



TAMPA PORT AUTHORITY

Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2003



Hillsborough County Port District, Florida

Hillsborough County Port District, Florida

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2003



TAMPA PORT AUTHORITY

Prepared by: Finance Department

Michael J. Macaluso, Chief Financial Officer





TAMPA PORT AUTHORITY
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2003

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1-8
Certificate of Achievement for Excellence In Financial Reporting	9
Organizational Chart	10
List of Officials	11
FINANCIAL SECTION	
Independent Auditors' Report	12-13
Management's Discussion and Analysis	14-21
Financial Statements	
Proprietary Fund – Enterprise Fund: Tampa Port Authority and Discretely Presented Component Unit -	
Combined Statements of Net Assets	22-23
Combined Statements of Revenues, Expenses, and Changes in Fund Net Assets	24
Combined Statements of Cash Flows	25-26
Notes to Financial Statements	27-54
STATISTICAL SECTION (Unaudited)	
Table	
1. Summary of Revenues, Expenses, and Net Income - Last Ten Years	55
2. Property Tax Levies and Collections – Last Ten Years	56
3. Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	57
4. Property Tax Millage Rates – Last Ten Years	58
5. Principal Taxpayers of Hillsborough County, Florida	59
6. Revenue Bond Coverage – Last Ten Years	60
7. Demographic Statistics – Last Ten Years	61
8. Property Value, Construction and Bank Deposits – Last Ten Years	62
9. Financial Highlights	63



TAMPA PORT AUTHORITY
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2003

TABLE OF CONTENTS (continued)

	PAGE
10. Distribution of Operating Revenue by Major Cargo Categories	64
11. Cruise Statistics – Last Ten Years	65
Other Port Financial Information	
12. Revenues - Compared with Budget	66
13. Expenses - Compared with Budget	67
14. Debt Service - Compared with Budget with Coverage Ratios	68
15. Investments as of September 30, 2003	69
16. Insurance Coverage as of September 30, 2003	70
COMPLIANCE SECTION	
SEC Rule 15c2-12 Reporting	
17. Port of Tampa Tonnage Distribution–Last Ten Years	71
18. Port Usage Fees – Last Ten Years	72
19. Summary of Leases of Principal Customers	73
Independent Auditors’ Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	74-75
Independent Auditors’ Report on Compliance and Internal Control Over Compliance Applicable to Each Major State Financial Assistance Project	76-77
20. Schedule of Expenditures of Federal Awards and State Financial Assistance	78

INTRODUCTORY SECTION



TAMPA PORT AUTHORITY





TAMPA PORT AUTHORITY

March 15, 2004

Board of Commissioners
Tampa Port Authority
1101 Channelside Drive
Tampa, Florida 33602

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Tampa Port Authority (TPA) for the fiscal year ended September 30, 2003 is hereby submitted for your review. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the Tampa Port Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the TPA. All disclosures necessary to enable the reader to gain an understanding of the TPA's financial activities and operations have been included.

Certain demographic information and miscellaneous statistics included in the CAFR were not obtained from the financial records of the Authority but are presented for the CAFR user's information and understanding of the TPA and the environment in which the TPA operates.

The enclosed CAFR has been prepared in accordance with guidelines recommended by the Governmental Accounting Standards Board and the Government Finance Officers Association. The CAFR is presented in four sections:

1. **Introductory Section** – This section consists of this letter of transmittal, the Certificate of Excellence in Financial Reporting 2002, the TPA Organization Chart, and the TPA List of Principal Officials.
2. **Financial Section** – This section includes the Independent Auditor's Report on the TPA financial statements for the fiscal year ended September 30, 2003, management's discussion and analysis, the financial statements for the same period, and the accompanying notes to the financial statements.
3. **Statistical Section** – This section includes selected financial and demographic information, most of which is presented on a multi-year basis. Information in this section includes ten-year financial statements, historical ad valorem tax rates with assessed property values, bond coverage information, recent financial highlights, and selected cargo-related information, budgetary tables, and investment and insurance information.

4. **Compliance Section** – This section includes supplementary information required for compliance with Security Exchange Commission Rule 15c2-12 which requires issuers of municipal securities to provide annual updates of selected financial information to a nationally recognized municipal securities information repository. It is the intent of the Tampa Port Authority to file this CAFR with the State of Florida’s Municipal Advisory Council to meet this requirement.

This section also includes auditor-issued compliance reports and the Schedule of Expenditures of Federal Awards and State Financial Assistance that is required by entities, such as TPA, receiving such funding.

Overview of the Tampa Port Authority

The Tampa Port Authority was created by action of the Florida Legislature through Chapter 95-488, Laws of Florida (also known as the “Enabling Act). TPA has jurisdiction over all of the land in and shipping operations in the Hillsborough County, Florida Port District although the Port Authority does not own the facilities in the Port District other than the facilities so designated as the Port Authority facilities.

Additionally, the financial statements included in this CAFR discretely present the financial data of the Tampa Port Authority’s component unit, Tampa Bay International Terminals (TBIT), because of its operational and financial relationship to the Tampa Port Authority.

TBIT was organized in 1990 for the benefit of TPA and to acquire, construct, lease, operate, maintain and otherwise provide port facilities and services for the commercial development of the Port of Tampa. TBIT performs marine terminal operations on and over certain berths and properties owned by TPA and is the exclusive terminal operator for general cargo moving across the Authority’s facilities. Although a component unit of TPA, TBIT is a legally separate organization from TPA. An Operating Agreement dated January 9, 1990 and amended effective October 1, 1995, wherein the duties, functions and responsibilities of TBIT are outlined, governs the relationship that exists between the two entities.

On January 31, 2004, TPA reached agreement with Stevedoring Services of America (SSA) Marine to provide terminal services for the Port of Tampa, including all terminal operations for the existing customers for whom TBIT currently provides terminal operations. Effective February 1, 2004, TPA and TBIT agreed to supplement the Operating Agreement in order to address the future role of TBIT in the performance of terminal operations in the Port of Tampa and to make TBIT’s future role compatible with SSA’s role as terminal operator. Further details associated with this transaction are discussed in Note 17 of the Notes to Financial Statements included with this CAFR.

Local Economy

Hillsborough County, the operating jurisdiction of the Tampa Port Authority, has a diversified economic base including a large service sector, a large manufacturing sector, and a thriving retail trade sector. The County is host to a number of large employers in both the public and private sector. The University of South Florida is one of the twenty largest universities in the nation and is one of the largest public sector employers. A wide variety of companies including Tampa Electric Company, Verizon, Cargill, IMC Phosphates, and Wal-mart are among the area's largest private sector employers.



Tourism is another major component of the economy. The number of tourists visiting Florida is expected to continue growing and Hillsborough County is expected to be on the leading edge of that growth. Busch Gardens of Tampa is one of the leading tourist attractions in the nation. There are numerous other tourist attractions in Hillsborough County including the Florida Aquarium, Adventure Island, the Museum of Science and Industry, the Lowry Park Zoo, Centro Ybor, the Channelside Shops, the Performing Arts Center, and, of course, the beautiful gulf beaches. Hillsborough County has numerous athletic facilities that play host to a number of professional sports teams, including the Tampa Bay Buccaneers and the Tampa Bay Lightning. The Tampa Bay Devil Rays play at nearby Tropicana Field in St. Petersburg, Florida.

Economic growth in Hillsborough County continued to be strong in 2003 with the cost of living index in the county consistently below the national average for the past 11 years.

Hillsborough County enjoyed strong population growth in 2003. As of April 1, 2003, the Hillsborough County Planning Commission estimated the population at 1,083,520, a 2.6% increase over 1,055,800 in 2002. Hillsborough County is the 4th most populous county in Florida. Its favorable wage scales and low cost of living continues to draw new residents and businesses to the area. Overall unemployment for Hillsborough County was only 4.4% in 2002 (latest year available), which was well below the State of Florida's unemployment rate and the unemployment rate of the entire country for the preceding 10 years. Financial services, biomedical/research science, tourism, and business services continue to dominate the Hillsborough County job growth rate.

The Tampa Port Authority is a major player in the local economy's economic growth. The Port of Tampa handles nearly half the tonnage of all seaborne commerce that passes through Florida, is the largest port in the State of Florida, and the 12th largest cargo port in the nation as measured by total tons handled.

Major Initiatives and Accomplishments

Harbor deepening - Tampa Port Authority made substantial progress in 2003 toward the Congressional authorization of the widening of a 3.5-mile section of the main shipping channel by 100 feet to provide a passing lane for vessel traffic. The Authority has worked closely with U.S. Senator Bob Graham and Congressmen Bill Young and Jim Davis, all of who have provided strong support.

The Authority is also working closely with the U.S. Army Corps of Engineers' District, Division and Headquarters offices to see this project through to completion. All parties are working toward the target goal of project completion, which is prior to the end of this decade (2008 or 2009).

Maintenance dredging continues in the Port of Tampa at all times. Specific areas ongoing maintenance dredging during 2003 were in front of berth 269 adjacent to the TPA's newest Cruise Terminal 3 as well as 7 independents berths.

Security initiatives - In 2003, TPA was awarded \$4.0 million in security funding from the Transportation Administration (TSA) for the Hookers Point Gate Complex/Security Operations Center. This allocation was the ninth largest award in the nation in TSA's "Round II" security grant program. The Port Security Grant Program provides resources for security planning and projects to improve dockside and perimeter security, which is vital to securing the nation's critical seaports.



Cruise industry - Revenue generated from cruise ships during fiscal year 2003 was at an all-time high partly because of the introduction of several new homeported vessels.

- Royal Caribbean International's "Nordic Empress" now originates seven-day sailings out of Tampa to ports including Belize and Cozumel and has plans to replace the "Nordic Empress" with the larger "Splendor of the Seas" in 2005.
- Carnival Cruise Lines currently has two Fantasy Class vessels which homeport in Tampa, the "Sensation" and the "Inspiration". Carnival has two itineraries: one of which offers a 5-5-4 day sailing rotation and the other, a 7-day sailing rotation.
- Celebrity Cruises' "Horizon" also homeports in Tampa. The vessel takes passengers on ten and eleven-day cruises to ports of call including Costa Rica and Grand Cayman.
- The longest cruise itinerary available from Tampa is Holland America Cruises Lines' "Noordam" which offers a 14-day cruise rotation. This beautiful ship sails to Barbados, Isla de Margarita, Guadeloupe, Aruba and Bonaire. Holland America's "Veendam" also homeports in Tampa offering a 7-day itinerary.
- Scotia Prince Cruises began a weekly cruise ferry operation between Tampa and Mexico. This operation allowed passengers either originating in Tampa or Mexico to cruise and take their private car with them. The trial run for this operation met limited success, but enough that the ferry is putting together their financing and business plan to return to Tampa in 2005.

Cargo diversity - TPA is absolutely committed to diversification of its revenue base. The moneys it collects from both the vessels using the berths and the cargo passing over the berths each year finance TPA's operations and debt. To that end, the TPA is constantly looking for ways to improve its operations and increase traffic and cargo volumes through the port. Each year, approximately 3,800 vessels pass through the port carrying approximately 48 million tons of cargo. Products are diverse with imported products including: petroleum and related products, coal, liquid sulfur, steel, anhydrous ammonia, citrus concentrate, bananas, containerized cargo, and cement. The port exports products such as phosphates, phosphoric acid, scrap metal, citrus pellets, poultry, fresh produce, and containerized cargo. The TPA has a very active Marketing Division that nurtures these product lines and travels extensively in pursuit of other entities, which might be interested in doing business in the Port of Tampa.

In particular, TPA continues to develop its liner service business between Latin and Central America with particular emphasis on Mexico. TPA entered into an agreement with Wallenius several years ago to import new Daimler-Chrysler vehicles from Mexico. These vehicles are stored on Port property for further distribution throughout Florida and the Southeast. TPA representatives have also participated in numerous trade initiatives between the United States and Mexico and have increased the number of visits to Central and Latin America, all with the intent of increasing trade with this part of the world.

Tampa Port Authority charted a new course during fiscal year 2003 as it made one of its primary objectives attracting new container liners to the Port of Tampa. Bids were solicited from major container-handlers as a one-stop type of arrangement to handle all of the containers into and out of the Port of Tampa. TPA selected SSA Marine, an international container-handling company, to be in charge of its general and container terminal operations. This selection marks the dawn of a new era for the Port of Tampa and its commitment to pursuing containerized cargo. TPA has already had some success in attracting new lines as evidenced by the fact that ZIM, an international container shipping company, began sailing to the Port of Tampa in October 2003.



Real estate - One of the Tampa Port Authority's major attributes is the availability of land for future development. TPA owns approximately 2,600 acres: 1,298 of the acres are leased, 977 are spoil islands, and the remaining 325 acres are available for future development and/or leasing.

A number of real estate transactions occurred in fiscal year 2003. They include:

- Greyhound Shore Services - lease of office suite in Cruise Terminal 3
- PCL Civil Constructors - lease of approximately 25 acres with an option for 5 additional acres to be used for handling and storage of pre-cast concrete
- Rockdale Pipeline, Inc. - lease of .9183 acres adjacent to cattle docks
- PEL Laboratories, Inc. - lease of 2 acres at Pendola Point Road for facility to analyze, assess, and remediate underground storage tanks
- Federal Marine Terminals, Inc. - lease of 1,400 square feet in building 229
- Sale of 3.56-acre parcel at Channelside and Beneficial Drives
- Purchase of two parcels totaling 12 acres from CSX near Maritime and Guy N. Verger Boulevard
- Ongoing port-wide signage initiative to facilitate traffic in and around the port proper.

Channelside development - During 2003, the TPA continued to market and/or develop prime waterfront real estate it owns near downtown Tampa called Channelside. All of the cruise ships, which call at the Port, dock in this area. The Port has plans to build additional parking facilities and cruise terminals to keep up with demand for facilities.

The Channelside District is anchored by the Florida Aquarium, three cruise terminals, and an urban entertainment and dining district, as well as the Tampa Port Authority International Headquarters which, in addition to housing the administrative staff of the TPA, is also occupied by the University of South Florida, Wilson Miller, and the World Trade Center.

Environmental initiatives - Once again in fiscal year 2003, TPA demonstrated its commitment to the environment of Tampa Bay and Hillsborough County through funding of the sovereign lands management program. Projects under this program include environment restoration, protection of native species, public education, and enhanced awareness efforts.

Through partial funding provided by the federal government and in cooperation with the U.S. Army Corps of Engineers, the Tampa Port Authority initiated an effort to widen the Ybor Channel Turning Basin. This initiative is critical to the continued safe navigation of the Ybor Channel for cruise and cargo vessels.

Internal Controls

The management of the Tampa Port Authority is responsible for establishing and maintaining internal controls over its operations. TPA's internal controls are designed to provide management with reasonable, though not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the evaluation of the costs and benefits requires certain estimates and judgments by management.

All internal control evaluations occur within the above framework. TPA management strongly believes that the inherent financial accounting controls coupled with ongoing independent



financial audits performed by the Port's independent financial auditors, ValienteHernandez P.A., as well as numerous other audit functions performed by several governmental entities, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

Financial Overview

The Tampa Port Authority has one fund to which all accounts are organized and accounted for as a single reporting entity, known as an Enterprise Fund. Enterprise Funds are used to account for proprietary operations that are financed and operated in a manner similar to private business operations where the intent of the governing body is that all operating costs, i.e. expenses exclusive of depreciation, are funded primarily through user charges. TPA's primary source of funding for its operations is through rates and charges it assesses against vessels for berthing at the Port's wharves and piers and on cargo passing or conveyed over, onto or under wharves. Additionally, the Port leases its property and assesses lease charges against the tenants of that property.

Management Discussion and Analysis, the Basic Financial Statements, and the Statistical Section, all of which are included in this CAFR, are designed to provide the reader with a thorough understanding of the Port's financial activities.

Budget

Port staff prepares an annual budget that is based on expected revenues and expenses for the upcoming fiscal year. State of Florida statutes require that the Tampa Port Authority hold two public hearings for the purpose of soliciting public input and comments on the annual budget. The annual budget is then submitted to the TPA Board of Commissioners for approval. Approval of the annual budget by the Board of Commissioners constitutes the authority of the Board to incur liabilities and authorizes projected expenditures from the respective budget categories.

Monthly departmental budget reports are prepared and distributed to each department head. These reports compare actual revenues and expenses by department and by account for both the current month and year to date to comparable budget figures for the same periods. While minimal variances within accounts within a particular department are permitted, the Chief Executive Officer/Port Director or, in the Port Director's absence, the Chief Operating Officer/Deputy Port Director must approve any increases to a department's budget.

Any increases to the overall Tampa Port Authority budget must be brought to the TPA Board of Commissioners for approval. Please refer to Tables 12, 13, and 14.

Debt Administration

All of the Port Authority's long-term debt represents revenue bonds and are considered to have senior lien status with the exception of the Series 1994 and Series 1995 bonds that are considered to have status junior to the senior lien bonds. Senior lien, when used in this context, simply means that bondholders have a first right to gross revenues of the TPA, while junior lien bondholder rights are subordinate.

Certain senior lien bond covenants contain resolutions that net revenues equal at least 1.25 times the annual debt service on the senior lien debt before additional revenue bonds can be issued. For fiscal year ending September 30, 2003, the Port's net revenues were 2.11 times the annual debt



service on the senior lien debt. The Series 1995 bonds are additionally secured by Hillsborough County, Florida pursuant to an Interlocal Agreement between the County and the Tampa Port Authority. One of the covenants of this Agreement require that the Port's net revenues are at least equal, i.e. 1.00 ratio, to the annual debt service on all debt, i.e. both senior and junior lien debt. As of September 30, 2003, the ratio of net revenues to all annual debt service was 1.30. (Refer to Table 6.)

Cash Management

Florida Statutes 218.345 and 218.415 and the applicable debt and authorizing resolutions provide the Tampa Port Authority with the legal basis and authority for the investment of funds. As such, TPA developed an Investment Policy to provide guidance to TPA personnel for the safe and efficient investment of these funds. The investment objectives of this policy are, first and foremost, safety of principal and assurance that capital losses are avoided by establishing limits on the Port's investment portfolio regarding issues, issuers and maturities.

Unrestricted cash and investments can be used by TPA for any valid business purpose at the discretion of the Board of Commissioners and Port management and within the parameters established by the Port's Enabling Act. As of September 30, 2003, the Tampa Port Authority had \$19.9 million in unrestricted cash and investments.

Restricted cash and investments are those amounts which are set aside pursuant to various bond covenants to fund the Port's debt service and reserves. Restricted cash and investments include bond proceeds, the use of which is limited to specific construction projects. As of September 30, 2003, the Tampa Port Authority had \$77.5 million in restricted cash and investments. Table 15 of the Statistical Section of this CAFR details the types of restricted investments that the Port maintains and the associated financial institutions.

Risk Management

The Tampa Port Authority maintains a comprehensive risk management program, the purpose of which is the maximum protection of the assets, customers and employees of the Port, and the reduction of the cost of risk through an innovative and professional risk management program. It is the intent of TPA that it be protected against accidental loss or losses that would significantly affect TPA personnel, property or the ability of the organization to continue to fulfill its responsibilities.

Administration of the TPA risk management program is done primarily through the efforts of in-house personnel. An outside insurance consultant thoroughly familiar with general and marine insurance and with the State of Florida insurance laws is also utilized. The Port's risk management process includes a systematic and continuous identification of loss exposures, analysis of these exposures in terms of frequency and severity, application of sound risk control procedures, effective claims administration and financing of risk consistent with TPA's financial resources.

TPA requires all parties doing business with the Port including tenants, customers, contractors, subcontractors and consultants to maintain comprehensive insurance coverage and to provide proof of such coverage to TPA. TPA's risk management program also includes the constant review of the Port's safety practices and provides recommendations to ensure a safe and productive work environment. Finally, the risk management function recently completed a



comprehensive Emergency Response Plan designed to ensure effective and efficient reaction on the part of TPA employees and tenants to any unforeseen or unexpected emergency.

A schedule of the Tampa Port Authority General and Marine Insurance coverage is provided on Table 16 of the Statistical Section of this CAFR.

Independent Audit

Section 11.45 of the Florida Statutes requires that each local government entity located in Florida have an annual audit performed by an independent certified Public Accountant. Additionally, Section 11 of the Tampa Port Authority's Enabling Act states, "the books and records of the port authority shall be audited annually." To this regard, the accounting firm of ValienteHernandez P.A. has performed the audit of TPA's financial statement for the fiscal year ended September 30, 2003.

Acknowledgements

Preparation of this Comprehensive Annual Financial Report represents the combined effort of the entire Finance Department of the Tampa Port Authority, in particular Finance Director Judy Costakis, and the accounting firm of ValienteHernandez P.A.

Finally, we express our deepest appreciation to the members of the TPA Board of Commissioners for their guidance and leadership towards ensuring the fiscal integrity of the Tampa Port Authority.

Respectfully Submitted,

George T. Williamson
Port Director and CEO

Michael J. Macaluso
Chief Financial Officer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tampa Port Authority,
Florida

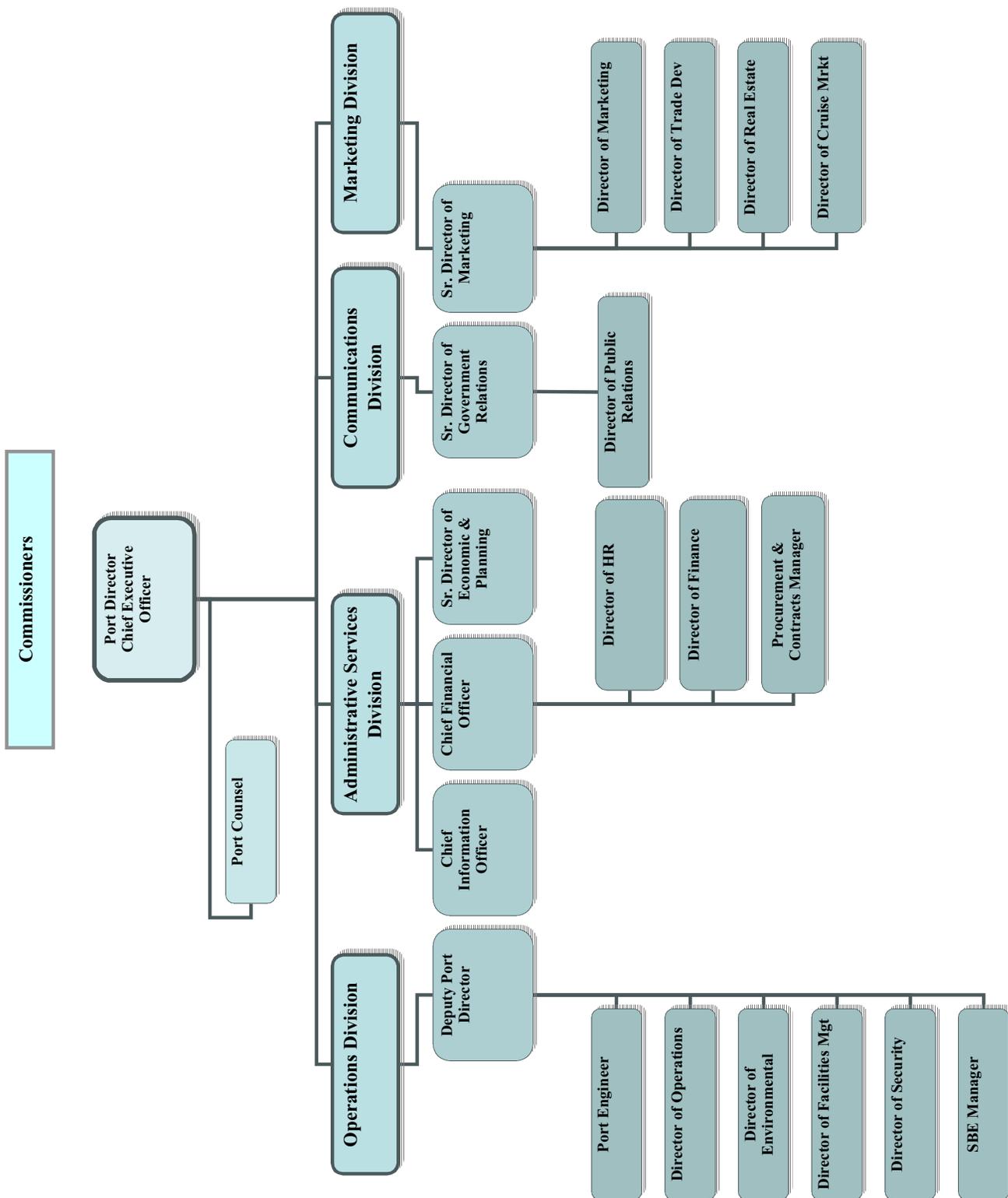
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





Tampa Port Authority List of Officials

Board of Commissioners

Dr. Joseph F. Diaz	Chairman of the Board
Lance Ringhaver	Vice Chairman
Commissioner Pat Frank	Secretary/Treasurer
Gladstone A. Cooper, Jr.	Commissioner
Honorable Pam Iorio Mayor, City of Tampa	Commissioner

Senior Executive Staff

George T. Williamson	Port Director & Chief Executive Officer
Zelko N. Kirincich	Deputy Port Director & Chief Operating Officer
John T. Thorington	Senior Director, Government Relations
Michael J. Macaluso	Chief Financial Officer
Dale K. Bohner, Esquire	Port Counsel
Ram Kancharla	Senior Director, Economic Development & Planning
Kenneth L. Washington	Chief Information Officer
Wade Elliott	Senior Director, Marketing Services



TAMPA PORT AUTHORITY

FINANCIAL SECTION



TAMPA PORT AUTHORITY





CERTIFIED PUBLIC
ACCOUNTANTS

AUDITORS AND
CONSULTANTS

■ 1715 N. Westshore Boulevard
Suite 950
Tampa, Florida 33607-3920

cpas@vhcpa.com

■ 813/ 933 3943
800/ 733.3943 Toll Free

813/ 933.9825 Fax

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

We have audited the accompanying statements of net assets of the Tampa Port Authority (the Port Authority) as of September 30, 2003, and the related statement of revenues, expenses, and changes in fund net assets, and of cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Port Authority's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Port Authority, as of September 30, 2003, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, effective with fiscal year 2003, the Port Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the GASB. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



■ Members:
Private Companies and SEC
Practice Sections of the AICPA

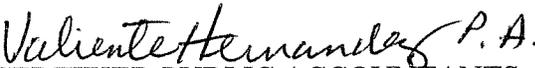
■ Members:
Florida Institute of CPAs

Offices located in: Tampa / Tallahassee

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the foregoing table of contents of page 44 is presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information consisting of the Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and Chapter 10.550, Rules of the Auditor General. This supplementary information and schedules are the responsibility of the Port Authority's management. Such schedules have been subjected to auditing procedures applied in our audits of the basic financial statement and, in our opinion, are fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

The information presented in the introductory section and the statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2003 on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering audits.


CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 2, 2003

Except for Note 17 to the Financial Statements, which is dated January 20, 2004



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Years Ended September 30, 2003 and 2002

The following management discussion and analysis (MD&A) of the financial performance and activity of the Tampa Port Authority (the Port Authority) is to provide an introduction and understanding of the financial statements of the Port Authority for the year ended September 30, 2003, with selected comparisons to the prior year ending September 30, 2002. The information represented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

INTRODUCTION

The Port Authority is a body politic and corporate pursuant to the provisions of Chapter 95-488, Laws of Florida, Acts of 1945 ("Enabling Act"). The Enabling Act provides that the Port Authority will have exclusive jurisdiction, control, supervision and management over all publicly owned docks and wharves in Hillsborough County, Florida. The Port Authority is governed by five board members, three of whom are residents of Hillsborough County, which are appointed to the Port Authority by the Governor of the State of Florida to four-year terms. In addition, the Mayor of the City of Tampa, ex-officio; and a Commissioner of the Board of County Commissioners of Hillsborough County, ex-officio, serves on the Port Authority's Board.

The Port Authority consists of approximately 2,600 acres and is primarily a landlord port serving the greater Tampa Bay area. The Port Authority is a self-supporting organization and generates revenues from port users to fund all operating expenses and debt service requirements. Capital projects are funded through the use of bonds, short-term financing, federal and state grants, ad valorem tax revenue and internally generated funds. While the Port Authority has the ability to levy up to .50 mills in ad valorem taxes each year, the Port Authority's current millage rate is .29 mills.

The following MD&A of Port activities and financial performance provides an introduction to the financial statements of the Port Authority for the fiscal year ended September 30, 2003, with selected comparative information for the year ended September 30, 2002. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures.



OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental accounting policy, practice and procedures fall under the auspices of the Government Accounting Standards Board (GASB) of the Financial Accounting Foundation. This year, the Port Authority implemented a new reporting model mandated by GASB referred to as GASB No. 34. The purpose of the new reporting model is to consolidate the two basic forms of governmental accounting, governmental (such as municipalities) and proprietary (those entities which generate its own revenues and therefore are similar to a private business such as the Port Authority) operations, into statements that gives the reader a clear picture of the financial position of the government as a whole. The major changes which the Port Authority has implemented as a result of GASB No. 34 includes the addition of this management discussion and analysis and the presentation of basic financial statements with a focus on the net assets of the Port Authority as well as the change in those net assets.

The Port Authority operates as a single enterprise fund with one component unit. The financial statements are prepared on the accrual basis of accounting, therefore revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are capitalized and depreciated over their useful life. Please refer to Note 2 in the accompanying financial statements for a summary of the Port Authority's significant accounting policies. Following this MD&A are the basic financial statements and supplemental schedules of the Port Authority. These statements and schedules, along with the MD&A are designed to provide readers with an understanding of the Port Authority's finances.

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The report includes the following three basic financial statements: the statements of net assets, the statements of revenues, expenses, and changes in fund net assets, and the statements of cash flows.

FINANCIAL POSITION SUMMARY

The statements of net assets present the financial position of the Port Authority at the end of the fiscal year. The statements include all assets and liabilities of the Port Authority. Net assets, the difference between total assets and total liabilities, are an indicator of the current fiscal health of the organization and the Port Authority's financial position over time. A summarized comparison of the Port Authority's assets, liabilities, and net assets at September 30, 2003 and 2002 is as follows:



STATEMENTS OF NET ASSETS
(in thousands)

ASSETS:	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 139,415	\$ 153,059
Capital assets	<u>342,872</u>	<u>320,731</u>
Total assets	\$ 482,287	\$ 473,790
LIABILITIES:		
Current liabilities	\$ 18,255	\$ 19,224
Long-term liabilities	<u>165,518</u>	<u>171,376</u>
Total Liabilities	\$ 183,773	\$ 190,600
NET ASSETS:		
Invested in capital assets- net of related debt	\$ 209,425	\$ 184,900
Restricted assets	117,961	97,206
Unrestricted assets	<u>(28,872)</u>	<u>1,084</u>
Total net assets	\$ 298,514	\$ 283,190
Total liabilities and net assets	<u><u>\$ 482,287</u></u>	<u><u>\$ 473,790</u></u>

The Port Authority's assets exceeded liabilities by \$298.514 million, a \$15.324 million increase over September 30, 2002. For the year ended 2003, the largest portion of the Port Authority's net assets represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Port Authority uses these capital assets to provide services to its passengers, visitors, customers, and tenants of the seaport; consequently, these assets are not available for future spending. The resources required to repay the Port Authority's debt must be provided annually from Port operations.



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (in thousands)

The change in fund net assets is an indicator of whether the overall fiscal condition of the Port Authority has improved or worsened during the year. Following is a summary of the statements of revenues, expenses, and changes in fund net assets:

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 28,786	\$ 25,630
Operating expenses	15,897	13,674
Operating income before depreciation	12,889	11,956
Depreciation and amortization expense	9,277	7,996
Operating Income	3,612	3,960
Nonoperating revenue (expense), net	5,833	4,699
Net income before capital contributions and transfers	9,445	8,659
Capital grants, contributions	5,416	14,270
Transfers in, component unit	463	165
Net income	15,324	23,094
Net assets-beginning of period	<u>283,190</u>	<u>260,096</u>
Net assets-end of period	<u>\$ 298,514</u>	<u>\$ 283,190</u>

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased by 12.314% from \$25.630 million to \$28.786 million due to significant increases in the Port Authority's cargo operations (both general and bulk) as well as an increase in cruise revenue. Cargo operations saw increases in virtually all categories of cargo, particularly steel products, containers, lumber, paper, aggregates and petroleum. Cruise revenue increased primarily due to more frequent sailings by ships with increased passenger capacity.
- Operating expenses increased by 16.257% or \$2.223 million because of increased security requirements, higher insurance premiums indicative of the overall insurance market and additional utilities associated with the Port Authority's new facilities.



- Operating income before depreciation increased by 7.80% due to the significant operating revenue increase
- Operating income (after depreciation) decreased by 8.8% due to the full year's depreciation effect of the new Port facilities, particularly Cruise Terminal No. 3.
- Nonoperating revenue (expense), net increased \$1.134 million largely due to a reconfiguration of the Port Authority's investment portfolio into longer-term investments, which realized significant improvement in the Port Authority's investment earnings. Also, despite holding the Port Authority's millage rate at the 2002 level of .29 mills, ad valorem tax revenue increased due to increased property valuations.
- Capital contributions decreased by \$8.854 million over 2002 because of a decrease in the amount of security grants received.
- Net income for 2003 was \$15.324 million compared to \$23.094 million in 2002. This decrease was solely due to the decreased level of grant revenue received in 2003.

HIGHLIGHTS OF THE FISCAL YEAR 2003 BUDGET
(in thousands)

The following represents the Port Authority's budget highlights for the year ended September 30, 2003:

	2003	2003
	<u>Budget</u>	<u>Actual</u>
Operating revenues	\$ 28,554	\$ 28,786
Operating expenses	15,263	15,897
Operating income before depreciation	13,291	12,889
Depreciation and amortization expense	9,277	9,277
Operating Income	4,014	3,612
Nonoperating revenue (expense), net	7,785	5,833
Net income before capital contributions and transfer:	11,799	9,445
Capital grants, contributions	12,109	5,416
Transfers in, component unit	-	463
Net income	<u>\$ 23,908</u>	<u>\$ 15,324</u>



The Port Authority under ran its 2003 Net Income projection before capital contributions and transfers expectations by 24.9%. The major factor in this under run was the decrease in Capital grants received in 2003.

The comparisons of Operating Revenues and Expenses to the 2003 Budget are discussed below.

OPERATING REVENUE (in thousands)

The following table presents the major operating revenue classifications showing budgeted operating revenue for fiscal year 2003 compared to actual revenue for fiscal year 2003.

	<u>2003 Budget</u>	<u>2003 Actual</u>
Port usage fees		
Bulk	\$ 8,276	\$ 7,219
General	2,681	2,442
Cruise	6,813	7,110
Other	3,806	4,602
Land and building leases	6,125	6,281
Other operating	853	1,132
Total operating revenues	<u>\$ 28,554</u>	<u>\$ 28,786</u>

Actual Operating Revenue for 2003 was virtually at the budgeted levels, overrunning the Budget by less than 1%.



OPERATING EXPENSES (in thousands)

The following table presents the major expense classifications showing budgeted operating expense for fiscal year 2003 compared to actual expense for fiscal year 2003.

	2003 <u>Budget</u>	2003 <u>Actual</u>
Personnel	\$ 7,009	\$ 6,735
Promotional	600	590
Administrative	7,654	8,572
Total operating expenses (before depreciation and amortization)	<u>\$ 15,263</u>	<u>\$ 15,897</u>

Operating Expenses, particularly Personnel and Administrative Expenses, for fiscal year 2003 were impacted by the increase in the cost of insurance, the cost of utilities associated with the new Port facilities and the expenses associated with providing additional security.

PORT RATES AND CHARGES

The Port Authority publishes a uniform tariff, which contains standardized rates for various port usage fees. In addition to these published rates, the Port Authority leases out its properties to various maritime and other businesses for which it collects rents, negotiated commodity rates, and receives certain guaranteed revenue streams.

CAPITAL ASSETS

The Port Authority's capital assets as of September 30, 2003, amounted to \$342.87 million (net of accumulated depreciation). This investment in capital assets includes land, facilities improvements, equipment, furniture and fixtures, and construction work in progress. The total increase in the Port Authority's investment in capital assets after accumulated depreciation for 2003 was 5.3%, or \$17.18 million.



During 2003, completed projects totaling \$47.08 million were closed from construction-in-progress to their respective capital accounts. The major completed projects were:

Terminal 3	\$23.10 million
Berth 269	\$ 9.15 million
Facilities Management facility	\$ 1.40 million
Pendola Point Security Center	\$ 1.75 million
Pendola Point Road	\$ 1.08 million

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. The Port Authority collects ad valorem taxes through a Hillsborough County property tax levy. Through this tax levy, passenger facility charges, federal and state grants, net revenues, and various bond issues, the Port Authority funds capital assets. Additional information on the Port Authority's capital assets can be found in Note 7 in the accompanying notes to the financial statements.

DEBT ADMINISTRATION

As of September 30, 2003, the Port Authority had outstanding revenues bonds and Notes of \$173.230 million. Of this amount, \$7.735 million is current and will mature on June 1, 2004. There was no issuance of long debt in fiscal year 2003. The current underlying rating of the Port Authority is "A" by Fitch, "A2" by Moody's, and "A" by Standard & Poor's, all with stable outlooks.

The Port Authority's bond covenants require that revenues available to pay debt service, as defined in the bond resolutions, exceed 125% of the annual debt service amount. Debt service coverage for fiscal year 2003 and 2002 was met and exceeded for both years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Judy Costakis, Director of Finance, Tampa Port Authority, 1101 Channelside Drive, Tampa, FL 33602. Information of interest may also be obtained on the Port Authority's website at TampaPort.com.



FINANCIAL STATEMENTS



**TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003**

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International Terminals, Inc.	2003 Total Memorandum Only	2002 Total Memorandum Only
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 30,363,085	\$ 1,898,004	\$ 32,261,089	\$ 34,937,476
Investments (Note 3)	5,000,000	-	5,000,000	-
Accounts receivable, net of allowance for doubtful accounts	3,091,516	872,903	3,964,419	4,271,827
Due from other governments	1,579,065	4,740	1,583,805	3,719,641
Notes receivable (Note 4)	1,866,902	-	1,866,902	1,724,650
Note receivable from component unit (Note 4)	673,334	-	673,334	648,333
Prepaid expenses and other current assets	79,009	71,244	150,253	128,372
Total current assets	42,652,911	2,846,891	45,499,802	45,430,299
Restricted assets:				
Cash and cash equivalents (Note 3)	37,544,248	-	37,544,248	58,053,640
Investments (Note 3)	41,649,987	938,500	42,588,487	27,569,135
* Interest receivable	571,347	-	571,347	463,506
Total restricted assets	79,765,582	938,500	80,704,082	86,086,281
Capital assets, net of depreciation (Note 7)	342,871,757	157,390	343,029,147	325,817,960
Other noncurrent assets:				
Notes receivable (Note 4)	3,927,068	-	3,927,068	5,651,499
Note receivable from component unit (Note 4)	5,285,000	-	5,285,000	5,958,334
Lease acquisition costs, net of amortization (Note 5)	3,520,368	-	3,520,368	3,868,335
Bond issuance costs, net of amortization	2,363,218	-	2,363,218	2,567,571
Leasehold rights, net of amortization	933,458	-	933,458	1,029,959
Other intangible assets (Note 6)	967,969	724,880	1,692,849	1,947,169
Deposits	-	3,715	3,715	3,715
Total noncurrent assets	16,997,081	728,595	17,725,676	21,026,582
Total assets	\$ 482,287,331	\$ 4,671,376	\$ 486,958,707	\$ 478,361,122

* For 2004 - Not Restricted

(Continues)



**TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003**

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International Terminals, Inc.	2003 Total Memorandum Only	2002 Total Memorandum Only
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 4,683,620	\$ 33,735	\$ 4,717,355	\$ 4,460,850
Construction contracts payable	1,044,220	-	1,044,220	694,861
Accrued liabilities	807,119	184,481	991,600	901,862
Deferred revenue	47,500	-	47,500	54,920
Total current liabilities	<u>6,582,459</u>	<u>218,216</u>	<u>6,800,675</u>	<u>6,112,493</u>
Current liabilities payable from restricted assets:				
Long-term debt due within one year (Note 10)	7,735,000	-	7,735,000	7,345,000
Note payable to primary government (Note 10)	-	673,334	673,334	648,333
Accrued bond interest	2,999,097	-	2,999,097	3,456,377
Investment held for component unit	938,500	-	938,500	938,500
Total current liabilities from restricted assets	<u>11,672,597</u>	<u>673,334</u>	<u>12,345,931</u>	<u>12,388,210</u>
Noncurrent liabilities:				
Bonds, notes and loans payable, net (Note 10)	164,378,674	-	164,378,674	171,376,267
Note payable to primary government (Note 10)	-	5,285,000	5,285,000	5,958,334
Deposits	1,139,678	-	1,139,678	1,590,290
Total noncurrent liabilities	<u>165,518,352</u>	<u>5,285,000</u>	<u>170,803,352</u>	<u>178,924,891</u>
Total liabilities	<u>183,773,408</u>	<u>6,176,550</u>	<u>189,949,958</u>	<u>197,425,594</u>
<u>Net Assets (Deficit)</u>				
Invested in capital assets, net of related debt	209,424,626	157,930	209,582,556	184,899,893
Restricted for:				
Bond debt service	35,092,262	938,500	36,030,762	9,865,629
Capital projects	82,869,580	-	82,869,580	88,279,118
Unrestricted	<u>(28,872,545)</u>	<u>(2,601,604)</u>	<u>(31,474,149)</u>	<u>(2,109,112)</u>
Total net assets (deficit)	<u>298,513,923</u>	<u>(1,505,174)</u>	<u>297,008,749</u>	<u>280,935,528</u>
Total liabilities and net assets	<u>\$ 482,287,331</u>	<u>\$ 4,671,376</u>	<u>\$ 486,958,707</u>	<u>\$ 478,361,122</u>



TAMPA PORT AUTHORITY



**TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International Terminals, Inc.	2003 Total Memorandum Only	2002 Total Memorandum Only
Operating revenue:				
Port usage fees	\$ 21,373,607	\$ -	\$ 21,373,607	\$ 18,311,336
Land and building operations	6,281,129	-	6,281,129	6,445,046
Handling	-	3,339,512	3,339,512	2,907,912
Storage and line handling	-	1,361,123	1,361,123	1,029,389
Other operating revenues	1,131,732	54,838	1,186,570	1,168,902
Total operating revenues	28,786,468	4,755,473	33,541,941	29,862,585
Operating expenses:				
Personnel	6,735,265	2,229,332	8,964,597	7,898,307
Promotional	589,813	31,312	621,125	522,962
Administrative	8,572,028	838,126	9,410,154	8,116,557
Depreciation and amortization	9,276,758	150,186	9,426,944	8,160,548
Total operating expenses	25,173,864	3,248,956	28,422,820	24,698,374
Operating income	3,612,604	1,506,517	5,119,121	5,164,211
Non-operating revenues and (expenses)				
Operating assistance grants	1,650,732	-	1,650,732	-
Ad valorem taxes	12,907,069	-	12,907,069	11,961,695
Interest income	3,690,541	66,094	3,756,635	3,438,169
Other non-operating revenues	1,253,981	-	1,253,981	1,123,910
Interest expense	(9,833,538)	(314,033)	(10,147,571)	(9,399,320)
Amortization of bond issue costs	(204,352)	-	(204,352)	(186,052)
Amortization of bond discounts	(107,405)	-	(107,405)	(107,079)
Other non-operating (expenses)	(3,524,240)	(46,504)	(3,570,744)	(2,388,927)
Total non-operating revenues (expense)	5,832,788	(294,443)	5,538,345	4,442,396
Income before capital contributions and transfers	9,445,392	1,212,074	10,657,466	9,606,607
Capital grants and contributions	5,415,755	-	5,415,755	14,270,116
Transfers in (Note 11)	462,685	-	462,685	165,406
Transfers out (Note 11)	-	(462,685)	(462,685)	(165,406)
	462,685	(462,685)	-	-
Increase in net assets	15,323,832	749,389	16,073,221	23,876,723
Net assets - beginning of period	283,190,091	(2,254,563)	280,935,528	257,058,805
Net assets - end of period	\$ 298,513,923	\$ (1,505,174)	\$ 297,008,749	\$ 280,935,528

See accompanying notes to financial Statements



**TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International Terminals, Inc.	2003 Total Memorandum Only	2002 Total Memorandum Only
Cash flows from operating activities:				
Cash received from customers	\$ 28,152,573	\$ 5,234,006	\$ 33,386,579	\$ 28,654,527
Cash payments to suppliers for goods and services	(8,488,755)	(963,857)	(9,452,612)	(8,441,877)
Cash payments to employees for services	(6,678,000)	(2,191,542)	(8,869,542)	(7,835,694)
Net cash provided by operating activities	<u>12,985,818</u>	<u>2,078,607</u>	<u>15,064,425</u>	<u>12,376,956</u>
Cash flows from non-capital financing activities:				
Operating grants received	1,650,732	-	1,650,732	-
Cash received related to non-operating revenues	1,257,365	-	1,257,365	1,020,080
Cash payments related to non-operating expenses	(2,495,953)	-	(2,495,953)	(1,592,449)
Payment of ad valorem taxes	(510,617)	-	(510,617)	(503,278)
Net cash (used) by non-capital financing activities	<u>(98,473)</u>	<u>-</u>	<u>(98,473)</u>	<u>(1,075,647)</u>
Cash flows from capital and related financing activities:				
Capital grants and contributions received	7,556,331	-	7,556,331	12,400,565
Equity transfers between primary government and component unit	462,685	(462,685)	-	-
Ad valorem taxes received, net of fees paid	12,389,399	-	12,389,399	11,484,910
Acquisition and construction of capital assets	(25,836,887)	(112,824)	(25,949,711)	(38,737,829)
Proceeds from sale of capital assets	10,959	599	11,558	375,555
Principal payments on debt	(6,714,998)	(648,333)	(7,363,331)	(7,006,170)
Interest payments on debt	(10,341,897)	(314,033)	(10,655,930)	(8,616,215)
Payments on issuance of bonds	-	-	-	(848,789)
Proceeds from bond issues	-	-	-	34,984,878
Net cash (used) by capital and related financing activities	<u>(22,474,408)</u>	<u>(1,537,276)</u>	<u>(24,011,684)</u>	<u>4,036,905</u>
Cash flows from (used by) investing activities:				
Purchase of investments	(46,649,987)	-	(46,649,987)	(2,656,262)
Proceeds from the sale of investments	26,630,635	-	26,630,635	7,150,298
Proceeds from repayment of notes receivable	2,230,512	-	2,230,512	2,735,020
Payments on issuance of notes receivable	-	-	-	(348,744)
Payments on issuance of leasehold rights	-	-	-	(86,575)
Interest and dividends received	3,582,700	66,094	3,648,794	4,111,610
Net cash provided (used) by investing activities	<u>(14,206,140)</u>	<u>66,094</u>	<u>(14,140,046)</u>	<u>10,905,347</u>
Net increase (decrease) in cash and cash equivalents	(23,793,203)	607,425	(23,185,778)	26,243,561
Cash and cash equivalents, at beginning of year	<u>91,700,536</u>	<u>1,290,579</u>	<u>92,991,115</u>	<u>66,747,555</u>
Cash and cash equivalents, at end of year	<u>\$ 67,907,333</u>	<u>\$ 1,898,004</u>	<u>\$ 69,805,337</u>	<u>\$ 92,991,116</u>
Classified as:				
Current assets	\$ 30,363,085	\$ 1,898,004	\$ 32,261,089	\$ 34,937,476
Restricted assets	37,544,248	-	37,544,248	58,053,640
Cash and cash equivalents, end of year	<u>\$ 67,907,333</u>	<u>\$ 1,898,004</u>	<u>\$ 69,805,337</u>	<u>\$ 92,991,116</u>

(continues)

See accompanying notes to financial statements



**TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International Terminals, Inc.	2003 Total Memorandum Only	2002 Total Memorandum Only
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 3,612,604	\$ 1,506,517	\$ 5,119,121	5,164,211
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	9,276,758	150,186	9,426,944	8,160,548
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(175,865)	478,533	302,668	(1,110,723)
Due from other governments	-	-	-	-
Prepaid expenses and deposits	33,688	(55,569)	(21,881)	8,466
Increase (decrease) in:				
Accounts payable	290,041	(33,533)	256,508	301,358
Construction contracts payable	349,359	-	349,359	(104,310)
Accrued liabilities	57,265	32,473	89,738	54,741
Accrued interest	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	(7,420)	-	(7,420)	(982,401)
Deposits	(450,612)	-	(450,612)	885,066
Total adjustments	9,373,214	572,090	9,945,304	7,212,745
Net cash provided by operating activities	<u>\$ 12,985,818</u>	<u>\$ 2,078,607</u>	<u>\$ 15,064,425</u>	<u>\$ 12,376,956</u>
Noncash investing, capital, and financing activities:				
Capitalized interest	\$ 51,079	\$ -	\$ 51,079	\$ 81,742
Change in the fair value of investments	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements



TAMPA PORT AUTHORITY



NOTES TO FINANCIAL STATEMENTS

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 1 – ORGANIZATION AND REPORTING ENTITY

A. Financial Reporting Entity, Organization and Operations

The Tampa Port Authority (the “Port Authority”) and the Port District exist pursuant to the provisions of Chapter 95-488, Laws of Florida (the “Special Act”). The Port Authority is the governing body of the Port District and consists of five members, three members appointed by the Governor of the State of Florida, the Mayor of the City of Tampa and a member of the Hillsborough County Board of County Commissioners. The Port District encompasses all of Hillsborough County, including the City of Tampa (the “City”) and portions of Tampa Bay within Hillsborough County.

Among other provisions, the Special Act gives the Port Authority the right to acquire property through the power of eminent domain, purchase, gift, grant, franchise, lease or contract. The Port Authority is also empowered to fix uniform rates and charges for wharfage, dockage and handling to and from vessels, where such facilities are owned by the Port Authority or otherwise, insofar as it may be permissible under the Constitution of Florida and the Constitution and Laws of the United States of America. All general cargo terminals within the Port District operate subject to the uniform tariff governing use of the facilities and services and established rates, charges, rules and regulations as published by the Port Authority.

The Special Act provides that the Port Authority has the specific responsibility for planning and carrying out plans for the long range development of the facilities of and traffic through the Port District. Prior to ownership, control or operation of any facility, the Port Authority must hold a public hearing. The Port Authority has broad powers to acquire, construct, operate and lease facilities.

B. Discretely Presented Component Unit

As required by generally accepted accounting principles, these financial statements cover the Tampa Port Authority primary government, as well as its component unit, Tampa Bay International Terminals, Inc. (“TBIT”). According to Governmental Accounting Standards Board of the Financial Accounting Foundation (“GASB”) Statement No. 14, *The Financial Reporting Entity*, a component unit, is a legally separate entity for which the primary government is financially accountable. A legally separate entity should be included as a component unit if one of the following criteria are met: the primary government appoints a voting majority of the organization’s governing body and is either able to impose its will on the organization or there is the potential financial benefit or burden to the primary government; the organization is fiscally dependent on the primary government; or the nature and significance of the relationship between the primary government and the organization is such that exclusions would cause the reporting entity’s financial statements to be misleading or incomplete. TBIT is included as a component unit in



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 1 – ORGANIZATION AND REPORTING ENTITY (Continued)

accordance with GASB Statement No. 14, due the fact that the Port Authority can appoint the voting majority of the organization's governing body, impose its will on TBIT, and because TBIT is fiscally dependent on the Port Authority for its operations and capital funding.

A component unit may be classified as either a blended component unit or a discretely presented component unit, depending on the nature of the entity's relationship with the primary government. Component units that meet the criteria for discrete presentation in accordance with GASB Statement No. 14 are presented in a separate component unit column in the combined financial statements in order to clearly distinguish the balances and transactions of the component unit from those of the primary government. TBIT is the Port Authority's only component unit and it is presented discretely and is identified as a component unit throughout this report.

Complete financial statements for TBIT may be obtained at the component unit's administrative offices, which are located at 2510 Guy N. Verger Boulevard, Tampa, Florida 33605.

Also see Notes 3, 4, 5, 6, 10B, 11, 13 and 17.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles followed in the United States of America. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Port Authority applies all applicable GASB pronouncements as well as Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), and earlier pronouncements from the Accounting Principles Board, (APB Opinions), and the Accounting Research Bulletins ("ARB") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, Paragraph 7 the Authority has elected to not apply FASB statements and interpretations issued after November 30, 1989.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

The Port 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.

B. Fund Accounting and Basis of Accounting

The operations of the Port Authority are recorded in a propriety fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of net income and capital maintenance. All Port Authority financial transactions are grouped in one major fund type, the 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 assets. Fund equity is segregated into its net assets components. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Cash and Cash Equivalents

Cash consists of checking accounts, collectively designated as demand deposits.

The Port Authority deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) and/or secured by the multiple financial institutions 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 Port Authority considers all highly liquid debt instruments (including restricted assets) with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows. Cash equivalents are recorded at amortized cost, which approximates market value.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments

The Port Authority invests in short to medium term repurchase agreements and guaranteed investment contracts. The Port 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 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 operations of the current period.

E. Accounts Receivable

The Port Authority provides for accounts receivable at estimated net realizable value. Accordingly, accounts receivable at September 30, 2003 are shown net of allowances for doubtful accounts. The primary government believes that all accounts are fully collectible and therefore no allowance has been made. The component unit has an allowance for doubtful accounts of \$68,000 as of September 30, 2003.

F. Capital Assets

Capital assets include land, buildings, furniture, equipment, infrastructure (e.g., roads, sidewalks and similar items), and construction work in progress.

Capital assets used by the Port Authority are recorded at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. Depreciation is calculated using the straight-line method over estimated useful lives ranging from five to 40 years for buildings, 10 to 40 years for improvements other than buildings, and three to 25 years for equipment.

No valuation has been placed on the Port Authority's title to or rights in submerged lands, bay lands and oyster shell, which lie within the boundaries of the Port District.

G. Lease Acquisition Costs

Lease acquisition costs represent funds expended by the Port Authority to perpetuate the opportunity to continually lease certain facilities within the Port District. These costs are capitalized by the Port Authority and amortized over the initial term of the lease agreement.

H. Intangible Assets

Intangible assets consist of costs in excess of net assets acquired and financing costs, which are stated at cost. Amortization is determined using the straight-line method over the period of estimated future benefit of the assets. Financing costs are amortized over the term of the

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

related indebtedness. Costs in excess of net assets acquired are amortized over the term of the related operating agreement with the Port Authority (20 years through December 31, 2009).

I. Amortization

Bond issue costs, bond discounts, leasehold rights, dredging, and lease acquisition costs 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, dredging and lease acquisition costs.

J. Reserves for Restricted Assets

In accordance with the provisions of the restricted bond covenants, reserves representing the excess of amounts provided for certain restricted asset accounts over the liabilities payable therefore are established by a reduction of net assets.

K. Ad Valorem Taxes

In accordance with Florida Statutes, the Port Authority has the right to levy up to a millage rate of one-half mill (\$.50 per \$1,000 value) ad valorem property tax. The Port Authority levied a millage rate of .29 mill (\$.29 per \$1,000 value) ad valorem property tax during fiscal year 2003.

Ad valorem taxes are based on assessed values at January 1 and are levied on November 1 of each year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1 of each year. Ad valorem tax revenue is recorded when it becomes available.

Revenue is available when it is due and collectible within the current period or soon enough thereafter to pay the liabilities of the current period. No accrual for the ad valorem tax levy becoming due in November 2003 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the subsequent period.

L. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Port Authority accrues a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences. Vacation and sick leave are accrued as a liability as the benefits are earned by the employees.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of contributions and expenses during the reporting period. Actual results could differ from those estimated.

N. Pension Disclosure

The Port Authority utilizes GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for the measurement, recognition, and display of pension expenses.

O. Interest Rate Risk Management

The Port Authority uses interest rate derivatives contracts to reduce its debt service costs. After a thorough review of the Port Authority's debt portfolio, the Port Authority elected to enter into knock-in swap option agreement ("swaption") to reduce interest costs. Under this agreement the Port Authority will pay a variable interest rate only if certain events occur. The knock-in swap option agreement if exercised would include a notional amount of approximately 19% of the Port Authority's outstanding revenue bond portfolio, with the term of the transaction matching the maturity of the Port Authority's bond portfolio. The option payments and premiums received from entering into the interest rate derivative instrument are amortized over the life of the exercise period as a net to interest expense. Other than the deferral of the option premium received on the knock-in swap option, no amounts are recorded in the financial statements.

P. Deferred Losses on Refundings of Debt

In accordance with generally accepted governmental accounting principles, losses incurred on proprietary fund debt refundings are deferred and amortized. The amount deferred is reported as a component of the debt liability and is deducted from long-term bonds payable. The amount amortized, using the effective interest method, is reported as a component of interest expense. The amortization period of deferred refunding losses, is the remaining life of the old debt or the life of the new debt, whichever is shorter.

Q. Accounting Pronouncements

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB followed with Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an Amendment of GASB Statements No. 21 and No. 34, and Statement No. 38, Certain Financial Statement*

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note Disclosures. These statements eliminate the concept of fund equity and introduce the concept of net assets. The Authority has adopted these statements for its 2003 financial statements. There is no effect from this change in the Statements of Net Assets in that the Total Net Assets reported equals what was previously reported as Total Equity. Retained Earnings and Contributed Capital for 2002 have been combined in Net Assets and the charge to add Depreciation on Property and Equipment Acquired by Grants and Contributions has been eliminated.

R. Operating Revenues and Economic Dependency

Total operating revenues of the Port Authority for the year ended September 30, 2003 amounted to approximately \$28.8 million, comprised of port usage fees of approximately \$21.3 million (of which dockage and wharfage are approximately \$17.4 million) and rental income of approximately \$6.2 million. Dockage, wharfage and rental income totaled approximately \$23.7 million and made up approximately 78 percent of the primary government's operating revenues in 2003.

S. Memorandum Only Totals

Total columns on the financial statements are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

NOTE 3 – CASH AND INVESTMENTS

A. Deposits

At September 30, 2003, the bank balance of the Port Authority's (primary government) deposits (unrestricted and restricted) was \$17,056,691, and the book balance was \$17,095,158. For the component unit, which is included in the Port Authority reporting entity figures shown above, the bank balance of deposits and the book balances were \$1,436,852 and \$1,392,411, respectively. The difference between the Port Authority's book amount and bank amount is due to outstanding checks and transfers, and deposits in transit in its demand accounts.

Of the September 30, 2003 Port Authority's bank balance, \$100,000 was covered by federal depository insurance and \$16,956,691 was collateralized by the State of Florida collateral pool. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if its member institution fails. Required collateral is defined under Chapter 280, Florida Statutes, *Security for*



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Public Deposits. For the component unit, funds on deposit in excess of FDIC insured limits were \$1,336,852 and are uncollateralized.

B. Cash On Hand

The Port Authority had cash on hand in its petty cash funds totaling \$5,100. The component unit had cash on hand in its petty cash funds totaling \$300.

C. Investments

Section 218.415, Florida Statutes, and the Port Authority's investment policy authorize the Port 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 of which the principal and interest are unconditionally guaranteed by, the United States ("U.S.") government
- c. interest bearing time deposits or savings accounts in qualified public depositories as defined in s.280.02
- d. obligations of the Federal Home Loan Mortgage Corporation
- e. obligations of the Federal National Mortgage Association
- f. securities of, or other interest in open-end or closed-end management type investment company or investment trust registered under the U.S. 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.

The Port Authority's investments at September 30, 2003 consisted of the following:

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 3 – CASH AND INVESTMENTS (Continued)

The Port Authority invests funds throughout the year with the Local Government Surplus Trust Fund, an investment pool administered by the Florida State Board of Administration (“SBA”), under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2003, the SBA pool contained certain floating and adjustable rate securities which were indexed based on prime rate and/or one and three month London Inter Bank Offering Rate (“LIBOR”) rates. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base. These investments represented 14% of the SBA’s portfolio at September 30, 2003. The SBA met the criteria to be a “2a-7Like” pool as defined in GASB No. 31 at September 30, 2003. Therefore the investment was valued at share value, which approximates fair value at September 30, 2003. The total invested through the Local Government Surplus Trust Fund is \$20,604,364 at September 30, 2003.

The Port Authority invested bond debt service reserves and temporary unexpended bond proceeds in guaranteed investment contracts (“GICs”) at fixed interest rates ranging from 2.66% to 6.78%, with payments receivable on a monthly basis. GICs are reported at amortized cost, that approximates fair value. The total invested through the GICs are \$52,095,281 at September 30, 2003.

The Port Authority, through their custodial banks, uses the Federal Reserve Bank and the Depository Trust Company book entry systems to hold their U.S. government securities. Those securities are not held by or registered in the Port Authority’s name, but are instead held in custodian’s account at the Federal Reserve Bank or at the Depository Trust Company. The total invested through the custodian account was \$24,757,415 at September 30, 2003.

Investments in securities made by the Port Authority and its component unit (unrestricted and restricted) are summarized below. The investments are classified into one of the following categories in order to indicate the level of custodial credit risk assumed by the Port Authority.

Category 1: Insured or registered, or securities held by the Port Authority or its agent in the Port Authority’s or component unit’s name. The Port Authority had no Category 1 investments at September 30, 2003.

Category 2: Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Port Authority’s or component unit’s name. The Port Authority had no Category 2 investments at September 30, 2003.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Port Authority’s name or component unit’s name. The component unit had no Category 3 investments at September 30, 2003.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 3 – CASH AND INVESTMENTS (Continued)

<u>Primary Government</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Cash/Cash Equivalent</u>	<u>Category</u>
<u>Restricted</u>				
Repurchase Agreements	\$ 24,757,415	\$ 22,419,618	Yes	3
<u>Component Unit</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Cash/Cash Equivalent</u>	<u>Category</u>
<u>Unrestricted</u>				
Negotiable certificates of deposit	\$ 285,000	\$ 285,000	Yes	1
Money market	220,293	220,293	Yes	2
	<u>\$ 505,293</u>	<u>\$ 505,293</u>		

NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of the following notes due from tenants and by the component unit of the Port Authority as of September 30, 2003:

Tenants

Note receivable from Tampa Bay Shipbuilding Company, monthly payments at \$170,000 monthly until June 1, 2006 (see Note 10).	\$ 4,695,000
Note receivable from Winner Metals for which the amount due represents scheduled payments from September 2003 through November 2003.	74,708
Note receivable from New Millennium Media relating to stipulation order dated March 13, 2003 with a final payment due July 14, 2004.	4,000
Note receivable, Intermodal Shipping, monthly payments at \$4,827.95 in principal plus interest at 7%.	22,171
Note receivable, Intermodal Shipping, monthly payments equal to \$8,624 in principal plus interest at 9%.	998,091

Component Unit

Note receivable from TBIT, with a varying interest rate of 3.8% to 5.0%; principal and interest payable monthly beginning September 1997 through May 2011 (see Note 10).	5,958,334
Total	<u>11,752,304</u>
Less: Due within one year	(2,540,236)
Non - current portion notes receivable	<u>\$ 9,212,068</u>

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 5 – LEASE ACQUISITION COSTS

Lease acquisition costs represent funds expended by the Port Authority to perpetuate the opportunity to lease facilities within the Port District and consist of the following changes during fiscal year 2003:

Cost of lease acquisitions	\$ 4,333,257
Accumulated amortization, fiscal year 2003	<u>(812,889)</u>
Balance, September 30, 2003	<u><u>\$ 3,520,368</u></u>

NOTE 6 – INTANGIBLE ASSETS

Intangible assets of the primary government consist of the following at September 30, 2003:

Cost of TBIT loan forgiveness	\$ 1,936,769
Accumulated amortization, fiscal year 2003	<u>(968,800)</u>
Balance, September 30, 2003	<u><u>\$ 967,969</u></u>

Intangible assets of the component unit consist of the following at September 30, 2003:

Cost in excess of net assets acquired (goodwill)	\$ 2,000,000
Accumulated amortization, fiscal year 2003	<u>(1,275,120)</u>
Balance, September 30, 2003	<u><u>\$ 724,880</u></u>

The cost in excess of net assets acquired (known as “goodwill”) is related to the acquisition of three terminal operating companies that were purchased by TBIT between July, 1989 and October, 1990. Substantially all of TBIT's revenues are derived from these operations and recoverability of the business goodwill is dependent upon the ability of TBIT to operate these businesses profitably. (see Note 17)

This space left blank intentionally



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government	September 30, 2002	Additions	Transfers	Deletions	September 30, 2003
<u>Owned assets:</u>					
Capital assets not being depreciated:					
Land	\$ 89,479,378	\$ 1,000	\$ 2,602,257	\$ -	\$ 92,082,635
Construction in progress	52,289,159	25,705,077	(47,081,427)	-	30,912,809
Total capital assets not being depreciated	141,768,537	25,706,077	(44,479,170)	-	122,995,444
Capital assets being depreciated:					
Buildings	89,622,413	2,050	25,548,400	-	115,172,863
Infrastructure	131,429,970	24,906	15,275,128	-	146,730,004
Dredging	12,432,349	3,382,375	-	-	15,814,724
Equipment and furnishings	10,257,329	207,446	39,270	(327,946)	10,176,099
Total capital assets being depreciated	243,742,061	3,616,777	40,862,798	(327,946)	287,893,690
Less: Accumulated depreciation	(59,818,576)	(8,653,583)	-	313,603	(68,158,556)
Total capital assets being depreciated, net	183,923,485	(5,036,806)	40,862,798	(14,343)	219,735,134
Owned capital assets, net	325,692,022	20,669,271	(3,616,372)	(14,343)	342,730,578
<u>Assets under lease:</u>					
Capital assets being depreciated:					
Vessel	-	181,487	-	-	181,487
Less: Accumulated depreciation	-	(40,308)	-	-	(40,308)
Capital assets under lease, net	-	141,179	-	-	141,179
Total capital assets	\$ 325,692,022	\$ 20,810,450	\$ (3,616,372)	\$ (14,343)	\$ 342,871,757

Depreciation expense for the Tampa Port Authority (primary government) for the year ended September 30, 2003 was \$8,653,583 for owned assets and \$40,308 for assets under lease, respectively.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 7 – CAPITAL ASSETS (Continued)

The Port Authority's construction in progress of \$30,912,809 at September 30, 2003 primarily relates to capital improvements, development and new construction of berths and warehouse facilities, and interest costs capitalized on debt issued to finance long-term construction projects throughout the Port District.

Componet Unit	September 30, 2002	Additions	Disposals	Reclass	September 30, 2003
<u>Owened assets:</u>					
Leasehold improvements	\$ 399,488	\$ 10,237	\$ (331,993)	\$ (45,498)	\$ 32,234
Equipment and furnishings	584,906	102,586	(132,197)	45,498	600,793
Software	31,636	-	-	-	31,636
	1,016,030	112,823	(464,190)	-	664,663
Less: Accumulated depreciation	(890,094)	(34,266)	417,087	-	(507,273)
	<u>\$ 125,936</u>	<u>\$ 78,557</u>	<u>\$ (47,103)</u>	<u>\$ -</u>	<u>\$ 157,390</u>

Depreciation expense for the component unit for the year ended September 30, 2003 was \$34,266.

NOTE 8 – LEASES

Substantially all of the Port Authority's property and equipment are leased to various port operations for periods of up to 40 years. These leases are classified as operating.

Future minimum rentals to be received under non-cancelable operating leases are as follows:

Year ending September 30,	
2004	\$ 5,645,468
2005	5,449,495
2006	5,121,332
2007	4,987,472
2008	4,650,915
Thereafter	125,493,383
Total	<u>\$ 151,348,065</u>

NOTE 9 – ACCUMULATED UNPAID EMPLOYEE BENEFITS

Port Authority employees generally earn one day of vacation and one day of sick leave each month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation and sick leave for the primary government and component unit at September 30, 2003 was \$807,119 and \$45,597, respectively, and are included in accrued liabilities.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 10 – BONDS, NOTES AND LOANS PAYABLE

A. Primary Government

Bonds, notes and loans payable of the primary government consisted of the following at September 30, 2003:

1994 second lien revenue bonds, collateralized by a second lien on gross revenues, 6% capital appreciation bonds maturing 2013 with an accreted value of \$17,190,000 at maturity	\$10,974,740
1995A refunding revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 4.5% to 5.5% maturing through 2005 in increasing amounts	4,175,000
1995B refunding revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 4.35% to 5.7% maturing through 2013	19,255,000
1995 special revenue and refunding revenue bonds, payable from and secured by the Port Authority's covenant to budget and appropriate from non-ad valorem revenues sufficient to pay debt service	
4.45% to 6.5% serial bonds maturing 2010	20,230,000
5.75% term bonds maturing 2013	11,425,000
6.00% term bonds maturing 2020	35,735,000
1997 refunding revenue bonds (Tampa Bay International Terminals, Inc. Project), collateralized by a pledge and lien on gross revenues of the Port Authority, 3.8% to 5%, maturing through 2011	6,180,000
1997B refunding revenue bonds (Tampa Bay Shipbuilding Project), collateralized by a pledge and lien on gross revenues of the Port Authority, 3.8% to 4.4%, maturing through 2006	5,255,000
1998 revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
5% term bonds maturing 2018	3,235,000
5% term bonds maturing 2023	21,765,000
2002A revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
4.125% to 5.75% term bonds maturing 2021	14,915,000
5.25% term bonds maturing 2025	6,340,000
5.375% term bonds maturing 2027	3,745,000
2002B revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
6.25% to 6.75% term bonds maturing 2013	2,100,000
6.5% term bonds maturing 2017	1,640,000
6.875% term bonds maturing 2022	2,680,000
6.875% term bonds maturing 2027	<u>3,580,000</u>
	173,229,740
Less: Unamortized discount/premium	<u>(1,116,066)</u>
	172,113,674
Less: Current maturities	<u>(7,735,000)</u>
Bonds, notes and loans payable – non current	<u>\$164,378,674</u>

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

Debt maturities and related interest payments consist of the following:

Year ending September 30,	Principal	Interest	Total
2004	\$ 7,735,000	\$ 8,860,661	\$ 16,595,661
2005	8,140,000	8,441,389	16,581,389
2006	9,210,000	7,991,982	17,201,982
2007	8,740,000	7,521,841	16,261,841
2008	9,215,000	7,656,001	16,871,001
Thereafter	130,189,740	70,494,207	200,683,947
Total	<u>\$ 173,229,740</u>	<u>\$ 110,966,081</u>	<u>\$ 284,195,821</u>

In April 2002, the Port Authority issued \$25,000,000 of revenue bonds, (Tampa Port Authority Project), Series 2002A, with interest ranging from 4.125% to 5.750%, and with final maturities ending through 2027. In addition, in April 2002, the Port Authority issued \$10,000,000 of revenue bonds, (Tampa Port Authority Project), Series 2002B (taxable), with interest ranging from 6.250% to 6.875%, and with final maturities ending through 2027. Bond proceeds have not yet been expended and will be used to finance the cost of acquiring, constructing and improving the facilities of the Port Authority.

In October 1998, the Port Authority issued \$25,000,000 in Revenue Bonds, Series 1998, to provide funds to finance the construction of various projects within the Port District. Bond proceeds of approximately \$682,000 were used to pay bond discounts and costs associated with the issuance of the bonds. The bonds are payable from and secured by a pledge of and lien upon the revenues from the operation of the port facilities on parity with the 1995A, 1995B, 1997 refunding revenue bonds (Tampa International Terminals, Inc. Project) and 1997B refunding revenue bonds (Tampa Bay Shipbuilding Project). The bonds have an interest rate of five percent (5%) and mature through June 1, 2023.

In November 1997, the Port Authority issued \$12,320,000 of refunding revenue bonds, (Tampa Bay Shipbuilding Project), Series 1997B, with interest ranging from 3.8% to 4.4%, and with final maturities ending through 2006. Bond proceeds of approximately \$337,000 were used to pay bond discounts and costs associated with the issuance of the bonds. After making certain accrued interest payments, the remaining bond proceeds were used to advance refund the following:

1977 Special Purpose Revenue Bonds (Tampa Ship Project) financed through the issuance of Hillsborough County Port District, Tampa Bay Shipbuilding and Repair Company (“TBSB”) requested that the Port Authority issue the 1997B Bonds, which are on parity with the 1995A and B Bonds, to refund the 1977 Special Purpose Revenue Bonds to achieve



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

interest rate savings, which will benefit TBSB and, therefore, the Port Authority. The Port Authority and TBSB entered into an agreement whereby TBSB agrees to pay the Port Authority monthly bond repayment rent in monthly installments of \$170,000 through June 1, 2006.

The Port Authority deposited a portion of the 1997B Bond proceeds with an escrow agent pursuant to an Escrow Deposit Agreement. The Port Authority called the Refunded 1977 Bonds on February 1, 1998, and directed the Escrow Agent to publish a notice of such redemption and to take such further action as required to call such Refunded 1977 Bonds. The Escrow Deposit Agreement required that the Escrow Agent use the amounts escrowed hereunder to purchase federal securities, the principal and interest of which mature at times and in amounts sufficient to pay the outstanding principal amount of, premium, and interest on the Refunded 1977 Bonds on February 1, 1998.

In August 1997, the Port Authority issued \$9,385,000 of refunding revenue bonds, Series 1997, with interest ranging from 3.8% to 5%, and with final maturities ending through 2011. Bond proceeds of approximately \$340,000 were used to pay bond discounts and costs associated with the issuance of the bonds. After making certain accrued interest payments and payments to reserve accounts, the remaining bond proceeds were used to advance refund the following:

1990 Special Purpose Revenue Bonds, (Tampa Bay International Terminals, Inc.) financed through the issuance of Hillsborough County Port District, Florida Special Purpose Bonds; in the original amount of \$9,500,000. Approximately \$7,615,000 was outstanding at the date of refunding with an interest rate of 8.75%, maturing 2010.

TBIT requested that the Port Authority issue the 1997 Bonds, which are on parity with the 1995A and B Bonds, to refund the Refunded 1990 Bonds to achieve interest rate savings, which will benefit TBIT and, therefore, the Port Authority. The Port Authority entered into a Loan Agreement dated August 1, 1997 with TBIT, in order to provide the amount necessary to fully fund the escrow account to legally defease the Refunded 1990 Bonds. TBIT shall pay the Port Authority an amount equal to the principal and interest due on the 1997 Bonds in accordance with an installment schedule to the above referenced loan agreement.

The Port Authority deposited a portion of the 1997 Bond proceeds with an escrow agent pursuant to an Escrow Deposit Agreement. The Port Authority, as requested by TBIT, called the Refunded 1990 Bonds on October 1, 1998, and directed the Escrow Agent to publish a notice of such redemption and to take such further action as may be required to call such Refunded 1990 Bonds. The Escrow Deposit Agreement required that the Escrow Agent use the amounts escrowed hereunder to purchase federal securities, the principal and

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

interest of which matured at times and in amounts sufficient to pay the amortization installment and interest on the Refunded 1990 Bonds on October 1, 1997, the interest on the Refunded 1990 Bonds on April 1, 1998 and the then outstanding principal amount of premium and interest on the Refunded 1990 Bonds on October 1, 1998.

In May 1995, the Port Authority issued \$42,010,000 of Refunding Revenue Bonds, 1995 Series A and B, with interest rates ranging from 4.35% to 5.7%, and with final maturities ending through 2013. Bond proceeds of approximately \$1.4 million were used to pay bond discounts and costs related to the issuance of the bonds. After making certain accrued interest payments and payments to reserve accounts, the remaining bond proceeds were used to advance refund the following:

Refunding Revenue Bonds, Series 1977, in the original principal amount of \$16,000,000, all outstanding at the date of refunding, with an interest rate of 6.20%, maturing in 2013;

Revenue Bonds, Series 1978, in the original principal amount of \$2,000,000, with \$1,910,000 outstanding at the date of refunding, with an interest rate of 6.38%, maturing through 2007;

Revenue Bonds, Series 1984A, in the original principal amount of \$22,000,000, of with \$17,515,000 outstanding at the date of refunding, with interest rates ranging from 11.0% to 11.5%, maturing through 2005.

Revenue Bonds, Series 1990, in the original principal amount of \$11,000,000, all outstanding at the date of refunding, with an interest rate 8.25% maturing in parity with the 1977, 1978 and 1984A bonds.

The Port Authority deposited a portion of the 1995A and 1995B Bond proceeds, together with certain other funds of the Port Authority, with an Escrow Agent pursuant to an Escrow Deposit Agreement. The Escrow Deposit Agreement required that the Escrow Agent use the escrowed amounts to purchase Federal Securities, the principal and interest of which will mature at times and in amounts sufficient to pay as due and at maturity or redemption date, principal and interest and any redemption premium on the Refunded 1977, 1978, 1984A and 1990 Bonds. The Refunded 1984A Bonds were paid off in full in June 1995, while the Refunded 1977, 1978 and 1990 bonds have been defeased.

The 1995A and 1995B bonds are collateralized by a pledge and lien on gross revenues of the Port Authority. These 1995A and 1995B revenue bonds mature in 2005 and 2013, respectively.

The 1995A and 1995B bond resolution requires that monthly deposits be made to restricted accounts for payment of bond interest and that certain reserve accounts be maintained. The



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

1995A bonds are not subject to redemption prior to maturity, but the 1995B bonds are subject to redemption prior to maturity on or after June 1, 2005, at the option of the Port Authority. Redemption premiums range between one and three percent.

In May 1995, the Port Authority issued \$80,000,000 of Special Revenue and Refunding Revenue Bonds, Series 1995, with interest rates ranging from 4.45% to 6.5%, and with final maturity ending through 2020. Bond proceeds of approximately \$2.0 million were used to pay bond discounts and costs related to the issuance of the bonds. After making certain accrued interest payments and payments to reserve accounts, the remaining bond proceeds were used as follows:

Deposited approximately \$20 million into an escrow account to refund the Port Authority's outstanding Special Obligation Capital Improvement Bonds, Series 1989A, in the original principal amount of \$32,870,000, with \$18,665,000 outstanding at the date of refunding, with an interest rate of 7.0% maturing in 2000. The proceeds within the escrow account were used to pay off the refunded 1989A Bonds in July 1995.

Repaid the Port Authority's Non-Revolving Line of Credit Bond Anticipation Note, Series 1994, with a 4.49% interest rate, due in

April 1996, in the original principal amount of \$24 million, all was outstanding at the date of refunding.

Deposited approximately \$31 million into a Construction Trust Fund to finance the acquisition, construction and equipping of certain capital projects of the Port Authority, primarily in the development of the Garrison Seaport Center Project.

The Series 1995 Bonds are primarily payable from and secured by the Port Authority's covenant to budget and appropriate from Port Authority Non-Ad Valorem Revenues the amounts necessary to pay the debt service on the Series 1995 Bonds. Hillsborough County, Florida, pursuant to an Interlocal Agreement, has agreed to provide additional security for the 1995 Bonds and covenanted to budget and appropriate from County Non-Ad Valorem Revenues amounts sufficient to restore any draw from the Reserve Account established by the Bond Resolution.

The Series 1995 Term Bonds maturing on June 1, 2013 and June 1, 2020 shall be subject to mandatory sinking fund redemption by lot at various dates in the years 2011 through 2020 at 100% of the principal amount plus accrued interest.

The 1995 bonds maturing on or before June 1, 2005, shall not be subject to redemption. The 1995 bonds maturing after June 1, 2005 shall be subject to redemption on or after June 1,

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

2005 at the option of the Port Authority, in whole on any date, or in part on any interest payment date. Redemption premiums range between one and three percent.

On January 26, 1994, the Port Authority issued \$6,192,131 in principal amount and \$17,190,000 in accreted value at maturity of its second lien revenue bonds, Series 1994. The 1994 second lien bonds were issued for the purpose of acquiring certain real property and related dock, wharf and warehouse facilities within the Port District.

The 1994 second lien bonds are junior and subordinate to the 1995 bonds and any additional bonds on parity therewith.

Legal Debt Limit - The Port Authority has no legal debt limit as set forth in the Constitution of the State of Florida and the Florida Statutes. However, the 1995A and 1995B Refunding Revenue Bond Resolution establishes certain maximum debt service requirements, which are more restrictive and are based on net revenues generated by the Port Authority.

Restrictive Bond Covenants - The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of funds through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum bond coverage. The Port Authority has complied with all significant covenants.

Knock-in Swaption - In July 2002, the Port Authority entered into a knock-in swap option agreement (“swaption”) for a notional amount that would not exceed \$32,420,000 of its fixed rate debt portfolio. Under the agreement, the Port Authority has received an upfront option premium of \$1,002,000 for entering into the knock-in swaption. The Port Authority will continue to pay interest on its outstanding debt at the fixed interest rate provided by the bonds. However, the Port Authority will effectively pay a variable rate on the debt, if the Port Authority is knocked into the swap agreement. The debt service requirements to maturity of the bonds are based on the fixed rate. Only if and when the Bond Market Association (“BMA”) Municipal Swap Index exceeds 6.0% for a period of 180 consecutive days after December 1, 2003 the swaption provider will have the option to require the Port Authority to pay interest at a variable rate. If the option is exercised the swaption provider will pay the Port Authority a fixed rate of 5.0532%, and the Port Authority will pay the swaption provider a variable rate of BMA Municipal Swap Index plus 25 basis points. (Also refer to Note 16C). The notional amount under the agreement matches the final maturity of a portion of the Port Authority’s outstanding long-term debt and will amortize with the amortization of these bonds.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

The notional amount of the contract diminishes with the maturity of the Port Authority's bonds as follows:

<u>Start date</u>	<u>Maturity date</u>	<u>Notional Amount</u>
June 1, 2004	June 1, 2009	\$ 32,420,000
June 1, 2009	June 1, 2010	30,295,000
June 1, 2010	June 1, 2011	28,625,000
June 1, 2011	June 1, 2012	26,870,000
June 1, 2012	June 1, 2013	25,960,000
June 1, 2013	June 1, 2014	25,000,000
June 1, 2014	June 1, 2015	25,000,000
June 1, 2015	June 1, 2016	24,050,000
June 1, 2016	June 1, 2017	23,180,000
June 1, 2017	June 1, 2018	22,415,000
June 1, 2018	June 1, 2019	21,765,000
June 1, 2019	June 1, 2020	21,245,000
June 1, 2020	June 1, 2021	20,865,000
June 1, 2021	June 1, 2022	14,245,000
June 1, 2022	June 1, 2023	7,295,000

The Port Authority has an optional right of termination at any time, with a termination payment payable by or to the Port Authority based on then current market conditions. If the Swaption Provider defaults under the agreement the Port Authority would not be exposed to interest rate changes and the Port Authority would have no obligation to make a termination payment.

Defeased Debt - Pursuant to the GASB Statement No. 7, *Advance Refunding Resulting in Defeasance of Debt*, the Tampa Port Authority does not report defeased/refunded bond funds on its statement of net assets.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 10 – BONDS, NOTES AND LOANS PAYABLE (Continued)

The principal balance due on bond issues defeased is as follows as of September 30, 2003:

Revenue Bonds, Series 1967 Term Bonds	\$ 1,380,000
Revenue Bonds, Series 1973A Term Bonds	5,200,000
Special Refunding Revenue Bonds, Series 1976A term Bonds	2,745,000
Refunding Revenue Bonds, Series 1977 Term Bonds	16,200,000
Revenue Bonds, Series 1978 Term Bonds	775,000
Revenue Bonds, Series 1990 Term Bonds	11,000,000
	<u>\$ 37,300,000</u>

B. Component Unit

Notes payable of the component unit consists of the following at September 30, 2003:

Note payable to the Port Authority, with a varying interest rate of 3.8% to 5.0%; principal and interest payable monthly, beginning September 1997 through May 2011; collateralized by a pledge of TBIT's gross revenues

	\$ 5,958,334
Less: Current portion	<u>(673,334)</u>
Long-term debt	<u>\$ 5,285,000</u>

Debt maturities consisted of the following at September 30:

2004	\$ 673,334
2005	700,000
2006	730,000
2007	761,667
2008	796,667
Thereafter	<u>1,623,332</u>
Total	<u>\$ 5,285,000</u>



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 10 - BONDS, NOTES AND LOANS PAYABLE (Continued)

On August 1, 1997, the Port Authority executed a loan agreement with TBIT whereby a loan payable was recorded to the Port Authority equal to the 1997 bond issuance maturity value of \$9,385,000. Additionally, the Port Authority is to maintain a debt service reserve of \$938,500, which will apply to the loan's final principal payments. TBIT receives interest earnings on the debt service reserve. Interest earned by TBIT on debt service and bond reserve funds was approximately \$54,000 for the year ended September 30, 2003.

TBIT's interest expense on the above notes was approximately \$314,000 for the year ended September 30, 2003.

NOTE 11 - TRANSEERS

This category consists of transfers made between the primary government and its component unit. The Amended Operating Agreement between the primary government and its component unit provides for a transfer of excess cash and short-term investments by TBIT to the Port Authority on an annual basis. Excess cash and short-term investments are defined as excess funds after provision for certain reserves for operations, debt service, capital improvements, and contingent liabilities. TBIT transferred to the Port Authority excess cash and short-term investments of \$300,000 during the fiscal year ended September 30, 2003.

In addition, TBIT is to remit to the Port Authority, the interest saving resulting from the Port Authority refunding the 1990 Special Purpose Revenue Bonds in August 1997 and issuing a note payable for \$9,385,000 with a significant lower interest rate. The interest rate cost savings and remittances to the Port Authority, was \$162,685 for the year ended September 30, 2003.

NOTE 12 - EMPLOYEE RETIREMENT PLAN

A. Defined Benefit Plan

Substantially all full-time employees of the Port Authority are participants in the Florida Retirement System (the "System"), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 640,000 full-time employees of the State of Florida and various governmental units within the state.

The System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 12 - EMPLOYEE RETIREMENT PLAN (Continued)

years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system.

The Port Authority has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

For the System's fiscal year commencing July 1, 2003, the participating employer contributions are based upon statewide rates established by the State of Florida. These rates are applied to employee salaries as follows for regular employees at 7.39%, special risk at 18.53% and senior management at 9.37%. The Port Authority's contributions made during the years ended September 30, 2003, 2002 and 2001 were \$277,953, \$319,568, and \$308,847, respectively, equal to the actuarially determined contribution requirements for each year.

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

B. Defined Contribution Plan

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



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 13 - RELATIONSHIP WITH COMPONENT UNIT, TAMPA BAY INTERNATIONAL TERMINALS, INC.

TBIT has the use of facilities owned by the Port Authority under an Operating Agreement dated January 9, 1990 and amended effective October 1, 1995. The terms of the Amended Operating Agreement provide for TBIT to collect on behalf of and remit to the Port Authority all wharfage fees derived by the Port Authority on an annual basis. The Port Authority recognized revenues from wharfage of approximately \$697,000 during the fiscal year ended September 30, 2003. These amounts are not reflected in the revenues and expenses of TBIT, as amounts are collected and remitted directly to the Port Authority. The Amended Operating Agreement expires on December 31, 2009.

In addition, the Amended Operating Agreement provides for a transfer of excess cash and short-term investments by TBIT to the Port Authority. Excess cash and short-term investments are defined as excess funds after provision for certain reserves for operations, debt service, capital improvements and contingent liabilities.

In March 1993, the Port Authority entered into an Equipment Operating Agreement with TBIT for the operation of mobile truck cranes that were purchased by the Port Authority in prior years. Under the terms of this agreement, TBIT will operate and maintain the truck cranes and will receive 15% of the rental revenues, net of operational expenses.

In addition to the above agreement, the Port Director of the Port Authority, one individual appointed by the Port Authority's Board of Commissioners, and a member of the Port Authority's Board of Commissioners are members of the Board of Directors of TBIT.

Also see Notes 1B, 3, 4, 5, 6, 10B, 11 and 17.

NOTE 14 - FLORIDA PORTS FINANCING COMMISSION

The Port Authority is a participant in a program of the Florida Ports Financing Commission (the "Ports Commission") whereby the Ports Commission lends certain bonds proceeds to finance, refinance or reimburse the cost of acquiring and constructing capital projects for certain participating ports within the State of Florida. The Ports Commission has provided funding from two different bond issuances: The \$153,115,000 Revenue Bonds, (State Transportation Trust Fund –Intermodal Program), Series 1999, and \$222,320,000 Revenue Bonds (State Transportation Trust Fund), Series 1996. Subsequently, the Port Authority entered into a loan agreement with the Ports Commission to make semi-annual payments of principal and interest on bond proceeds borrowed by the Port Authority (the "Basic Payments"). Pursuant to its loan agreement, the Port Authority has assigned all of its rights, title and interest in moneys due to the Port Authority from the State Transportation Trust Fund pursuant to Section 320.20(3), Florida Statutes, to repay its loan.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 14 - FLORIDA PORTS FINANCING COMMISSION (Continued)

In effect, the Basic Payments required to be paid by the Port Authority pursuant to its loan agreement with the Ports Commission are payable solely from moneys due to Port Authority from the State Transportation Trust Fund pursuant to Section 320.20(3), Florida Statutes, which provides that \$15,000,000 in certain revenues derived from the registration of motor vehicles in Florida be deposited annually in the State Transportation Trust Fund for funding certain port projects.

The Port Authority has borrowed approximately \$61.4 million from Ports Commission bond proceeds, which amounts were deposited into interest earning escrow accounts for certain projects, specifically, cargo and cruise berth and terminal improvements; intermodal road, rail and other infrastructure improvements; cargo-handling equipment; and, dredge material disposal site development. The Port Authority, like all participants in the program, has agreed to provide moneys (from sources other than proceeds borrowed under the loan agreement with the Ports Commission) to fund a portion of the costs of such projects. These moneys will be utilized by the Port Authority to pay the costs of such projects on a matching basis with moneys received by the Port Authority pursuant to its loan agreement with the Ports Commission. At September 30, 2003, the Port Authority had drawn down approximately \$50.5 million from its escrow account to fund such projects.

NOTE 15 - RISK MANAGEMENT

The Port 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. The Port Authority manages the exposure to these risks through the purchase of commercial insurance with high limits of coverage. Specific details regarding deductibles and coverage can be found in the supplemental schedules of the Comprehensive Annual Financial Report of the Port Authority. The Port Authority has not significantly reduced insurance coverage from the prior year nor did the amount of settlement exceed the insurance coverage for each of the past three fiscal years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Primary Government

A. Litigation

There are several matters pending claims and lawsuits in which the Port Authority is involved. In the opinion of the Port Authority's management, the ultimate resolution of these claims would not be material to the financial position of the Port Authority.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Special Purpose Revenue Bonds

From time to time, the Port Authority participates with its tenants in the issuance of special purpose revenue bonds, which provide funds to finance construction of capital improvements within the Port District. The Port Authority receives a security interest in the specific, project revenues to secure payment of rents and the performance of tenant obligations. The Port Authority has determined that, in general, these bonds do not represent obligations of the Port Authority, although the Port Authority does retain a lessor's interest in said capital improvements.

Upon termination or expiration of the leases, the Port Authority retains its ownership interest in said property and the right to possession reverts to the Port Authority. The total outstanding principal balance of the special purpose revenue bonds approximated \$2.2 million at September 30, 2003.

C. Knock-in Swaption:

In July 2002, the Port Authority entered into a knock-in swap option agreement ("swaption") in order to generate additional funding to reduce interest payments (Refer to Note 10). Under the agreement, the Port Authority received an upfront option premium of \$1,002,000 for entering into the knock-in swaption. Under the agreement, the swaption provider has the option to put the Port Authority into a fixed-to-floating interest rate swap on the following terms: (a) the notional amount is not to exceed \$32,420,000; (b) the interest rate swap agreement expires on June 1, 2023; (c) if the option is exercised by the swaption provider, it will pay the Port Authority a fixed rate of 5.0532%, and the Port Authority will pay the swaption provider a variable rate of BMA Municipal Swap Index plus 25 basis points; (d) the swaption provider may not exercise the option, until June 1, 2004; (e) the swaption provider will have no right to exercise its option unless the BMA Municipal Swap Index has averaged above 6.0% for any period of 180 consecutive days after December 1, 2003; (f) the Port Authority has an optional right of termination at any time, with a termination payment payable by or to the Port Authority based on then current market conditions.

Under the agreement, the exercise period for the option commences on June 1, 2004, meaning that the Swaption Provider could not exercise the option regardless of the level of the BMA Municipal Swap Index.

D. Commitments

The Tampa Port Authority had contractual commitments for construction projects that amounted to \$41,236,996 as of September 30, 2003.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**



NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

Component Unit

See Note 17 below.

NOTE 17 - SUBSEQUENT EVENT

The Port Authority is the owner of certain public berths, wharves, yards and other improvements, which are currently used as terminal facilities for the handling of general cargo in the Port of Tampa. On January 9, 1990, the Port Authority granted use of these facilities to TBIT under an Operating Agreement of that date and amended on October 1, 1995 to perform terminal operations. See Notes 1B, 3, 4, 5, 6, 10B, 11 and 13.

During fiscal year 2003, in order to continue its business diversification strategy and to address changing logistics, procurement patterns and shipping trends, the Port Authority sought and received proposals from interested parties to grow the Port Authority's general cargo business and to develop the Port Authority's container operations.

On July 15, 2003, the Port Authority's Board of Commissioners authorized its staff to begin negotiations with Stevedoring Services of America, Inc. ("SSA") to provide terminal services for the Port of Tampa, including all terminal operations for the existing customers for whom TBIT currently provides terminal operations. On December 23, 2003, the Port Authority reached agreement with SSA to provide said services. The agreement will commence on January 31, 2004 and continue for 10 years to January 31, 2014. SSA will also have an option to extend the term of the agreement for an additional 10 year period.

Under the agreement and in exchange for the use of the Port Authority facilities, SSA will pay the Port Authority 20% of gross revenues, as defined, generated each fiscal year by SSA from the terminal operations conducted by SSA. SSA guarantees that this payment will be no less than \$1,000,000 in any fiscal year during the term of the agreement. In addition, SSA will provide all terminal operations equipment necessary to handle the Port Authority's terminal operations for general cargo and container cargo and shall be responsible of the maintenance of said equipment at its own expense.

Effective February 1, 2004, the Port Authority and TBIT agreed to supplement the Amended Operating Agreement referenced above in order to address the future role of TBIT in the performance of terminal operations in the Port of Tampa and to make TBIT's future role compatible with SSA's role as terminal operator. The Supplement to the Amended Operating Agreement states that the obligations of TBIT to perform terminal operations under Article I of the Amended Operating Agreement are suspended commencing midnight on the day before the effective date of the Port Authority agreement with SSA.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 17 – SUBSEQUENT EVENT (Continued)

Generally, TBIT shall account for and pay over to the Port Authority all payments required by Article III of the Amended Operating Agreement. In addition, the Port Authority and TBIT agree that the reasonable net cash flow from TBIT's current book of business generated from its existing terminal operations is \$900,000 per year, with minor adjustments from year to year. Based on the historical performance of terminal operations by TBIT, the Port Authority and TBIT estimate that the reasonable life of this current book of business is eight years. The Port Authority is delivering TBIT's current book of business to SSA for performance of all future terminal operation services. The Port Authority agrees to pay TBIT annually for the next eight years the reasonable cash flow of TBIT's book of business in the amount of \$900,000 per year.

TBIT shall continue to make all payments to the Port Authority under the loan agreement regarding retirement of the 1997 Special Purpose Revenue Bonds and as referenced in Note 10B of these financial statements. As of December 23, 2003, the current outstanding principal balance due on the bonds and loan agreement is approximately \$6,180,000. All other operating expenses incurred by TBIT in the future shall be the responsibility of the Port Authority.



TAMPA PORT AUTHORITY

STATISTICAL SECTION



TAMPA PORT AUTHORITY

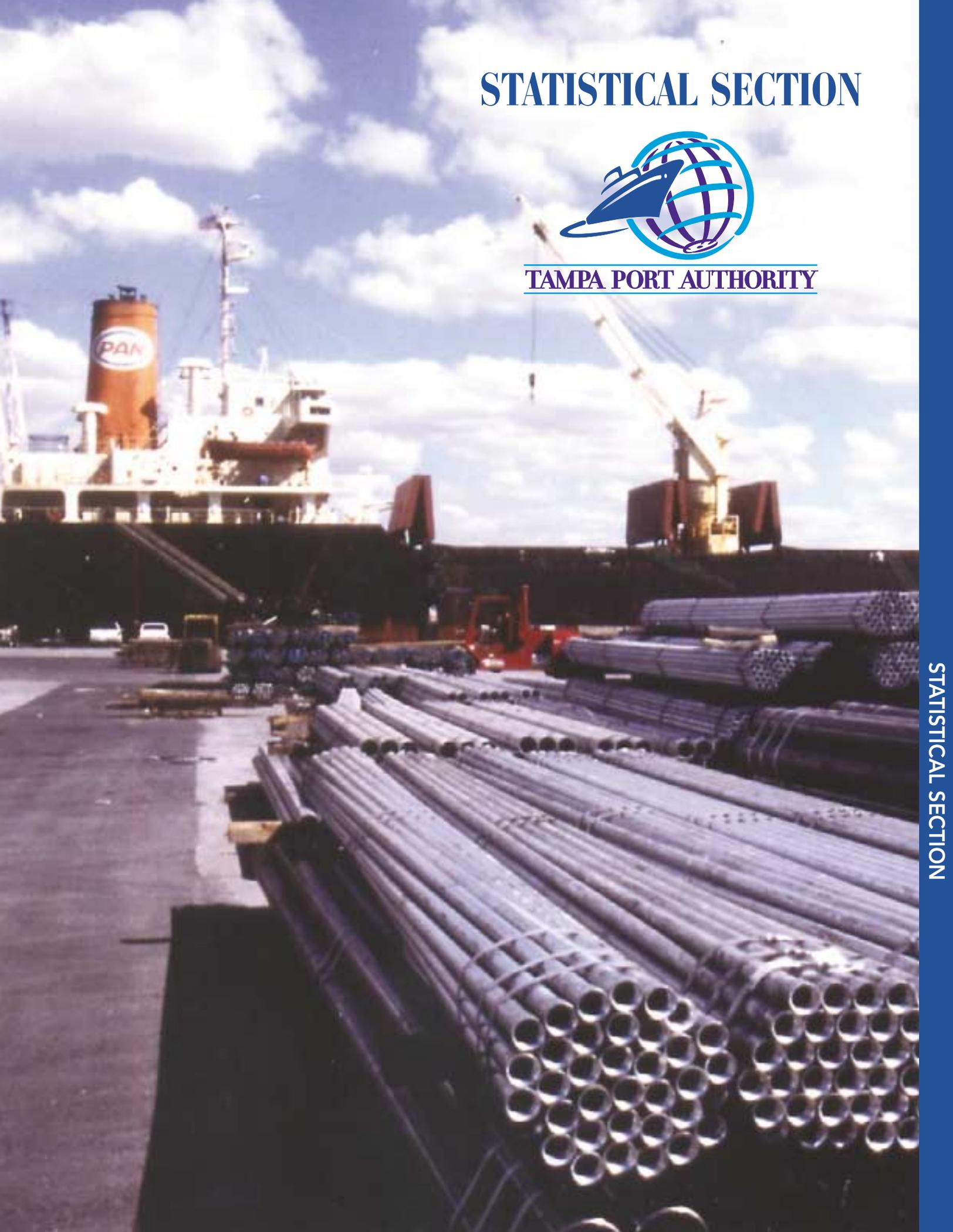




Table 1

TAMPA PORT AUTHORITY
Summary of Revenues, Expenses, and Net Income
Last Ten Years
(Unaudited)
(amounts in thousands)

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Operating revenues:										
Port usage fees	\$11,360	\$12,136	\$12,676	\$12,144	\$12,939	\$14,686	\$14,441	\$15,745	\$18,311	\$21,374
Land and building leases	2,730	2,771	3,017	4,134	4,316	4,442	4,992	5,978	6,389	6,213
Work permits	22	19	20	20	23	32	36	33	36	52
Tenants' utilities	369	374	360	333	352	407	418	478	522	648
Fingerprinting / badging	0	0	0	0	0	0	0	0	316	432
License fees	69	71	59	65	68	59	58	67	56	68
Total operating revenues	14,550	15,371	16,132	16,696	17,698	19,626	19,945	22,301	25,630	28,787
Operating grants	0	0	0	0	0	0	0	0	0	1,651
Operating expenses:										
Salaries	4,025	4,181	4,274	4,718	4,648	4,897	4,855	5,517	6,372	6,735
Marketing & research	228	220	218	191	184	118	116	168	133	197
Public relations	190	222	250	216	198	325	338	303	311	349
Utilities	335	365	593	610	461	582	758	733	1,047	1,317
Insurance	398	469	609	566	485	426	440	518	679	1,245
Property maintenance	592	476	534	565	542	606	719	750	918	1,041
Computer expense	49	54	66	83	106	93	114	245	218	275
General expenses	333	382	438	368	338	436	393	666	3,022	3,779
Communications	45	43	67	76	70	105	154	157	221	288
Professional fees	1,377	1,449	1,163	1,144	738	674	674	596	480	480
Travel	68	99	111	95	72	143	145	144	163	191
Total operating expenses	7,640	7,960	8,323	8,632	7,842	8,405	8,659	9,797	13,674	15,897
Operating income before depreciation/amortization	6,910	7,411	7,809	8,064	9,856	11,221	11,286	12,504	11,956	14,541
Depreciation/Amortization	2,726	2,810	3,535	3,970	4,637	5,236	6,443	6,956	7,996	9,277
Operating income	4,184	4,601	4,274	4,094	5,219	5,985	4,843	5,548	3,960	5,264
Non-operating revenues/(expenses):										
Interest income	1,669	2,914	3,194	3,215	4,351	4,579	5,380	4,969	3,372	3,691
Ad valorem taxes	8,445	8,609	8,363	8,121	8,788	9,554	10,296	10,891	11,962	12,907
Interest expense	(6,127)	(6,039)	(6,986)	(7,411)	(8,168)	(8,673)	(9,019)	(8,709)	(9,352)	(9,834)
Capital grants	0	0	0	0	0	0	0	0	0	5,416
Other, net	358	78	224	(144)	(59)	388	2,994	5,203	13,152	(2,583)
Transfers in, component unit	0	0	0	0	0	0	0	0	0	463
Total non-operating revenue	4,345	5,562	4,795	3,781	4,912	5,848	9,651	12,354	19,134	10,060
Net Income	\$8,529	\$10,163	\$9,069	\$7,875	\$10,131	\$11,833	\$14,494	\$17,902	\$23,094	\$15,324



Table 2

TAMPA PORT AUTHORITY
Property Tax Levies and Collections
Last Ten Years (a)
(Unaudited)
(amounts in thousands)

Year of Assessment	Hillsborough County Total Assessed Value (b)	Countywide Millage Rate (b)	Tampa Port Authority Millage (c)	Tampa Port Authority Millage as % of Countywide	Receipts in Fiscal Year Ending September 30	Ad Valorem Taxes Received	Collection Fees	Ad Valorem Taxes Assessment	Net Ad Valorem Taxes Received (d)
1993	\$24,889,195	18.730	0.350	1.87%	1994	\$8,445	\$308	\$0	\$8,137
1994	\$25,488,456	19.265	0.350	1.82%	1995	\$8,609	\$300	\$0	\$8,309
1995	\$26,222,578	19.209	0.330	1.72%	1996	\$8,363	\$286	\$0	\$8,077
1996	\$27,154,169	19.258	0.310	1.61%	1997	\$8,121	\$286	\$0	\$7,835
1997	\$29,349,685	18.732	0.310	1.65%	1998	\$8,788	\$343	\$328	\$8,117
1998	\$31,893,303	18.587	0.310	1.67%	1999	\$9,554	\$353	\$261	\$8,940
1999	\$34,671,754	18.002	0.310	1.72%	2000	\$10,296	\$379	\$464	\$9,453
2000	\$37,965,047	17.531	0.295	1.68%	2001	\$10,891	\$397	\$603	\$9,891
2001	\$42,891,980	17.277	0.290	1.68%	2002	\$11,962	\$477	\$503	\$10,982
2002	\$46,355,925	17.119	0.290	1.69%	2003	\$12,907	\$518	\$511	\$11,878

(a) 2003 property tax rolls were not levied and opened for collection until November 1, 2003 making final data for the 2003 property tax levy not available.

(b) Source: Hillsborough County Property Appraiser and Tax Collector's offices

(c) Millage is defined as one dollar per each one thousand dollars of assessed valuation. For instance, Tampa Port Authority's 2002 millage rate of .29 equals 29 cents out of every \$1,000 of total assessed value.

(d) Tampa Port Authority has historically restricted the use of the ad valorem taxes it receives to enhancements and/or development of infrastructure even though the ad valorem taxes it receives may be used for any lawful purpose including operating expenses. State of Florida security mandates have precipitated the use of ad valorem taxes to help defray security soft costs during this period.



Table 3

TAMPA PORT AUTHORITY
Assessed and Estimated Actual Value of Taxable Property
in Hillsborough County, Florida
Last Ten Fiscal Years
(Unaudited)
(amounts in millions)

Fiscal Year	Estimated Actual Value (a)		Exemptions (b)		Assessed Value (c)			Ratio of Total Assessed Value to Total Estimated Actual Value
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Centrally Assessed Property (d)	
1994	30,892	6,109	10,019	1,537	20,873	4,572	44	69%
1995	31,755	6,515	10,280	1,813	21,475	4,702	46	68%
1996	32,970	6,889	10,775	1,977	22,194	4,912	47	68%
1997	35,282	7,165	11,261	1,909	24,021	5,256	72	69%
1998	38,338	7,485	12,076	1,916	26,262	5,569	62	70%
1999	41,379	7,809	12,657	1,926	28,722	5,883	67	70%
2000	45,996	7,278	14,296	1,184	31,700	6,094	82	71%
2001	53,102	7,527	16,620	1,194	36,482	6,333	78	71%
2002	59,061	7,438	19,052	1,171	40,009	6,267	80	70%
2003	64,673	7,478	20,754	1,145	43,929	6,333	112	70%

- (a) Section 192.001, Florida Statutes, defines assessed value of property as "an amount determination of the just or fair market value of an item of property." Therefore, gross assessed value is defined to be Estimated Actual Value.
- (b) Exemptions allowed include those for governmental as well as qualified agricultural, religious, or other non-profit properties. In addition, there is also a homestead exemption, with additional exemptions if a property owner is a widow or disabled.
- (c) Assessed value is defined to be gross assessed value less exemptions.
- (d) Centrally assessed property is property that is assessed by the State of Florida rather than by the Property Appraiser, since the property is located in more than one county. Centrally assessed property is essentially railroad property. There are no exemptions for centrally assessed property, so the estimated actual value is the same as assessed value.

Source: Hillsborough County Property Appraiser.



Table 4

TAMPA PORT AUTHORITY
Property Tax Millage Rates
Per \$1,000 of Assessed Value
Hillsborough County, Florida
Direct & Overlapping Governments
Last Ten Years (a)
(Unaudited)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Countywide:										
BOCC (b) - General Revenue	7.905	7.905	7.905	7.916	7.807	7.750	7.597	7.533	7.435	7.198
Tampa Port Authority	0.350	0.350	0.330	0.310	0.310	0.310	0.310	0.295	0.290	0.290
Voted Debt Service	0.060	0.055	0.054	0.051	--	--	--	--	--	--
Environmentally Sensitive Lands (c)	0.250	0.250	0.210	0.188	0.188	0.157	0.185	0.149	0.127	0.114
Southwest Florida Water Management District	0.042	0.422	0.422	0.422	0.422	0.422	0.422	0.422	0.422	0.422
School Board	9.725	9.867	9.867	9.954	9.588	9.531	9.071	8.715	8.586	8.595
Children's Board	0.398	0.416	0.421	0.417	0.417	0.417	0.417	0.417	0.417	0.500
Total	18.730	19.265	19.209	19.258	18.732	18.587	18.002	17.531	17.277	17.119
Non-Countywide:										
BOCC - Free Library Service	0.566	0.630	0.642	0.642	0.642	0.642	0.642	0.642	0.642	0.642
BOCC - Municipal Service Taxing Unit (d)	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062
Parks and Recreation (unincorporated) (e)	0.053	0.051	0.049	0.046	0.089	0.081	0.073	0.068	0.058	0.500
Southwest Florida Water Management District (f):										
Alafia River Basin	0.136	0.240	0.240	0.247	0.240	0.240	0.240	0.240	0.240	0.240
Hillsborough River Basin	0.147	0.286	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285
NW Hillsborough Basin	0.104	0.268	0.268	0.268	0.268	0.268	0.268	0.268	0.268	0.268
Transit Authority	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Tampa Palms Comm. Development	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600
Municipalities:										
Tampa	6.539	6.539	6.539	6.539	6.539	6.539	6.540	6.539	6.539	6.539
Temple Terrace	4.410	4.410	4.410	4.410	4.700	4.410	4.910	4.910	4.910	4.910
Plant City	4.700	4.700	4.700	4.700	4.410	4.700	4.700	4.700	4.700	4.700

- (a) Since the 2003 property tax rolls were not levied and opened for collection until November 1, 2003, final data for the 2003 property tax levy is not included.
- (b) BOCC: Board of County Commissioners
- (c) Effective 1992, through referendum, this millage rate was dedicated to payment of Environmental Lands Acquisition and Protection Program (ELAPP) bonds.
- (d) Levied in the unincorporated area.
- (e) Levied in the unincorporated area beginning in 1993.
- (f) Dependent on its location, property within Tampa may be either the Alafia, the Hillsborough River, or the NW Hillsborough Watershed Basin. Plant City may be in either the Alafia or the Hillsborough River Basin.

Source: Tax Collector of Hillsborough County, Florida and Hillsborough County, Florida Comprehensive Annual Financial Report.



Table 5

TAMPA PORT AUTHORITY
Principal Taxpayers of
Hillsborough County, Florida
September 30, 2003
(Unaudited)
(amounts in thousands)

Taxpayer	Type of Business	2002 Taxes Levied	% of Total Taxes Levied
1. Tampa Electric Company	Electrical services	\$ 30,394,203	2.53 %
2. Verizon	Telecommunications	26,674,745	2.22
3. Hillsborough County Aviation Authority	County government	9,208,176	0.77
4. Tampa Sports Authority	County government	7,313,395	0.61
5. Highwoods Properties Inc	Housing/Real Estate	7,266,343	0.61
6. Camden Property Trust	Housing/Real Estate	4,524,358	0.38
7. Post Apartment Homes	Housing/Real Estate	4,219,564	0.35
8. Cargill Incorporated	Fertilizer	3,726,443	0.31
9. IMC Phosphates Company	Phosphate mining and shipping	3,460,766	0.29
10. Wal-Mart	Retail	3,121,689	0.26
		<u>\$ 99,909,682</u>	<u>8.33 %</u>

This chart shows the total tax levied against the ten largest taxpayers in Hillsborough County, Florida. Property located in the geographic boundaries of the County is subject to tax levies by Tampa Port Authority as well as several others taxing agencies. The Hillsborough County Tax Collector collects taxes for all taxing authorities. The tax levies shown above reflect taxes due to all taxing authorities, not just Tampa Port Authority. This total is used to show total taxes due from each of the ten largest taxpayers.

Source: Tax Collector of Hillsborough County, Florida.



Table 6

TAMPA PORT AUTHORITY
Revenue Bond Coverage
Last Ten Years
(Unaudited)
(amounts in thousands)

Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements-Senior Lien	Senior Lien Coverage	Debt Service Requirements-Senior and Junior	Senior & Junior Coverage
1994	\$15,459	\$7,641	\$7,818	\$4,984	1.57	\$5,473	1.43
1995	\$17,361	\$7,960	\$9,401	\$3,237	2.90	\$5,313	1.77
1996	\$18,512	\$8,323	\$10,189	\$3,539	2.88	\$9,101	1.12
1997	\$19,516	\$8,632	\$10,884	\$4,237	2.57	\$9,746	1.12
1998	\$22,473	\$7,842	\$14,631	\$5,314	2.75	\$11,685	1.25
1999	\$25,924	\$8,405	\$17,519	\$7,590	2.31	\$13,962	1.25
2000	\$27,818	\$8,659	\$19,159	\$8,036	2.38	\$14,406	1.33
2001	\$29,872	\$9,797	\$20,075	\$8,280	2.42	\$14,648	1.37
2002	\$31,703	\$13,674	\$18,029	\$9,173	1.97	\$15,526	1.16
2003	\$37,491	\$15,897	\$21,594	\$10,247	2.11	\$16,600	1.30
	(a)	(b)		(c)	(d , e)	(c)	(d , f)

- (a) Gross Revenues means rents, fees, charges and other income derived from the operation of port facilities and certain income derived from investments.
- (b) Operating expenses excluding depreciation, bond interest, amortization, and extraordinary losses.
- (c) Debt service requirement does not include capitalization of interest, debt service on defeased bonds, nor amortized bond issue costs and discounts.
- (d) Net revenue available for debt service divided by total debt service requirements.
- (e) Coverage ratio requirement is 1.25 to 1.00.
- (f) Coverage ratio requirement is 1.00 to 1.00.



Table 7

**TAMPA PORT AUTHORITY
Demographic Statistics (a)
Hillsborough County, Florida
Last Ten Years
(Unaudited)**

Fiscal Year Ended	Population	Per Capita Income	Civilian Labor Force	Total Employment	Unemployment Rate
1993	866,134	\$19,823	469,700	439,674	6.4%
1994	884,433	\$20,753	484,744	459,528	5.2%
1995	897,643	\$22,028	491,856	470,614	4.3%
1996	910,064	\$23,168	498,780	479,754	3.8%
1997	931,482	\$24,190	516,089	498,897	3.3%
1998	945,656	\$25,558	531,487	516,779	2.8%
1999	971,079	\$26,180	549,020	534,720	2.6%
2000	998,948	\$27,458	596,685	581,408	2.6%
2001	1,026,906	\$27,458	607,750	587,841	3.6%
2002	1,048,566	<i>not available</i>	614,386	587,584	4.4%

(a) Source: Florida Research & Economic Database. Information presented is for last ten available years.



Table 8

TAMPA PORT AUTHORITY
Property Value, Construction and Bank Deposits
Hillsborough County, Florida
Last Ten Fiscal Years (a)
(Unaudited)
(amounts in thousands)

Year	Taxable Assessed Value	Value of Construction			Bank Deposits
		Residential	Non-Residential	Total	
1993	24,889,195	424,389	191,952	616,341	8,126,271
1994	25,488,456	541,903	157,353	699,256	8,238,056
1995	26,222,578	528,928	274,513	803,441	8,671,717
1996	27,154,169	639,290	436,572	1,075,862	8,159,428
1997	29,349,684	676,092	287,073	963,165	8,534,837
1998	31,893,303	918,646	482,987	1,401,633	8,273,178
1999	34,671,754	1,126,138	538,621	1,664,759	8,953,276
2000	37,965,047	995,236	316,732	1,311,968	9,519,520
2001	42,891,980	968,749	493,460	1,462,209	12,217,038
2002	46,355,925	1,340,965	272,500	1,613,465	12,426,589
	(b)	(c)	(d)		(d)

(a) Data for 2002 used since value of construction and bank deposits information not available for 2003.

(b) Source: Property Appraiser

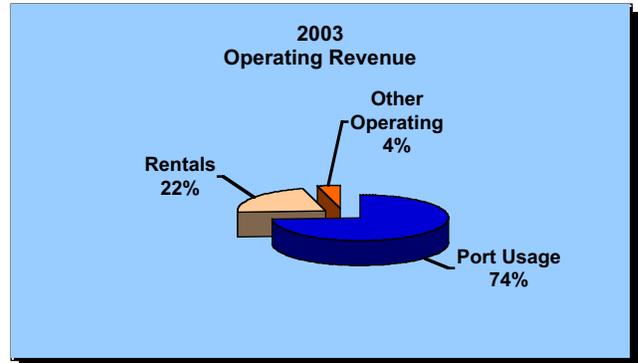
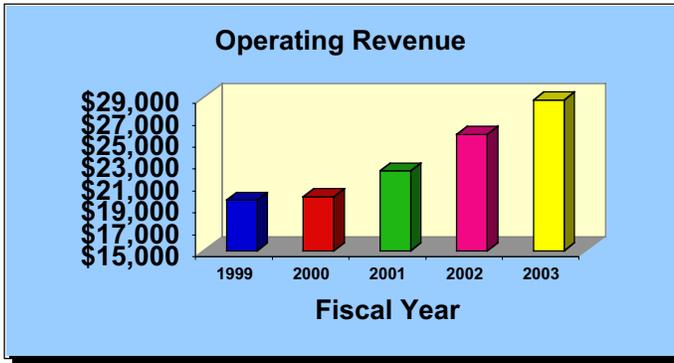
(c) Source: University of Florida, Building Permits Activity Report in Florida

(d) Source: Hillsborough County City-County Planning Commission

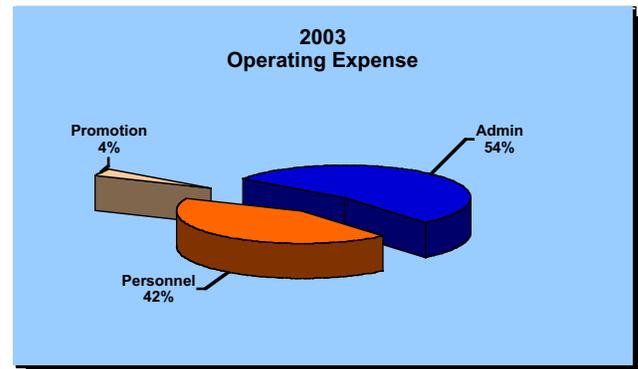
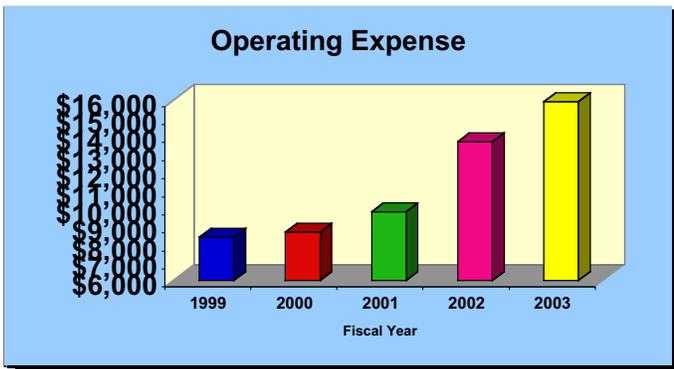


TAMPA PORT AUTHORITY
Financial Highlights
(Unaudited)
(amounts in thousands)

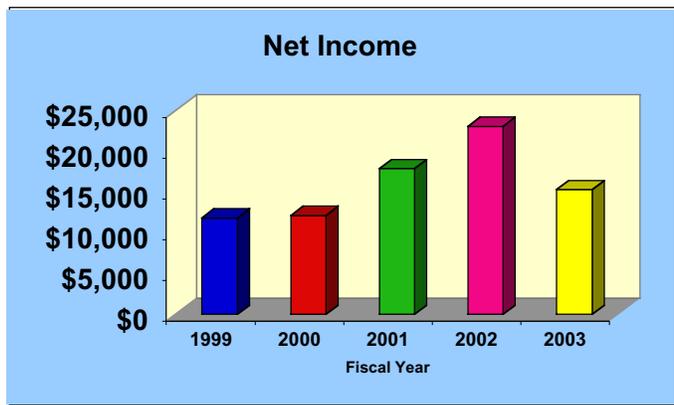
OPERATING REVENUE



OPERATING EXPENSE



NET INCOME



DEBT SERVICE COVERAGE

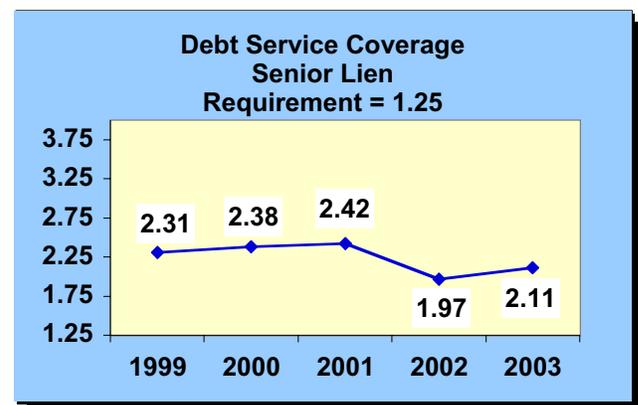
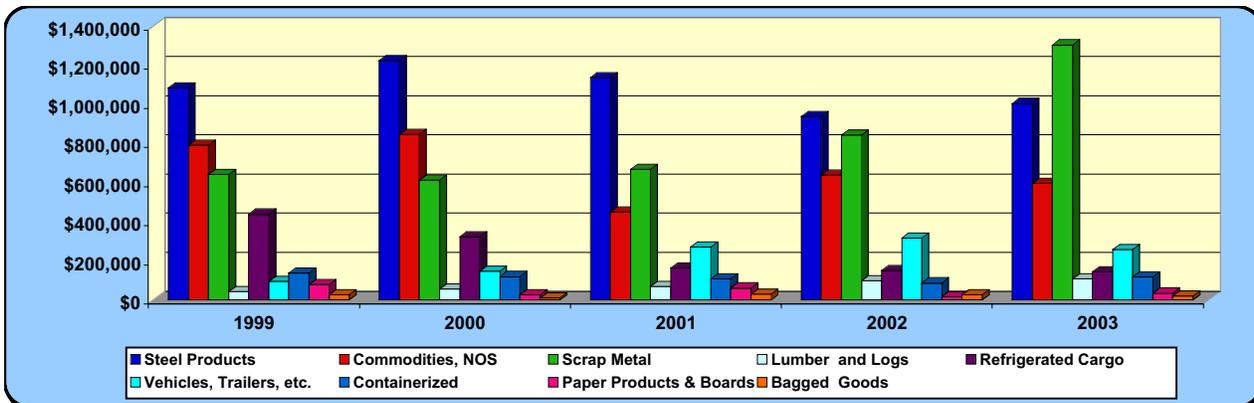




Table 10

Tampa Port Authority
Distribution of Operating Revenue
by Major Cargo Categories
(Unaudited)

Fiscal Year	GENERAL CARGO								
	Steel Products	Commodities, NOS	Scrap Metal	Lumber and Logs	Refrigerated Cargo	Vehicles, Trailers, etc.	Containerized	Paper Products & Boards	Bagged Goods
1999	\$1,084,062	\$789,748	\$640,312	\$44,080	\$438,062	\$93,946	\$138,358	\$79,733	\$27,916
2000	\$1,222,636	\$845,733	\$612,508	\$55,955	\$323,320	\$145,986	\$119,886	\$27,903	\$11,537
2001	\$1,136,162	\$449,074	\$668,712	\$68,081	\$162,824	\$271,263	\$107,226	\$60,953	\$30,128
2002	\$938,000	\$638,444	\$842,916	\$99,586	\$149,712	\$315,896	\$87,353	\$17,641	\$27,508
2003	\$1,003,837	\$596,756	\$1,303,056	\$107,541	\$145,364	\$256,794	\$116,815	\$35,081	\$19,430



Fiscal Year	BULK CARGO					
	Petroleum & Related	Liquid Bulk, Misc	Aggregates, NOS	Dry Bulk, Misc	Grains, Feed	Phosphate/Fertilizers
1999	\$3,236,662	\$2,101,911	\$846,083	\$397,094	\$585,733	\$755,925
2000	\$3,379,666	\$1,593,455	\$912,570	\$803,549	\$682,276	\$629,101
2001	\$3,647,492	\$1,831,789	\$1,090,636	\$1,128,558	\$518,402	\$596,666
2002	\$4,239,762	\$1,815,490	\$1,338,945	\$1,427,857	\$463,886	\$652,389
2003	\$4,510,441	\$1,816,902	\$1,608,882	\$1,484,849	\$339,235	\$535,115

CRUISE	
Fiscal Year	Revenue
1999	\$3,648,531
2000	\$4,122,061
2001	\$4,660,147
2002	\$5,696,730
2003	\$8,176,323

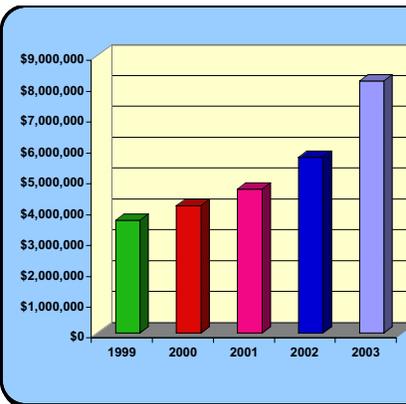
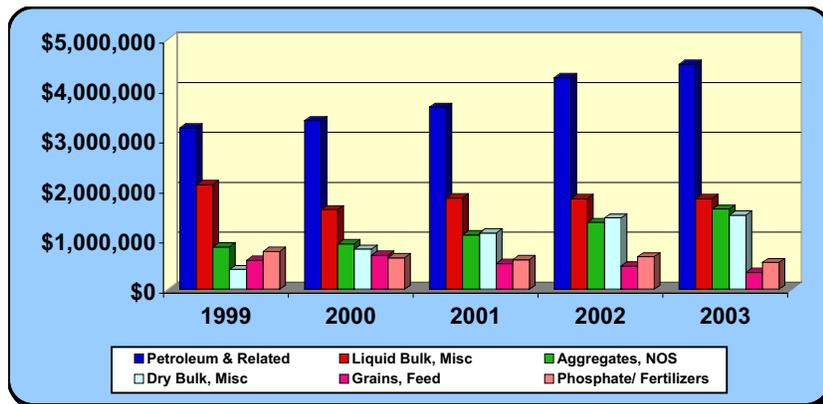




Table 11

**TAMPA PORT AUTHORITY
Cruise Statistics
Last Ten Years
(Unaudited)**

Fiscal Year Ended	Passenger Count (a)	Cruise Operating Revenue (b)	Average Revenue per Passenger	Total Operating Revenue	Percent of Cruise Operating to Total Operating
1994	304,345	\$2,359,988	\$7.75	\$14,549,942	16.22%
1995	275,580	\$2,330,596	\$8.46	\$15,371,390	15.16%
1996	192,230	\$1,747,574	\$9.09	\$16,132,247	10.83%
1997	187,851	\$1,590,888	\$8.47	\$16,695,488	9.53%
1998	244,968	\$2,113,949	\$8.63	\$17,697,555	11.94%
1999	413,618	\$3,648,531	\$8.82	\$19,625,682	18.59%
2000	459,803	\$4,122,069	\$8.96	\$19,945,071	20.67%
2001	517,235	\$4,660,147	\$9.01	\$22,301,242	20.90%
2002	587,470	\$5,696,730	\$9.70	\$25,629,438	22.23%
2003	810,114	\$8,176,323	\$10.09	\$28,786,468	28.40%

- (a) Passenger count includes passengers disembarking, embarking, and in transit from cruise ships.
- (b) Cruise revenue includes dockage, wharfage, water, parking, and miscellaneous terminal revenue.

Source: Tampa Port Authority statistical records.



TAMPA PORT AUTHORITY



OTHER PORT FINANCIAL INFORMATION



TAMPA PORT AUTHORITY



Table 12

TAMPA PORT AUTHORITY
Revenues - Compared with Budget
For the year ended September 30, 2003
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/(Under) Budget</u>
Operating revenues:			
Dockage	\$5,801,522	\$5,612,666	(\$188,856)
Wharfage	12,110,573	11,858,192	(252,381)
Stevedore use fees	105,269	93,109	(12,160)
Other services and rentals	437,403	353,973	(83,430)
Other passenger terminal revenue	3,121,785	3,455,667	333,882
Land and building leases	6,125,376	6,212,984	87,608
Work permits	35,458	52,495	17,037
Tenants' utilities	521,356	647,617	126,261
Fingerprinting/badging	240,000	431,620	191,620
License fees	55,855	68,145	12,290
Total operating revenues	<u>28,554,597</u>	<u>28,786,468</u>	<u>231,871</u>
Operating grants	<u>2,125,000</u>	<u>1,650,732</u>	<u>(474,268)</u>
Non-operating revenues:			
Interest income	3,986,831	3,690,541	(296,290)
Ad valorem taxes	12,909,712	12,907,069	(2,643)
Capital grants	9,983,615	5,415,755 (1)	(4,567,860)
Loan income	2,415,668	2,415,668 (2)	-
Harbormaster fees trust	535,640	595,668	60,028
Miscellaneous revenue	279,884	496,634 (3)	216,750
Total non-operating revenues	<u>30,111,350</u>	<u>25,521,335</u>	<u>(4,590,015)</u>
Transfers from component unit:	<u>163,487</u>	<u>462,685</u>	<u>299,198</u>
	<u>\$ 60,954,434 (4)</u>	<u>\$ 56,421,220</u>	<u>\$ (4,533,214)</u>

(1) Capital grants relate to capital projects which span several fiscal years. The actual dollars received were for reimbursable expenditures specifically related to FY2003.

(2) Includes budgeted loan principal payments from Tampa Bay Shipbuilding and Tampa Bay Internationals and other loan income received from Tampa Bay Shipbuilding.

(3) Excludes non-budgetary item, Gain on Disposal of Capital Assets.

(4) The difference between this number and the total budgeted revenues of \$129,712,054 or \$68,757,620 is the amount budgeted for net cash carried forward.



Table 13

TAMPA PORT AUTHORITY
Expenses - Compared with Budget
For the year ended September 30, 2003
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/(Under) Budget</u>
Operating expenditures:			
Salaries	\$ 7,009,038	\$ 6,735,265	\$ 273,773
Marketing	152,655	197,337	(44,682)
Public relations	402,196	348,639	53,557
Utilities	1,109,000	1,317,220	(208,220)
Insurance	1,111,735	1,245,232	(133,497)
Property maintenance	1,006,590	1,041,450	(34,860)
Computer expense	190,337	275,081	(84,744)
Parking garage contract	750,000	811,974	(61,974)
Security (Private/Sheriff)	2,032,818	2,095,705	(62,887)
General expense	688,392	870,117	(181,725)
Communication	198,890	287,505	(88,615)
Professional fees	441,000	480,429	(39,429)
Travel	170,375	191,151	(20,776)
Total operating expenses	<u>15,263,026</u>	<u>15,897,105</u>	<u>(634,079)</u>
Non-operating expenditures:			
Ad valorem taxes, fees and other	1,116,388	1,009,759	106,629
Interest expense	9,254,650	9,254,615 (1)	35
Developmental improvements	103,542,350	6,569,058 (2)	96,973,292
Harbormaster fee trust	535,640	204,218	331,422
Total non-operating expenditures	<u>114,449,028</u>	<u>17,037,650</u>	<u>97,411,378</u>
	<u>\$ 129,712,054</u>	<u>\$ 32,934,755</u>	<u>\$ 96,777,299</u>

(1) Excludes non-budgeted items such as bond issue costs, bond discounts, capitalized interest, and certain other reserves for debt.

(2) See Note D. Budgeted, but unspent, contractual commitments totaling \$41,236,996 as of September 30, 2003 were carried over into the capital projects budget for fiscal year 2004. Other projects, though budgeted, were not contracted as of September 30, 2003 and were also carried forward into fiscal year 2004.



Table 14

TAMPA PORT AUTHORITY
Debt Service - Compared with Budget
with Coverage Ratios
For the year ended September 30, 2003
(Unaudited)

	Budget	Actual		Actual Over/(Under) Budget
Debt service - parity bonds:				
Bond interest	\$ 5,161,810	\$ 5,161,789	(1)	\$ (21)
Bond principal	5,085,000	5,085,000	(2)	-
Total debt service - parity bonds	10,246,810	10,246,789		(21)
Debt service - junior lien bonds:				
Bond interest	4,092,840	4,092,837	(1)	(3)
Bond principal	2,260,000	2,260,000	(2)	-
Total debt service - junior lien bonds	6,352,840	6,352,837		(3)
Total debt service - all bonds	\$ 16,599,650	\$ 16,599,626		\$ (24)
Other bond reserves, fees	\$ 250,261	\$ 250,261		\$ -
Debt service coverage ratio:				
Revenues/proceeds available for debt service		\$ 37,491,376	(3)	
Less: Operating expenses		15,897,105		
Balance available after operating expenses		\$ 21,594,271		
Debt service coverage ratio - parity bonds		2.11	x	
Debt service coverage ratio - all bonds		1.30	x	

- (1) For purposes of coverage test, non-cash items excluded from this calculation.
- (2) Principal amounts paid in the current year are shown as a reduction of long term bond payable on the statement of net assets.
- (3) Includes principal payments on loans between the Port Authority and Tampa Bay International Terminals and Tampa Bay Shipbuilding Company. Does not include operating grants.



Table 15

TAMPA PORT AUTHORITY
Investments as of September 30, 2003
(Unaudited)

	<u>Interest Rate</u>	<u>Term from Date of Purchase</u>	<u>Maturity Date</u>	<u>Totals at Cost</u>
Unrestricted Investments:				
State Board of Administration (public agency pooled investments) (1)		None Stated		
Revenue Fund	Various		as needed	\$ 20,261
Surplus Fund	"	"	"	\$ 14,440,166
Tax Revenue Fund	"	"	"	\$ 468,543
SouthTrust Securities Surplus Fund	1.67-3.83%	"	"	<u>\$ 5,000,000</u>
				<u>\$ 19,928,970</u>
Restricted Assets:				
Bank of New York, 97 reserve for component unit	5.745%	11.7 years	06/01/11 (2)	<u>\$ 938,151</u>
Bond Debt Service:				
Bank of New York, 95A & B, 98	6.855%	various	12/01/03	\$ 1,829,512
Bank of New York, 95	6.910%	various	12/01/03	\$ 2,140,048
Wachovia National Bank, 97 TBIT	6.855%	various	12/01/03	\$ 320,088
U. S. Bank, 97B TBSB	6.855%	various	12/01/03	\$ 707,164
Bank of New York, 2002A & B	4.970%	various	12/01/03	<u>\$ 656,306</u>
				<u>\$ 5,653,118</u>
Bond Debt Service Reserve:				
Bank of New York, 95 reserve	6.740%	20.7 years	06/01/20 (2)	\$ 6,403,406
Bank of New York, 95 capital reserve	6.780%	10.0 years	11/01/09 (2)	\$ 6,404,100
Bank of New York, 95A & B reserve	5.945%	13.7 years	06/01/13 (2)	\$ 4,199,342
State Board of Administration (public agency pooled investments) (1)	Various	None Stated	as needed	<u>\$ 4,088,944</u>
				<u>\$ 21,095,792</u>
Renewal & Replacement Reserve:				
State Board of Administration (public agency pooled investments) (1)	Various	None Stated	as needed	<u>\$ 1,586,451</u>
Construction Trust Funds:				
Bank of New York Trust Company, Dredging Escrow	Various	None Stated	as needed	\$ 225,600
SunTrust, 96 FPFC Construction Account	"	"	"	\$ 385,000
SunTrust, 99 FPFC Construction Account	"	"	"	\$ 13,493,697
FSA Capital Management Services	2.660%	"	"	<u>\$ 34,150,283</u>
				<u>\$ 48,254,580</u>
Total Investments				<u><u>\$ 97,457,062</u></u>

(1) The fair value of Tampa Port Authority's position in the State Board of Administration pool is the same as the fair value of pool shares. Regulatory oversight of the pool is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the State Treasurer, as Treasurer, and the State Comptroller, as Secretary.

(2) Investment agreement to terminate on the later of the last bond payment or the date on which the Security Custodian, the Provider, and the Issuer have satisfied all of their obligations under the respective bond provisions.



Table 16

**Tampa Port Authority
Insurance Coverage
as of September 30, 2003
(Unaudited)**

		<u>Limits of Coverage</u>
1	Workers' Compensation & Employers' Liability Workers' Compensation Limit Employers' Liability Level Limit	Statutory \$1,000,000
2	General Liability Primary Liability including Employment Practices Public Officials Public Officials Excess Umbrella Liability	\$1,000,000 \$1,000,000 \$5,000,000 \$50,000,000
3	Automobile & Garagekeepers Liability Personal Injury (PIP) Garagekeepers Legal Liability	\$1,000,000 \$10,000 \$2,350,000
4	Employee Crime Public Employees Dishonesty Forgery or Alteration Computer Fraud Theft of Money & Securities	\$1,000,000 \$250,000 \$250,000 \$30,000
5	Fire & Allied Property Total Buildings and Allied Sublimits: Buildings Personal Property Business Interruption Inland Marine (Scheduled Equipment) Computer Related & Video/Radio Equipment Valuable Papers & Accounts Receivable	\$141,376,258 \$128,355,630 \$7,342,000 \$1,000,000 \$3,379,918 \$698,710 \$600,000
6	National Flood Buildings Contents	\$5,500,000 \$396,000
7	Watercraft Protection & Indemnity Hull (Roll On-Roll Off Barge and Small Boats)	\$1,000,000 \$1,480,795
8	Boiler & Machine	\$25,000,000
9	Gasoline Storage Tank Liability	\$1,000,000
10	Special Events Liability	\$1,000,000
11	Corporate Foreign Travel/Accident, Etc.	\$1,000,000



TAMPA PORT AUTHORITY

COMPLIANCE SECTION



TAMPA PORT AUTHORITY





Compliance Section

Included in the following section is information furnished in compliance with disclosure requirements pursuant to Securities & Exchange Commission's Rule 15c2-12. This rule requires issuers of municipal securities to provide annual updates of selected financial information to a nationally recognized municipal securities information repository. This report will be filed with the State of Florida's Municipal Advisory Council in conformance with that requirement.

This section also includes compliance reports and the Schedule of Expenditures of Federal and State Financial Assistance.

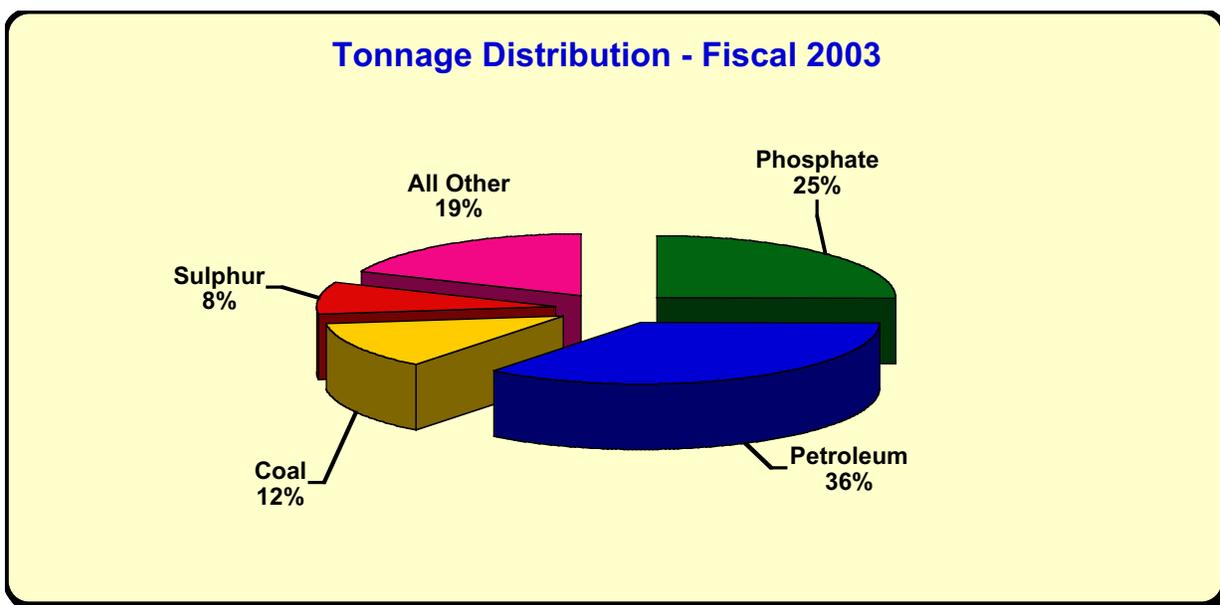


Table 17

TAMPA PORT AUTHORITY
Port of Tampa Tonnage Distribution
Last Ten Years
(Unaudited)
(in thousands)

<u>Fiscal Year</u>	<u>Phosphate</u>	<u>Petroleum</u>	<u>Coal</u>	<u>Sulphur</u>	<u>All Other</u>	<u>Total</u>
1994	18,694	13,382	5,549	4,335	7,196	49,156
1995	19,656	13,399	5,885	4,587	7,835	51,362
1996	19,092	14,344	6,336	4,394	7,754	51,920
1997	16,822	14,515	7,187	4,470	7,600	50,594
1998	16,413	15,061	7,204	4,404	7,715	50,797
1999	16,933	15,912	6,892	4,266	8,240	52,243
2000	13,115	16,384	7,397	4,081	8,265	49,242
2001	10,315	17,484	6,870	3,854	8,569	47,092
2002	12,910	17,669	6,572	3,694	8,868	49,713
2003	12,310	17,134	6,043	4,019	9,042	48,548

Reported in short tons.



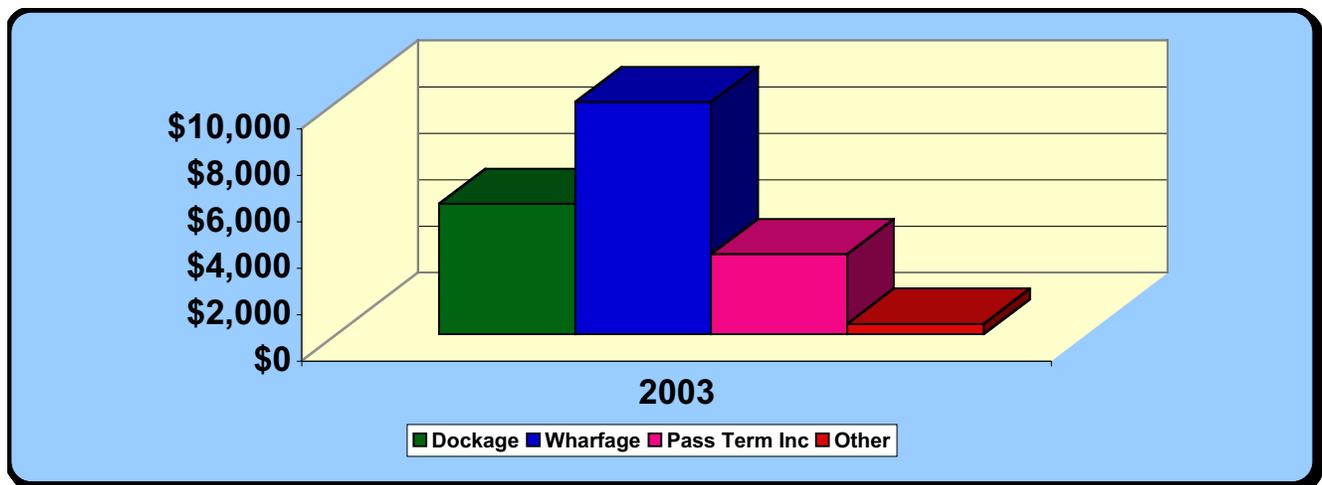
This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Tampa Port Authority Revenue Bond issues.



Table 18

TAMPA PORT AUTHORITY
Port Usage Fees
Last Ten Years
(Unaudited)
(amounts in thousands)

Year	Dockage	Wharfage	Passenger Terminal Income	Other Port Usage Fees	Total
1993	\$3,799	\$5,065	\$326	\$203	\$9,393
1994	4,670	5,698	572	420	11,360
1995	4,832	6,481	504	319	12,136
1996	5,092	6,290	309	985	12,676
1997	4,737	6,163	289	955	12,144
1998	4,648	6,371	422	1,498	12,939
1999	5,216	7,862	906	702	14,686
2000	4,934	7,800	1,076	631	14,441
2001	5,138	8,560	1,746	301	15,745
2002	5,413	9,691	2,659	548	18,311
2003	5,613	11,858	3,456	447	21,374



This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Tampa Port Authority Revenue Bond issues.



Table 19

TAMPA PORT AUTHORITY
Summary of Leases of Principal Customers
as of September 30, 2003
(Unaudited)

<u>Tenant</u>	<u>Initial Date of Lease</u>	<u>Initial Term</u>	<u>No. of Renewal Options</u>	<u>Option Term</u>		<u>2003 Minimum Annual Revenue</u>	<u>2003 Total Revenue Received</u>
Central Florida Pipeline Corp. (tanks)	Oct-98	5	3	5	\$	293,200	\$ 2,211,213
Tampa Bay International Terminals	Oct-90	1	n/a	n/a		n/a	\$ 1,456,282
Transmontaigne Product Services, Inc.	Sep-67	12	3	10	\$	37,450	\$ 852,729
Martin Gas Sales, Inc.	Dec-96	10	n/a	n/a	\$	220,545	\$ 822,116
Trademark Metals	Dec-99	10	0	0	\$	283,452	\$ 661,408
Vulcan/ICA Distribution Co.	Jul-95	1	3	5	\$	338,962	\$ 580,242
Martin Marietta Aggregates	Jan-99	5	0	0	\$	414,000	\$ 551,066
Harborside Refrigerated Services, Inc.	Oct-95	20	2	10	\$	360,000	\$ 545,413
C F Industries, Inc. (ammonia facility)	Jul-76	20	3	10	\$	70,084	\$ 529,695
Tampa Bay Shipbuilding & Repair Co.	Mar-97	15	2	15	\$	500,000	\$ 500,000
Subtotal - Top Ten Revenue-Producing					\$	2,517,693	\$ 8,710,164
GSC Retail I, Ltd.	Apr-97	40	8	5	\$	450,000	\$ 450,000
International Ship Repair	Feb-97	2	2	2	\$	108,575	\$ 421,112
Cargill, Inc. (salt facility)	Jul-99	20	2	10	\$	362,800	\$ 373,720
C F Industries, Inc. (fertilizer facility)	Jun-72	10	3	10	\$	89,886	\$ 369,937
RMC - South Florida, Inc.	Feb-01	5	4	5	\$	368,745	\$ 368,745
Gulf Marine Repair, Inc.	May-96	10	0	0	\$	103,500	\$ 335,262
Sea - 3 of Florida, Inc.	Jan-99	22	3	10	\$	329,232	\$ 329,232
Holcim (US), Inc.	Jan-61	20	1	20	\$	82,126	\$ 322,160
Cargill, Inc. (grain facility)	May-73	20	3	20	\$	33,000	\$ 317,305
University of South Florida	Aug-99	10	0	0	\$	298,285	\$ 298,285
Cemex, Inc.	Jul-96	3	4	5	\$	269,028	\$ 269,028
Gulf Sulphur Services	Jan-00	5	2	5	\$	254,065	\$ 254,648
Pasco Terminals	Nov-00	10	2	5	\$	189,194	\$ 223,962
Wilson Miller	Jun-01	5	2	5	\$	217,245	\$ 217,245
Export Metals	Oct-02	1	0	0	\$	165,000	\$ 215,726
Sulphuric Acid Trading Company	Nov-79	25	3	5	\$	70,948	\$ 207,452
Intermodal Shipping Services, Inc.	Jan-00	15	5	5	\$	199,200	\$ 199,200
Amalie Oil Company	Jul-97	25	1	10	\$	172,771	\$ 198,562
Lehigh Portland Cement Co.	Sep-00	10	2	5	\$	192,454	\$ 192,454
PCL Constructors	Dec-02	2	2	6mo	\$	191,325	\$ 191,325
NAMASCO Acquisition Corporation	Jul-96	5	2	10	\$	183,018	\$ 183,018
World Trade Center	Aug-00	5	2	5	\$	176,134	\$ 176,134
Marathon Ashland Petroleum, LLC	Jan-79	6	4	5	\$	35,313	\$ 175,490
Marigold Land Co. (Drummond Coal Co.)	Oct-00	10	4	5	\$	150,000	\$ 150,000
United Winner Metals	Oct-99	10	1	5	\$	147,585	\$ 147,585
Tampa Electric (TECO)	Sep-01	3	n/a	n/a	\$	139,626	\$ 139,626
Tarmac America LLC (Titan)	Jan-02	20	3	10	\$	134,503	\$ 134,503
Florida Rock Industries, Inc.	Mar-01	3	3	3	\$	128,000	\$ 128,000
Tropical Shipping Company	Oct-94	5	3	5	\$	126,000	\$ 126,351
Tampa Juice Service, Inc.	Apr-95	20	2	10	\$	65,116	\$ 89,266
Central Florida Pipeline Corp. (pipeline)	Mar-95	20	2	10	\$	40,476	\$ 84,070
C F Industries, Inc. (bareland)	Jan-90	6.5	3	10	\$	72,798	\$ 72,798
Seabulk Towing	May-98	15	0	0	\$	65,271	\$ 65,271
Starship Cruise Line, Inc.	Nov-01	3	2	3	\$	63,000	\$ 63,000
Murphy Oil USA, Inc.	Sep-67	18	2	12	\$	34,730	\$ 53,758
Independence Excavating	Apr-97	3	0	0	\$	53,677	\$ 53,677
Hydro Agri North America, Inc.	Oct-97	10	2	5	\$	37,440	\$ 48,296
Kinder Morgan (PAC Tank)	Dec-02	20	4	10	\$	44,000	\$ 44,000
Americold Corporation	Sep-78	20	2	5	\$	37,356	\$ 37,356
Tampa Bay Stevedores(Kinder Morgan)	Jan-97	5	1	5	\$	32,000	\$ 32,000
PEL Laboratories	May-03	5	2	5	\$	31,000	\$ 31,000
Diversified Marine Technicians	Oct-91	5	2	5	\$	29,115	\$ 30,236
Superior Seafoods, Inc.	Jan-93	5	1	5	\$	30,000	\$ 30,000
Maritrans Operating Partners	Jan-80	25	3	10	\$	24,486	\$ 24,486
Garrison Stevedoring	Dec-95	8	2	3	\$	24,214	\$ 24,214
Standard Marine	Oct-99	1	1	1	\$	19,032	\$ 19,032
Bay Shuttle	Dec-01	5	0	0	\$	5,000	\$ 13,261
American Victory	Apr-00	4	4	4	\$	12,000	\$ 12,000
Nelson Construction	Jul-02	1	n/a	n/a	\$	12,000	\$ 12,000
Total Minimum and Actual Revenue					\$	8,617,962	\$ 16,665,950

This table sets forth guaranteed and actual revenues to the Port Authority from port customers pursuant to each lease and for the most recent lease year for each customer. Revenues include land and building rental, dockage, wharfage and percentage rent which is based upon applying a percentage (as stated in the respective lease) to the customer's gross sales.

This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Tampa Port Authority Revenue bond resolution.

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

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

We have audited the financial statements of the Tampa Port Authority (the Port Authority) as of September 30, 2003 and for the year then ended, and have issued our report thereon dated December 2, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported herein under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Port Authority's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.



■ Members:
Private Companies and SEC
Practice Sections of the AICPA

■ Members:
Florida Institute of CPAs

Offices located in: Tampa / Tallahassee

We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Commissioners of the Tampa Port Authority, management, and state funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Valiente Hernandez P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 2, 2003

Except for Note 17 to the Financial Statements, which is dated January 20, 2004



CERTIFIED PUBLIC
ACCOUNTANTS

AUDITORS AND
CONSULTANTS

■ 1715 N. Westshore Boulevard
Suite 950
Tampa, Florida 33607-3920

cpas@vhcpa.com

■ 813/ 933 3943
800/ 733 3943 Toll Free

813/ 933 9825 Fax

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR STATE FINANCIAL ASSISTANCE PROJECT

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

Compliance

We have audited the compliance of the Tampa Port Authority (the Port Authority) with the types of compliance requirements described in the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major state financial assistance projects for the year ended September 30, 2003. The Port Authority's major state financial assistance projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state financial assistance projects is the responsibility of the Port Authority's management. Our responsibility is to express an opinion on the Port Authority's compliance based on our audit.

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 of the State of Florida. 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Port 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. Our audit does not provide a legal determination on the Port Authority's compliance with those requirements.



■ Members:
Private Companies and SEC
Practice Sections of the AICPA

■ Members:
Florida Institute of CPAs

Offices located in: Tampa / Tallahassee

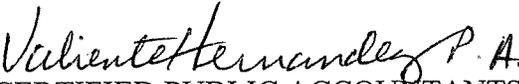
In our opinion, the Port Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major state financial assistance projects for the year ended September 30, 2003.

Internal Control Over Compliance

The management of the Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the Port Authority's internal control over compliance with requirements that could have a direct and material effect on a major state financial assistance project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners of the Tampa Port Authority, management, and state funding agencies is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 2, 2003

Except for Note 17 to the Financial Statements, which is dated January 20, 2004



**TAMPA PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

GRANTOR / PROGRAM TITLE	FEDERAL CFDA / STATE CSFA NUMBER	GRANT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED REVENUE SEPTEMBER 30, 2002	RECEIPTS	EXPENDITURES	ACCRUED REVENUE SEPTEMBER 30, 2003
Federal Agency: Economic Development Administration Department of Commerce							
Berth 250 - 252 Improvements *	11.300	04-01-01801	\$ 1,000,000	\$ 1,000,000	\$ 648,069	\$ -	\$ 351,931
State Agency:							
Florida Department of Transportation:							
<i>Seaport Grants -</i>							
Intermodal Port Upgrade	55.005*	406737	\$ 3,655,788	\$ -	\$ 1,308,814	\$ 1,509,911	\$ 201,097
Cruise Terminal #5 Construction/Infrastructure	55.005*	408337	\$ 10,850,000	\$ -	\$ 1,463,824	\$ 1,650,731	\$ 186,907
Total seaport grants			\$ -	\$ -	\$ 2,772,638	\$ 3,160,642	\$ 388,004
<i>Intermodal Development Program -</i>							
Port Security Improvements	55.014*	403139	\$ -	\$ 1,241,208	\$ 2,545,703	\$ 1,814,560	\$ 510,065
Infrastructure Improvements	55.014*	403129	\$ 700,000	\$ 85,000	\$ 104,032	\$ 19,032	\$ -
Total intermodal development program			\$ -	\$ 1,326,208	\$ 2,649,735	\$ 1,833,592	\$ 510,065
<i>Port Security Improvements</i>							
	55.022	412654	\$ -	\$ 800,000	\$ 800,000	\$ -	\$ -
Total Florida Department of Transportation			\$ -	\$ 2,126,208	\$ 6,222,373	\$ 4,994,234	\$ 898,069
Florida Ports Financing Council:							
1996 allocations to Tampa	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
1999 allocations to Tampa	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Total Florida Ports Financing Council			\$ -	\$ -	\$ -	\$ -	\$ -
State financial assistance			\$ -	\$ 2,126,208	\$ 6,222,373	\$ 4,994,234	\$ 898,069
Total federal awards and state financial assistance			\$ -	\$ 3,126,208	\$ 6,870,442	\$ 4,994,234	\$ 1,250,000

N/A = Not applicable

* Denotes major program

See independent accountants' report.



TAMPA PORT AUTHORITY