

Hillsborough County Port District, Florida



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

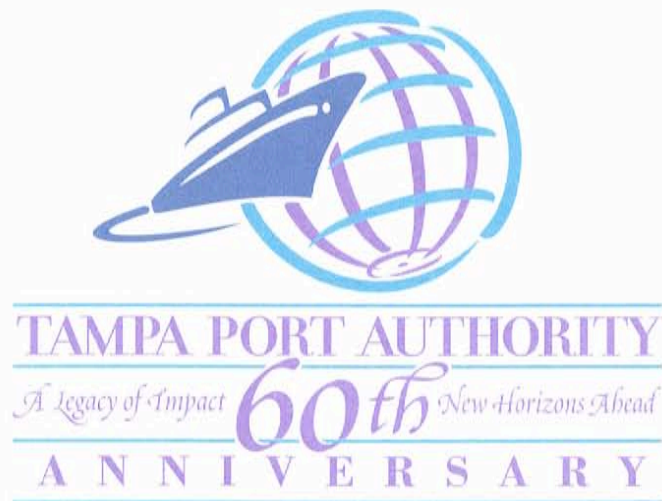
A N N I V E R S A R Y

Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2005

Hillsborough County Port District, Florida

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2005



Prepared by: Finance Department

Michael J. Macaluso, Chief Financial Officer



TAMPA PORT AUTHORITY
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TAMPA PORT AUTHORITY
A Legacy of Impact 60th New Horizons Ahead
ANNIVERSARY

April 14, 2006

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 (Port Authority) for the fiscal year ended September 30, 2005 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 Port Authority. All disclosures necessary to enable the reader to gain an understanding of the Port Authority'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 Port Authority and the environment in which the Port Authority 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 2004, the Port Authority Organization Chart, and the Port Authority List of Principal Officials.
2. **Financial Section** – This section includes the Independent Auditor's Report on the Port Authority financial statements for the fiscal year ended September 30, 2005, 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 receiving such funding, including the Tampa Port Authority.

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"). The Port Authority 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.

On June 10, 2005, the Port Authority's Enabling Act (Chapter 95-488, Laws of Florida) was modified to increase the Port Authority's Board of Commissioners from five to seven members. On February 21, 2006, the two additional members, Walter J. Hartley, Jr. and Steve Pinney, were sworn onto the Port Authority's Board of Commissioners. Additionally, Lawrence Shipp was named to replace outgoing Board member Gladstone A. "Tony" Cooper.

In addition to the financial statements of the Tampa Port Authority, the financial statements included in this CAFR discretely present the financial data of the 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 the Port Authority to acquire, construct, lease, operate, maintain and otherwise provide port facilities and services for the commercial development of the Port of Tampa, specifically its general cargo terminal operations. An Operating Agreement between the Port Authority and TBIT entered into in January 1990 and later amended in October 1995 to operate the general cargo terminals in cooperation with the Port Authority in a manner which was competent, efficient and competitive with other marine facilities so as to maintain existing business and foster the growth of commerce within the Port. Although a component unit of the Port Authority, TBIT is a legally separate organization from the Port Authority.

On January 31, 2004, the Port Authority entered into a ten-year agreement with SSA Marine Gulf, Inc., ("SSA") to provide terminal operations on its behalf, including all terminal operations for the existing customers for whom TBIT had previously provided the terminal operations. The agreement may be extended for an additional ten-year period.

Effective February 1, 2004, the Port Authority and TBIT agreed to supplement the above-referenced 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. The role of TBIT changed from that of terminal operator to that of SSA contract administrator for the Port Authority. Further



details associated with this transaction are discussed in Note Q of the Notes to Financial Statements included with this CAFR.

In March 2005, the Port Authority's Board of Commissioners named Mr. Richard A. Wainio as Chief Executive Officer and Port Director of the Tampa Port Authority. Mr. Wainio brings more than 30 years of international executive and management experience to the Port Authority, most recently as Executive Director of the Port of Palm Beach, Florida. Prior to his tenure at the Port of Palm Beach, Mr. Wainio worked 23 years in various executive positions with the Panama Canal.

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 Verizon Communications, JP Morgan Chase, Publix Super Markets, Bank of America, Outback Steakhouse, and TECO Energy 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, Tampa Bay Performing Arts Center, and, of course, the beautiful gulf beaches, resorts, and golf courses. Hillsborough County has numerous athletic facilities that play host to a number of professional sports teams, including the Tampa Bay Buccaneers and the 2004 Stanley Cup champions, 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 2005 with the cost of living index in the county consistently below the national average for the past 12 years. The Economic Development Department of Hillsborough County, along with other agencies, is working hard to attract major corporations that will bring more jobs to the County and further strengthen local economy.

Hillsborough County enjoyed strong population growth in 2005 increasing to 1,147,120, a 4.3 % increase over 2004. Hillsborough County's favorable wage scales and low cost of living continue to draw new residents and businesses to the area. Overall unemployment for Hillsborough County was only 3.6% in 2005, which was below the State of Florida's unemployment rate of 3.8% and the unemployment rate of the entire country of 5.1%. According to the Florida Agency for Workforce Innovation, *Professional and Business Services, Trade, Transportation, and Utilities, Education and Health Services, Leisure and Hospitality and Financial Activities* are the top five industry sectors dominating Hillsborough County employment.

The Tampa Port Authority is a major player in the local economy's economic growth. The Port of Tampa is the largest of the fourteen deepwater ports in the State of Florida



and ranks in the top twenty of all U.S. ports in terms of tons of cargo handled. The Port of Tampa handles as much tonnage as all the other thirteen deepwater Florida ports combined.

Major Initiatives and Accomplishments

Security initiatives - The Tampa Port Authority recognized \$2.3 million in federal and state security funding during 2005. In addition to the recognized funding, the Port Authority was awarded \$ 1.7 million in federal funding for security during fiscal year 2005. The Port Security Grant Program provides resources for security planning and projects to improve dockside and perimeter security, which is vital to securing the Port. For additional information related to grants funding, refer to Table 19 in the Compliance Section.

In February 2005, the Port Authority opened its state-of-the-art 12,000 sq. ft. Security Operations Center (SOC) on Maritime Blvd. at an approximate cost of \$15.8 million. The SOC features 12 lanes to electronically scan identification badges of drivers entering and leaving Hooker's Point, the Port's main peninsula. The facility also serves as the new headquarters for the Tampa Port Authority Security Department. Security patrols are dispatched and background checks are processed at the complex. It also houses the nerve center for the Port's fiber optic security camera system. The SOC is currently conducting manual access checks but will switch to an automated system as soon as state requirements allow.

The Port Authority remains committed to identifying and implementing safeguards designed to increase security and promote public safety. As a vital economic engine for the region, the Port Authority must carefully balance the impact of the added security measures against the continued flow of commerce into and out of the Port of Tampa.

Legislative initiatives – The Tampa Port Authority is very proactive at the state and federal level in its pursuit of funding for initiatives which will benefit the entire Port of Tampa and the surrounding community. Partly as a result of the Port Authority's support, the Florida Department of Transportation (FDOT) recently announced construction funding (\$283 million) in its five year work program to build the I-4/Crosstown Connector.

Other legislative action that the Port Authority supports is seeking additional Florida Seaports Transportation and Economic Development (FSTED) funding. This funding is specifically dedicated to infrastructure enhancement for Florida's seaports.

At the federal level, staff continues to work with legislators and lobbyists on projects such as Big Bend Widening and Deepening and the widening of "Cut B" in the main ship channel to create vessel passing lanes.

Cargo diversity - The Port Authority 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 all of the Port Authority's operations and debt. To that end, the Port Authority 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 50 million



tons of cargo. Products are diverse with imported products including: petroleum and related products, coal, liquid sulfur, steel, anhydrous ammonia, citrus concentrate, containerized cargo, aggregates (limestone and granite), and cement. The port exports products such as phosphates, scrap metal, citrus pellets, vehicles, and containerized cargo. The Port Authority 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, the Port Authority continues to develop its liner service business between Latin and Central America with particular emphasis on Mexico. The Port Authority entered into an agreement with Wallenius several years ago to import new Daimler-Chrysler vehicles from Mexico. These vehicles are stored on Port Authority property for further distribution throughout Florida and the Southeast. Port Authority 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.

The Tampa Port Authority has made one of its primary objectives the attraction of new container liners to the Port of Tampa. The Port Authority selected SSA Marine, an international container-handling company, to be in charge of its general and container terminal operations. In addition, the Port Authority purchased 3 container gantry cranes in 2005. These cranes will greatly enhance the container handling capabilities of the Tampa Port Authority and pave the way for future growth in the profitable container business. The Port Authority has demonstrated 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.

During fiscal year 2005, bulk cargo accounted for 52.6% of port usage fees, while cruise revenue accounts for 31.2% and general cargo 16.2%.

Cruise industry - The Port of Tampa is currently the fourth largest cruise port among Florida ports. Revenue generated from cruise ships during fiscal year 2005 was at an all-time high partly because of the introduction of several new homeported vessels. The Port of Tampa has become an established passenger cruise port with four modern cruise terminals attracting approximately 772k cruise passengers in fiscal year 2005. Current cruise activity at the port of Tampa includes:

- Royal Caribbean Cruise Lines' "Splendor of the Seas" originates seven-day sailings out of Tampa to ports including Belize and Cozumel. The "Splendor of the Seas" replaced the "Nordic Empress" in 2005 and is a larger vessel than its predecessor.
- Carnival Cruise Lines currently has two Fantasy Class vessels which homeport in Tampa, the "Inspiration" and the "Miracle" which replaced the "Sensation" in late 2004. Carnival has two itineraries: the "Inspiration" which offers a 5-5-4 day sailing rotation and the "Miracle" which offers a 7-day sailing rotation.
- Celebrity Cruises' "Horizon" also homeports in Tampa. The vessel takes passengers on ten and eleven-day cruises to the Western and Eastern Caribbean.



- Holland America's "Veendam" offers 7, 8, 12 and 14-day itineraries to the Western and Southern Caribbean and also homeports in Tampa.

Real Estate - One of the Tampa Port Authority's major attributes is the availability of land for future development. The Port Authority owns approximately 2,600 acres: 1,325 of the acres are leased, 977 are spoil islands, and the remaining 300 acres are available for future development and/or leasing. These properties are leased to various port terminal operators and related businesses for periods of up to 40 years, and in some cases, with up to a 40-year option. During fiscal year 2005, lease revenues accounted for approximately \$8.3 million, or 23.8% of total port operating revenues.

Some of the highlights of real estate activity during FY2005 include:

- Purchased 39 acres south of the 22nd Street Causeway and adjacent to deep water to meet the current & future needs of the Port's customers and to support maritime commerce and uses;
- PCL Civil Constructors leased additional acreage to be used for handling and storage of pre-cast concrete;
- Tampa International Technology Center continued with design and financing plans to develop approximately 11 acres north of Port Authority offices;
- Trammell Crow began construction of warehouse space in FY2005 on the site know as Port Ybor. This is a distribution warehouse with dock, rail and truck access.

During 2005 the Port Authority 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 of Tampa, dock in this area.

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 Port Authority, is also occupied by the University of South Florida, Wilson Miller, and the World Trade Center.

Capital improvement plan - Over the next five years, the Port Authority's capital improvement plan includes capital projects totaling over \$295 million. Funding for these projects will be provided from a number of sources, primarily, bond issuances, ad valorem tax receipts, grant funding, and the Port Authority's own revenues.

Environmental initiatives - Once again in fiscal year 2005, the Port Authority 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 completed the widening of the Ybor Channel Turning Basin. Also, with funding provided by the Florida Department of Transportation, the Tampa Port Authority initiated an effort to widen Sparkman Channel. Both of these projects are critical to the continued safe navigation of the channels for cruise and cargo vessels.



The Port Authority owns land in Hookers Point that has existing groundwater and soil contamination conditions. The Port Authority has applied for and obtained Brownfield designation for these sites. The Port Authority entered into a Brownfield Site Redevelopment Agreement ("BSRA") with the Florida Department of Environmental Protection ("FDEP"). The BSRA requires the Port Authority to conduct site assessments to determine the nature and extent of existing contamination conditions. The nature and extent of the remediation and any costs associated with the remediation will not be known until the site assessments are completed. The Port Authority is responsible to the FDEP for the successful conclusion of the remediation.

Internal Controls

The management of the Tampa Port Authority is responsible for establishing and maintaining internal controls over its operations. The Port Authority'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 therefrom 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. Port Authority management strongly believes that the inherent financial accounting controls coupled with ongoing independent financial audits performed by the Port Authority's independent financial auditors, Rivero, Gordimer & Company, 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.

As a result of the FY2005 independent financial audit, Rivero, Gordimer & Co. noted no matters involving the internal control over the Port Authority's financial reporting and operations that was considered to be material weaknesses. Additionally, the results of the tests of compliance performed by Rivero, Gordimer & Co. during the audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. The Port Authority's primary source of funding for its operations is through rates and charges it assesses against vessels for berthing at Port Authority wharves and piers and on cargo passing or conveyed over, onto or under wharves. Additionally, the Port Authority leases its property and assesses lease charges against the tenants of that property.



The 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 Authority's financial activities.

Budget

Port Authority 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 Tampa Port Authority 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 Port Authority Board of Commissioners for approval. Please refer to Tables 12 and 13.

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 1995 Special Revenue 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 Port Authority, 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, 2005, the Port Authority's net revenues were 1.84 times the annual debt service on the senior lien debt. The Series 1995 Special Revenue 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 requires that the Port Authority'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, 2005, the ratio of net revenues to all annual debt service was 1.52. (Refer to Table 6.)

As of the date of this transmittal letter, the Port Authority had retired the Series 1995 Special Revenue Bonds to take advantage of lower interest rates and relieve Hillsborough County, Florida of the financial burden of securing the Series 1995 Special Revenue Bonds. The new issuance, Series 2005A, is expected to save the Port Authority over \$200,000 per year in annual debt service. The 2005A Bonds used to refund the 1995 Special Revenue Bonds will be on parity with the other senior lien debt. As such, the Interlocal Agreement with Hillsborough County will be terminated.



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, the Port Authority developed an Investment Policy to provide guidance to Port Authority 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 Authority's investment portfolio regarding issues, issuers and maturities.

Unrestricted cash and investments can be used by the Port Authority for any valid business purpose at the discretion of the Board of Commissioners and Port Authority management and within the parameters established by the Port Authority's Enabling Act. As of September 30, 2005, the Tampa Port Authority had \$49.8 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 Authority'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, 2005, the Tampa Port Authority had \$17.5 million in restricted cash and investments. Table 14 of the Statistical Section of this CAFR details the types of restricted investments that the Port Authority 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 Authority, and the reduction of the cost of risk through an innovative and professional risk management program. It is the intent of the Port Authority that it be protected against accidental loss or losses that would significantly affect Port Authority personnel, property or the ability of the organization to continue to fulfill its responsibilities.

Administration of the Port Authority 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 Authority'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 the Port Authority's financial resources.

The Port Authority 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 the Port Authority. The Port Authority's risk management program also includes the constant review of the Port Authority's safety practices and provides recommendations to ensure a safe and productive work environment. Finally, the Port Authority, with a great deal of input from



the risk management function, monitors and maintains a comprehensive Emergency Response Plan designed to ensure effective and efficient reaction on the part of Port Authority 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 15 of the Statistical Section of this CAFR.

Independent Audit

Pursuant to Section 11.45 of the Florida Statutes and Section 11 of the Tampa Port Authority's Enabling Act, an audit of the financial statements has been completed by the Authority's independent certified public accountants, Rivero, Gordimer & Company, P.A. Their opinion is included in the Financial Section of this report.

Awards and Acknowledgements

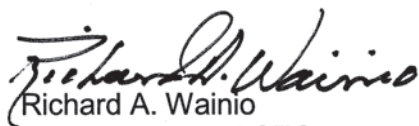
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tampa Port Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. This was the fifth consecutive year that the Port Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Port Authority had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. As was the case for the prior four years, the accomplishment of the Certificate of Achievement for the fifth consecutive fiscal year was primarily due to tireless efforts of the Port Authority's Finance Department staff.

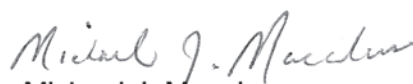
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report, as always, represents the combined effort of the entire staff of the Finance Department of the Tampa Port Authority and the accounting firm of Rivero, Gordimer & Company, P.A.

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

Respectfully Submitted,


Richard A. Wainio
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, 2004

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.



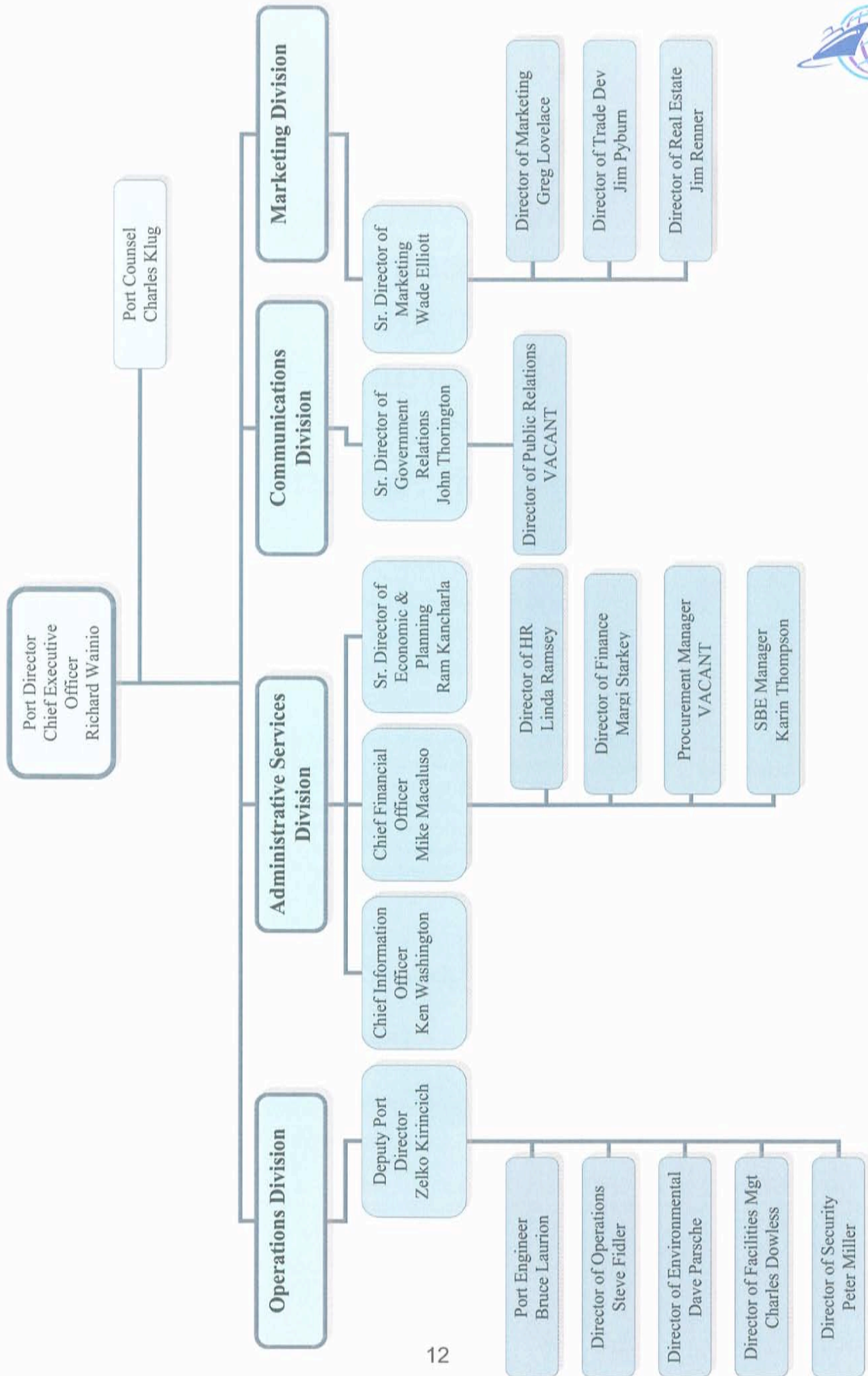
Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

Commissioners





Tampa Port Authority List of Officials

Board of Commissioners

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

Senior Executive Staff

Richard A. Wainio	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
Charles E. Klug, Esquire	Port Counsel
Ram Kancharla	Senior Director, Economic Development & Planning
Kenneth L. Washington	Chief Information Officer
Wade Elliott	Senior Director, Marketing Services
Steve Fidler	Senior Director, Operations
James Renner	Senior Director, Real Estate Services



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y





RIVERO, GORDIMER & COMPANY, P.A.
Certified Public Accountants

Member:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Cesar J. Rivero	Marc D. Sasser
Richard Gordimer	Lionel D. Martinez
Herman V. Lazzara	Sam A. Lazzara

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Tampa Port Authority

We have audited the accompanying combined statements of net assets of the Tampa Port Authority (the "Port Authority") as of September 30, 2005, and the related combined statements of revenues, expenses and changes in fund net assets, and cash flows for the year then ended, listed as basic financial statements in the table of contents. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Authority as of September 30, 2005 and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2005 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

The information presented in the introductory section and the statistical section is presented for the 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Port Authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purpose of 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 of the State of Florida. This supplementary information and schedules are the responsibility of the Authority's management. Such schedules have been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

Bucio, Gordinier & Company, P.A.

Tampa, Florida
December 30, 2005



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2005

The following management's 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 fiscal year ended September 30, 2005, with selected comparisons to the prior fiscal year ending September 30, 2004. 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. In Fiscal Year 2005, the Port Authority was governed by five board members, three of whom are residents of Hillsborough County which are appointed 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, serve on the Port Authority's Board.

On June 10, 2005, the Port Authority's Enabling Act (Chapter 95-488, Laws of Florida) was modified to increase the Port Authority's Board of Commissioners to seven members, five of whom are residents of Hillsborough County. On February 21, 2006, the two additional members were sworn onto the Port Authority's Board of Commissioners.

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 by issuing bonds and short-term financings, awards of federal and state grants, ad valorem tax revenue, and surplus operating funds above those needed to cover operating expenses and debt service. While the Port has the ability to levy up to .50 mills in ad valorem taxes each year, the Port's FY2005 millage rate was .26 mills.

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 its properties to various maritime and other businesses for which it collects rents and negotiated commodity rates, and also receives certain guaranteed revenue streams.

The following MD&A of Port Authority activities and financial performance provides an introduction to the financial statements of the Port Authority for the fiscal year ended September 30, 2005, with selected comparative information to the fiscal year ended September 30, 2004. 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.



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2005

The notes to the financial statements 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). The Port Authority's financial transactions and subsequent statements are prepared according to the GASB Statement 34 reporting model, as mandated by the GASB. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting, governmental (such as municipalities) and proprietary (those entities which generate their own revenues and therefore are similar to a private business such as the Port Authority) operations, into statements that give the reader a clearer picture of the financial position of the government as a whole. The Port Authority is considered a proprietary form of government and its financial transactions are recorded in a single Enterprise Fund.

As stated above, the Port Authority operates as a single Enterprise Fund with one component unit, Tampa Bay International Terminals, Inc. (TBIT). 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 B 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 a complete 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 statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows.

Financial Position Summary

The Statement of Net Assets presents 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, 2005 and 2004 is as follows:



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2005

STATEMENTS OF NET ASSETS

(in thousands)	<u>FY2005</u>	<u>FY2004</u>
ASSETS		
Current assets	\$ 74,413	\$ 107,476
Noncurrent assets		
Capital related, net	411,351	377,514
Noncapital	<u>16,874</u>	<u>16,497</u>
Total assets	<u>\$ 502,638</u>	<u>\$ 501,487</u>
LIABILITIES		
Current liabilities	\$ 15,118	\$ 20,592
Noncurrent liabilities	<u>149,576</u>	<u>161,343</u>
Total liabilities	<u>164,694</u>	<u>181,935</u>
NET ASSETS		
Invested in capital assets, net of related debt	269,457	233,241
Restricted assets	23,484	63,053
Unrestricted net assets	<u>45,003</u>	<u>23,258</u>
Total net assets	<u>337,944</u>	<u>319,552</u>
Total liabilities and net assets	<u>\$ 502,638</u>	<u>\$ 501,487</u>

At September 30, 2005, the Port Authority's assets exceeded liabilities by \$337.9 million, an \$18.4 million increase over September 30, 2004. For the fiscal year ended September 30, 2005, 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 the passengers, visitors, customers, and tenants of the Port. The resources required to repay the Port Authority's debt must be provided annually from Port operations.

The Statement of Revenues, Expenses and 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 Statement of Revenues, Expenses, and Changes in Fund Net Assets:



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2005

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

(in thousands)	FY2005	FY2004
Operating revenue		
Port usage fees	\$ 25,375	\$ 22,899
Land and building leases	8,309	7,340
Other operating revenue	1,265	1,350
Total operating revenue	<u>34,949</u>	<u>31,589</u>
Non-operating revenue		
Ad valorem taxes	14,039	14,117
Interest Income	3,497	3,555
Grant Income	5,339	9,659
Other non-operating revenue	3,758	1,447
Total non-operating revenue	<u>26,633</u>	<u>28,778</u>
Total revenues	<u>61,582</u>	<u>60,367</u>
Operating expenses		
Personnel	7,756	7,315
Promotional	433	450
Administrative	10,340	9,508
Depreciation and amortization	11,102	10,165
Total operating expenses	<u>29,631</u>	<u>27,438</u>
Non-operating expenses		
Interest expense	8,354	9,094
Other non-operating expenses	5,205	2,797
Total non-operating expense	<u>13,559</u>	<u>11,891</u>
Total expenses	<u>43,190</u>	<u>39,329</u>
Increase in net assets	18,392	21,038
Net assets - beginning of year	<u>319,552</u>	<u>298,514</u>
Net assets - end of year	<u>\$ 337,944</u>	<u>\$ 319,552</u>

Financial Operations Highlights

Listed below are the highlights of changes in the fiscal years ended September 30, 2005 and 2004, in the Statement of Revenues, Expenses and Changes in Fund Net Assets above:

- Operating revenues increased by 10.6% from \$31.6 million to \$34.9 million due to increases in the Port Authority's cargo and cruise operations. Cruise revenue was up slightly. General cargo revenue reflected increases in bagged goods, paper products, lumber, steel, refrigerated, containers, and miscellaneous commodities, offset by



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2005

decreases in scrap and vehicles. The overall increase in general cargo revenue was 11.9%. Bulk cargo revenue showed decreases in grains and phosphate, while revenue from aggregates, petroleum, and miscellaneous liquid and dry bulk cargoes remained strong, ending the year with an overall increase of 19.2%.

- Non-operating revenue decreased by 7.5% or \$ 2.1 million. Grant income is the largest contributing factor decreasing over FY 2004 by 44.7% or \$ 4.3 million. This was caused by a decrease in security grants awarded to the Port Authority in FY 2005 vs. FY 2004. This decrease was offset by proceeds related to a legal settlement and various bond swap activities.
- Operating expenses increased by 8.0% or \$2.2 million primarily due to increased security requirements, costs associated with the contract that the Port Authority entered into with Tampa Bay International Terminals to administer the SSA Marine Gulf contract, and a full year of additional maintenance, utility costs, and depreciation generated by the addition in FY2004 and FY2005 of new Port Authority facilities.
- Non-operating expense increased by 14.0 % or \$ 1.7 million. This is due, in part, to loss on bond swap transactions of \$ 2.1 million which is offset by a reduction in bond interest expense due to debt service restructuring.
- Overall increase in net assets for FY2005 was \$18.4 million compared to \$21.0 million in FY2004, a 12.6% decrease. The decrease in net income is primarily due to reduced grant awards in FY2005 and various bond debt service restructuring.

Capital Assets

The Port Authority's non-current assets as of September 30, 2005 amounted to \$428.2 million, of which capital assets were \$411.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, facility and infrastructure improvements and enhancements, equipment, furniture and fixtures, and construction work in progress. Capital asset acquisitions are capitalized at cost and depreciated over estimated useful lives using the straight-line method. (Refer to note B6 Capital Assets for a more complete description.) The total increase in the Port Authority's investment in capital assets after accumulated depreciation for 2005 was 9.0%, or \$33.8 million due to the reasons stated below.

During 2005, completed major projects totaling \$33.6 million were closed from construction-in-progress to their respective capital accounts. Major completed projects included the completion of a state of the art Security Operations Center, major improvements to Berth 223 and a \$15 million property purchase.

Other significant construction-in-progress projects include:

- Construction of berth 213 and related backland improvements;
- Relocation of the Naval Reserve Center to make way for waterfront development opportunities;
- Development of further infrastructure to the Port Ybor development.



Tampa Port Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2005

The Port Authority's capital program is funded through ad valorem taxes, port usage fees including passenger facility charges, federal and state grants, net revenues, and revenue bond issues. Additional information on the Port Authority's capital assets can be found in note G in the accompanying notes to the financial statements.

Debt Administration

As of September 30, 2005, the Port Authority had outstanding revenues bonds and notes of \$153.0 million. Of this amount, \$6.5 million is current and will mature on June 1, 2006.

In FY2004, specifically February 26, 2004, the Port Authority authorized a synthetic forward refunding of its Hillsborough County Port District, Series 1995 Special Revenue and Refunding Revenue Bonds which were not eligible for current refunding until June 1, 2005. The purpose of this transaction was to allow the Port Authority to take advantage of lower long-term interest rates in effect at the time and lock into an average long-term rate of 4.28% per annum. Depending on the status of long-term interest rates at the time the Series 1995 Bonds did become eligible for refunding, the Port Authority could either continue the synthetic forward refunding or terminate this transaction and currently refund the Series 1995 Revenue Bonds. In FY2005, the Port Authority in conjunction with its financial advisors, RBC Capital Markets, determined that it would be financially advantageous to terminate the synthetic forward refunding and currently refund the 1995 Bonds. The Port Authority issued \$56,475,000 in Series 2005A Hillsborough County Port District Revenue Refunding Bonds to currently refund the Hillsborough County Port District, Series 1995 Special Revenue and Refunding Revenue Bonds. Details regarding this transaction can be found in note J of the accompanying notes to the financial statements.

No other bonds were issued during fiscal year 2005 and the current underlying rating of the Port Authority's bonds remained at "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. The debt service coverage test for fiscal years 2005 and 2004 was met and exceeded for both years.

Request for Information

This financial report is designed to provide a general overview of the Port Authority finances and to demonstrate the Port Authority accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Michael J. Macaluso, Chief Financial Officer, Tampa Port Authority, 1101 Channelside Drive, Tampa, FL 33602. Information may also be obtained on the Port Authority's website at www.tampaport.com.



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y



Tampa Port Authority
COMBINED STATEMENT OF NET ASSETS

September 30, 2005
(With comparative total for 2004)

	Primary Government	Component Unit Tampa Bay International Terminals, Inc.	Total 2005	Total 2004
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (note C)	\$ 57,160,054	\$ 211,543	\$ 57,371,597	\$ 67,570,564
Investments (note C)	10,191,983	938,500	11,130,483	28,493,845
Accounts receivable, net of allowance for doubtful accounts	3,308,297	-	3,308,297	3,028,919
Due from other governments	927,382	-	927,382	6,521,844
Notes receivable (note D)	1,216,672	-	1,216,672	1,774,996
Note receivable from component unit (note D)	730,000	-	730,000	700,000
Interest receivable	754,688	-	754,688	555,621
Prepaid expenses and other current assets	124,099	1,532,296	1,656,395	1,813,838
Total current assets	74,413,175	2,682,339	77,095,514	110,459,627
NONCURRENT ASSETS				
Capital assets, net of depreciation (note G)	411,351,383	-	411,351,383	377,513,614
Notes receivable (note D)	6,074,112	-	6,074,112	4,443,284
Note receivable from component unit (note D)	3,855,000	-	3,855,000	4,585,000
Lease acquisition costs, net of amortization (note E)	2,824,535	-	2,824,535	3,172,402
Bond issuance costs, net of amortization	2,715,996	-	2,715,996	2,663,637
Leasehold rights, net of amortization	712,678	-	712,678	803,714
Other intangible assets (note F)	691,169	724,880	1,416,049	1,554,449
Total noncurrent assets	428,224,873	724,880	428,949,753	394,736,100
TOTAL ASSETS	\$ 502,638,048	\$ 3,407,219	\$ 506,045,267	\$ 505,195,727

The accompanying notes are an integral part of this statement.

Continues



Tampa Port Authority

COMBINED STATEMENT OF NET ASSETS

September 30, 2005
(With comparative total for 2004)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	Total 2005	Total 2004
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 4,491,059	\$ -	\$ 4,491,059	\$ 6,087,013
Construction contracts payable	574,649	-	574,649	1,350,043
Accrued liabilities	856,151	19,944	876,095	888,498
Accrued bond interest	2,425,275	-	2,425,275	2,862,466
Long-term debt due within one year (note J)	6,480,000	-	6,480,000	8,140,000
Note payable to primary government (note J)	-	730,000	730,000	700,000
Deferred revenue	290,870	-	290,870	1,288,791
Total current liabilities	15,118,004	749,944	15,867,948	21,316,811
NONCURRENT LIABILITIES				
Bonds, notes and loans payable, net (note J)	146,248,407	-	146,248,407	157,254,868
Note payable to primary government (note J)	-	3,855,000	3,855,000	4,585,000
Deferred revenue	2,207,875	-	2,207,875	2,434,920
Investment held for component unit	938,500	-	938,500	938,500
Deposits	181,020	-	181,020	715,348
Total noncurrent liabilities	149,575,802	3,855,000	153,430,802	165,928,636
Total liabilities	164,693,806	4,604,944	169,298,750	187,245,447
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	269,456,544	-	269,456,544	233,240,704
Restricted				
Bond debt service	17,547,902	938,500	18,486,402	33,469,424
Capital projects	5,937,047	-	5,937,047	30,522,524
Unrestricted	45,002,749	(2,136,225)	42,866,524	20,717,628
Total net assets (deficit)	337,944,242	(1,197,725)	336,746,517	317,950,280
TOTAL LIABILITIES AND NET ASSETS	\$ 502,638,048	\$ 3,407,219	\$ 506,045,267	\$ 505,195,727

The accompanying notes are an integral part of this statement.



Tampa Port Authority

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

For the year ended September 30, 2005
(With comparative total for 2004)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	Total 2005	Total 2004
Operating revenues				
Port usage fees	\$ 25,375,052	\$ -	\$ 25,375,052	\$ 22,898,945
Land and building leases	8,309,309	-	8,309,309	7,340,268
Handling	-	-	-	845,665
Storage and line handling	-	-	-	476,642
Other operating revenues	1,264,308	900,854	2,165,162	2,103,796
Total operating revenues	34,948,669	900,854	35,849,523	33,665,316
Operating expenses				
Personnel	7,756,321	164,127	7,920,448	8,234,461
Promotional	432,806	2,739	435,545	550,322
Administrative	10,339,716	38,385	10,378,101	9,940,150
Depreciation and amortization	11,102,182	-	11,102,182	10,174,326
Total operating expenses	29,631,025	205,251	29,836,276	28,899,259
Total operating income	5,317,644	695,603	6,013,247	4,766,057
Non-operating revenues (expenses)				
Operating assistance grants	1,268,469	-	1,268,469	1,165,550
Ad valorem taxes	14,039,222	-	14,039,222	14,116,958
Interest income	3,496,940	53,917	3,550,857	3,623,217
Other non-operating revenues	3,693,689	79,426	3,773,115	1,446,827
Interest expense	(8,353,727)	(254,756)	(8,608,483)	(9,379,324)
Amortization of bond issue costs	(266,252)	-	(266,252)	(253,877)
Amortization of bond premiums/(discounts)	64,184	-	64,184	(115,650)
Other non-operating expenses	(2,863,518)	(170,182)	(3,033,700)	(2,921,038)
Loss on swap termination (note J)	(2,075,193)	-	(2,075,193)	-
Total non-operating revenues (expenses)	9,003,814	(291,595)	8,712,219	7,682,663
Income before capital contributions	14,321,458	404,008	14,725,466	12,448,720
Capital grants and contributions	4,070,771	-	4,070,771	8,492,811
Increase in net assets	18,392,229	404,008	18,796,237	20,941,531
Net assets at beginning of year	319,552,013	(1,601,733)	317,950,280	297,008,749
Net assets at end of year	\$ 337,944,242	\$ (1,197,725)	\$ 336,746,517	\$ 317,950,280

The accompanying notes are an integral part of this statement.



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y



Tampa Port Authority
COMBINED STATEMENT OF CASH FLOWS
 For the year ended September 30, 2005
 (With comparative total for 2004)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	Total 2005	Total 2004
Cash flows from operating activities				
Received from customers	\$ 33,909,997	\$ 900,854	\$ 34,810,851	\$ 37,857,439
Payments to suppliers for goods and services	(12,409,720)	(12,619)	(12,422,339)	(8,841,818)
Payments to employees for services	(7,764,287)	(168,564)	(7,932,851)	(8,268,205)
Related to non-operating revenues	3,482,435	-	3,482,435	1,446,827
Related to non-operating expenses	(1,597,171)	-	(1,597,171)	(1,902,638)
Net cash provided by operating activities	15,621,254	719,671	16,340,925	20,291,605
Cash flows from non-capital financing activities				
Operating grants received	1,399,328	-	1,399,328	1,165,550
Payment of ad valorem taxes	(684,284)	-	(684,284)	(524,177)
Net cash provided by non-capital financing activities	715,044	-	715,044	641,373
Cash flows from capital and related financing activities				
Capital grants and contributions received	9,534,373	-	9,534,373	3,550,032
Ad valorem taxes received, net of fees paid	13,457,159	-	13,457,159	13,559,468
Acquisition and construction of capital assets	(45,050,655)	-	(45,050,655)	(44,693,473)
Payment to new facilities operator for moving remaining cargo	-	-	-	(185,000)
Proceeds from sale of abandoned cargo	-	79,426	79,426	92,291
Proceeds from sale of capital assets	378,160	-	378,160	786,774
Excess cash payment to Primary Government	-	-	-	(168,766)
Principal payments on debt	(70,560,000)	(700,000)	(71,260,000)	(19,491,626)
Prepayment of debt related expenses	-	-	-	(1,800,000)
Interest payments on debt	(9,045,211)	(254,756)	(9,299,967)	(9,379,324)
Payments on issuance of bonds	(2,724,600)	-	(2,724,600)	(509,055)
Proceeds from bond issues	57,048,727	-	57,048,727	11,974,220
Bond premium	3,155,792	-	3,155,792	-
Swap termination payment	(2,916,000)	-	(2,916,000)	-
Net cash used by capital and related financing activities	(46,722,255)	(875,330)	(47,597,585)	(46,264,459)
Cash flows provided by investing activities				
Purchase of investments	(10,191,983)	-	(10,191,983)	(27,555,345)
Proceeds from the sale of investments	27,555,345	-	27,555,345	46,814,951
Proceeds from repayment of notes receivable	2,474,996	-	2,474,996	3,440,498
Payments on issuance of notes receivable	(2,847,500)	-	(2,847,500)	(3,226,612)
Interest and dividends received	3,297,873	53,917	3,351,790	3,623,217
Net cash provided by investing activities	20,288,731	53,917	20,342,648	23,096,709
Net decrease in cash and cash equivalents	(10,097,226)	(101,742)	(10,198,968)	(2,234,772)
Cash and cash equivalents at beginning of year	67,257,280	313,285	67,570,565	69,805,337
Cash and cash equivalents at end of year	\$ 57,160,054	\$ 211,543	\$ 57,371,597	\$ 67,570,565

The accompanying notes are an integral part of this statement.



Tampa Port Authority

COMBINED STATEMENT OF CASH FLOWS - CONTINUED

For the year ended September 30, 2005
(With comparative total for 2004)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	Total 2005	Total 2004
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 5,317,644	\$ 695,603	\$ 6,013,247	\$ 4,766,057
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	11,102,182	-	11,102,182	10,174,326
(Increase) decrease in				
Accounts receivable	(279,378)	-	(279,378)	935,500
Due from other governments	-	-	-	4,740
Prepaid expenses and deposits	(41,850)	29,111	(12,739)	42,530
Increase (decrease) in				
Accounts payable	(1,595,348)	(606)	(1,595,954)	1,369,661
Construction contracts payable	-	-	-	305,823
Accrued liabilities	(7,966)	(4,437)	(12,403)	(103,102)
Deferred revenue	(224,966)	-	(224,966)	3,676,211
Deposits	(534,328)	-	(534,328)	(424,330)
Total adjustments	8,418,346	24,068	8,442,414	15,981,359
Non-operating revenues (expenses)	1,885,264	-	1,885,264	(455,813)
Net cash provided by operating activities	\$ 15,621,254	\$ 719,671	\$ 16,340,925	\$ 20,291,603
Noncash capital and financing activities				
Capitalized interest	\$ 254,293	\$ -	\$ 254,293	\$ 328,618

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The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS

September 30, 2005

NOTE A - ORGANIZATION AND REPORTING ENTITY

1. Financial Reporting Entity, Organization and Operations

The Tampa Port Authority (the "Port Authority") and the Hillsborough 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 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.

2. Discretely Presented Component Unit

As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements cover the Port Authority as primary government, as well as its component unit, Tampa Bay International Terminals, Inc. ("TBIT"). According to the 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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE A - ORGANIZATION AND REPORTING ENTITY- Continued

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 accordance with GASB Statement No. 14, due to the following: the Port Authority can appoint the voting majority of the organization's governing body and impose its will on TBIT, and 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, located at 1101 Channelside Drive, Tampa, Florida 33602. Also see notes C, D, F, I, J2, K, M, and Q.

NOTE B - 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:

1. Basis of Accounting

The Port Authority prepares its financial statements in conformity with GAAP 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 to 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 Port Authority has elected to not apply FASB statements and interpretations issued after November 30, 1989.

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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

period in which they are earned and measurable, and expenses are recognized in the period in which the related liability is incurred.

2. Fund Accounting and Basis of Accounting

The operations of the Port Authority are recorded in a proprietary fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. 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.

3. 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.

4. 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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

5. Accounts Receivable

The Port Authority records accounts receivable at estimated net realizable value. Accordingly, accounts receivable at September 30, 2005 are shown net of allowances for doubtful accounts. The primary government believes that all accounts are fully collectible and therefore the allowance has been set to zero. The component unit had no accounts receivable as of September 30, 2005 and therefore the allowance for doubtful accounts has been set to zero.

6. 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 5 to 40 years for buildings, 10 to 40 years for improvements other than buildings, and 3 to 25 years for equipment.

While the Port Authority's capitalization threshold is \$5,000, tangible personal property items with a cost below \$5,000 are recorded and inventoried in accordance with Section 274.002, Florida Statutes, and Rule 10.400 of the Auditor General of the State of Florida, *Local Government-Owned Tangible Personal Property*.

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.

7. 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.

8. 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 related indebtedness. Costs in excess of net assets acquired are amortized over the



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

term of the related TBIT operating agreement with the Port Authority (20 years through December 31, 2009).

9. 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.

10. 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.

11. 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 (\$0.50 per \$1,000 value) ad valorem property tax. The Port Authority levied a millage rate of .26 mill (\$0.26 per \$1,000 value) ad valorem property tax during fiscal year 2005.

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 2005 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the subsequent period.

12. 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 employees earn the benefits.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

14. 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.

15. Interest Rate Risk Management

In certain instances and after careful analysis, 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 a 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 swaption, 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 swaption, no amounts are recorded in the financial statements.

16. Deferred Losses on Refunding of Debt

In accordance with GAAP, losses incurred on proprietary fund debt refunding 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.

17. 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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 Note Disclosures*. These statements eliminate the concept of fund equity and introduce the concept of net assets. The Port Authority fully adopted these statements effective with its 2003 financial statements.

18. Operating Revenues and Economic Dependency

Total operating revenues of the Port Authority for the year ended September 30, 2005 amounted to approximately \$34.9 million, comprised of port usage fees of approximately \$25.4 million (of which dockage and wharfage are approximately \$20.8 million) and rental income of approximately \$8.3 million. Port usage fees and rental income totaled approximately \$33.7 million and made up approximately 96.3% of the primary government's operating revenues in 2005.

19. Determination of Operating vs. Non-Operating Revenues and Expenses

The Port Authority derives the largest portion of its operating revenues from vessel traffic and cargo moving through the port and across its docks. Additionally, the Port Authority is considered a landlord port in that it leases out its properties to various cargo operations for varying terms of up to 40 years in return for rental payments and financial guarantees from those operators.

The expense associated with operating revenue generation is recorded in three major categories: personnel, promotional, and administrative expenses. Personnel expenses include all payments made by the port Authority directly to the employee or on the employee's behalf. Promotional expenses are those incurred in the business of promoting and marketing the Port of Tampa in order to attract new businesses. Administrative expenses include all other expenses necessary to effectively operate the Port Authority on a day-to-day basis.

The Port Authority receives certain other revenue such as ad valorem tax receipts, interest income, and grant revenue that it categorizes as non-operating revenues. These types of revenue are not a direct result of vessel traffic or cargo movement. Additionally, non-operating expenses include, among others, the interest portion of debt service payments, amortization of bond issue costs and bond discounts, ad valorem tax payments and associated fees related to the collection of ad valorem tax receipts.

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Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE C - CASH AND INVESTMENTS

1. Deposits

At September 30, 2005, the bank balance of the Port Authority's (primary government) deposits (unrestricted and restricted) was \$15,301,528 and the book balance was \$15,214,041. For the component unit, the bank balance of deposits and the book balances were \$214,690 and \$211,543, respectively. The difference between the book and bank amounts is due to outstanding checks and transfers, and deposits in transit in its demand accounts.

Of the September 30, 2005 Port Authority's bank balance, \$100,000 was covered by Federal Depositary insurance Corporation (FDIC) and \$15,201,528 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 any of its member institutions fail. Required collateral is defined under Chapter 280, Florida Statutes, *Security for Public Deposits*.

2. Cash on Hand

For the component unit, deposits are maintained with a commercial bank, which is organized under the laws of the United States, and are insured by the FDIC up to \$100,000 for all accounts at each financial institution. At September 30, 2005, TBIT's uninsured cash balances totaled \$111,543.

The Port Authority had cash on hand in its petty cash funds totaling \$17,500. The component unit had no cash on hand at the end of the fiscal year.

3. 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.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

- 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 U.S. government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such U.S. 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, 2005, consisted of the following:

The Port Authority invests funds throughout the year with the Local Government Surplus Trust Funds Trust Fund Investment Pool, an investment pool administered by the Florida State Board of Administration ("FSBA"), under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2005, the FSBA 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. The FSBA met the criteria to be a "2a-7Like" pool as defined in GASB No. 31 at September 30, 2005. Therefore the investment was valued at share value, which approximates fair value at September 30, 2005. The total invested through the Local Government Surplus Trust Funds Trust Fund Investment Pool is \$41,762,716 at September 30, 2005, which is included in cash and cash equivalents.

Investments in securities made by the Port Authority and its component unit (unrestricted and restricted) are summarized below. The investments are classified by category of investment and show the fair value, the weighted average maturity in years, and the credit rating. Since U.S. treasury securities are considered to have no credit risk, they have, by definition, the highest possible credit rating. All investment income, including changes in the fair value of investments, is reported as a part of interest income in the financial statements.

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Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE C - CASH AND INVESTMENTS - Continued

Investments

	Fair Value		Weighted Avg. Maturity (yrs)	Credit Rating
	Primary Government	Component Units		
U.S. treasury securities	\$ 5,138,033	\$ 938,500	0.16	highest possible
Federal National Mortgage Association	74,500	-	0.16	AAA
Florida Local Government Surplus Funds Trust Fund (managed by State Board of Administration)	471,847	-	0.13	unrated
Commercial paper	4,507,603	-	0.25	A1
	<u>\$ 10,191,983</u>	<u>\$ 938,500</u>		

The weighted average maturity method expresses investment time horizons, the time when investments become due and payable, in years or months weighted to reflect the dollar size of individual investments within an investment type. In this illustration, the weighted average maturity is computed for each investment type. The weighted average maturity for the primary government, as a whole at year end was .2 years.

Credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk, a subset of credit risk, is the risk that the counterparty fails to fulfill its obligations. All of the investments of the Port Authority are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Port Authority's or component unit's name and meet the definition of a Category 2 investment as defined by GASB.

NOTE D - 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, 2005:

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

Note receivable from Tampa Bay Shipbuilding Company, monthly payments at \$170,000 until June 1, 2006 (see note J)	\$ 1,216,672
Note receivable balance due from Tampa Bay Shipbuilding Company as of September 30, 2005; repayment will begin on December 1, 2006 and will end on December 1, 2018	6,074,112
Note receivable from TBIT (component unit), with a varying interest rate of 3.8% to 5.0%; principal and interest payable monthly beginning September 1997 through May 2011 (see note J)	<u>4,585,000</u>
Total	11,875,784
Less: due within one year	<u>(1,946,672)</u>
Non- current portion notes receivable	<u>\$ 9,929,112</u>

NOTE E - 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 2005:

Cost of lease acquisitions	\$ 4,333,257
Accumulated amortization, fiscal year 2005	<u>(1,508,722)</u>
Balance, September 30, 2005	<u>\$ 2,824,535</u>

NOTE F - INTANGIBLE ASSETS

Primary Government - Intangible assets of the primary government consist of the following at September 30, 2005:

Cost of TBIT loan forgiveness	\$ 2,075,109
Accumulated amortization, fiscal year 2005	<u>(1,383,940)</u>
Balance, September 30, 2005	<u>\$ 691,169</u>

Component Unit - Intangible assets of the component unit consist of the following at September 30, 2005:

Cost in excess of net assets acquired (goodwill)	\$ 2,000,000
Accumulated amortization, fiscal year 2005	<u>(1,275,120)</u>
Balance, September 30, 2005	<u>\$ 724,880</u>

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

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. Long-lived assets to be held (such as goodwill) and used by the company are to be reviewed for impairment whenever changes in circumstances indicated that the carrying amount of the assets may not be recoverable. In performing the review for recoverability, the company would estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future net cash flows is less than the carrying amount of the asset, an impairment loss would be measured and recognized. Otherwise, an impairment loss would not be recognized. As of September 30, 2005, goodwill is not impaired.

NOTE G - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government	September 30, 2004	Additions	Transfers	Deletions	September 30, 2005
<u>Owned assets</u>					
Capital assets not being depreciated					
Land	\$ 92,016,387	\$ 15,021,241	\$ -	\$ -	\$ 107,037,628
Construction in progress	48,339,454	29,329,713	(33,577,649)	-	44,091,518
Total capital assets not depreciated	140,355,841	44,350,954	(33,577,649)	-	151,129,146
Capital assets being depreciated					
Buildings	118,188,585	-	18,896,913	-	137,085,498
Infrastructure	166,435,141	-	11,642,810	-	178,077,951
Dredging	20,106,843	-	2,993,019	-	23,099,862
Equipment and furnishing	8,885,979	178,600	44,907	(1,062,099)	8,047,387
Total capital assets depreciated	313,616,548	178,600	33,577,649	(1,062,099)	346,310,698
Less accumulated depreciation					
Buildings	16,432,589	3,394,980	-	-	19,827,569
Infrastructure	43,155,296	4,908,885	-	-	48,064,181
Dredging	10,114,449	1,770,491	-	-	11,884,940
Equipment and furnishing	6,857,312	410,214	-	(895,192)	6,372,334
Total accumulated depreciation	76,559,646	10,484,570	-	(895,192)	86,149,024
Total depreciable capital assets, net	237,056,902	(10,305,970)	33,577,649	(166,907)	260,161,674
Owned capital assets, net	377,412,743	34,044,984	-	(166,907)	411,290,820
<u>Assets under lease</u>					
Capital assets being depreciated					
Vessel	181,487	-	-	-	181,487
Less accumulated depreciation	(80,616)	(40,308)	-	-	(120,924)
Capital assets under lease, net	100,871	(40,308)	-	-	60,563
Total capital assets	\$ 377,513,614	\$ 34,004,676	\$ -	\$ (166,907)	\$ 411,351,383

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE G - CAPITAL ASSETS - Continued

Depreciation expense for the Tampa Port Authority (primary government) for the year ended September 30, 2005 was \$10,484,570 for owned assets and \$40,308 for assets under lease. The Port Authority's construction in progress of \$44,091,518 at September 30, 2005 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.

NOTE H - CURRENT LEASE AGREEMENTS WITH TENANTS

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, including renewal options, to be received under non-cancelable operating leases are as follows:

<u>Year ending September 30,</u>	
2006	\$ 6,197,248
2007	5,422,808
2008	5,366,927
2009	5,124,184
2010	4,849,385
Thereafter	<u>129,752,720</u>
	<u>\$ 156,713,272</u>

NOTE I - 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, 2005 was \$856,151 and \$6,427 respectively, and are included in accrued liabilities.

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Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE

1. Primary Government

The following is long-term debt activity for the year ended September 30:

	September 30, 2004	Additions	Deductions	September 30, 2005	Due within one year
Revenue bonds	\$ 165,394,868	\$ 57,793,748	\$ 70,460,209	\$ 152,728,407	\$ 6,480,000
Deferred revenue	3,723,711	-	1,224,966	2,498,745	290,870
Investment held for component unit	938,500	-	-	938,500	-
Deposits	715,348	269,380	803,708	181,020	-
Total	<u>\$ 170,772,427</u>	<u>\$ 58,063,128</u>	<u>\$ 72,488,883</u>	<u>\$ 156,346,672</u>	<u>\$ 6,770,870</u>

Revenue Bonds

1995B refunding revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 4.35% to 5.7% term bonds maturing through 2013	\$ 17,310,000
1997 refunding revenue bonds (TBIT Project), collateralized by a pledge and lien on gross revenues of the Port Authority, 3.8% to 5%, maturing through 2011	4,825,000
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	1,825,000
1998 revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 5% term bonds, maturing 2018 5% term bonds, maturing 2023	3,235,000 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 5.25% term bonds, maturing 2025 5.375% term bonds, maturing 2027	14,915,000 6,340,000 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 6.5% term bonds, maturing 2017 6.875% term bonds, maturing 2022	2,100,000 1,640,000 2,680,000

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE - Continued

6.875% term bonds, maturing 2027	3,580,000
2003 revenue refunding bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 3.91% to 5.22% serial bonds, maturing 2013	12,547,947
2005A revenue refunding bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 3% to 5% serial bonds, maturing through 2020	<u>56,475,000</u>
Total outstanding bond balance	152,982,947
Unamortized (discount)/premium - net	2,447,463
Less unamortized loss on defeasance	<u>(2,702,003)</u>
Carrying amount	152,728,407
Less current maturities	<u>(6,480,000)</u>
Bonds, notes and loans payable - non current	<u>\$146,248,407</u>

Debt maturities and related interest payments at September 30, 2005 consist of the following:

Year ending September 30,	Principal	Interest	Total
2006	\$ 6,480,000	\$ 7,275,811	\$ 13,755,811
2007	6,190,000	6,953,836	13,143,836
2008	6,505,000	6,639,051	13,144,051
2009	6,269,576	6,866,408	13,135,984
2010	6,310,467	6,829,757	13,140,224
2011 - 2015	36,052,904	24,665,614	60,718,518
2016 - 2020	48,100,000	17,609,211	65,709,211
2021 - 2025	31,775,000	5,605,495	37,380,495
2026 - 2030	<u>5,300,000</u>	<u>466,669</u>	<u>5,766,669</u>
Total	<u>\$ 152,982,947</u>	<u>\$ 82,911,852</u>	<u>\$ 235,894,799</u>

In March 2005, the Port Authority issued \$56,475,000 in revenue refunding bonds Series 2005A, with interest rates ranging from 3% to 5%, and with final maturities ending through 2020. The Series 2005A bonds were issued to currently refund Series 1995 Special Revenue & Revenue bonds. As a result of this debt, a deferred refunding loss of \$2,801,793 was recorded as a component of the debt liability and is deducted from long-term bonds payable. This deferred loss is being amortized through 2020. The unamortized loss balance at September 30, 2005 was \$2,702,003. The net present value of the interest

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE - Continued

savings over the term of the bond results in an economic gain of approximately \$1,493,000. Additionally, the debt service savings approximated \$4,024,000.

In November 2003, the Port Authority issued \$11,520,790 of Revenue Refunding Bonds (Tampa Port Authority Project), Series 2003, with interest ranging from 3.91% to 5.22%, and with final maturities ending through December 1, 2013. Bond proceeds were used to fund the payment of the Hillsborough County Port District Second Lien Revenue Bonds (Tampa Port Authority Project) Series 1994 bonds on December 1, 2003 which were called to purchase a debt service reserve fund surety bond, and to pay bond issuance costs of the 2003 bonds. The net present value of the interest savings over the term of the bond results in an economic gain of approximately \$617,000. Additionally, the debt service savings approximated \$890,000.

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 5.75%, 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 6.25% to 6.875%, and with final maturities ending through 2027. Bond proceeds are being expended and are being 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 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 1977 Special Purpose Revenue Bonds (Tampa Ship Project) to take advantage of lower interest rates. The 1997B Bonds are on parity with the 1995A and B Bonds. In conjunction with the issuance of these bonds, 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.

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

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE - Continued

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 1990 Special Purpose Revenue Bonds, (Tampa Bay International Terminals, Inc.) to take advantage of lower interest rates. The 1997 bonds are on parity with the other Port Authority bond issues. In conjunction with the issuance of these bonds, the Port Authority and TBIT entered into a Loan Agreement dated August 1, 1997 whereby TBIT pays the Port Authority an amount equal to the principal and interest due on the 1997 Bonds in accordance with an installment schedule attached to the above referenced loan agreement.

In May 1995, the Port Authority issued \$42,010,000 of Refunding Revenue Bonds, Series 1995A 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 Refunding Revenue Bonds, Series 1977, and Revenue Bonds, Series 1978, Series 1984A, Series 1990. Series 1995A were paid off during the year ended September 30, 2005.

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 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 refund the Series 1989A bonds, repay the Port Authority's Non-Revolving Line of Credit Bond Anticipation Note, Series 1994, and provide funding in the amount of \$31 million 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. Special Revenue and Refunding Revenue Bonds, Series 1995, were refunded during the year ended September 30, 2005 with Series 2005A bonds.

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 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, fair value as



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE – Continued

of September 30, 2005, 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% for a period of 180 consecutive days after December 1, 2004, will the swaption provider 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 P3). 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.

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 the 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.

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE – Continued

Forward Synthetic Refunding Agreement - The Port Authority authorized a synthetic forward refunding of its 1995 Special Revenue Bonds. An agreement was executed on February 26, 2004. In connection with the synthetic forward refunding, the Port Authority agreed to issue variable rate debt in the principal amount of the Special Revenue Bonds, which would be outstanding as of June 1, 2005 in the amount of \$64,985,000, fair value as of September 30, 2004, and immediately swap the variable rate debt for fixed rate payments. This agreement was terminated on March 1, 2005, in connection with the Port Authority's issuance of the 2005A Revenue Refunding Bonds. A loss of \$2,075,193 is included in the other non-operating section of the combined statement of revenues, expenses and changes in fund net assets as a result of the termination.

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.

The principal balance due on bond issues defeased is as follows as of September 30, 2005:

Revenue Bonds, Series 1967 Term Bonds	\$ 605,000
Revenue Bonds, Series 1973A Term Bonds	4,885,000
Special Refunding Revenue Bonds, Series 1976A Term Bonds	1,830,000
Refunding Revenue Bonds, Series 1977 Term Bonds	16,200,000
Revenue Bonds, Series 1978 Term Bonds	755,000
Revenue Bonds, Series 1990 Term Bonds	10,660,000
	<u>\$ 34,935,000</u>

2. Component Unit

Notes payable of the component unit consist of the following at September 30, 2005:

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	\$ 4,585,000
Less current portion	<u>(730,000)</u>
Long-term portion	<u>\$ 3,855,000</u>

The accompanying notes are an integral part of this statement.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE J - BONDS, NOTES AND LOANS PAYABLE - Continued

Debt maturities consist of the following at September 30:

2006	\$ 730,000
2007	761,667
2008	796,667
2009	831,666
2010	868,333
2011	596,667
	<hr/>
Total	\$ 4,585,000

On August 1, 1997, the Port Authority executed a loan agreement with TBIT (the component unit) 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 \$53,917 for the year ended September 30, 2005. TBIT's interest expense on the above notes was \$254,756 for the year ended September 30, 2005.

NOTE K - TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND COMPONENT UNIT

As done in previous years, TBIT remitted to the Port Authority the interest savings 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 \$170,182 for the year ended September 30, 2005.

NOTE L - EMPLOYEE RETIREMENT PLANS

1. 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 646,000 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 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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE L - EMPLOYEE RETIREMENT PLANS - Continued

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.

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.

2. 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 Florida 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. An 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. As of September 30, 2005, no Port Authority employees had elected to participate in the defined contribution plan.

3. Contributions to Florida Retirement System

For the System's fiscal year commencing July 1, 2005, the participating employer contributions are based upon statewide rates established by the State of Florida. The contributions by participating employers are the same for the defined benefit plan and the defined contribution plan. These rates are applied to employee salaries as follows for regular employees at 7.83%, senior management at 10.45%, and Deferred Retirement Option Program (DROP) at 9.33%. The Port Authority's contributions made during the years ended September 30, 2005, 2004 and 2003 were \$508,896, \$433,770 and \$357,837, respectively, equal to the actuarially determined contribution requirements for each year.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE M - RELATIONSHIP BETWEEN PRIMARY GOVERNMENT AND COMPONENT UNIT

The Port Authority entered in an Operating Agreement with its component unit, TBIT, dated January 9, 1990 and amended effective October 1, 1995 with an expiration date of December 31, 2009. The terms of the Amended Operating Agreement provided for TBIT to collect on behalf of and remit to the Port Authority certain wharfage fees derived by the Port Authority on an annual basis.

Effective January 31, 2004, the Port Authority entered into an agreement with SSA Marine Gulf, Inc., ("SSA") (the Concession Agreement) to provide terminal operations on its behalf and in the place of TBIT. The role of TBIT changed from that of terminal operator to one of SSA contract administrator for the Port. Its legal status did not change, and it remains a component unit of the Port Authority.

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.

The contract entered into between the Port Authority and TBIT effective January 31, 2004 suspends the original agreements shown above.

NOTE N - 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 received and provided funding to various Florida ports through two different bond issuances: The \$222,320,000 Revenue Bonds (State Transportation Trust Fund), Series 1996, and \$153,115,000 Revenue Bonds, (State Transportation Trust Fund - Intermodal Program), Series 1999.

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 Sections 320.20(3) and 320.20(4), Florida Statutes, to repay its loan.

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 the Port Authority from the State Transportation Trust Fund pursuant to Sections 320.20(3) and 320.20(4), Florida Statutes, which provides that \$15,000,000 and \$10,000,000, respectively, 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.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE N - FLORIDA PORTS FINANCING COMMISSION continued

The Port Authority has been allocated approximately \$61.7 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 cost 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, 2005, the Port Authority has drawn down approximately \$61.3 million from its escrow account to fund such projects.

NOTE O - 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 P - COMMITMENTS AND CONTINGENCIES

1. 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.

2. 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. There are no remaining special purpose revenue bonds as of September 30, 2005.



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE P - COMMITMENTS AND CONTINGENCIES - Continued

3. 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 J). 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 could 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% for any period of 180 consecutive days after December 1, 2004; (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 the current market conditions.

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

4. Commitments

The Tampa Port Authority had contractual commitments for various projects that amounted to approximately \$38 million as of September 30, 2005.

5. Component Unit

See note Q below.

6. Contingent Liability

The Port Authority entered into a Project Cooperation Agreement with the Department of the Army - Corps of Engineers to dredge a portion of the main ship channel in the Hillsborough County Port District. The Project is referred to as the Ybor Channel Turning Basin Project and is complete.

The Project Cooperation Agreement committed Federal Government funding of 75% towards project costs and required the Port Authority, a non-Federal Sponsor, to fund 25% of the project costs. In addition to the 25% matching funding by the Port Authority, the agreement also requires that the Port Authority be responsible for an additional 10% of total



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE P - COMMITMENTS AND CONTINGENCIES - Continued

project costs up to \$1,167,885. Repayment of these amounts by the Port Authority to the Corps of Engineers may be spread over a period of up to thirty years.

The 10% repayment process will not start until the total project funding allocation is balanced by the Corps of Engineers and the project is officially closed.

Past history supports the Port Authority's position of not recording the liability as of September 30, 2005, since there is no stated date as to when the repayment process will commence and the annual repayment amount is not material to the Port Authority's financial position.

NOTE Q - RELATIONSHIP AMONG THE PORT AUTHORITY, TBIT AND SSA

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.

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 previously provided terminal operations. On December 23, 2003, the Port Authority reached agreement with SSA to provide said services. The agreement commenced on January 31, 2004 and continues for 10 years to January 31, 2014. SSA has the option of extending 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 pays the Port Authority 20% of gross revenues, as defined, generated each contract 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 provides all terminal operations equipment necessary to handle the Port Authority's terminal operations for general cargo and container cargo and is responsible for the maintenance of said equipment at its own expense. Effective February 1, 2003, 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



Tampa Port Authority

NOTES TO COMBINES FINANCIAL STATEMENTS - CONTINUED

September 30, 2005

NOTE Q - RELATIONSHIP AMONG THE PORT AUTHORITY, TBIT AND SSA – Continued

perform terminal operations under Article I of the Amended Operating Agreement were suspended commencing midnight on the day before the effective date of the Port Authority agreement with SSA.

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 agreed 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, as referenced in note J2 of these financial statements. As of September 30, 2005, the outstanding principal balance due on the bonds and loan agreement is \$4,585,000. All other operating expenses incurred by TBIT in the future shall be the responsibility of the Port Authority.

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TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y





Table 1

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating revenues:										
Port usage fees	\$12,676	\$12,144	\$12,939	\$14,686	\$14,441	\$15,745	\$18,311	\$21,684	\$22,899	\$25,375
Land and building leases	3,017	4,134	4,316	4,442	4,992	5,978	6,389	6,213	7,340	8,309
Work permits	20	20	23	32	36	33	36	52	52	50
Tenants' utilities	360	333	352	407	418	478	522	648	627	530
Fingerprinting / badging	0	0	0	0	0	0	316	432	581	621
License fees	59	65	68	59	58	67	56	68	90	64
Total operating revenues	16,132	16,696	17,698	19,626	19,945	22,301	25,630	29,097	31,589	34,949
Operating grants:	0	0	0	0	0	0	0	1,651	1,166	1,268
Operating expenses:										
Salaries	4,274	4,718	4,648	4,897	4,855	5,517	6,372	6,735	7,315	7,756
Security staffing, contracted	0	0	0	0	0	0	1,600	2,096	2,331	2,537
Marketing & research	218	191	184	118	116	168	133	197	136	139
Public relations	250	216	198	325	338	303	311	349	263	254
Utilities	593	610	461	582	758	733	1,047	1,317	1,478	1,368
Insurance	609	566	485	426	440	518	679	1,245	1,215	1,328
Property maintenance	534	565	542	606	719	750	918	1,041	858	788
Computer expense	66	83	106	93	114	245	218	275	236	235
General expense	438	368	338	436	393	666	1,242	1,400	2,148	2,745
Background checks, FDLE	0	0	0	0	0	0	180	283	357	386
Communications	67	76	70	105	154	157	221	288	272	222
Professional fees	1,163	1,144	738	674	627	596	590	480	505	652
Travel	111	95	72	143	145	144	163	191	159	119
Total operating expenses	8,323	8,632	7,842	8,405	8,659	9,797	13,674	15,897	17,273	18,529
Operating income before depreciation/amortization	7,809	8,064	9,856	11,221	11,286	12,504	11,956	14,851	15,482	17,688
Depreciation/Amortization	3,535	3,970	4,637	5,236	6,443	6,956	7,996	9,277	10,165	11,102
Operating income	4,274	4,094	5,219	5,985	4,843	5,548	3,960	5,574	5,317	6,586
Non-operating revenues/(expenses):										
Interest income	3,194	3,215	4,351	4,579	5,380	4,969	3,372	3,691	3,555	3,497
Ad valorem taxes	8,363	8,121	8,788	9,554	10,296	10,891	11,962	12,907	14,117	14,039
Interest expense	(6,986)	(7,411)	(8,168)	(8,673)	(9,019)	(8,709)	(9,352)	(9,834)	(9,094)	(8,354)
Capital grants (1)	-	-	-	-	-	-	14,270	5,416	8,493	4,071
Other, net	224	(144)	(59)	388	2,994	5,203	(1,118)	(2,430)	(1,350)	(1,447)
Total non-operating revenue	4,795	3,781	4,912	5,848	9,651	12,354	19,134	9,750	15,721	11,806
Net Income	\$9,069	\$7,875	\$10,131	\$11,833	\$14,494	\$17,902	\$23,094	\$15,324	\$21,038	\$18,392

(1) Capital grants were treated as contributed capital on the balance sheet up through FY2001.



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) Rate	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 Taxes Received (d)
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	\$9,788	\$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
2003	\$50,374,394	16.984	0.290	1.71%	2004	\$14,117	\$558	\$524	\$13,035
2004	\$55,805,029	16.815	0.260	1.55%	2005	\$14,039	\$581	\$685	\$12,773

(a) 2005 property tax rolls were not levied and opened for collection until November 1, 2005 making final data for the 2005 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 2004 millage rate of .26 equals 26 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)

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)	
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%
2004	71,506	8,008		14,201	1,281		49,234	6,557	112	70%
2005	85,640	8,647		15,772	1,550		57,663	7,017	70	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 Market 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)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Countywide:										
BOCC (b) - General Revenue	7.905	7.916	7.807	7.750	7.597	7.533	7.435	7.198	7.188	7.176
Tampa Port Authority	0.330	0.310	0.310	0.310	0.310	0.295	0.290	0.290	0.290	0.260
Voted Debt Service	0.054	0.051	--	--	--	--	--	--	--	--
Environmentally										
Sensitive Lands (c)	0.210	0.188	0.188	0.157	0.185	0.149	0.127	0.114	0.105	0.096
Southwest Florida Water										
Management District	0.422	0.422	0.422	0.422	0.422	0.422	0.422	0.422	0.422	0.422
School Board	9.867	9.954	9.588	9.531	9.071	8.715	8.586	8.595	8.480	8.361
Children's Board	0.421	0.417	0.417	0.417	0.417	0.417	0.417	0.500	0.500	0.500
Total	19.209	19.258	18.732	18.587	18.002	17.531	17.277	17.119	16.984	16.815
Non-Countywide:										
BOCC - Free Library Service	0.642	0.642	0.642	0.642	0.642	0.642	0.642	0.642	.0642	.0642
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)	0.049	0.046	0.089	0.081	0.073	0.068	0.058	0.500	0.046	0.040
Southwest Florida Water										
Management District (f):										
Alafia River Basin	0.240	0.247	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Hillsborough River Basin	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285
NW Hillsborough Basin	0.268	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	6.540	6.539	6.539	6.539	6.539	6.539
Temple Terrace	4.410	4.410	4.700	4.410	4.910	4.910	4.910	4.910	4.910	4.910
Plant City	4.700	4.700	4.410	4.700	4.700	4.700	4.700	4.700	4.700	4.700

- (a) Since the 2005 property tax rolls were not levied and opened for collection until November 1, 2005, final data for the 2005 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, 2005
(Unaudited)
(amounts in thousands)

Taxpayer	Type of Business	2004 Taxes Levied	% of Total Taxes Levied
1. Tampa Electric Company	Electrical services	\$ 34,257	2.39 %
2. Verizon	Telecommunications	22,823	1.59
3. Hillsborough County Aviation Authority	County government	9,711	0.68
4. Mosaic Phosphates Company	Fertilizer	7,379	0.52
5. Highwoods/Florida Holdings LP	Housing/Real Estate	6,345	0.48
6. Camden Property Trust	Housing/Real Estate	5,074	0.35
7. Post Apartment Homes	Housing/Real Estate	4,826	0.34
8. Glimcher LTD Partnership	Retail/Real Estate	4,579	0.32
9. Wal-Mart	Retail	4,113	0.29
10. Busch Entertainment	Entertainment	2,955	0.21
		<u>\$ 102,062</u>	<u>7.17 %</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
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	\$31,728	\$13,674	\$18,054	\$9,173	1.97	\$15,526	1.16
2003	\$35,780	\$15,694	\$20,086	\$10,328	1.94	\$16,730	1.20
2004	\$37,938	\$17,273	\$20,665	\$10,783	1.92	\$17,184	1.20
2005	\$41,422	\$18,529	\$22,893	\$12,425	1.84	\$15,093	1.52
	(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. No adjustment has been made to operating expense for payments made to other governments.
- (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)**

Year Ended	Population (a)	Per Capita Income (b)	Civilian Labor Force (c)	Total Employment (c)	Unemployment Rate
1996	916,064	\$23,062	519,104	499,119	3.8%
1997	931,482	\$24,081	541,681	523,106	3.4%
1998	945,565	\$25,648	558,930	543,137	2.8%
1999	971,079	\$26,889	577,003	560,519	2.9%
2000	998,948	\$28,558	532,628	514,531	3.4%
2001	1,026,906	\$29,055	546,515	525,442	3.9%
2002	1,055,617	\$29,602	553,874	525,209	5.2%
2003	1,083,520	\$29,748	561,287	533,535	4.9%
2004	1,099,832	<i>not available</i>	570,779	546,708	4.2%
2005	1,147,120	<i>not available</i>	590,226	569,068	3.6%

(a) Source: Hillsborough County City-County Planning Commission.

(b) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(c) Source: Florida Agency for Workplace Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics



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	
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	11,466,397
2002	46,355,925	1,340,965	272,512	1,613,477	11,909,242
2003	50,374,394	2,083,065	328,023	2,411,088	12,087,941
2004	55,805,029	<i>not available</i>	<i>not available</i>	<i>not available</i>	16,357,681

(b)

(c)

(d)

(d)

(a) Data for 2004 value of construction not available.

(b) Source: Property Appraiser

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

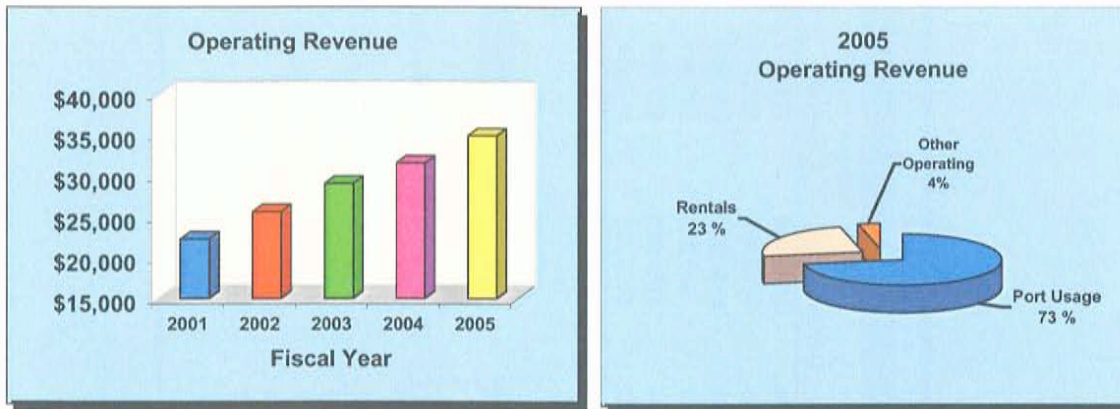
(d) Source: Hillsborough County City-County Planning Commission



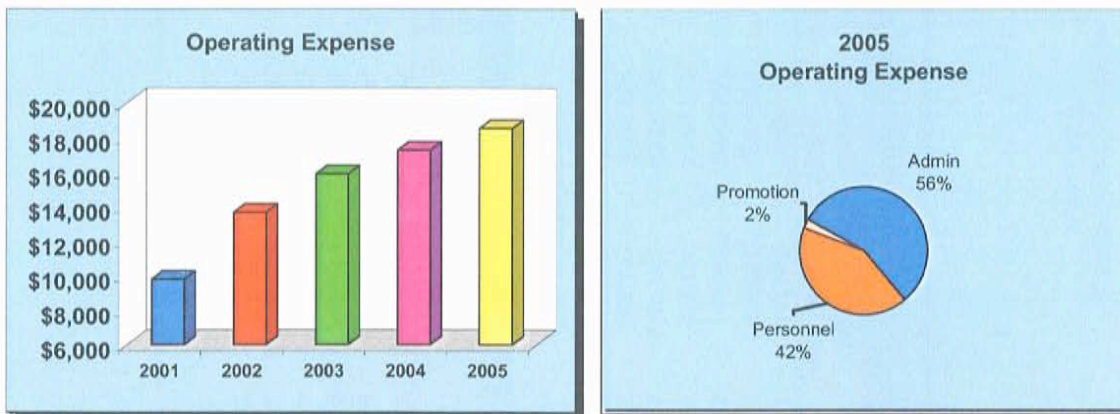
Table 9

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

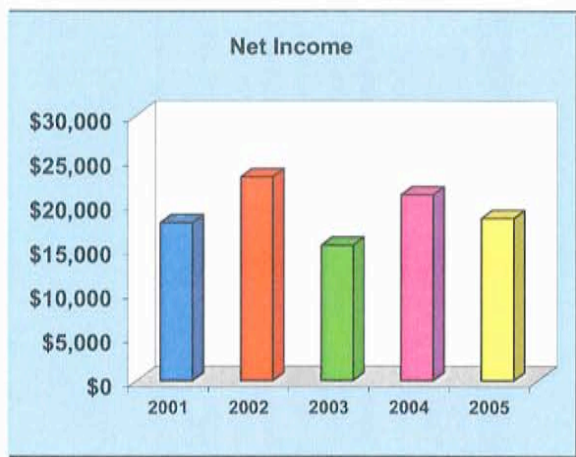
OPERATING REVENUE



OPERATING EXPENSE



NET INCOME



DEBT SERVICE COVERAGE

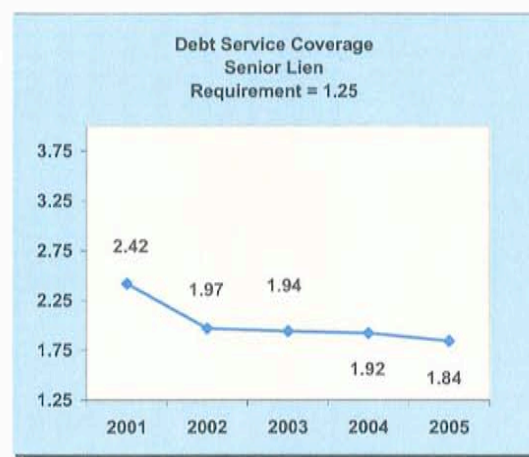




Table 10

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

GENERAL CARGO									
Fiscal Year	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
2004	\$882,604	\$635,118	\$1,372,026	\$16,427	\$113,638	\$386,072	\$250,227	\$15,180	\$670
2005	\$1,093,961	\$820,563	\$1,133,872	\$115,890	\$116,151	\$379,858	\$423,924	\$20,376	\$6,792

BULK CARGO		
Fiscal Year	Petroleum & Related	Revenue
1999	\$3,236,662	\$3,648,531
2000	\$3,379,666	\$4,122,069
2001	\$3,647,492	\$4,660,147
2002	\$4,239,762	\$5,696,730
2003	\$4,510,441	\$8,175,083
2004	\$4,744,939	\$7,887,694
2005	\$5,447,921	\$7,929,272

BULK CARGO			
Fiscal Year	Liquid Bulk, Misc	Dry Bulk, Misc	Phosphate/Fertilizers
1999	\$2,101,911	\$397,094	\$755,925
2000	\$1,593,455	\$803,549	\$629,101
2001	\$1,831,789	\$1,128,558	\$596,666
2002	\$1,815,490	\$1,427,857	\$652,389
2003	\$1,816,902	\$1,484,849	\$535,115
2004	\$1,771,876	\$1,938,968	\$797,725
2005	\$2,019,346	\$3,076,761	\$782,607

CRUISE	
Fiscal Year	Revenue
1999	\$3,648,531
2000	\$4,122,069
2001	\$4,660,147
2002	\$5,696,730
2003	\$8,175,083
2004	\$7,887,694
2005	\$7,929,272



Table 11

TAMPA PORT AUTHORITY
Cruise Statistics
Last Ten Years
(Unaudited)

Fiscal Year Ended	Passenger Count (1)	Cruise Operating Revenue (2)	Average Revenue per Passenger	Total Operating Revenue	Percent of Cruise Operating to Total Operating
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	\$8,175,083	\$10.09	\$29,096,585	28.10%
2004	791,772	\$7,887,694	\$9.96	\$31,588,942	24.97%
2005	771,550	\$7,929,272	\$10.28	\$34,948,669	22.69%

(1) Passenger count includes passengers disembarking, embarking, and in transit from cruise ships.

(2) Cruise revenue includes dockage, wharfage, water, parking, and miscellaneous terminal revenue.

Source: Port Authority statistics



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y



OTHER PORT FINANCIAL INFORMATION



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y



Table 12

TAMPA PORT AUTHORITY
Revenues - Compared with Budget
For the year ended September 30, 2005
(Unaudited)
(amounts in thousands)

	Budget	Actual	Actual Over/(Under) Budget
Operating revenues:			
Dockage	\$6,569	\$6,130	(\$439)
Wharfage	13,111	13,698	587
Stevedore use fees	100	133	33
Terminal Operations	1,000	1,004	4
Other services and rentals	242	240	(2)
Other passenger terminal revenue	4,041	4,170	129
Land and building leases	7,503	8,309	806
Work permits	49	49	0
Tenants' utilities	691	530	(161)
Fingerprinting/badging	716	611	(105)
License fees, other	81	75	(6)
Total operating revenues	34,103	34,949	846
Operating grants	1,619	1,268	(351)
Non-operating revenues:			
Interest income	3,459	3,497	38
Ad valorem taxes	13,808	14,039	231
Capital grants	3,583	4,071 (1)	488
Loan income	2,778	2,778 (2)	-
Harbormaster fees trust	625	728	103
Miscellaneous revenue	1,015	2,662	1,647
Total non-operating revenues	25,268	27,775	2,507
	<u>\$ 60,990</u>	<u>\$ 63,992</u>	<u>\$ 3,002</u>

(1) Capital grants relate to capital projects which span several fiscal years. The actual dollars received were for reimbursable expenditures specifically related to FY2005.

(2) Includes budgeted loan payments from Tampa Bay Shipbuilding and Tampa Bay Internationals.



Table 13

TAMPA PORT AUTHORITY
Expenses - Compared with Budget
For the year ended September 30, 2005
(Unaudited)
(amounts in thousands)

	Budget	Actual	Actual Over/(Under) Budget
Operating expenditures:			
Salaries	\$ 7,603	\$ 7,756	\$ (153)
Security staffing, contracted	1,524	2,538	(1,014)
Marketing & research	147	133	14
Public relations	340	261	79
Utilities	1,649	1,368	281
Insurance	1,392	1,328	64
Property maintenance	877	848	29
Computer expense	281	205	76
General expense	2,852	2,712	140
Background checks, FDLE	464	386	78
Communication	272	222	50
Professional fees	764	652	112
Travel	224	120	104
Total operating expenses	18,389	18,529	(140)
Non-operating expenditures:			
Ad valorem taxes, fees and other	1,202	1,294	(92)
Interest expense	9,015	8,608 (1)	407
Developmental improvements, other	80,843	47,978 (2)	32,865
Harbormaster fee trust	248	197	51
Total non-operating expenditures	91,308	58,077	33,231
	\$ 109,697	\$ 76,606	\$ 33,091

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

(2) Budgeted, but unspent, contractual commitments totaling \$32,865,167 as of September 30, 2005 were carried over into the capital projects budget for fiscal year 2006. Other projects, though budgeted, were not contracted as of September 30, 2005 and were also carried forward into fiscal year 2006.



Table 14

TAMPA PORT AUTHORITY
Cash, Cash Equivalents, and Investments
as of September 30, 2005
(Unaudited)

	<u>Interest Rate</u>	<u>Term from Date of Purchase</u>	<u>Maturity Date</u>	<u>Totals at Cost</u>
Unrestricted:				
State Board of Administration (public agency pooled investments) (1)	Various	None Stated	as needed	\$ 34,559,786
SunTrust Bank, overnight investments	"	"	"	\$ 15,214,041
Cash on hand	-	-	-	\$ 17,500
Subtotal, unrestricted				\$ 49,791,327
Restricted:				
Bank of New York, 97 reserve for component unit	5.745%	11.7 years	06/01/11 (2)	\$ 938,204
Bond Debt Service:				
Bank of New York, 95A & B, 98	6.855%	various	12/01/05	\$ 2,040,649
Wachovia National Bank, 97 TBIT	6.855%	various	12/01/05	\$ 316,892
U. S. Bank, 97B TBSB	6.855%	various	12/01/05	\$ 635,104
Bank of New York, 2002A & B	4.970%	various	12/01/05	\$ 656,345
Bank of New York, 2005A	6.910%	various	12/01/05	\$ 937,756
				\$ 4,586,746
Bond Debt Service Reserve:				
Bank of New York, 95A & B reserve	5.945%	13.7 years	06/01/13 (2)	\$ 4,201,802
Renewal & Replacement Reserve:				
State Board of Administration (public agency pooled investments) (1)	Various	None Stated	as needed	\$ 1,896,911
Construction Trust Funds:				
Bank of New York Trust Company, Dredging Escrow	Various	None Stated	as needed	\$ 159,181
SunTrust, 99 FPFC Construction Account	"	"		\$ 471,847
State Board of Administration, 2002A & B Construction Account	"	"	"	
(public agency pooled investments) (1)	"	"	"	\$ 5,306,019
				\$ 5,937,047
Subtotal, restricted				\$ 17,560,710
Total unrestricted and restricted				\$ 67,352,037

(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 15

**Tampa Port Authority
Insurance Coverage
as of September 30, 2005
(Unaudited)**

		<u>Limits of Coverage</u>
1.	Workers' Compensation & Employers' Liability	
	<i>Workers' Compensation Limit</i>	Statutory
	<i>Employers' Liability Level Limit</i>	\$ 1,000,000
2.	General Liability	
	<i>Primary Liability including Employment Practices</i>	\$ 1,000,000
	<i>Public Officials</i>	\$ 5,000,000
	<i>Umbrella Liability</i>	\$ 50,000,000
3.	Automobile & Garagekeepers	
	<i>Liability</i>	\$ 1,000,000
	<i>Personal Injury (PIP)</i>	Statutory
	<i>Garagekeepers Legal Liability</i>	\$ 2,000,000
4.	Employee Crime	
	<i>Public Employees Dishonesty</i>	\$ 1,000,000
	<i>Forgery or Alteration</i>	\$ 250,000
	<i>Computer Fraud</i>	\$ 250,000
	<i>Theft of Money & Securities</i>	\$ 30,000
5.	Fire & Allied Property	
	<i>Total Buildings and Allied</i>	\$ 161,429,298
	<u>Sublimits:</u>	<u>Amount</u>
	<i>Buildings</i>	\$ 148,868,784
	<i>Personal Property</i>	\$ 9,447,560
	<i>Inland Marine (Scheduled Equipment)</i>	\$ 1,168,744
	<i>Computer Related & Video/Radio Equipment</i>	\$ 944,210
	<i>Valuable Papers & Other</i>	\$ 1,000,000
6.	National Flood	
	<i>Buildings</i>	\$ 6,385,600
	<i>Contents</i>	\$ 850,000
7.	Watercraft	
	<i>Protection & Indemnity</i>	\$ 1,000,000
	<i>Hull (Roll On-Roll Off Barge and Small Boats)</i>	\$ 942,562
8.	Boiler & Machine	\$ 50,000,000
9.	Gasoline Storage Tank Liability	\$ 1,000,000
10.	Corporate Foreign Travel/Accident, Etc.	\$ 1,000,000





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.

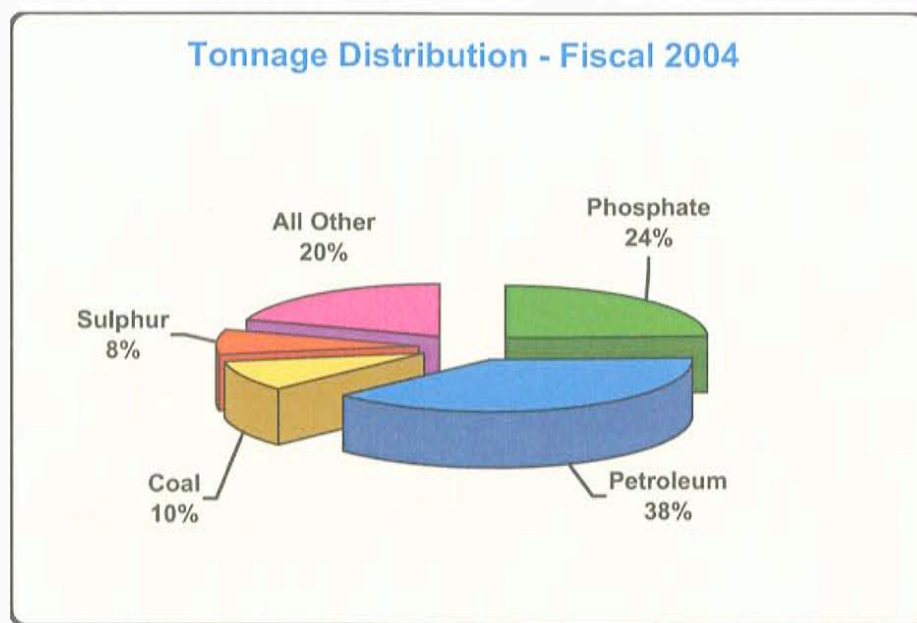


Table 16

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>
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
2004	12,684	18,156	4,766	3,866	9,226	48,698
2005	12,251	19,269	4,812	3,884	10,000	50,216

Reported in short tons.



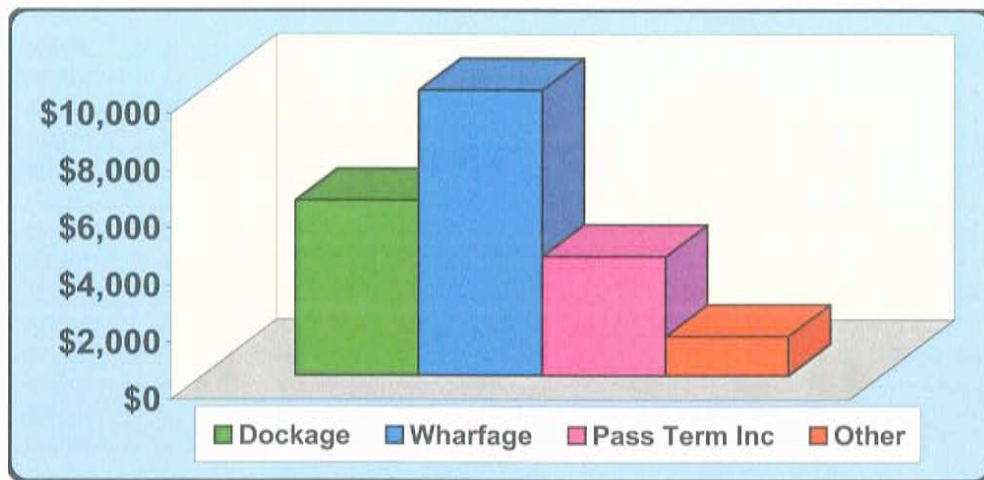
This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Tampa Port Authority Revenue Bond issues.



Table 17

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

Year	Dockage	Wharfage	Passenger Terminal Income	Other Port Usage Fees	Total
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	11,864	3,456	751	21,684
2004	5,897	12,141	3,810	1,051	22,899
2005	6,130	13,698	4,170	1,377	25,375



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
Summary of Leases of Principal Customers
as of September 30, 2005
(Unaudited)

<u>Tenant</u>	<u>Initial Date</u>	<u>Initial</u>	<u>No. of</u>	<u>Option</u>	<u>2005</u>	<u>2005</u>
	<u>of Lease</u>	<u>Term</u>	<u>Renewal</u>	<u>Term</u>	<u>Minimum</u>	<u>Total</u>
			<u>Options</u>		<u>Annual</u>	<u>Revenue</u>
					<u>Revenue</u>	<u>Received</u>
Central Fla. Pipeline Corp.	Oct-98	5	3	5	\$ 846,200	\$ 3,064,113
PCL Constructors ***	Dec-02	2	2	6 month	\$ 1,194,374	\$ 1,194,374
Transmontaigne Product Services, Inc.	Sep-67	12	3	(2) 10-year; (1) 8 year	\$ 7,200	\$ 1,123,618
SSA Marine Gulf, Inc.	Jan-04	10	0	0	\$ 1,000,000	\$ 1,000,004
Trademark Metals	Dec-99	10	2	5	\$ 324,228	\$ 821,753
Vulcan/ICA Distribution Co.	Jul-91	1	7	(4) 1-year; (3) 5-year	\$ 316,695	\$ 784,978
Martin Gas Sales, Inc.	Dec-96	10	0	0	\$ 220,545	\$ 761,400
Martin Marietta Aggregates	Jan-04	5	2	5	\$ 435,704	\$ 742,369
Gulf Marine Repair, Inc.	May-96	10	0	0	\$ 113,500	\$ 598,991
Harborside Refrigerated Services, Inc.	Oct-95	20	2	10	\$ 568,376	\$ 568,376
Subtotal - Top Ten Revenue-Producing					\$ 5,026,822	\$ 10,659,976
C F Industries, Inc. (fertilizer facility)	Jun-72	10	4	10	\$ 109,266	\$ 563,020
C F Industries, Inc. (ammonia facility)	Jul-76	20	3	10	\$ 70,084	\$ 526,674
Tampa Bay Shipbuilding & Repair Co.	Mar-97	15	2	15	\$ 500,000	\$ 500,000
International Ship Repair	Feb-97	2	5	(2) 2-year; (1) 3 year	\$ 100,546	\$ 499,383
Channelside Bay Mall	Apr-97	40	8	5	\$ 451,944	\$ 451,944
RMC - South Florida, Inc.	Dec-01	5	4	5	\$ 400,895	\$ 400,895
Cargill, Inc. (salt facility)	Jul-99	20	2	10	\$ 384,166	\$ 384,166
Holcim (US), Inc.	Jul-05	5	2	5	\$ 44,760	\$ 383,565
Gulf Sulphur Services (Freeport)	Jan-00	5	2	5	\$ 259,220	\$ 352,317
Cemex, Inc.	Jun-84	10	4	5	\$ 331,591	\$ 331,591
Sea - 3 of Florida, Inc.	Jan-99	22	3	10	\$ 318,901	\$ 318,901
University of South Florida	Aug-99	10	0	0	\$ 298,284	\$ 298,284
United Winner Metals	Oct-99	10	1	5	\$ 276,183	\$ 276,183
Seabulk Towing	May-98	15	0	0	\$ 65,271	\$ 263,241
Wilson Miller	Jul-01	5	0	0	\$ 234,843	\$ 234,843
Amalie Oil Company	Jul-97	25	1	10	\$ 159,286	\$ 222,474
Lehigh Portland Cement Co.	Sep-00	10	2	5	\$ 139,815	\$ 211,647
Pasco Terminals	Nov-00	10	2	5	\$ 147,106	\$ 209,963
Cargill Financial Center (grain facility)	May-73	20	3	20	\$ 33,000	\$ 209,181
Namasco Acquisition Corporation	Jul-01	5	1	5	\$ 205,895	\$ 205,895
Tarmac America LLC (Titan)	Jan-02	20	3	10	\$ 204,920	\$ 204,920
World Trade Center	Mar-03	3	3	1	\$ 195,844	\$ 195,844
Tropical Shipping Company	Oct-94	5	3	5	\$ 115,681	\$ 180,889
Sulphuric Acid Trading Company	Nov-79	25	3	5	\$ 170,000	\$ 170,000
Export Metals (Month to Month Lease)	Oct-02	N/A	0	0	\$ 167,800	\$ 167,800
Intermodal Shipping	Oct-04	1	2	1	\$ 154,275	\$ 154,275
Marigold Land Co. (Drummond Coal Co.)	Oct-00	10	4	5	\$ 150,000	\$ 150,000
Cimento Tupi	Dec-04	40	4	10	\$ 120,750	\$ 120,750
Central Fla. Pipeline Corp. (pipeline)	Mar-95	20	2	10	\$ 40,476	\$ 93,737
Tampa Juice Service, Inc.	Apr-95	20	2	10	\$ 44,916	\$ 79,946
C F Industries, Inc. (bareland)	Jan-90	6.5	3	10	\$ 72,798	\$ 72,798
Starship Cruise Line, Inc.	Nov-01	3	2	3	\$ 68,906	\$ 68,906
Yara (Formerly Hydro Agri)	Oct-97	10	2	5	\$ 31,885	\$ 67,242

Continues



Table 18

TAMPA PORT AUTHORITY
Summary of Leases of Principal Customers
as of September 30, 2005
(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>2005 Minimum Annual Revenue</u>	<u>2005 Total Revenue Received</u>
Murphy Oil USA, Inc.	Sep-67	18	2	(1) 10-year; (1) 12 year	\$ 34,730	\$ 65,982
Florida Rock Industries, Inc.	Mar-01	3	3	3	\$ 63,930	\$ 63,930
Carotam	Jan-04	1	0	0	\$ 62,033	\$ 62,033
Kinder Morgan (PAC Tank)	Dec-02	20	4	10	\$ 55,346	\$ 55,346
Americold Corporation	Sep-78	20	2	5	\$ 39,000	\$ 39,000
Maritrans Operating Partners	Jan-80	25	3	10	\$ 37,622	\$ 37,622
Diversified Marine Technicians	Jul-05	5	1	5	\$ 35,960	\$ 35,960
Marathon Ashland Petroleum, LLC	Jan-79	6	7	5	\$ 35,304	\$ 35,304
PEL Laboratories	May-03	5	2	5	\$ 32,399	\$ 32,399
Superior Seafoods, Inc. ***	Jan-93	5	1	5	\$ 30,792	\$ 30,792
Garrison Stevedoring	Dec-95	8	2	3	\$ 25,509	\$ 25,509
Batson Cook	Jun-05	1	1	1	\$ 21,933	\$ 21,933
Gaetano Cacciatore	Jun-05	25	8	5	\$ 17,483	\$ 17,483
Diversified Marine Technicians	Jul-04	5	0	0	\$ 16,965	\$ 16,965
American Victory	Apr-00	4	4	4	\$ 12,000	\$ 16,418
Bay Shuttle	Dec-01	5	0	0	\$ 5,000	\$ 15,000
Federal Marine (Month to Month Lease)	Nov-03	N/A	0	0	\$ 14,400	\$ 14,400
Standard Marine	May-04	1	2	2	\$ 11,125	\$ 11,125
Yara	May-05	10	0	0	\$ 10,000	\$ 10,000
Kimmins Corp (Month to Month Lease)	Jul-96	N/A	0	0	\$ 9,000	\$ 9,000
Eller & Company (Month to Month)	Dec-98	N/A	0	0	\$ 7,344	\$ 7,344
WSI	Nov-97	5	1	5	\$ 6,420	\$ 6,420
Total Minimum and Actual Revenue					\$ 11,680,424	\$ 19,861,215

(1) As of September 30, 2005.

Source: Tampa Port Authority

*** Leases are in a holdover status at 9/30/05 - contract negotiations in progress

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



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

A N N I V E R S A R Y



RIVERO, GORDIMER & COMPANY, P.A.
Certified Public Accountants

Member:
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Florida Institute of Certified Public Accountants

Cesar J. Rivero	Marc D. Sasser
Richard Gordimer	Lionel D. Martinez
Herman V. Lazzara	Sam A. Lazzara

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

Board of Commissioners
Tampa Port Authority

We have audited the financial statements of the Tampa Port Authority (the "Port Authority") as of and for the year ended September 30, 2005, and have issued our report thereon, dated December 30, 2005. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Port Authority's internal 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Tampa, Florida
December 30, 2005



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

Board of Commissioners
Tampa Port Authority

Compliance

We have audited the compliance of Tampa Port Authority (the "Port Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2005. The Port Authority's major federal programs and 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 the major federal programs and 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or 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.

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 federal programs and state financial assistance projects for the year ended September 30, 2005.

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 federal programs and 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 federal program or 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 OMB Circular A-133 and 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 reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program or 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, federal and state awarding agencies, and pass-through funding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Bucio, Gordinier & Company, P.A.

Tampa, Florida
December 30, 2005



Table 19

TAMPA PORT AUTHORITY
Schedule of Expenditures of Federal Awards and State Financial Assistance
for the year ended September 30, 2005

Grantor/Program Title	Federal CFDA / State CSFA Number	Grant Number	Program or Award Amount	Accrued Revenue September 30, 2004	Receipts	Expenditures	Accrued Revenue September 30, 2005
Federal Agency							
Department of Homeland Security / Transportation Security Administration							
Port Security Grant	97.056		3,500,000	2,192,377	2,845,697	653,320	-
Port Security Grant	97.056	DIMA1G02069 G TSA20-03-G-01070	4,000,000	3,396,338	3,572,088	175,750	-
				5,588,715	6,417,785	829,070	-
Pass-through Florida Dept of Community Affairs Disaster Grants- Public Assistance (Presidentially declared disasters)							
	97.036	05-PA-G-08-39-20-812	470,534	-	-	470,534	470,534
Total federal awards				5,588,715	6,417,785	1,299,604	470,534
State Agency							
Florida Department of Transportation							
Seaport Grants -							
Intermodal Port Upgrade	55.005	40673715401	5,000,000	569,444	1,087,802	518,358	-
Cruise Terminal #3 Construction/Infrastructure	55.005	40833719401	16,600,000	325,185	2,749,303	2,722,527	298,409
Total seaport grants				894,629	3,837,105	3,240,885	298,409
Intermodal Development Program -							
Port Security Improvements	55.014	40313919401	3,335,901	-	-	158,439	158,439
Infrastructure Improvements	55.014	40312915401	700,000	38,500	541,355	502,855	-
Total intermodal development grants				38,500	541,355	661,294	158,439
Total Florida Department of Transportation				933,129	4,378,460	3,902,179	456,848
Total state awards				933,129	4,378,460	3,902,179	456,848
Total federal awards and state financial assistance				\$ 6,521,844	\$ 10,796,245	\$ 5,201,783	\$ 927,382

See independent accountants' reports.



Tampa Port Authority

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the year ended September 30, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Port Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B - CONTINGENCIES

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

NOTE C - SUBRECIPIENTS

The Port Authority did not provide federal awards or state financial assistance to subrecipients.



Tampa Port Authority

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

September 30, 2005

Federal Award Program

Finding No. 2004-1

CFDA No. 20.420

Grant/Contract No. DTSA20-03-G01070

Amount \$5,777

Condition

Cost reimbursement was requested for retainage amount that was not allowed due to the effective date of the grant.

1. A reimbursement request was submitted that included \$5,777 for retainage work that was completed prior to the grant effective date.

Recommendations

An additional level of review should be performed to determine the eligibility of reimbursable costs.

Current Status

The retainage amount was deducted from a subsequent reimbursement request for this grant. All grant reimbursement requests are reviewed by the Sr. Director of Planning prior to submittal.



Table 20

Tampa Port Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS

For the year ended September 30, 2005

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

Type of auditors' report issued Unqualified

Internal control over financial reporting
Material weakness(es) identified? yes X no
Reportable condition(s) identified that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Major Federal Programs / State Projects

Internal control over major programs/projects
Material weakness(es) identified? yes X no
Reportable condition(s) identified that are not
considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for
major federal programs and state projects Unqualified

Any audit findings disclosed that are to be reported
in accordance with OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General? yes X no

Identification of major programs:

Federal:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
	97.056	Port Security Grant
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State:	<u>CFSA Number</u>	<u>Name of State Projects</u>
	55.005	Seaport Grants
	55.014	Intermodal Development Program



Tampa Port Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS - CONTINUED

For the year ended September 30, 2005

Dollar threshold used to distinguish between type A and type B federal programs	<u>\$ 300,000</u>
Dollar threshold used to distinguish between type A and type B state projects	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee under the provisions of OMB Circular A-133, Section 530?	<u> </u> yes <u> X </u> no

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Awards and State Financial AssistanceFindings and Questioned Costs
No matters were reported**Section IV - Other Issues**A summary Schedule of Prior Audit Findings is required because there were prior
audit findings related to Federal Programs.



TAMPA PORT AUTHORITY

A Legacy of Impact **60th** *New Horizons Ahead*

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

Board of Commissioners
Tampa Port Authority

We have audited the financial statements of the Tampa Port Authority (the "Port Authority") whose headquarters is located in Tampa, Florida, as of and for the fiscal year ended September 30, 2005, and have issued our report thereon, dated December 30, 2005.

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 of America and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance and on Internal Control over Compliance Applicable to Each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 30, 2005, should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter. Those rules (Section 10.554(1)(h)1) require that we address in the Management Letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. There are no inaccuracies, irregularities, shortages, defalcations, and/or violations of laws, rules, regulations and contractual provisions disclosed in the preceding annual report.

The Rules of the Auditor General (Section 10.554(1)(h)1) require that we address in the Management Letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The Port Authority has implemented the recommendations made in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the Port Authority is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Sections 10.554(1)(h)6.b.), we determined that the annual financial report for the Authority for the fiscal year ended September 30, 2005, filed with the Department of Banking Finance pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Port Authority complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)4.), require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly in consequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit disclosed no matters required to be disclosed.

The Rules of the Auditor General (Section 10.554 (1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The required information is disclosed in the Notes to Financial Statements (see note A - Organization and Reporting Entity).

As required by the Rules of the Auditor General (Sections 10.554(h)(6)c, and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This Management Letter is intended solely for the information of the Board of Commissioners of the Tampa Port Authority, management, the Auditor General of the State of Florida, and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in dark ink and is positioned above the typed name and date.

Tampa, Florida
December 30, 2005