

TAMPA SPORTS AUTHORITY
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
REGULATORY REPORTS

September 30, 2016

TAMPA SPORTS AUTHORITY

	<u>2016 to 2017</u>	<u>2015 to 2016</u>
<u>EXECUTIVE COMMITTEE</u>		
Chairman	Vincent Marchetti	Andrew Scaglione
Vice Chairman	John Jaeb	Vincent Marchetti
Secretary/Treasurer	Tony Muniz	John Jaeb
<u>EX-OFFICIO</u>		
City Councilman	Hon. Frank Reddick	Hon. Frank Reddick
County Commissioner	Hon. Ken Hagan	Hon. Ken Hagan
<u>MEMBERS</u>		
	Kalyn Brandewie	Kalyn Brandewie
	Don Defossett	Don Defossett
	Randy Larson	Randy Larson
	Luciano Prida, Jr.	Tony Muniz
	Andrew Scaglione	Luciano Prida, Jr.
	Rev. Thomas Scott	Rev. Thomas Scott

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INDEPENDENT AUDITORS' REPORT



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

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American Institute of Certified Public Accountants
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Kevin R. Bass James K. O'Connor
Jonathan E. Stein
Cesar J. Rivero, of Counsel
Richard B. Gordimer, of Counsel

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tampa Sports Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Tampa Sports Authority as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the Tampa Sports Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Tampa Sports Authority's 2015 financial statements, and our report dated May 31, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information on pages 5 through 17 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.

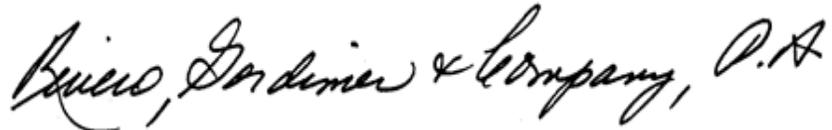
Other Information

Our audit was conducted for the purpose of forming an opinion on Tampa Sports Authority's basic financial statements. The Schedule of Expenditures of State Financial Assistance as required by Chapter 10.550, *Rules of the Auditor General*, the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill, the Schedule of Tampa Sports Authority's Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy Program, and the Schedule of Tampa Sports Authority's Contributions for the Florida Retirement System and Health Insurance Subsidy Program are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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. The 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 State Financial Assistance, the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill, the Schedule of Tampa Sports Authority's Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy Program, and the Schedule of Tampa Sports Authority's Contributions for the Florida Retirement System and Health Insurance Subsidy Program are 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 March 30, 2017, on our consideration of the Tampa Sports 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 Tampa Sports Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Buico, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the main text block.

Tampa, Florida
March 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TAMPA SPORTS AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Tampa Sports Authority (the "Sports Authority") is to provide an introduction and understanding of the financial statements of the Sports Authority for the year ended September 30, 2016, with selected comparisons to the prior year ended September 30, 2015. The information presented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

Introduction

The Tampa Sports Authority is an independent special district that was created by Chapter 65-2307, as superseded by Chapter 96-520, *Laws of Florida*, for the purpose of constructing and managing sports and recreational facilities in Hillsborough County. The Sports Authority's vision is to provide economic development and enhance the quality of life through sports and recreation. The Sports Authority has no taxing powers, but rather acts as an enterprise fund utilizing user-fees to subsidize its operating costs. As a result, all of its major capital construction projects, from the original Tampa Stadium, Golf Courses, the Amalie Arena, Steinbrenner Field, and Raymond James Stadium (the "Stadium") have been accomplished by working closely with the approval and financial support of Hillsborough County ("County") and the City of Tampa ("City").

During its first 25 years (1965-89), the funding needs of the Sports Authority from the City and County were minimal, and the Sports Authority operated in conjunction with local government units.

Over the next eight years (1990-98), the Sports Authority became a player in several highly publicized contract negotiations with the Tampa Bay Arena, LTD (formerly known as the Tampa Bay Arena, LP) (formerly "Ice Palace", St. Pete Times Forum or Tampa Bay Times Forum, renamed "Amalie Arena"), the New York Yankees (formerly Legends Field, renamed George M. Steinbrenner Field), and the Tampa Bay Buccaneers (Raymond James Stadium). In addition, the Sports Authority took a lead role in the design, development, and construction of George M. Steinbrenner Field and Raymond James Stadium.

In 1995, there were two referendums that did not pass. One was a thirty-year, half-cent local option sales tax to build new schools. These referendums, which did not include the new Stadium, were both voted down by the public (60% against and 40% in favor). In September 1996, the Hillsborough County Community Investment Tax ("CIT") referendum, which included the new Stadium, passed by a margin of 53% to 47%.

The CIT is a half-cent local option sales tax that is projected to generate over \$4.7 billion over the 30 years from its inception. The first 25% of the total CIT collections goes to build new schools, the next amount (8.11% in FY 2016) goes to the Sports Authority to pay the debt service on the Stadium bonds and provide capital, and the remainder is divided between the County and the three cities within Hillsborough County for roads, sidewalks, buildings, and public safety needs (see Attachment I).

Raymond James Stadium Project

In 1965, the City of Tampa donated 132 acres to the Sports Authority and backed the bonds issued to construct the original Tampa Stadium. In 1976, after the NFL awarded a franchise to Tampa, the City and County partnered to issue bonds to improve Tampa Stadium so that it was suitable to be operated as the home stadium for the Tampa Bay Buccaneers. At this time, through interlocal agreements, the City agreed to pay 1/3 and the County agreed to pay 2/3 of any debt or operating shortfall experienced by the Sports Authority.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

In 1995, the Sports Authority and local City and County officials jointly determined that the cost to bring the old Tampa Stadium up to 1995 NFL standards would have exceeded the cost of constructing a new stadium. The Sports Authority offered expertise and industry experience in the business of building and managing the new stadium.

The City and the County took a lead role in negotiating the major financial terms of the Stadium Agreement with the Buccaneers. Moreover, County and City staff and their attorneys actively participated in all negotiations with the Buccaneers, which resulted in the Stadium Agreement. The City and County also agreed to continue their 1/3 - 2/3 financial support.

The CIT funded the initial construction cost for the Stadium. Approximately, 8% of the total projected collections from the CIT were used to finance the Stadium (see Attachment I). The remainder (92%) is being used for construction of new schools, public safety, and other infrastructure needs; this tax is still perceived to be the Stadium Tax, in spite of the relatively small percentage (8%) used to pay for the Stadium.

As a result of a Circuit Court ruling on July 18, 2001, which was later appealed and supported by the Florida Supreme Court, the Sports Authority was faced with paying ad-valorem taxes on the Stadium. These taxes were not anticipated at the time the Stadium was constructed. As a result, the Sports Authority had to deplete its reserves in excess of \$5,000,000 to pay the ad-valorem taxes. Additional funding was necessary and was received from the City and County in accordance with the 1/3 - 2/3 interlocal agreements. To reduce the Sports Authority's exposure to ad-valorem taxes in the future, the Stadium assets were allocated into two separate units. Unit 1 contained approximately 97% of the Stadium tangible assets as well as 100% of the Stadium's real property. Unit 2 contained approximately 3% of the Stadium's tangible assets representing the Sports Authority's administrative offices, maintenance facilities and other general facilities. Ownership of Unit 1 was transferred to the County and ownership of Unit 2 remained with the Sports Authority. As a result, the only taxable property left at Raymond James Stadium consisted of areas set aside for the Tampa Bay Buccaneers in new suites, office space and a warehouse area. Other areas subject to tax are the South Property used for parking and the Yankees minor league complex. The Buccaneers and Yankees pay their share of these taxes.

Unless the Sports Authority receives additional funding from the CIT, or other sources, the Sports Authority will continue to rely on the County and City to pay shortfalls for future operating and capital improvement costs. In fiscal year 2016, the Sports Authority received \$2,985,049 from the City and County for the projected operating shortfall at Raymond James Stadium. While the funding agreement with the Buccaneers does not cover all costs for the Sports Authority, it is recognized within the Tampa Bay Community that the presence of the Buccaneers and the premier stadium facilities offered by Raymond James Stadium brings direct and indirect revenues to Tampa in the form of employment, sales tax revenue, and tourist dollars. These revenues more than offset annual shortfall amounts contributed by the County and the City.

In accordance with the terms of the 1996 Stadium Agreement between the Sports Authority and the Tampa Bay Buccaneers, the Buccaneers pay an annual rent of \$3,500,000 plus a 8% surcharge (capped at \$2.50) on each admission ticket, with a maximum amount of \$1,930,000 for a combined total of \$5,430,000 annually.

The Sports Authority is anticipating an operating shortfall of \$2,254,260 in FY 2017. This means the County will pay approximately \$1,502,840 of this shortfall, and the City of Tampa will pay the remaining balance of approximately \$751,420.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Additionally, during each contract year beginning February 1, the Sports Authority collects and pays to the Buccaneers (a) the first \$2,000,000 of revenues (net of sales tax, surcharges and direct event costs) received from rents, concessions and parking for all Stadium events other than Buccaneers games, and (b) fifty percent (50%) of all such revenues in excess of \$2,000,000. This is referred to as Buccaneer split. Fiscal year 2006-2007 marked the first year since its inception that related revenues exceeded the \$2,000,000 threshold. Revenues recognized by the Sports Authority from the Buccaneer split are summarized as follows:

<u>Fiscal Year</u>	<u>Revenue Recognized</u>
2006-2007	\$ 15,782
2007-2008	\$ -
2008-2009	\$ 135,536
2009-2010	\$ 482,909
2010-2011	\$ 127,418
2011-2012	\$ 756,527
2012-2013	\$ 690,237
2013-2014	\$ 148,666
2014-2015	\$ 571,665
2015-2016	\$ 730,677

As part of the Stadium Renovation Agreement approved in December 2015 by the Tampa Sports Authority, Hillsborough County, and the City of Tampa, the aforementioned 50/50 revenue split was modified so that the Sports Authority receives 67% and the Buccaneers receive 33% of the revenues above \$2,000,000 up to \$3,500,000, any such revenues in excess of \$3,500,000 would be split with the Sports Authority receiving 50% and the Buccaneers receiving 50%.

The Stadium Renovation Agreement will prove to be impactful to the Sports Authority well beyond the outlined changes to the revenue sharing percentages. The Stadium Renovation Agreement outlined the plans for an \$86.5 million renovation to Raymond James Stadium over the 2016 and 2017 NFL off-seasons. The Buccaneer Stadium, LLC ("BSLLC") will be responsible for \$57.7 million of the total renovation amount, and the Sports Authority will be responsible for \$28.8 million, \$25.8 million of which was already a contractual obligation of the Sports Authority in the original 1996 Stadium Agreement. The Sports Authority will be responsible to reimburse BSLP \$14.5 million when BSLP spends a minimum of \$43.5 million for the 2016 projects and \$14.3 million when BSLP spends a minimum of \$43 million for 2017- 2018 projects. These reimbursements will be funded with the herein referenced \$25 million of Bond refunding cash flow savings as well as the 4th Cent Tourist Development Tax financing as is necessary. BSLLC has already spent in excess of \$70 million on the 2016 projects, well exceeding the \$43.5 minimum threshold.

As part of this Renovation Agreement, BSLP has agreed that the Sports Authority, Hillsborough County, and the City of Tampa have satisfied and fully performed all requirements of the Stadium Agreement related to the Practice Area Allowance of \$11.6 million. There are a multitude of projects scheduled and completed as a result of the Renovation Agreement; to name a few: a more than 400% expansion of the existing Video Boards, a revamp of the sound systems, the addition of corner LED boards, main concourse improvements, press box renovation, HVAC improvements, security improvements, the addition of LED ribbon boards, and suite renovations.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Sports Authority used the following revenue assumptions in arriving at a budgeted revenue for FY 2015-2016. These assumptions were based on historical data. Also, shown below are the actual numbers.

Operating Revenue and Budget compared to Actual for FY 2015-2016:

	Budget	Actual
Operating revenue		
Professional football	\$ 5,507,209	\$ 5,264,672
College football	3,334,789	3,638,224
Concerts and motorsports	5,474,702	3,488,084
Other activities and events	1,593,515	2,185,240
Less Buccaneer and other splits	(3,152,779)	(4,576,280)
Total operating revenue	\$12,757,436	\$ 9,999,940

Actual operating revenue results did not meet budgeted revenue by approximately \$2,757,000 in fiscal year 2015-2016. This was due to budgeting a concert as a produced event versus a rented event. Due to this change the related expenses of the concert were lower than budgeted amounts as well. Actual operating expenses were approximately \$4,181,000 lower than budget amounts for the 2015-2016 fiscal year, resulting in the Sports Authority yielding operating results \$1,400,000 better than originally budgeted.

Golf Course Operations

The City of Tampa entered into a management agreement with the Sports Authority in 1974 to operate the City-owned Babe Zaharias Golf Course. The City again entered into agreements with the Sports Authority in 1976 and in 1978 to manage Rogers Park and Rocky Point Golf Courses, respectively. The City provides capital support for selective improvements at the three City Golf Courses on an on-going basis.

A \$740,000 renovation of Rocky Point Golf Course, rebuilding and redesigning the putting greens, tee boxes and greenside bunkers, was completed in February 2016.

These improvements have been financed by the City, and are managed by the Sports Authority.

Tampa Sports Authority Community Value

The Sports Authority's vision is to provide economic development and enhance the quality of life in Hillsborough County through sports and recreation. The Sports Authority can be distinguished from a Parks and Recreation Department, in that it provides services to the public that are paid for by user fees.

The Sports Authority continually explores, expands and responds to sports and recreational needs of the community while continuing to provide current management services at Raymond James Stadium and the three City of Tampa owned golf courses.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Steinbrenner Field Renovation

On April 20, 2016, the Tampa Sports Authority, New York Yankees, and Hillsborough County entered into a Facility Renovation Agreement for the renovation of Steinbrenner Field. As part of this agreement the County agreed and the TSA agreed to fund a portion of the project. TSA's funding obligation was directly dependent on TSA's ability to secure funding under Florida Statute 288.11631 (Retention of Major League Baseball spring training baseball franchises.) The renovations and improvements include new outfield concourses, the addition of group and social gathering areas, new shaded areas, improved entrances, concourses, locker rooms, seating, bathrooms, kitchen facilities, elevators, luxury suites, clubs, party decks, entertainment pavilion, gift shop and other amenities.

On December 28, 2016, the Tampa Sports Authority received certification under Florida Statute 288.11631 from the State of Florida Department of Economic Opportunity that it was eligible to receive funding for Steinbrenner Field in the amount of \$83,333 monthly for a period of not to exceed 20 years. The funds received from this distribution have been pledged to the repayment of the Series 2017 Bonds, as referenced in the subsequent event section of the accompanying notes to the financial statements.

As part of these renovations, the New York Yankees extended their license agreements for Steinbrenner Field and the Himes Player Development complex to December 31, 2046, an additional 20 years.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Financial Position Summary

The Statement of Net Position presents the financial position of the Sports Authority at the end of the fiscal year. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Sports Authority.

A summarized comparison of the Sports Authority's assets, deferred outflows, liabilities, deferred inflows, and net position at September 30, 2016 and 2015 is as follows:

STATEMENTS OF NET POSITION

	<u>FY 2016</u>	<u>FY 2015</u>
ASSETS		
Current assets	\$ 31,943,000	\$ 25,504,000
Noncurrent assets		
Capital related, net	193,070,000	134,845,000
Noncapital	<u>52,000</u>	<u>11,755,000</u>
Total assets	<u>225,065,000</u>	<u>172,104,000</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>2,080,000</u>	<u>1,161,000</u>
Total assets and deferred outflows of resources	<u>227,145,000</u>	<u>173,265,000</u>
LIABILITIES		
Current liabilities	21,285,000	8,016,000
Noncurrent liabilities	<u>114,205,000</u>	<u>116,878,000</u>
Total liabilities	<u>135,490,000</u>	<u>124,894,000</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>69,000</u>	<u>403,000</u>
Total liabilities and deferred inflows of resources	<u>135,559,000</u>	<u>125,297,000</u>
NET POSITION		
Invested in capital assets, net of related debt	78,888,000	16,620,000
Restricted net position	8,837,000	28,557,000
Unrestricted net position	<u>3,861,000</u>	<u>2,790,000</u>
	<u>\$ 91,586,000</u>	<u>\$ 47,967,000</u>

The Sports Authority's assets and deferred outflows of resources exceeded liabilities by \$91.6 million at September 30, 2016, a \$43.6 million increase from September 30, 2015. The largest portion of the Sports Authority's net position for the fiscal year ended September 30, 2016 relates to the funds invested in capital assets, Raymond James Stadium and the Amalie Arena, net of the related outstanding debt. Additionally, a large portion of the net position is comprised of the funds restricted for debt service and capital projects.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Statement of Revenues, Expenses, and Changes in Net Position is an indicator of whether the overall fiscal condition of the Sports Authority has improved over the prior year.

Following is a summarized comparison of the Statements of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2016 and 2015:

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	FY 2016	FY 2015
Revenues		
Charges for services	\$ 10,000,000	\$ 7,861,000
Grants and contributions	14,688,000	15,318,000
Donated capital improvements	56,871,000	-
Capital grant	2,985,000	2,207,000
Investment income	98,000	210,000
Other non-operating revenue	-	168,000
	84,642,000	25,764,000
Expenses		
Facility operations	7,937,000	6,372,000
General and administrative	3,181,000	2,678,000
Other expenses	2,445,000	1,506,000
Capital transfers	12,000,000	-
Depreciation and amortization	11,502,000	11,504,000
Interest expense and amortization of bond premiums and discounts	3,958,000	5,084,000
	41,023,000	27,144,000
Change in net position	43,619,000	(1,380,000)
Net position at beginning of year	47,967,000	49,347,000
Net position at end of year	\$ 91,586,000	\$ 47,967,000

Additional Information

The Sports Authority's public 2005 issue bond debt contained Debt Service Reserve Fund Forward Purchase Agreements (Forward Purchase Agreements) between the Sports Authority as Bond Issuer, U.S. Bank as Bond Trustee, and Lehman Brothers Special Financing, Inc. (LBSF) for guaranteed fixed rate of return of 5.162% on the reserve fund for the Local Option Sales Tax Refunding Revenue Bonds (2005 LOST), Series 2005 issue and 5.112% on the reserve fund for the Florida Sales Tax Refunding Revenue Bonds (2005 FST), Series 2005 issue. The Debt Service Reserve Fund Forward Purchase Agreements provide for LBSF to act in a brokerage capacity, presenting specified investment instruments to the bond trustee who would then purchase the un-matured investment instruments and record ownership via book entry through the Depository Trust Corporation (DTC). In accordance with this agreement, the purchased investment instruments

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

were scheduled to mature every six months on January 1st and July 1st of each year. Matured Investment Instruments were received without incident on July 1, 2008 and on January 2, 2009. On September 15, 2008 it was announced that Lehman Brothers, including LBSF, would seek relief under Chapter 11 bankruptcy. As a result of the bankruptcy filing, LBSF failed to deliver new investment instruments in January 2010 and no further funds were invested through LBSF. The refunding bond issuances, Florida Sales Tax Payments Refunding Revenue Bonds (Stadium Project), Series 2015 and Local Option Sales Tax Refunding Revenue Bonds (Stadium Project), Series 2015 did not fund a Debt Service Reserve Fund. The 2005 Reserve Funds (\$9,936,187 in total) on hand at the time of the refunding were used to downsize the 2015 refunding issuances.

During the fourth fiscal quarter of 2009, the Tampa Sports Authority filed *Proof of Claim* forms, in the New Jersey Federal Bankruptcy Court, against LBSF's parent company, Lehman Brothers Holdings, Inc., for the loss of future guaranteed earnings under the Forward Purchase Agreements in the amount of \$921,000 for the 2005 LOST bonds and \$97,000 for the 2005 FST bonds. At the time of filing, the recovery estimate for the lost earnings ranged from 2% to 5% of the total claim amount submitted. It is not known as to an exact amount or percentage that may be recovered, however it is possible that more funds will be recovered in the future. A total of approximately \$605,000 of lost earnings has been received from Lehman Brothers Holding, Inc. as of September 30, 2016.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ATTACHMENT I
HILLSBOROUGH COUNTY COMMUNITY
INVESTMENT TAX

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Hillsborough County Community Investment Tax Distribution Schedule
(Amount in millions)

October 1, 2015 – September 30, 2016

Total CIT Revenue	Hillsborough County School Board	Sports Authority (Debt Service)	Sports Authority (Capital Maintenance)	Hillsborough County Board of County Commissioners	City of Tampa	City of Plant City	City of Temple Terrace
Allocation	25% of Total	Fixed Amount	Fixed Amount	73.78% of Excess	22.33% of Excess	2.28% of Excess	1.61% of Excess
\$119.29	\$29.82	\$8.94	\$0.75	\$58.87	\$17.82	\$1.82	\$1.28

The Community Investment Tax (CIT) is a half-percent sales tax approved by Hillsborough County voters in September 1996. The Community Investment Tax has generated over \$1.79 billion through September 30, 2016 to fund a wide range of improvements to benefit our community.

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ATTACHMENT II
PROJECTED CAPITAL COSTS

TAMPA SPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
PROJECTED CAPITAL COSTS – RAYMOND JAMES STADIUM

	YEAR 2016 to 2020	YEAR 2021 to 2025	YEAR 2026 to 2028	TOTAL*
Projected capital costs *	<u>\$ 40,907,000</u>	<u>\$ 6,180,000</u>	<u>\$ 1,034,000</u>	<u>\$ 48,121,000</u>
Funds pledged from CIT	3,750,000	1,250,000	-	5,000,000
Stadium funds proceeds	6,778,000	-	-	6,778,000
Funds carried forward	19,002,000	-	-	19,002,000
Other funds	28,000	-	-	28,000
Unfunded from previous years	<u>-</u>	<u>11,349,000</u>	<u>16,279,000</u>	
Unfunded future capital costs	<u>\$ 11,349,000</u>	<u>\$ 16,279,000</u>	<u>\$ 17,313,000</u>	<u>\$ 17,313,000</u>

* As referenced earlier in the management discussion regarding the Renovation Agreement, in addition to budgeted amounts outlined in the table above, the Sports Authority has agreed to contribute an additional \$3 million to expand the stadium scoreboard.

TAMPA SPORTS AUTHORITY
BASIC FINANCIAL STATEMENTS

September 30, 2016

Tampa Sports Authority
STATEMENT OF NET POSITION

September 30, 2016
(With comparative total for 2015)

	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents (notes B5 and C)	\$ 26,633,560	\$ 20,910,476
Accounts receivable	4,392,793	3,698,297
Prepaid expenses and deposits	916,980	895,205
Total current assets	31,943,333	25,503,978
NON-CURRENT ASSETS		
Investments (note C)	52,076	91,861
Practice facility funds receivable (note D)	-	11,663,542
Property and equipment, net of depreciation (notes A8 and E)	4,898,002	4,954,632
Construction in process (note F)	70,351,674	336,585
Unamortized leasehold interest (note G)	117,820,202	129,553,333
Total non-current assets	193,121,954	146,599,953
TOTAL ASSETS	225,065,287	172,103,931
DEFERRED OUTFLOWS OF RESOURCES (note B14)	2,080,264	1,160,857
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 227,145,551	\$ 173,264,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Long-term debt due within one year (note H)	\$ 4,227,092	\$ 4,072,093
Accounts payable and accrued liabilities	2,130,226	2,048,429
Accrued construction costs	13,129,000	-
Accrued interest payable	1,597,416	1,657,781
Deferred revenue	201,587	237,760
Total current liabilities	21,285,321	8,016,063
LONG-TERM DEBT DUE AFTER ONE YEAR (note H)	110,265,097	114,492,188
PENSION LIABILITY (note J)	3,940,005	2,385,911
TOTAL LIABILITIES	135,490,423	124,894,162
DEFERRED INFLOWS OF RESOURCES (note B15)	69,389	403,212
NET POSITION		
Invested in capital assets and unamortized leasehold interest, net of related debt	78,887,741	16,620,569
Restricted for capital projects (note C)	5,790,140	25,513,064
Restricted for debt service (note C)	3,029,389	2,952,359
Restricted for excess surcharge fund (notes C and K)	17,915	91,861
Unrestricted	3,860,554	2,789,561
TOTAL NET POSITION	91,585,739	47,967,414
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 227,145,551	\$ 173,264,788

The accompanying notes are an integral part of this statement.

Tampa Sports Authority

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended September 30, 2016
(With comparative total for 2015)

	<u>2016</u>	<u>2015</u>
Operating revenues		
Charges for services	\$ 9,999,940	\$ 7,860,529
Total operating revenues	<u>9,999,940</u>	<u>7,860,529</u>
Operating expenses		
Facility operations	7,936,578	6,372,440
Other operations	33,771	33,518
General and administrative	3,180,758	2,677,838
Real estate taxes	485,670	568,477
Depreciation and amortization	306,444	314,659
Amortization of leasehold interest	11,195,874	11,189,634
Total operating expenses	<u>23,139,095</u>	<u>21,156,566</u>
Total operating loss	<u>(13,139,155)</u>	<u>(13,296,037)</u>
Non-operating revenues (expenses)		
Investment income	97,858	209,949
Grants and contributions	14,687,936	15,318,707
Bond issue costs	-	(857,803)
Deepwater Horizon Oil Spill settlement, net	-	167,756
Interest expense and amortization of bond premiums and discounts	(3,958,362)	(5,084,246)
Loss on disposal of assets	(1,925,895)	(45,523)
Total non-operating revenues	<u>8,901,537</u>	<u>9,708,840</u>
Change in net position before capital grants and other contributions	(4,237,618)	(3,587,197)
Capital grants and other contributions		
Capital contributions	2,985,069	2,207,220
Donated capital improvements (note F)	56,871,000	-
Capital transfers out (note D)	(12,000,126)	-
Total capital grants and other contributions	<u>47,855,943</u>	<u>2,207,220</u>
Change in net position	<u>43,618,325</u>	<u>(1,379,977)</u>
Net position at beginning of year	<u>47,967,414</u>	<u>49,347,391</u>
Net position at end of year	<u>\$ 91,585,739</u>	<u>\$ 47,967,414</u>

The accompanying notes are an integral part of this statement.

Tampa Sports Authority
STATEMENT OF CASH FLOWS

For the year ended September 30, 2016
(With comparative total for 2015)

	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 9,269,271	\$ 8,238,883
Cash payments to vendors for goods and services	(8,405,267)	(6,487,855)
Cash payments to employees for services	(2,900,873)	(3,144,961)
Net cash used by operating activities	(2,036,869)	(1,393,933)
Cash flows from non-capital financing activities		
Operating grants received	14,687,936	15,318,707
Net cash provided by non-capital financing activities	14,687,936	15,318,707
Cash flows from capital and related financing activities		
Acquisition of capital assets	(254,545)	(149,901)
Expenditures for construction in process	(351,674)	-
Additions to leasehold interest	(1,383,907)	(1,428,438)
Bond issue costs	-	(857,803)
Deepwater Horizon Oil Spill settlement	-	167,756
Principal payments on debt	(2,880,000)	(105,130,000)
Proceeds from debt issuance	-	96,586,614
Interest payments on debt	(5,180,569)	(6,301,543)
Capital grants and contributions received	2,985,069	2,207,220
Net cash used by capital and related financing activities	(7,065,626)	(14,906,095)
Cash flows from investing activities		
Investment income	97,858	209,949
Transfer of practice facility funds	-	(69,289)
Net proceeds from sales of investments	39,785	95,315
Net cash provided by investing activities	137,643	235,975
Net increase (decrease) in cash and cash equivalents	5,723,084	(745,346)
Cash and cash equivalents at beginning of year	20,910,476	21,655,822
Cash and cash equivalents at end of year	\$ 26,633,560	\$ 20,910,476

Tampa Sports Authority
STATEMENT OF CASH FLOWS - CONTINUED

For the year ended September 30, 2016
(With comparative total for 2015)

	2016	2015
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	<u>\$ (13,139,155)</u>	<u>\$ (13,296,037)</u>
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization	306,444	314,659
Amortization of leasehold interest	11,195,874	11,189,634
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable	(694,496)	847,281
Prepaid expenses and deposits	(21,775)	(8,065)
Increase (decrease) in		
Accounts payable and accrued liabilities	81,797	51,168
Deferred revenue	(36,173)	(468,927)
Pension liability and deferrals	270,615	(23,646)
Total adjustments	<u>11,102,286</u>	<u>11,902,104</u>
Net cash used by operating activities	<u><u>\$ (2,036,869)</u></u>	<u><u>\$ (1,393,933)</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - ORGANIZATION AND REPORTING ENTITY

1. Reporting Entity

The Tampa Sports Authority (the "Sports Authority") was created by Chapter 65-2307, as superseded by Chapter 96-520, *Laws of Florida*, for the purpose of planning, developing, promoting, and maintaining a comprehensive complex of sports and recreation facilities for the use and enjoyment of the citizens of Tampa and Hillsborough County, Florida. The Sports Authority has been determined to be an Independent Special District as described in Section 189.403, *Florida Statutes*.

The Sports Authority has operated Raymond James Stadium since 1998, along with the adjacent properties located on a 134-acre site, approximately 3.5 miles northwest of Tampa's downtown business district. Raymond James Stadium is a multi-purpose facility designed primarily for football. The Stadium has a 66,071 spectator seating capacity expandable to 75,000 for special events. A National Football League team, the Tampa Bay Buccaneers, and the University of South Florida's football team, the South Florida Bulls, use Raymond James Stadium as their home field.

During October 1996, the Sports Authority completed the building of an arena facility ("Arena project") currently known as the Amalie Arena and formerly known as the Tampa Bay Times Forum, or the Ice Palace, in the downtown channel district of Tampa. The Amalie Arena, a multi-purpose arena with seating capacity of approximately 20,000, was developed and operated by Tampa Bay Arena, L.P. The Amalie Arena is principally used as a venue for home games of the Tampa Bay Lightning, a franchisee of the National Hockey League, and of the Tampa Bay Storm, a franchisee of the Arena Football League.

2. Raymond James Stadium Ownership

In order to avoid the inclusion of Raymond James Stadium (the "Stadium Property") and most of the tangible personal property assets contained within it in the *ad valorem* tax rolls of Hillsborough County (the "County") as prepared by the Property Appraiser, and to satisfy the proviso that a County owned facility is not subject to such taxation, on December 22, 2003, the Hillsborough County Board of County Commissioners and the Sports Authority further amended an interlocal agreement dated June 1, 1997, previously amended on August 1, 2001, to, in effect, allow the County ownership rights of the Stadium Property.

In essence, approximately 98% of the total square footage of the Stadium Property, together with the parking lots located on the east, west and north sides of the said property, and tangible personal property including: concession equipment; club suites, club and press box furnishings; cabinets-concierge; concession freezers; field wall pads; scoreboards and scoreboard additions; sound systems, communication systems, video boards and related computer software and hardware; but excluding all furniture, fixtures and equipment located in the Sports Authority's executive offices at the Stadium Property; all maintenance equipment located in the maintenance facility at the Stadium Property; and all motor vehicles assigned to the Sports Authority's personnel, have been transferred to the County.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE A - ORGANIZATION AND REPORTING ENTITY - Continued

The parties signed a Bill of Sale dated December 22, 2003 and a Quit Claim Deed recorded on December 30, 2003. The transfer of approximately 98% of the real property took effect through a Declaration of Condominium and the formation of RJS Condominium Association, Inc. The commercial condominium is known as RJS Stadium, a Commercial Condominium, (herein referred to as RJS Stadium Condominium) consists of seven units.

The County received its ownership by acquiring Unit 1, which contains approximately 98% of the total square footage of the Stadium Property, and the parking lots located to its east, west and north. The ownership of tangible personal property assets described in the previous paragraph took place through the Bill of Sale. The Quit Claim Deed contains recitals of certain lease agreements and other matters related to transfer of assets and the operation of the Stadium Property.

Pursuant to the related lease agreement, the County leases the Stadium Property to the Sports Authority for a term ending on January 31, 2028. The Sports Authority retains ownership of Units 2 through 7 of RJS Stadium Condominium. The conveyance of the Stadium Property to the County and lease-back to the Sports Authority will not have a material effect on the Sports Authority's operation of Raymond James Stadium, the Sports Authority's internal operations, or the rights and obligations of either the Sports Authority or the Buccaneers Stadium Limited Partnership under their respective agreements, nor would it alter in any way the Sports Authority's receipt of the pledged revenues, as defined, as to each series of related outstanding bonds, its receipt of other revenues to be used to pay costs of operating the Stadium Property, or for other purposes apart from the payment of debt service on the bonds, or its application of those other revenues to the payment of costs of operating the Stadium Property.

In acquiring the Stadium Property, the County did not assume responsibility for any of the outstanding bond issues, which remain an obligation of the Sports Authority, with all covenants remaining intact. However, Hillsborough County issued two advanced refunding bonds in November 2006, whereby the County assumes the obligation for these bond issuances.

3. Amalie Arena Ownership

In order to avoid the inclusion of the Amalie Arena (the "Arena") in the *ad-valorem* tax rolls of the County, as prepared by the Property Appraiser, and to satisfy the provision that a County owned facility is not subject to such taxation, the Hillsborough Board of County Commissioners and the Sports Authority entered into an interlocal agreement dated December 30, 2004 to, in effect, allow the County ownership rights of the Arena, until then owned by the Sports Authority. In essence, 100% of the total square footage of the Arena and the underlying land was transferred to the County.

The parties signed a Bill of Sale dated December 30, 2004 and a Quit Claim Deed recorded on December 30, 2004. The transfer of the Arena took effect through a Title Transfer Agreement dated December 31, 2004.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE A - ORGANIZATION AND REPORTING ENTITY - Continued

Pursuant to a lease agreement entered into on December 30, 2004, the County leases the Arena to the Sports Authority for a term ending on June 30, 2027. The Sports Authority subleased the Arena to the Tampa Bay Arena, LTD (formerly known as the Tampa Bay Arena, LLP) on December 30, 2004 for a term expiring on June 30, 2027. The conveyance of the Arena to the County and lease-back to the Sports Authority will not have a material effect on the Sports Authority's operations of the Arena, the Sports Authority's internal operations, or the rights and obligations of either the Sports Authority or the Tampa Bay Arena, LTD under their respective agreements, nor would it alter in any way the Sports Authority's receipt of pledged revenues, as defined, as to each series of related outstanding bonds, or its application of those revenues to the payment of debt service on the bonds.

In acquiring the Arena, the County did not assume responsibility for any of the outstanding bond issues, which remain an obligation of the Sports Authority.

4. Management Activities

Under a Management Agreement with the City of Tampa (the "City"), the Sports Authority manages three golf courses owned by the City: Babe Zaharias Golf Course, Rocky Point Golf Course, and Rogers Park Golf Course (collectively called herein, "Golf Course Operations").

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The Sports Authority is considered to be a self-supporting enterprise similar to a commercial entity organized for profit. Accordingly, these financial statements are prepared on the accrual basis of accounting similar to that prescribed for proprietary operations of state and local governments. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and measurable, and expenses are recognized in the period in which the related liability is incurred.

2. Basis of Accounting

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

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

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Fund Accounting

The operations of the Sports Authority are recorded in a proprietary fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. All Sports Authority financial transactions are grouped in one major fund type, an enterprise fund. Enterprise funds are used to account for operations that are financed primarily through user charges, or where the governing body has concluded that the determination of net income is appropriate.

Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the statement of net position. Fund equity is segregated into its net assets components. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions.

All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

4. Capital and Other Grants

Grants, defined as contributions from governmental entities which are restricted by the grantor for capital acquisitions or construction, are reported as operating grants and contributions or as capital grants and contributions.

5. Cash and Cash Equivalents

Cash consists of checking, money market, and savings accounts, collectively designated as demand deposits. Cash deposits are carried at cost. The Sports Authority considers all highly liquid debt instruments (including restricted assets) with original maturities of three months or less to be cash equivalents. Cash equivalents are recorded at fair value, which approximates market value.

6. Accounts Receivable

The Sports Authority records accounts receivable at the estimated net realizable value. Accordingly, accounts receivable at September 30, 2016 are shown net of allowances for doubtful accounts. The Sports Authority has set their allowance for doubtful accounts at zero as of September 30, 2016.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Investments

The Sports Authority invested in a high quality bond fund and local government surplus trust funds during the year. The Sports Authority follows the guidelines of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments that mature within one year of acquisition are stated at cost or amortized cost. Investments with the remaining maturity of more than one year at the time of the purchase are carried at fair value. The fair value of investments has been determined through the depositories' pricing service as established by general industry practices. Any realized gains and losses in fair value are reported in the non-operating income of the current period.

8. Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives (20 to 40 years for land improvements and buildings and two to ten years for furniture, fixtures and equipment) utilizing the straight-line method. Acquisitions of \$750 or more are capitalized and expenditures for repairs and maintenance are expensed in the period incurred.

Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of the asset are capitalized.

Donated assets are valued at their estimated fair value on the date of donation.

9. Amortization

Bond premiums, bond discounts, and leasehold rights are generally being amortized on a straight-line basis over the term of the related debt or period of benefit in the case of leasehold rights.

10. 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 Sports Authority and cannot be retrieved by the Sports Authority. In effect, debt service payments of principal will not be recorded until paid, but interest will be recorded and accrued for the amount due through September 30, 2016.

11. Bond Premiums and Discounts

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

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Compensated Absences

The Sports Authority provides for compensated absences through an employee benefit plan. Full time employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 8 to 12 sick days a year, depending upon the plan option that the employee falls under. Annual leave (vacation days) is accrued up to 320 hours during an employee's term of active employment. Sick leave accrual is based on Hillsborough County's Civil Service Rules. Approximate amounts owed under the plan were \$219,000 and are recorded in accounts payable and accrued liabilities in the Statement of Net Position at September 30, 2016.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Pension Plans ("pension plans") and additions to/deductions from the pension plans, fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Deferred Outflows of Resources

The deferred outflows of resources total \$2,080,264 at September 30, 2016 resulting from refunding of revenue bonds and the pension liability.

Deferred Outflows of Resources on refunding of revenue bonds is the difference between the reacquisition price and the net carrying amount of refunded bonds. It is presented on the statement of net position at September 30, 2016 as a deferred outflow of resources in the amount of \$310,051. The net deferred refunding losses are being amortized over the life of the refunding revenue bonds.

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 \$1,770,213 for the year ended September 30, 2016.

15. Deferred Inflows of Resources

The Deferred Inflows of Resources relates to the pension liability resulting from the differences between expected and actual earnings on pension investments. This totaled \$69,389 for the year ended September 30, 2016.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Operating Revenues and Expenses

The Sports Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operations and maintenance of Raymond James Stadium and adjacent properties. All other revenues and expenses are reported as non-operating revenues and expenses.

17. Tax-exempt Status

The Sports Authority is exempt from federal and state income taxes under provisions of the U.S. Internal Revenue Code and Florida Income Tax Code, respectively. Accordingly, there is no provision for income taxes in the financial statements.

18. Restricted Funds

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

19. Budgets and Budgetary Accounting

The Sports Authority follows the following procedures in establishing budgetary data:

The Sports Authority's operating budget is recommended by the Finance and Budget Committee of the Sports Authority's governing board. The budget is typically based on the previous year's budget plus an adjustment for inflation. The budget is then approved by the Sports Authority's governing board.

The Sports Authority's projected capital costs budget is recommended by the Finance and Budget Committee of the Sports Authority's governing board. The budget is typically based on the estimated costs of repairs and replacement of the Stadium Property through 2028.

20. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of contributions and expenses during the reporting period. These estimates are based on management's knowledge and experience. Actual results could differ from those estimates.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

21. Recent Accounting Pronouncements

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

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013, and became effective for the Sports Authority in fiscal year 2015. This statement provides specific accounting and financial reporting guidance for combinations and disposals in the government environment. The adoption of GASB Statement 69 did not have an impact on its financial statements.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement 68*, was issued November 2013 and was required to be applied simultaneously with the provisions of GASB Statement 68. The objective of this statement is to address an issue regarding application of the transition provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after measurement date of the government's beginning net pension liability.

GASB Statement 72, *Fair Value Measurement and Application*, was issued in February 2015, and is was adopted by the Sports Authority in the fiscal year 2016. The statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued in June 2015 and is effective for the Sports Authority in the fiscal year 2016. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement 68 for pension plans and pensions that are within their respective scopes. The adoption of GASB Statement 73 did not have an impact on its financial statements.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015 and is effective for the Sports Authority in fiscal year 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, GASB Statement 43, and GASB Statement 50, *Pension Disclosures*. The adoption of GASB Statement 74 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015 and will be adopted by the Sports Authority in fiscal year 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The adoption of GASB Statement 75 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued in June 2015 and was adopted by the Sports Authority in fiscal year 2016. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of GASB Statement 76 is not expected to have a significant effect on the Sports Authority's financial statements.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB Statement 77, *Tax Abatement Disclosures*, was issued in December 2015 and is effective for the Sports Authority in fiscal year 2017. This Statement requires governments that enter into tax abatement agreements to disclose the specific information about the agreements. The adoption of GASB Statement 77 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued in December 2015 and is effective for the Sports Authority in fiscal year 2017. This Statement amends the scope and applicability of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The adoption of GASB Statement 78 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 79, *Certain External Investment Pools and Pool Participants*, was issued in December 2015 and was adopted by the Sports Authority in fiscal year 2016. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, was issued in January 2016 and is effective for the Sports Authority in fiscal year 2018. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The adoption of GASB Statement 80 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 81, *Irrevocable Split-Interest Agreements*, was issued in March 2016 and is effective for the Sports Authority in fiscal year 2018. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement 81 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued in March 2016 and is effective for the Sports Authority in fiscal year 2018. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement 82 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 83, *Certain Asset Retirement Obligations*, was issued in November 2016 and is effective for the Sports Authority in fiscal year 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB Statement 83 is not expected to have a significant effect on the Sports Authority's financial statements.

GASB Statement 84, *Fiduciary Activities*, was issued in January 2017 and is effective for the Sports Authority in fiscal year 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement 84 is not expected to have a significant effect on the Sports Authority's financial statements.

22. Reclassifications

Certain amounts from the September 30, 2015 financial statements have been reclassified to conform to the current year presentation.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE C - CASH AND INVESTMENTS

1. Deposits

The Sports Authority deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation (the FDIC) and are secured by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and if necessary, by assessments against other qualified public depositories.

The bank balances of the Sports Authority deposits approximated \$27,310,000, and the total carrying amounts of its deposits (unrestricted and restricted) approximated \$26,613,000 at September 30, 2016.

The difference between the Sports Authority's book amount and bank amount is due to outstanding checks and transfers, and deposits in transit in its demand accounts.

Restricted assets held by the Sports Authority totaled \$8,837,444 and represent amounts that are restricted through debt covenants and agreements for the payment of \$3,029,389 in capital project purchases, \$5,790,140 for debt service payments and \$17,915 for excess surcharge collections.

2. Cash on Hand

The Sports Authority had cash on hand in its petty cash and event change funds totaling approximately \$20,000 at September 30, 2016.

3. Investments

Florida Statute 218.415 and the Sports Authority's investment policy authorize the Sports Authority to invest surplus funds in the following:

- a. The Local Government Surplus Funds Trust Fund, an investment pool, under the sponsorship of the Florida State Board of Administration.
- b. Negotiable direct obligations of, or obligations where the principal and interest are unconditionally guaranteed by the United States Government.
- c. Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statute 280.02.
- d. Obligations of the Federal Home Loan Mortgage Corporation.
- e. Obligations of the Federal National Mortgage Association.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE C - CASH AND INVESTMENTS - Continued

- f. Securities of, or other interest in open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss.80a-1 et seq, as amended from time to time, provided the portfolio of such investment company or trust fund is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided such an entity takes delivery of such collateral, either directly or through an authorized custodian.
- g. Prime commercial paper with the highest credit quality rating from a nationally recognized agency.
- h. Tax exempt obligations rated "AA" or higher and issued by state and local governments.

There were no violations to this policy during the fiscal year ended September 30, 2016.

The Sports Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The following table set forth by level, within the fair value hierarchy, the Sports Authority's investments at fair value as of September 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash/money market accounts	\$ 1,236	\$ -	\$ 1,236	\$ -
0-2 year high quality bonds	50,840	-	50,840	-
	<u>\$ 52,076</u>	<u>\$ -</u>	<u>\$ 52,076</u>	<u>\$ -</u>

NOTE D - PRACTICE FACILITY FUNDS RECEIVABLE

Pursuant to the terms of the Interlocal Agreement for distribution of Community Investment Tax Revenue dated July 17, 1996, disbursements were made to the Authority in the amount of \$12 million for purposes related to the possible purchase or construction of a football practice facility. Over the years a portion of the funds have been used for costs associated with obtaining a practice facility. In the 2012 fiscal year, the Hillsborough County Board of County Commissioners voted to have the remaining funds of \$11,663,541 transferred back to Hillsborough County and its three other municipalities with the provision that these funds would have to be reimbursed to the Authority if or when a practice facility was constructed under the terms of the 1996 Interlocal Agreement. In December 2016, the Authority entered into the Stadium Renovation Agreement with the Buccaneers Football Stadium Limited Partnership which maintained a provision releasing the Authority's obligation to fund \$11,663,541 towards a practice facility. As a result, the Authority recognized the distribution of the practice facility funds receivable and the related construction in process of \$336,585 (see note F) as a capital transfer out during the 2016 fiscal year.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE E - CAPITAL ASSETS

Property and equipment at September 30, 2016 is summarized as follows:

	Balance September 30, 2015	Additions	Dispositions	Balance September 30, 2016
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated				
Buildings and improvements	6,327,196	-	-	6,327,196
Furniture, fixtures and equipment	2,189,350	254,545	(160,508)	2,283,387
Total capital assets being depreciated	8,516,546	254,545	(160,508)	8,610,583
Less accumulated depreciation				
Buildings and improvements	1,888,269	125,514	-	2,013,783
Furniture, fixtures and equipment	1,693,645	180,930	(155,777)	1,718,798
Total accumulated depreciation	3,581,914	306,444	(155,777)	3,732,581
Capital assets, net	<u>\$ 4,954,632</u>	<u>\$ (51,899)</u>	<u>\$ (4,731)</u>	<u>\$ 4,898,002</u>

Depreciation expense charged to the Sports Authority operations for capital assets of the primary government was \$306,444 for the year ended September 30, 2016.

NOTE F – CONSTRUCTION IN PROCESS

Construction in process at September 30, 2016 is summarized as follows:

	Balance September 30, 2015	Additions	Dispositions	Balance September 30, 2016
Construction in progress	<u>336,585</u>	<u>70,351,674</u>	<u>(336,585)</u>	<u>70,351,674</u>

In December 2016 the Sports Authority entered into the Stadium Renovation Agreement with the Buccaneers Football Stadium Limited Partnership (BSLP) which outlined the terms for capital improvements to be constructed within Raymond James Stadium, over two construction phases, during the 2016 and 2017 fiscal years. As of September 30, 2016 \$70,000,000 of improvements have been made within Raymond James Stadium and are included in construction in process at September 30, 2016. These improvements from the first phase of construction are to be put in service during the 2017 fiscal year. Construction costs totaling \$56,871,000 were funded by BSLP and are included as donated capital improvements on the statement of revenues, expenses and changes in net position for the year ended September 30, 2016.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE G - UNAMORTIZED LEASEHOLD INTEREST

As previously mentioned in note A, the ownership of Raymond James Stadium was transferred to Hillsborough County in December 2003 and then simultaneously leased back by the Sports Authority for a lease term expiring in January 2028. The costs of additions and improvements to the leasehold property are recorded at cost as increases in the value of the leasehold interest. This leasehold interest is being amortized using the straight-line method over the estimated useful life of 4 to 25 years for additions or the remaining lease term, whichever is shorter.

Also, as previously mentioned in note A, the ownership of the Amalie Arena was transferred to Hillsborough County in December 2004 and simultaneously leased back by the Sports Authority for a lease term expiring in June 2027. The transferred cost for the land and building was \$92,258,364 and a reduction of accumulated depreciation of \$12,475,408 was applied, leaving a net book value to the leasehold interest of \$79,782,956. This leasehold interest has been amortized on a straight-line basis as of January 2005 over the 22.5 year life of the lease.

	Balance September 30, 2015	Additions	Dispositions	Balance September 30, 2016
Leasehold interest				
Raymond James Stadium	\$175,207,426	\$ 1,383,907	\$ (5,089,429)	\$171,501,904
Amalie Arena	79,782,956	-	-	79,782,956
	<u>254,990,382</u>	<u>1,383,907</u>	<u>(5,089,429)</u>	<u>251,284,860</u>
Less accumulated depreciation				
Raymond James Stadium	87,318,521	7,649,962	(3,168,265)	91,800,218
Amalie Arena	38,118,528	3,545,912	-	41,664,440
	<u>125,437,049</u>	<u>11,195,874</u>	<u>(3,168,265)</u>	<u>133,464,658</u>
Leasehold interest, net	<u>\$129,553,333</u>	<u>\$ (9,811,967)</u>	<u>\$ (1,921,164)</u>	<u>\$117,820,202</u>

Amortization expense for the year ended September 30, 2016 was \$11,195,874.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE H - LONG-TERM DEBT

The following is the long-term debt activity related to the Sports Authority's bonds for the year ended September 30, 2016:

	Balance at September 30, 2015	Additions	Deductions	Balance at September 30, 2016	Due within one year
Sports Authority	<u>\$ 118,564,281</u>	<u>\$ -</u>	<u>\$ (4,072,092)</u>	<u>\$ 114,492,189</u>	<u>\$ 4,227,092</u>

Bonds payable by the Sports Authority at September 30, 2016 consist of the following:

	Due within one year	Long-term	Total
\$28,790,000, 1995 Special Purpose Bonds, State of Florida Sales Tax Payments Series, due in semi-annual installments through 2025; interest at 3.65% to 5.75% (Arena Project)	\$ 1,180,000	\$ 13,260,000	\$ 14,440,000
\$10,300,000, 1995 Special Purpose Bonds, City of Tampa, Florida, Guaranteed Parking Revenue Series, due in semi-annual installments through 2026; interest at 3.95% to 6.10% (Arena Project)	405,000	5,310,000	5,715,000
\$2,815,000, Taxable 1995 Special Purpose Bonds, City of Tampa, Florida, Surcharge Loan Revenue Series, due in semi-annual installments through 2026; interest at 7.14% to 8.02% (Arena Project)	110,000	1,655,000	1,765,000
\$63,020,000, Local Option Sales Tax Refunding Revenue Bonds, Series 2015, due in annual installments, commencing in 2018, through 2027; interest at 4.00% to 5.00% (Stadium Project)	-	63,020,000	63,020,000
\$19,240,000, Florida Sales Tax Payments Refunding Revenue Bonds, Series 2015, due in semi-annual installments through January 1, 2027; interest at 3.00% to 5.00% (Stadium Project)	<u>1,340,000</u>	<u>15,980,000</u>	<u>17,320,000</u>
Total principal	3,035,000	99,225,000	102,260,000
Less, unamortized bond discount	(10,593)	(84,740)	(95,333)
Plus, unamortized bond premium	<u>1,202,685</u>	<u>11,124,837</u>	<u>12,327,522</u>
TOTAL	<u>\$ 4,227,092</u>	<u>\$ 110,265,097</u>	<u>\$ 114,492,189</u>

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE H - LONG-TERM DEBT - Continued

Debt maturities and related interest payments at September 30, 2016 for the Sports Authority consist of the following:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,035,000	\$ 5,031,979	\$ 8,066,979
2018	4,190,000	4,850,194	9,040,194
2019	8,785,000	4,513,773	13,298,773
2020	9,720,000	4,034,614	13,754,614
2021	10,215,000	3,522,492	13,737,492
2022-2026	58,895,000	9,227,224	68,122,224
2027	7,420,000	143,475	7,563,475
Total	<u>\$ 102,260,000</u>	<u>\$31,323,751</u>	<u>\$ 133,583,751</u>

NOTE I - OPERATING LEASES

The Sports Authority subleases the Amalie Arena to the Tampa Bay Arena, LTD under a non-cancelable operating agreement for an original term of 22.5 years. This agreement expires in June 2027, with the option for two 5-year renewal periods. Annual rent of \$12,000 is due on January 1st each year of the agreement (see note A3).

NOTE J - DEFINED BENEFIT PENSION PLANS

Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Pension Plans

All permanent employees of the Sports Authority participate in the Florida Retirement System Pension Plan and Other State-Administered Systems (the "System"), administered by the State of Florida Department of Management Services, Division of Retirement (the "Division"). Detailed information about the plans is provide in the CAFR which is available online or by contacting the Division (see additional financial and actuarial information).

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), this financial statement includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for the Sports Authority in the system's cost-sharing, multiple employer defined benefit plans:

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the System's fiscal year ended June 30, 2016, 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 may include Medicare.

Benefits Provided

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

Employees enrolled on or after July 1, 2011 and who retire at or after age 65 with at least eight years of credited service, or 33 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, as explained above based on their eight highest fiscal years of pay. Using their date of enrollment as a basis, vested employees with less than the minimum years of service may retire before the minimum age and receive reduced retirement benefits. A post-retirement health insurance subsidy is also provided to eligible retired employees through the FRS defined benefit, in accordance with Florida Statutes.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments, while continuing employment with an FRS 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.

Employer Contributions

Starting on July 1, 2011, Chapter 2011-68 of the Laws of Florida requires 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. The fiscal year 2016 contribution rate applied to regular employee salaries was 7.26%, including 1.66% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2015 contribution rate for regular employees was 7.37%, which included 1.26% for HIS. The fiscal year 2016 contribution rate applied to senior management salaries was 21.43%, including 1.66% HIS. The fiscal year 2015 contribution rate for senior management was 21.14%, which included 1.26% for HIS. The fiscal year 2016 contribution rate applied to the salaries of the employees in DROP was 12.88%, including 1.66% for HIS. The fiscal year 2015 contribution rate for DROP employees was 12.28%, which included 1.26% for HIS.

The Sports Authority's actual contributions to the FRS for the fiscal years ended June 30, 2016 and 2015 were \$260,376 and \$253,648, respectively. The Sports Authority's actual contributions to the HIS for the fiscal years ended June 30, 2016 and 2015 were \$54,713 and \$39,062, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the Sports Authority reported a liability of \$3,940,005 for its proportionate share of the net pension liability of the FRS and HIS. The net pension liability was measured as of June 30, 2016 (the FRS most recent measurement date applicable to the Sports Authority's reporting period), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sports Authority's proportion of the net pension liability was based on a projection of the Sports Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined.

At June 30, 2016, the Sports Authority's proportion of the FRS was 0.0107 percent, which was an increase of 0.0003 from its proportion measured as of June 30, 2015. At June 30, 2016, the Sports Authority's proportion of the HIS was 0.0107 percent, which was an increase of 0.0005 from its proportion measured as of June 30, 2016.

For the year ended September 30, 2016, the Sports Authority recognized pension expense of approximately \$220,000.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

At September 30, 2016, the Sports Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows / Outflows of Resources	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 206,423	\$ (27,934)
Changes of assumptions	358,319	
Net difference between projected and actual earnings on pension plan investments	697,501	
Changes in proportion and differences between Sports Authority's contributions and proportionate share of contributions	406,679	(41,455)
Sports Authority's contributions subsequent to the measurement date	<u>101,291</u>	<u>-</u>
Total	<u>\$ 1,770,213</u>	<u>\$ (69,389)</u>

The \$101,291 reported as deferred outflows of resources related to pensions resulting from the Sports Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal year ending</u>	
2017	\$ 281,167
2018	281,167
2019	552,807
2020	318,335
2021	109,724
Thereafter	<u>56,333</u>
	<u>\$ 1,599,533</u>

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

Actuarial 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 in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The 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 benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.60%. 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 a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2016:

- FRS: The long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.
- HIS: the municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

The long-term expected rate of return, net of investment expense on pension plan investments was 7.60% as of June 30, 2016. 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.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate (property)	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%

Discount Rate

The discount rate used to measure the total pension liability was 7.60% for FRS and 3.80% for HIS as of June 30, 2016. For FRS, 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 benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

Sensitivity of the Sports Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Sports Authority's proportionate share of the net pension liability calculated using the discount rate of 7.60% for FRS and 3.80% for HIS, as well as what the Sports Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

FRS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
6.60%	7.60%	8.60%
\$ 4,963,443	\$ 2,695,959	\$ 808,578
HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
2.80%	3.80%	4.80%
\$ 1,427,203	\$ 1,244,046	\$ 1,092,035

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE J - DEFINED BENEFIT PENSION PLANS - Continued

Additional Financial and Actuarial Information

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2016 and 2015. The system's CAFR and the actuarial valuation reports referenced herein are available online at:

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
Research and Education Section
P.O. Box 9000
Tallahassee, Florida 32315-900
850-488-5706 or toll free at 877-377-1737

NOTE K - REVENUE SHARING AND TICKET SURCHARGE REVENUE

Under the terms of an agreement between the Sports Authority and Buccaneers Football Stadium Limited Partnership (the "Buccaneers"), as amended in December 2015, the Sports Authority and the Buccaneers agreed to share revenues as follows:

- Buccaneers events - 100% of revenues to go to the Buccaneers
- Non-Buccaneer events - First \$2,000,000 to go to the Buccaneers; 33% of excess revenues above \$2,000,000 up to \$3,500,000 go to the Buccaneers; and 67% of excess revenues above \$2,000,000 up to \$3,500,000 go to the Sports Authority; revenues in excess of \$3,500,000 are split 50/50 between the Buccaneers and the Sports Authority

The accompanying financial statements report revenues from concessions and parking after the Buccaneer split. The Buccaneers' share of revenues from non-Buccaneer events during the year ended September 30, 2016 was \$3,938,640. Per the agreement, the period used to determine the shared revenue for non-Buccaneer events is February 1 through January 31 of the following year. The Sports Authority recognized revenues of \$730,677 during the year ended September 30, 2016, based on the activity from February 1, 2015 through January 31, 2016. No amounts have been accrued in the financial statements for the Sports Authority's share of revenue earned from February 1, 2016 through September 30, 2016.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE K - REVENUE SHARING AND TICKET SURCHARGE REVENUE – Continued

Additionally, under the 1996 agreement between the Sports Authority and the Buccaneers, a ticket surcharge is to be added to all admission tickets for events held within Raymond James Stadium. The Sports Authority may use the first \$1,930,000 of surcharge revenue collected each agreement period (February 1 through January 31 of the following year) to fund operations. All surcharge revenue amounts collected in excess at \$1,930,000 are restricted by the agreement to either fund future years' surcharge collection shortfalls (excess surcharge fund) or capital improvements. In any agreement period, whereby actual surcharge revenue collections are below \$1,930,000, the Sports Authority may draw funds from excess surcharge fund to bring total surcharge revenue to \$1,930,000 for the agreement period.

For the year ended September 30, 2016, \$73,637 was released from the excess surcharge fund due to actual surcharge collection shortfalls. The balance in the excess surcharge fund was \$17,915 at September 30, 2016.

NOTE L - ECONOMIC CONCENTRATIONS AND SOURCES OF CERTAIN REVENUES

The Sports Authority relies on interlocal cooperation agreements and revenues for its debt service requirements. The payment sources, among them state sales taxes, locally assessed tourist development taxes and community improvement taxes, were irrevocably pledged by the appropriate governmental entity (the State, County or City) to the Sports Authority's bonds when they were issued; all of the bond issues are limited recourse obligations payable solely from the pledged tax revenues and from no other source. These revenues represent approximately \$14,524,000 of the Sports Authority's non-operating revenues.

The Sports Authority also receives an annual payment from the Buccaneers Stadium Limited Partnership of \$3.5 million as a guaranteed payment, \$1,930,000 guaranteed as ticket surcharges and, as applicable, a percentage of the revenue in excess of \$2,000,000 realized from non-Buccaneer events held at the Stadium, including license fees and revenue from concessions, parking, programs and merchandise (see note J).

NOTE M - GOLF COURSE MANAGEMENT ACTIVITIES

The Sports Authority and the City entered into an agreement on February 28, 1993, stipulating the terms and conditions for the Sports Authority to manage three City-owned Golf Courses (the "Golf Course Management Agreement") which has been amended seven times. Under the terms of the amended agreement dated February 2000, the Sports Authority is to receive, within 45 days after its fiscal year end, one percent of the Golf Courses' gross revenue, as defined, as a management fee to be paid only from the Golf Courses' surplus revenues, defined as net revenues less any debt service installment then due. These management fees have been waived for the fiscal year ended September 30, 2016.

Tampa Sports Authority

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

NOTE M - GOLF COURSE MANAGEMENT ACTIVITIES - Continued

Under the terms of the amended agreement dated June 2004, the City shall be responsible for any operating shortfalls realized by the Golf Courses. An operating shortfall exists only when operating and maintenance expenses, excluding depreciation and any amortization costs approved by the City, exceed gross revenue realized from the operations of the Golf Courses.

NOTE N - RISK MANAGEMENT

The Sports Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. During the year ended September 30, 2016, insurance coverage was not reduced from coverage levels in place as of September 30, 2015. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE O - COMMITMENTS AND CONTINGENCIES

The Sports Authority was involved in several legal actions and disputes at September 30, 2016. No actions exist which, in management's opinion, would have a material effect on the Sports Authority's financial position.

The Sports Authority is obligated to reimburse the Buccaneers Football Stadium Limited Partnership for \$13,129,000 of costs related to facility improvements on Raymond James Stadium

NOTE P - SUBSEQUENT EVENTS

The Sports Authority has evaluated events and transactions occurring subsequent to September 30, 2016 as of, March 30, 2017 which is the date the financial statements were available to be issued.

On February 16, 2017, the Sports Authority issued the \$13,590,000 Tampa Sports Authority Taxable Florida State Sales Tax Payments Revenue Bonds (Spring Training Facility) Series 2017. The proceeds of the bonds will be used to provide funds for the Sports Authority to (i) reimburse New York Yankees Partnership (the "Partnership") for a portion of the costs for improvements to a 10,000 seat baseball stadium and related spring training facilities owned by Hillsborough County (the "County"), (ii) reimburse the Sports Authority and the County for certain costs incurred in implementing certain license and redevelopment agreements with the Partnership, and (iii) to pay costs of issuing the Bonds.

SUPPLEMENTARY INFORMATION

Tampa Sports Authority

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended September 30, 2016

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract/ Grant No.</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Agency				
<u>Florida Department of Revenue</u>				
Indirect Projects				
Passed through Hillsborough County, Florida				
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise				
	73.016 *			
\$28,790,000 1995 Special Purpose Bonds, State of Florida Sales Tax Payments Series		NA	\$ 1,993,600	\$ -
\$19,240,000 Florida Sales Tax Payments Refunding Revenue Bonds, Series 2015		NA	<u>1,987,800</u>	<u>-</u>
Total CSFA # 73.016 - Indirect Project			<u>3,981,400</u>	<u>-</u>
Total expenditures of state financial assistance			<u>\$ 3,981,400</u>	<u>\$ -</u>

* Denotes major project

The accompanying notes are an integral part of this schedule.

Tampa Sports Authority

NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

September 30, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of the Sports Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B - CONTINGENCIES

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

NOTE C - INDIRECT COSTS

The Tampa Sports Authority did not allocate costs to the state financial assistance project. All costs charged to the project were direct costs.

NOTE D - UNEXPENDED FUNDS

Funds from the Florida Department of Revenue through CSFA # 73.016, *Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise* that are passed-through Hillsborough County, Florida to the Sports Authority may exceed project expenditures during the same fiscal year. The Sports Authority maintains these excess funds in a restricted capital projects account to be used in future periods for project related activity. Unexpended excess funds received totaled \$18,608 for the year ended September 30, 2016. Total unexpended funds received and held to date totaled \$29,991 through September 30, 2016.

Tampa Sports Authority

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL

For the fiscal year ended September 30, 2016

<u>Source</u>	<u>Amount Received in the 2015-16 Fiscal Year</u>	<u>Amount Expended in the 2015-16 Fiscal Year</u>
British Petroleum settlement	<u>\$ -</u>	<u>\$ 165,829</u>

Tampa Sports Authority

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

Last Three Fiscal Years

Florida Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tampa Sports Authority's proportion of the net pension liability (asset)	0.010677%	0.010404%	1.064800%
Tampa Sports Authority's proportionate share of the net pension liability (asset)	\$ 2,695,959	\$ 1,343,763	\$ 649,687
Tampa Sports Authority's covered-employee payroll	\$ 3,295,236	\$ 3,100,199	\$ 3,108,354
Tampa Sports Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.81%	43.34%	20.90%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Health Insurance Subsidy Program

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tampa Sports Authority's proportion of the net pension liability (asset)	0.01067400%	0.010219%	0.010456%
Tampa Sports Authority's proportionate share of the net pension liability (asset)	\$ 1,244,046	\$ 1,042,148	\$ 977,633
Tampa Sports Authority's covered-employee payroll	\$ 3,295,236	\$ 3,100,199	\$ 3,108,354
Tampa Sports Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%	31.45%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Notes:

1) The amounts presented for each fiscal year were determined as of the Plan fiscal year measurement date of June 30th.

2) The Sports Authority implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

Tampa Sports Authority

SCHEDULE OF TAMPA SPORTS AUTHORITY'S CONTRIBUTIONS FOR THE FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM

Last Three Fiscal Years

Florida Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 260,376	\$ 253,648	\$ 233,237
Contributions in relation to the contractually required contribution	<u>260,376</u>	<u>253,648</u>	<u>233,237</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tampa Sports Authority's covered-employee payroll	<u>\$ 3,295,236</u>	<u>\$ 3,100,199</u>	<u>\$3,108,354</u>
Contributions as a percentage of covered-employee payroll	7.90%	8.18%	7.50%

Health Insurance Subsidy Program

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 54,713	\$ 39,062	\$ 35,818
Contributions in relation to the contractually required contribution	<u>54,713</u>	<u>39,062</u>	<u>35,818</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tampa Sports Authority's covered-employee payroll	<u>\$ 3,295,236</u>	<u>\$ 3,100,199</u>	<u>\$3,108,354</u>
Contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.15%

Notes:

- 1) The amounts presented for each fiscal year were determined as of the Plan fiscal year measurement date of June 30th.
- 2) The Sports Authority implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

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*

TAMPA SPORTS AUTHORITY

September 30, 2016



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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

Board of Directors
 Tampa Sports 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 Sports Authority as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Tampa Sports Authority's basic financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tampa Sports 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 Tampa Sports Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tampa Sports 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.

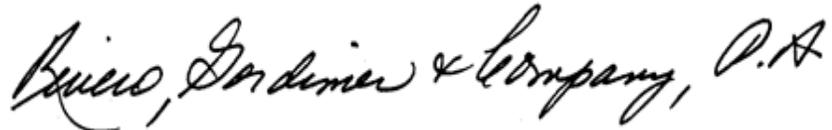
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Tampa Sports Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Tampa, Florida
March 30, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

TAMPA SPORTS AUTHORITY

September 30, 2016



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL

Board of Directors
Tampa Sports Authority

Report on Compliance for Each Major State Project

We have audited the Tampa Sports Authority's compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Tampa Sports Authority's major State projects for the year ended September 30, 2016. The Tampa Sports Authority's major State project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Tampa Sports Authority's major State project 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 Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550 *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about Tampa Sports Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of Tampa Sports Authority's compliance.

Opinion on Major State Project

In our opinion, Tampa Sports Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major State projects for the year ended September 30, 2016.

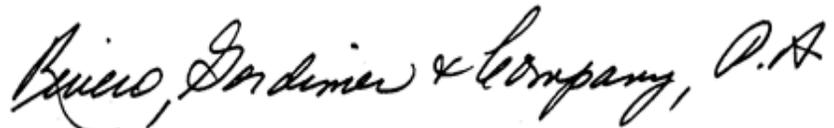
Report on Internal Control Over Compliance

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

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

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

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



Tampa, Florida
March 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE PROJECT

TAMPA SPORTS AUTHORITY

September 30, 2016

Tampa Sports Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE PROJECT

September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

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

Noncompliance material to financial statements noted? yes X no

State Projects

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

Type of auditors' report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are to be reported in accordance with Chapter 10.557, *Rules of the Auditor General*? yes X no

Identification of major state project:

<u>CFSA Number</u>	<u>Name of State Project</u>
73.016	Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise

Dollar threshold used to distinguish between type A and type B programs - State Projects: \$ 750,000

Section II - Financial Statement Findings

No matters were reported for the year ended September 30, 2016.

Section III - State Financial Assistance Project Findings and Questioned Costs

No matters were reported for the year ended September 30, 2016.

Other Issues

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).

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

TAMPA SPORTS AUTHORITY

September 30, 2016



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

Board of Directors
Tampa Sports Authority

Report on the Financial Statements

We have audited the financial statements of the Tampa Sports Authority, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 30 2017.

Auditor’s Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs, and Independent Accountants’ Reports on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are March 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 Note A to the financial statements.

Financial Condition

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 Tampa Sports 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 Tampa Sports Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Tampa Sports Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Tampa Sports Authority does not include any additional special district component units in their financial reporting nor are they a special district component unit of a county, municipality, or special district.

Other Matters

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

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

Purpose of this Letter

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



Tampa, Florida
March 30, 2017

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

TAMPA SPORTS AUTHORITY

September 30, 2016



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

Board of Directors
Tampa Sports Authority

We have examined the Tampa Sports Authority's investment policy compliance with the requirements of Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2016. Management is responsible for Tampa Sports Authority's compliance with those requirements. Our responsibility is to express an opinion on Tampa Sports 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 Tampa Sports Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Tampa Sports Authority's compliance with specified requirements.

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

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

Tampa, Florida
March 30, 2017

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 288.8018, FLORIDA STATUTES

TAMPA SPORTS AUTHORITY

September 30, 2016



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INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 288.8018, FLORIDA STATUTES

Board of Directors
Tampa Sports Authority

We have examined the Tampa Sports Authority's compliance with the requirements of Section 288.8018, Florida Statutes, regarding the Federal and State laws, rules, regulations, contracts, or grant agreements governing the receipt and expenditure of the funds related to the Deepwater Horizon oil spill that are not Federal awards audited as major programs or State financial assistance audited as major projects, during the year ended September 30, 2016. Management is responsible for Tampa Sports Authority's compliance with those requirements. Our responsibility is to express an opinion on Tampa Sports 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 Tampa Sports Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Tampa Sports Authority's compliance with specified requirements.

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

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

Tampa, Florida
March 30, 2017