDY PROGRAM

**Florida Retirement System (FRS) Defined Benefit Pension Plan**

Authority Year Ending June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	Authority's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2020	\$ 320,621	\$ 320,621	\$ -	\$ 2,690,542	11.92%
2019	\$ 311,206	\$ 311,206	\$ -	\$ 2,558,813	12.16%
2018	\$ 274,080	\$ 274,080	\$ -	\$ 2,410,007	11.37%
2017	\$ 241,250	\$ 241,250	\$ -	\$ 2,173,184	11.10%
2016	\$ 194,987	\$ 194,987	\$ -	\$ 1,833,148	10.64%
2015	\$ 179,449	\$ 179,449	\$ -	\$ 1,622,163	11.06%
2014	\$ 147,663	\$ 147,663	\$ -	\$ 1,569,484	9.41%

**Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

Authority Year Ending June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	Authority's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2020	\$ 44,579	\$ 44,579	\$ -	\$ 2,690,542	1.66%
2019	\$ 42,485	\$ 42,485	\$ -	\$ 2,558,813	1.66%
2018	\$ 39,507	\$ 39,507	\$ -	\$ 2,410,007	1.64%
2017	\$ 36,267	\$ 36,267	\$ -	\$ 2,173,184	1.67%
2016	\$ 29,725	\$ 29,725	\$ -	\$ 1,833,148	1.62%
2015	\$ 20,245	\$ 20,245	\$ -	\$ 1,622,163	1.25%
2014	\$ 17,992	\$ 17,992	\$ -	\$ 1,569,484	1.15%

Tampa-Hillsborough County Expressway Authority  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2020

Grantor and Project Title	CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Pass-Through To Subrecipients	Expenditures
<b>Federal</b>					
<b>U.S. Department of Transportation</b>					
Direct Program					
Federal Highway Administration					
Highway Research and Development					
Program					
	20.200	DTFH6116H00025	N/A	\$ -	\$ 1,896,066
Total expenditures of federal awards				<u>\$ -</u>	<u>\$ 1,896,066</u>

The accompanying notes are an integral part of this schedule.

Tampa-Hillsborough County Expressway Authority

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of Tampa-Hillsborough County Expressway Authority under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Federal expenditures reported on the Schedule are reported on the accrual basis of accounting. Federal expenditures are recognized following the cost principles contained in the 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.

NOTE 2 - CONTINGENCIES

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

NOTE 3 - SUBRECIPIENTS

The Authority did not provide federal awards to subrecipients.

NOTE 4 - INDIRECT COST RATE

The Authority did not utilize the de minimus indirect cost rates for reimbursement of grant expenditures for the fiscal year ended June 30, 2020.

## REGULATORY REPORTS



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

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 25, 2021.

**Internal Control Over Financial Reporting**

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

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

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





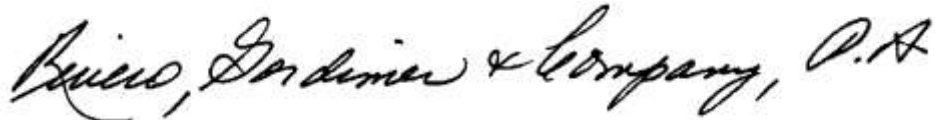
## Compliance and Other Matters

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

## Purpose of this Report

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

Tampa, Florida  
January 25, 2021

A handwritten signature in cursive script that reads "Bueco, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

**Report on Compliance for Each Federal Program**

We have audited Tampa-Hillsborough County Expressway Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Tampa-Hillsborough County Expressway Authority's major federal program for the year ended June 30, 2020. Tampa-Hillsborough County Expressway Authority's major federal program is 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 program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Tampa-Hillsborough County Expressway Authority's major federal programs 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about Tampa-Hillsborough County Expressway Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



### **Opinion on Each Major Federal Program**

In our opinion, Tampa-Hillsborough County Expressway Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida  
January 25, 2021

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

For the year ended June 30, 2020

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

\_\_\_ yes  X  no

Significant deficiency(ies) identified?

\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted?

\_\_\_ yes  X  no

**Federal Awards**

Internal control over major federal awards

Material weakness(es) identified?

\_\_\_ yes  X  no

Significant deficiency(ies) identified?

\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major federal awards:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_ yes  X  no

Identification of major federal programs:

CFDA Number

20.200

Name of Federal Program

Highway Research and Development Program

Dollar threshold used to distinguish between type A and type B programs

Federal

\$ 750,000

Auditee qualified as low-risk auditee

X  yes \_\_\_ no

**Section II - Financial Statement Findings**

No matters were reported for the year ended June 30, 2020

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported for the year ended June 30, 2020



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

Distinguished Members of the Authority  
Tampa-Hillsborough County Expressway Authority

**Report on the Financial Statements**

We have audited the financial statements of the Tampa-Hillsborough County Expressway Authority (the "Authority"), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 25, 2021.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 16, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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



## **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The required information is disclosed in the Notes to General Purpose Financial Statements (see Note A - Organization and Reporting Entity), page 19.

## **Financial Condition and Management**

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

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

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.

## **Special District Component Units**

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a country, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the country, municipality, or special district, in accordance with Section 218.32(1)(a), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.32(1)(a), Florida Statutes.

## **Additional Matters**

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

**Purpose of this Letter**

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

Tampa, Florida  
January 25, 2021

*Bucio, Gordinier & Company, P.A.*

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





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

Distinguished Members of the Authority  
 Tampa-Hillsborough County Expressway Authority

We have examined the compliance of Tampa-Hillsborough County Expressway Authority (the "Authority") with the requirements of Section 218.415, Florida Statutes during the year ended June 30, 2020. 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 June 30, 2020.

Tampa, Florida  
 January 25, 2021

