



TAMPA PORT AUTHORITY

Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2004

Hillsborough County Port District, Florida

Hillsborough County Port District, Florida

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2004



TAMPA PORT AUTHORITY

Prepared by: Finance Department

Michael J. Macaluso, Chief Financial Officer



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INTRODUCTORY SECTION



TAMPA PORT AUTHORITY





TAMPA PORT AUTHORITY

March 11, 2005

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, 2004 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 2003, 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, 2004, management's discussion and analysis, the financial statements for the same period, and the accompanying notes to the financial statements.
3. **Statistical Section** – This section includes selected financial and demographic information, most of which is presented on a multi-year basis. Information in this section includes ten-year financial statements, historical ad valorem tax rates with assessed property values, bond coverage information, recent financial highlights, and selected cargo-related information, budgetary tables, and investment and insurance information.

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

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

Overview of the Tampa Port Authority

The Tampa Port Authority was created by action of the Florida Legislature through Chapter 95-488, Laws of Florida (also known as the "Enabling Act"). 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.

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 17 of the Notes to Financial Statements included with this CAFR.

Local Economy

Hillsborough County, the operating jurisdiction of the Tampa Port Authority, has a diversified economic base including a large service sector, a large manufacturing sector, and a thriving retail



trade sector. The County is host to a number of large employers in both the public and private sector. The University of South Florida is one of the twenty largest universities in the nation and is one of the largest public sector employers. A wide variety of companies including 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 2004 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 2004 increasing to 1,099,832, a 1.51% increase over 2003. 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 3.2% in 2004, which was well below the State of Florida's unemployment rate of 4.5% 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

Legislative initiatives - The Tampa Port Authority is very proactive at the state 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 full 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, the widening of "Cut B" in the main ship channel to create vessel



passing lanes, and the Transportation and Community Systems Preservation (TCSP) Pilot program.

Security initiatives - The Tampa Port Authority recognized \$6.6 million in federal security funding during 2004. 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 new security operations center will replace the current security access control center and entry point on Hooker's Point. When operational, the new access gate will feature 12 lanes to electronically scan identification badges of drivers entering and leaving Hooker's Point, the Port's main peninsula. The facility will serve as the new headquarters for the Tampa Port Authority Security Department, including staff from the temporary Access Control Center. Patrols will be dispatched and background checks will be processed at the complex, and it will also house the nerve center for the Port's fiber optic security camera system. The SOC is currently conducting manual access checks, similar to those conducted at the dismantled Guy N. Verger and Maritime Blvd. checkpoints, 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.

Cruise industry - The Port of Tampa is currently the fourth largest cruise port among Florida ports. Revenue generated from cruise ships during fiscal year 2004 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 792k cruise passengers in fiscal year 2004.

- Royal Caribbean Cruise Line's larger "Splendor of the Seas" has replaced the "Nordic Empress" in 2005. The "Splendor of the Seas" originates seven-day sailings out of Tampa to ports including Belize and Cozumel.
- 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's" 5-5-4 day sailing rotation and the "Miracle's" 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.

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 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 48 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.

Tampa Port Authority charted a new course during fiscal year 2004 by making 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. This selection marks the dawn of a new era for the Port of Tampa and its commitment to pursuing containerized cargo. 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 2004, bulk cargo accounted for 35.6% of port usage fees, while cruise revenues accounts for 25.0% and general cargo 11.6%.

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: 1,298 of the acres are leased, 977 are spoil islands, and the remaining 325 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 2004, lease revenues accounted for approximately \$7.4 million, or 23.2% of total port operating revenues.

Some of the highlights of real estate activity during FY2004 include:

- Purchased warehouse and office space from Intermodal Shipping Services to accommodate future cargo growth;
- PCL Civil Constructors - leased additional acreage to be used for handling and storage of pre-cast concrete;
- Tampa International Technical Center - continued with design and financing plans to develop approximately 11 acres north of Port Authority offices;
- SSA Marine Gulf, Inc. - contracted with this company to manage general cargo and container terminal operations at Port Authority facilities;
- Carotam - lease of acreage for container storage;
- Tarmac America LLC - secured options on additional acreage needed for future expansion plans;
- Trammel Crow - began the takedown of 50 acres of the Port Ybor development. Construction of warehouse space is expected to begin in FY2005.

Channelside development - During 2004, 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 - The Port Authority's Master Plan calls for major improvements to its infrastructure. 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 2004, 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 initiated an effort to widen the Ybor Channel Turning Basin. This initiative is critical to the continued safe navigation of the Ybor Channel for cruise and cargo vessels.

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



Financial Overview

The Tampa Port Authority has one fund to which all accounts are organized and accounted for as a single reporting entity, known as an Enterprise Fund. Enterprise Funds are used to account for proprietary operations that are financed and operated in a manner similar to private business operations where the intent of the governing body is that all operating costs, i.e. expenses exclusive of depreciation, are funded primarily through user charges. 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 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, 2004, the Port Authority's net revenues were 1.92 times the annual debt service on the senior lien debt. The Series 1995 bonds are additionally secured by Hillsborough County, Florida pursuant to an Interlocal Agreement between the County and the Tampa Port Authority. One of the covenants of this Agreement 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, 2004, the ratio of net revenues to all annual debt service was 1.20. (Refer to Table 6.)

As of the date of this transmittal letter, the Port Authority is in the process of refunding the Series 1995 bonds to take advantage of lower interest rates and relieve Hillsborough County, Florida of the financial burden of securing the Series 1995 bonds. The new issuance, Series 2005A, is expected to save the Port Authority over \$200k 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, 2004, the Tampa Port Authority had \$37.7 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, 2004, the Tampa Port Authority had \$57.1 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

Section 11.45 of the Florida Statutes requires that each local government entity located in Florida have an annual audit performed by an independent certified Public Accountant. Additionally, Section 11 of the Tampa Port Authority's Enabling Act states, "the books and records of the Port Authority shall be audited annually." To this regard, the accounting firm of ValienteHernandez P.A. has performed the audit of the Port Authority's financial statements for the fiscal year ended September 30, 2004.


Acknowledgements


Preparation of this Comprehensive Annual Financial Report (CAFR), as always, represents the combined effort of the entire Finance Department of the Tampa Port Authority and the accounting firm of ValienteHernandez P.A. It should be noted that, due primarily to the efforts of the Finance Department and Finance Director Judy Costakis, the Tampa Port Authority's CAFR has received the Certificate for Excellence in Financial Reporting from the Government Finance Officers Association for four years in a row.

Additionally, staff is grateful to Mr. Bill Starkey who served as Interim Port Director for the duration of the audit period through preparation of the accompanying financial statements. Mr. Starkey's selfless leadership and direction during the fiscal year end and through to the first quarter of the new fiscal year contributed immeasurably to the completion of many key projects as well as the successful resolution of many issues facing the Port Authority.

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, 2003

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.

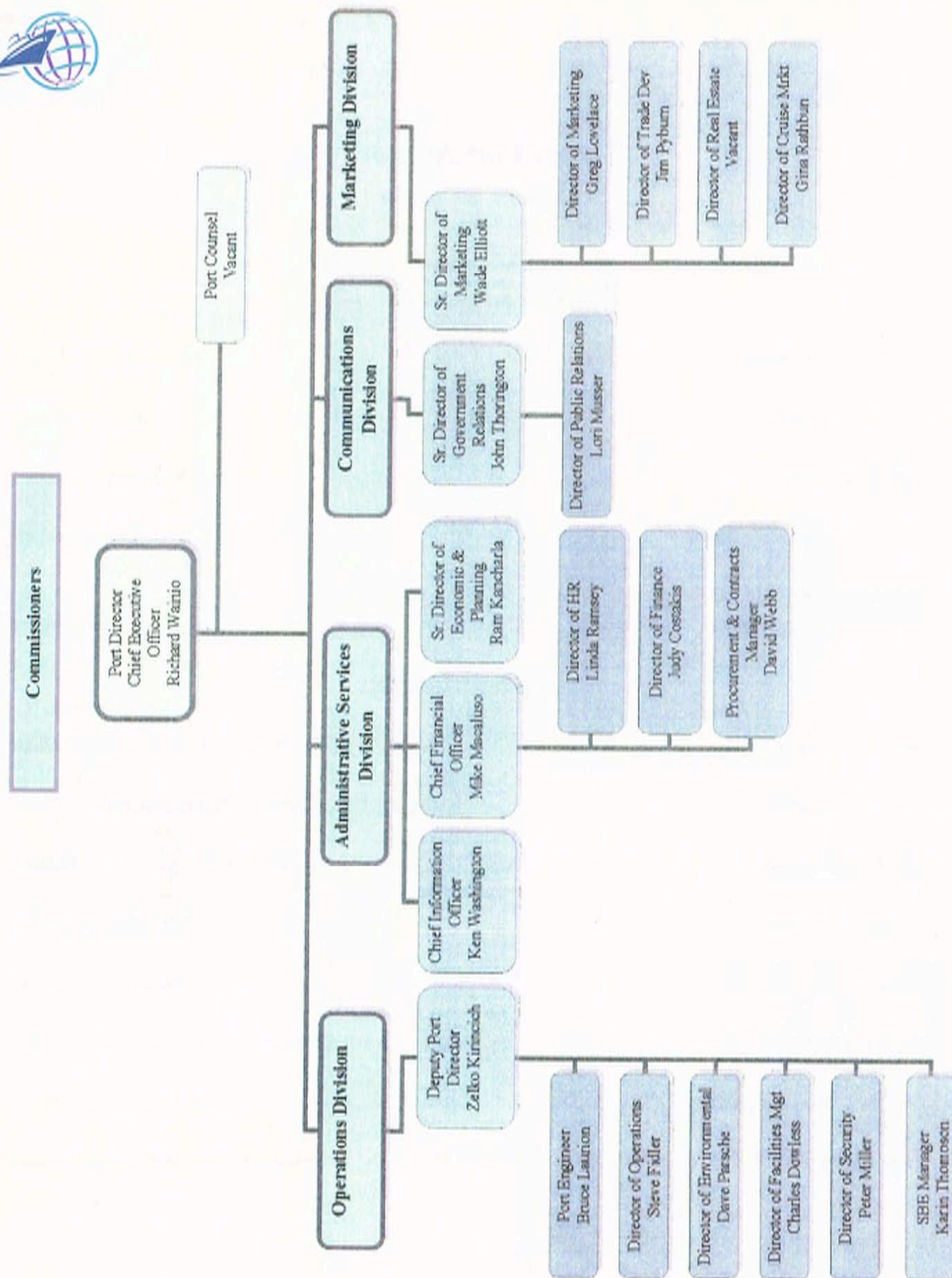


Nancy L. Zielke

President

Jeffrey R. Enos

Executive Director





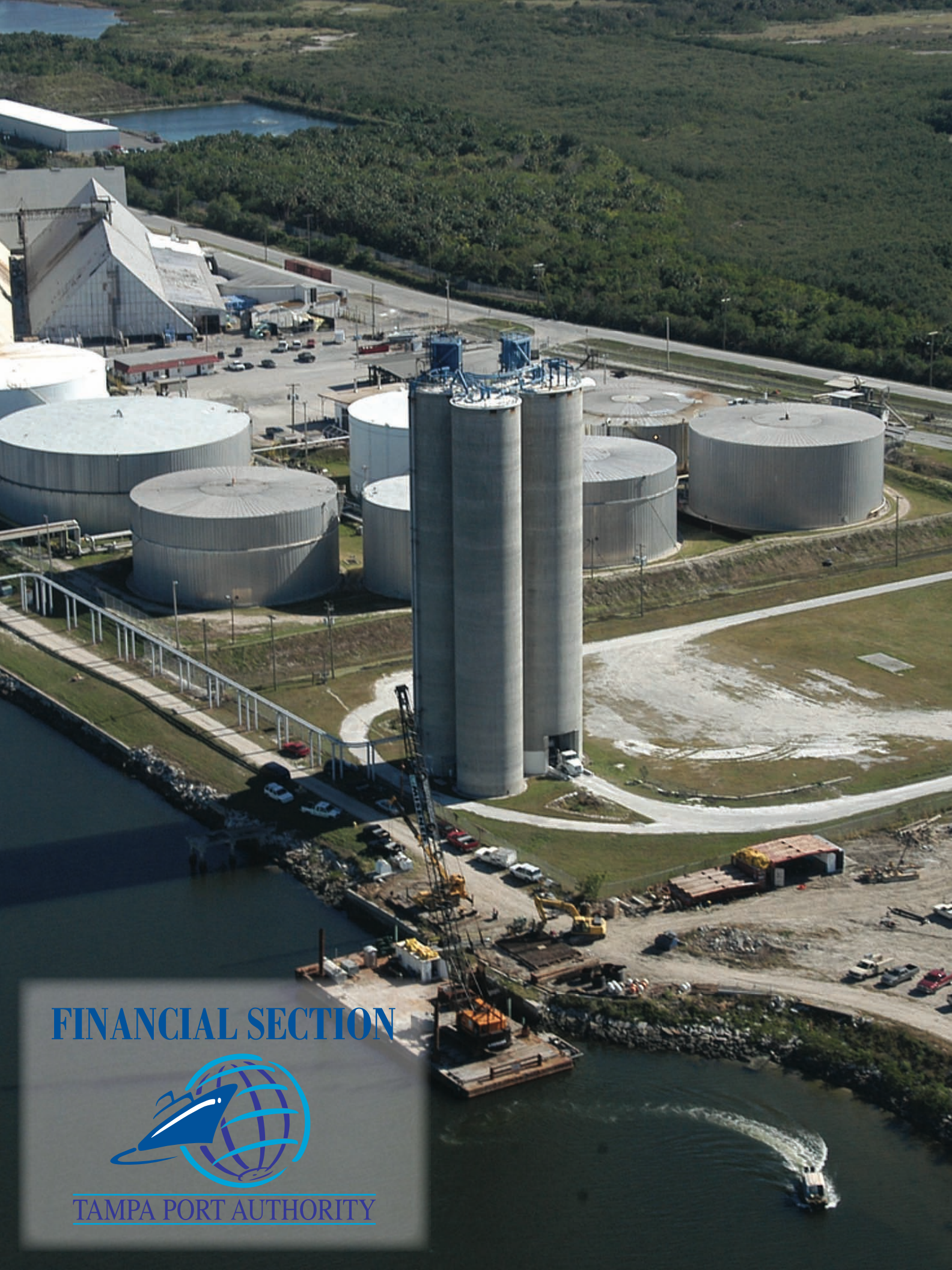
Tampa Port Authority List of Officials

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	Interim Port Counsel
Ram Kancharla	Senior Director, Economic Development & Planning
Kenneth L. Washington	Chief Information Officer
Wade Elliott	Senior Director, Marketing Services



FINANCIAL SECTION



TAMPA PORT AUTHORITY

CERTIFIED PUBLIC
ACCOUNTANTSAUDITORS AND
CONSULTANTS1715 N. Westshore Boulevard
Suite 950
Tampa, Florida 33607-3920

cpas@vnhcpa.com

813/ 933.3943
800/ 733.3943 Toll Free
813/ 933.9825 Fax**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

We have audited the accompanying statements of net assets of the Tampa Port Authority (the Port Authority) as of September 30, 2004, and the related statement of revenues, expenses, and changes in net assets, and of cash flows for the year then ended, listed as basic financial statements in the table of contents. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Port Authority, as of September 30, 2004, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis shown on pages 15 through 21 is not a required part of the financial statements, but is supplementary information required by the Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, of the Governmental Accounting Standards Board (GASB 34). We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the foregoing table of contents on page 80 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information consisting of the

Schedule of Expenditures of Federal Awards and State Financial Assistance are 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 Port Authority's management. Such schedules have been subjected to auditing procedures applied in our audits of the basic financial statement and, in our opinion, are fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2004, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our 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 read in conjunction with this report in considering the results of our audits.


CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
December 7, 2004



**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

The following management discussion and analysis (MD&A) of the financial performance and activity of the Tampa Port Authority (the Port Authority) is to provide an introduction and understanding of the financial statements of the Port Authority for the fiscal year ended September 30, 2004, with selected comparisons to the prior fiscal year ending September 30, 2003. The information represented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

INTRODUCTION

The Port Authority is a body politic and corporate pursuant to the provisions of Chapter 95-488, Laws of Florida, Acts of 1945 ("Enabling Act"). The Enabling Act provides that the Port Authority will have exclusive jurisdiction, control, supervision and management over all publicly-owned docks and wharves in Hillsborough County, Florida. The Port Authority is governed by five board members, three of whom are residents of Hillsborough County which are appointed 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.

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 FY2004 millage rate was .29 mills.

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, 2004, with selected comparative information to the fiscal year ended September 30, 2003. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The notes 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.



**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

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 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 2 in the accompanying financial statements for a summary of the Port Authority's significant accounting policies. Following this MD&A are the basic financial statements and supplementary information of the Port Authority. These statements and information, 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 fund 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 statement includes all assets and liabilities of the Port Authority. Net assets, the difference between total assets and total liabilities, is 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, 2004 and 2003 is as follows:

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**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

STATEMENT OF NET ASSETS

(in thousands)

	<u>FY 2004</u>	<u>FY 2003</u>
ASSETS:		
Current assets	\$ 107,476	\$ 122,418
Noncurrent assets	394,011	359,869
Total assets	<u>\$ 501,487</u>	<u>\$ 482,287</u>
LIABILITIES:		
Current liabilities	20,592	17,316
Noncurrent liabilities	161,343	166,457
Total liabilities	<u>181,935</u>	<u>183,773</u>
NET ASSETS:		
Invested in capital assets, net of related debt	233,241	209,425
Restricted assets	63,053	117,962
Unrestricted net assets	23,258	(28,873)
Total net assets	<u>319,552</u>	<u>298,514</u>
Total liabilities and net assets	<u>\$ 501,487</u>	<u>\$ 482,287</u>

At September 30, 2004, the Port Authority's assets exceeded liabilities by \$319.6 million, a \$21.0 million increase over September 30, 2003. For the fiscal year ended 2004, the largest portion of the Port Authority's net assets represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Port Authority uses these capital assets to provide services to its passengers, visitors, customers, and tenants of the Port. The resources required to repay the Port Authority's debt must be provided annually from Port operations.

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

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**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**



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

(in thousands)

	FY 2004	FY 2003
Operating revenue:		
Port usage fees	\$ 22,899	\$ 21,674
Land and building leases	7,340	6,213
Other operating revenue	1,350	1,200
Total operating revenue	31,589	29,087
Operating expenses	17,273	15,897
Operating income before depreciation	14,316	13,190
Depreciation and amortization expense	10,164	9,277
Operating income after depreciation	4,152	3,913
Nonoperating revenue (expense), net	8,393	5,995
Net income before capital contributions	12,545	9,908
Capital grants and contributions	8,493	5,416
Net income	21,038	15,324
Net assets-beginning of period	298,514	283,190
Net assets-end of period	\$ 319,552	\$ 298,514

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased by 8.6% from \$29.1 million to \$31.6 million due to significant increases in the Port Authority's cargo operations (both general and bulk) offset by a 3.7% decrease in cruise revenue. General cargo revenue reflected increases in scrap, vehicles, containers, and miscellaneous commodities, offset by decreases in refrigerated cargo, steel, lumber, paper products, and bagged goods. The overall increase to operating revenue from general cargo was 2.4%. Bulk cargo revenue showed only miscellaneous bulk cargo decreasing while revenue from phosphate, grain, aggregates, petroleum, and miscellaneous dry bulk cargoes remained strong, ending the year with an overall increase of 8.5%. As mentioned above, cruise revenue decreased for the year as a result of changes in cruise sailing schedules and the fact that FY2003 included revenue from the cruise ferry which ceased sailing from Tampa during that fiscal year.



**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

FINANCIAL OPERATIONS HIGHLIGHTS (continued)

- Operating expenses increased by 8.7% or \$1.4 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 utility costs generated by the addition in FY2003 of new Port Authority facilities.
- Operating income before depreciation increased by 8.5% due to the significant operating revenue increase.
- Operating income after depreciation increased by 6.1% again due to the operating revenue increase.
- Non-operating revenue (expense), net increased \$2.4 million due to lower interest expense as the Port Authority's bonds are being paid down. Also, despite holding the Port Authority's millage rate in FY2004 at the FY2003 level of .29 mills, ad valorem tax revenue increased by \$1.2 million as a result of increased property valuations.
- Capital grants and contributions increased by \$3.1 million over 2003 because of increased awards of security grants.
- Overall net income for FY2004 was \$21.0 million compared to \$15.3 million in FY2003, a 37.3% increase.

PORT RATES AND CHARGES

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

CAPITAL ASSETS

The Port Authority's capital assets as of September 30, 2004, amounted to \$377.5 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 2. F. Capital Assets for a more complete description.) The total increase in the Port Authority's investment in capital assets after accumulated depreciation for 2004 was 10.1%, or \$34.6 million.



**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

CAPITAL ASSETS (continued)

During 2004, completed major projects totaling \$24.6 million were closed from construction-in-progress to their respective capital accounts. Major completed projects included the completion of an extensive port-wide signage project and rehabilitation of berths 250, 251, and 252 at the Port Ybor development.

More significantly for the year, work continued on the state-of-the-art Hookers Point Security Gate Complex which was nearing completion as of September 30, 2004 and for which the Port Authority had expended \$16.3 million as of that date. Other significant construction-in-progress projects include:

- Construction of berth 213;
- Improvements to berths 223 and 224;
- Relocation of the Naval Reserve Center to make way for new cruise facilities;
- Development of further infrastructure to the Port Ybor development.

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 7 in the accompanying notes to the financial statements.

DEBT ADMINISTRATION

As of September 30, 2004, the Port Authority had outstanding revenues bonds and notes of \$166.5 million. Of this amount, \$8.1 million is current and will mature on June 1, 2005.

Bond financing during FY2004 was limited to refunding of Hillsborough County Port District, Second Lien Revenue Bonds, Series 1994, with the \$11.5 million Revenue Refunding Bonds, Series 2003. The 1994 bonds were refunded to take advantage of lower interest rates and to eliminate certain restrictions on leasing of properties on which developments were funded by the Series 1994 bonds.

No other bonds were issued during fiscal year 2004 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.

In FY2004, specifically February 26, 2004, the Port Authority authorized a synthetic forward refunding of its 1995 Special Revenue Bonds. 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. Details regarding this transaction can be found in Notes 10 and 16 of the accompanying notes to the financial statements.



**TAMPA PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

DEBT ADMINISTRATION (continued)

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 2004 and 2003 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 Judy Costakis, Director of Finance, Tampa Port Authority, 1101 Channelside Drive, Tampa, Florida 33602. Information may also be obtained on the Port Authority's website at www.tampaport.com.

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TAMPA PORT AUTHORITY



FINANCIAL STATEMENTS



TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	TOTAL 2004	TOTAL 2003
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 67,257,279	\$ 313,285	\$ 67,570,564	\$ 69,805,337
Investments (Note 3)	27,555,345	938,500	28,493,845	47,588,487
Accounts receivable, net of allowance for doubtful accounts	3,028,919	-	3,028,919	3,964,419
Due from other governments	6,521,844	-	6,521,844	1,583,805
Notes receivable (Note 4)	1,774,996	-	1,774,996	1,866,902
Note receivable from component unit (Note 4)	700,000	-	700,000	673,334
Interest receivable	555,621	-	555,621	571,347
Prepaid expenses and other current assets	82,249	1,731,589	1,813,838	150,253
Total current assets	107,476,253	2,983,374	110,459,627	126,203,884
Noncurrent assets:				
Capital assets, net of depreciation (Note 7)	377,513,614	-	377,513,614	343,029,147
Notes receivable (Note 4)	4,443,284	-	4,443,284	3,927,068
Note receivable from component unit (Note 4)	4,585,000	-	4,585,000	5,285,000
Lease acquisition costs, net of amortization (Note 5)	3,172,402	-	3,172,402	3,520,368
Bond issuance costs, net of amortization	2,663,637	-	2,663,637	2,363,218
Leasehold rights, net of amortization	803,714	-	803,714	933,458
Other intangible assets (Note 6)	829,569	724,880	1,554,449	1,692,849
Deposits	-	-	-	3,715
Total noncurrent assets	394,011,220	724,880	394,736,100	360,754,823
Total assets	\$ 501,487,473	\$ 3,708,254	\$ 505,195,727	\$ 486,958,707

(Continues)



TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	TOTAL 2004	TOTAL 2003
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 6,086,407	\$ 606	\$ 6,087,013	\$ 4,717,355
Construction contracts payable	1,350,043	-	1,350,043	1,044,220
Accrued liabilities	864,117	24,381	888,498	991,600
Accrued bond interest	2,862,466		2,862,466	2,999,097
Long-term debt due within one year (Note 10)	8,140,000	-	8,140,000	7,735,000
Note payable to primary government (Note 10)	-	700,000	700,000	673,334
Deferred revenue	1,288,791	-	1,288,791	47,500
Total current liabilities	20,591,824	724,987	21,316,811	18,208,106
Noncurrent liabilities:				
Bonds, notes and loans payable, net (Note 10)	157,254,868		157,254,868	164,378,674
Note payable to primary government (Note 10)	-	4,585,000	4,585,000	5,285,000
Deferred revenue	2,434,920		2,434,920	-
Investment held for component unit	938,500	-	938,500	938,500
Deposits	715,348	-	715,348	1,139,678
Total noncurrent liabilities	161,343,636	4,585,000	165,928,636	171,741,852
Total liabilities	181,935,460	5,309,987	187,245,447	189,949,958
<u>Net Assets (Deficit)</u>				
Invested in capital assets, net of related debt	233,240,704	-	233,240,704	209,582,556
Restricted for:				
Bond debt service	32,530,924	938,500	33,469,424	36,030,762
Capital projects	30,522,524	-	30,522,524	82,869,580
Unrestricted	23,257,861	(2,540,233)	20,717,628	(31,474,149)
Total net assets (deficit)	319,552,013	(1,601,733)	317,950,280	297,008,749
Total liabilities and net assets	\$ 501,487,473	\$ 3,708,254	\$ 505,195,727	\$ 486,958,707



TAMPA PORT AUTHORITY



TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	Primary Government	Component Unit		
	Tampa Port Authority	Tampa Bay International Terminals, Inc.	Total 2004	Total 2003
Operating revenues:				
Port usage fees	\$ 22,898,945	\$ -	\$ 22,898,945	\$ 21,673,607
Land and building leases	7,340,268	-	7,340,268	6,212,984
Handling	-	845,665	845,665	3,339,512
Storage and line handling	-	476,642	476,642	1,361,123
Other operating revenues	1,349,729	754,067	2,103,796	1,254,715
Total operating revenues	31,588,942	2,076,374	33,665,316	33,841,941
Operating expenses:				
Personnel	7,314,744	919,717	8,234,461	8,964,597
Promotional	450,349	99,973	550,322	621,125
Administrative	9,507,821	432,329	9,940,150	9,410,154
Depreciation and amortization	10,164,541	9,785	10,174,326	9,426,944
Total operating expenses	27,437,455	1,461,804	28,899,259	28,422,820
Operating income	4,151,487	614,570	4,766,057	5,419,121
Non-operating revenues and (expenses)				
Operating assistance grants	1,165,550	-	1,165,550	1,650,732
Ad valorem taxes	14,116,958	-	14,116,958	12,907,069
Interest income	3,554,838	68,379	3,623,217	3,756,635
Other non-operating revenues	1,446,827	-	1,446,827	1,416,666
Interest expense	(9,094,039)	(285,285)	(9,379,324)	(10,147,571)
Amortization of bond issue costs	(253,877)	-	(253,877)	(204,352)
Amortization of bond discounts	(115,650)	-	(115,650)	(107,405)
Other non-operating (expenses)	(2,426,815)	(494,223)	(2,921,038)	(4,033,429)
Total non-operating revenues (expense)	8,393,792	(711,129)	7,682,663	5,238,345
Income before capital contributions and transfers	12,545,279	(96,559)	12,448,720	10,657,466
Capital grants and contributions	8,492,811	-	8,492,811	5,415,755
Increase in net assets	21,038,090	(96,559)	20,941,531	16,073,221
Net assets - beginning of period	298,513,923	(1,505,174)	297,008,749	280,935,528
Net assets - end of period	\$ 319,552,013	\$ (1,601,733)	\$ 317,950,280	\$ 297,008,749

See accompanying notes to financial Statements



TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International	Total 2004	Total 2003
Cash flows from operating activities:				
Cash received from customers	\$ 34,903,423	\$ 2,954,016	\$ 37,857,439	\$ 33,686,579
Cash payments to suppliers for goods and services	(8,252,800)	(589,018)	(8,841,818)	(9,452,612)
Cash payments to employees for services	(7,257,746)	(1,010,460)	(8,268,206)	(8,869,542)
Cash received related to non-operating revenues	1,446,827	-	1,446,827	1,257,365
Cash payments related to non-operating expenses	(1,902,638)	-	(1,902,638)	(2,495,953)
Net cash provided by operating activities	<u>18,937,066</u>	<u>1,354,539</u>	<u>20,291,605</u>	<u>14,125,837</u>
Cash flows from non-capital financing activities:				
Operating grants received	1,165,550	-	1,165,550	1,650,732
Payment of ad valorem taxes	(524,177)	-	(524,177)	(510,617)
Net cash (used) by non-capital financing activities	<u>641,373</u>	<u>-</u>	<u>641,373</u>	<u>1,140,115</u>
Cash flows from capital and related financing activities:				
Capital grants and contributions received	3,550,032	-	3,550,032	7,556,331
Ad valorem taxes received, net of fees paid	13,559,468	-	13,559,468	12,389,399
Acquisition and construction of capital assets	(44,693,473)	-	(44,693,473)	(25,949,711)
Payment to new facilities operator for moving remaining cargo	-	(185,000)	(185,000)	-
Proceeds from sale of abandoned cargo	-	92,291	92,291	-
Proceeds from sale of capital assets	774,317	12,457	786,774	11,558
Excess cash payment to Primary Government	-	(168,766)	(168,766)	-
Principal payments on debt	(18,818,292)	(673,334)	(19,491,626)	(7,363,331)
Prepayment of debt related expenses	-	(1,800,000)	(1,800,000)	-
Interest payments on debt	(9,094,039)	(285,285)	(9,379,324)	(10,655,930)
Payments on issuance of bonds	(509,055)	-	(509,055)	-
Proceeds from bond issues	11,974,220	-	11,974,220	-
Net cash (used) by capital and related financing activities	<u>(43,256,822)</u>	<u>(3,007,637)</u>	<u>(46,264,459)</u>	<u>(24,011,684)</u>
Cash flows from (used by) investing activities:				
Purchase of investments	(27,555,345)	-	(27,555,345)	(46,649,987)
Proceeds from the sale of investments	46,814,951	-	46,814,951	26,630,635
Proceeds from repayment of notes receivable	3,440,498	-	3,440,498	2,230,512
Payments on issuance of notes receivable	(3,226,612)	-	(3,226,612)	-
Payments on issuance of leasehold rights	-	-	-	-
Interest and dividends received	3,554,838	68,379	3,623,217	3,648,794
Net cash provided (used) by investing activities	<u>23,028,330</u>	<u>68,379</u>	<u>23,096,709</u>	<u>(14,140,046)</u>
Net increase (decrease) in cash and cash equivalents	<u>(650,053)</u>	<u>(1,584,719)</u>	<u>(2,234,772)</u>	<u>(22,885,778)</u>
Cash and cash equivalents, at beginning of year	<u>67,907,333</u>	<u>1,898,004</u>	<u>69,805,337</u>	<u>92,991,115</u>
Cash and cash equivalents, at end of year	<u>\$ 67,257,280</u>	<u>\$ 313,285</u>	<u>\$ 67,570,565</u>	<u>\$ 70,105,337</u>

(Continues)

See accompanying notes to financial statements



TAMPA PORT AUTHORITY AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	Primary Government Tampa Port Authority	Component Unit Tampa Bay International	Total 2004	Total 2003
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 4,151,487	\$ 614,570	\$ 4,766,057	\$ 5,119,121
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	10,164,541	9,785	10,174,326	9,426,944
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	62,597	872,903	935,500	302,668
Due from other governments	-	4,740	4,740	-
Prepaid expenses and deposits	(3,240)	42,056	38,816	(21,881)
Deposits	-	3,715	3,715	-
Increase (decrease) in:				
Accounts payable	1,402,790	(33,129)	1,369,661	256,508
Construction contracts payable	305,823	-	305,823	349,359
Accrued liabilities	56,998	(160,100)	(103,102)	89,738
Accrued interest	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	3,676,211	-	3,676,211	(7,420)
Deposits	(424,330)	-	(424,330)	(450,612)
Total adjustments	15,241,390	739,969	15,981,359	9,945,304
Non-operating revenues (expenses)	(455,811)	-	(455,811)	(1,238,588)
Net cash provided by operating activities	<u>\$ 18,937,066</u>	<u>\$ 1,354,539</u>	<u>\$ 20,291,605</u>	<u>\$ 13,825,837</u>
Noncash investing, capital, and financing activities:				
Capitalized interest	\$ 328,618	\$ -	\$ 328,618	\$ 51,079
Change in the fair value of investments	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements



TAMPA PORT AUTHORITY



NOTES TO FINANCIAL STATEMENTS



TAMPA PORT AUTHORITY



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 1 - ORGANIZATION AND REPORTING ENTITY

A. Financial Reporting Entity, Organization and Operations

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

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

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

Discretely Presented Component Unit

As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements cover the Tampa 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 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.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 1 - ORGANIZATION AND REPORTING ENTITY (Continued)

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

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

Complete financial statements for TBIT may be obtained at the component unit's administrative offices, which are located at 1101 Channelside Drive, Tampa, Florida 33602.

Also see Notes 3, 4, 5, 6, 7, 10B, 11, 13 and 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with 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 of the Financial Accounting Standards Board ("FASB"), and earlier pronouncements from the Accounting Principles Board, ("APB Opinions"), and the Accounting Research Bulletins ("ARB") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, Paragraph 7, the Port Authority has elected to not apply FASB statements and interpretations issued after November 30, 1989.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

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

B. Fund Accounting and Basis of Accounting

The operations of the Port Authority are recorded in a propriety fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of net income and capital maintenance. All Port Authority financial transactions are grouped in one major fund type, the Enterprise Fund. Enterprise funds are used to account for operations that are financed primarily through user charges, or where the governing body has concluded that the determination of net income is appropriate.

Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the statement of net assets. Fund equity is segregated into its net assets components. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Cash and Cash Equivalents

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

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

The Port Authority considers all highly liquid debt instruments (including restricted assets) with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows. Cash equivalents are recorded at amortized cost, which approximates market value.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments

The Port Authority invests in short to medium term repurchase agreements and guaranteed investment contracts. The Port Authority follows the guidelines of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments that mature within one year of acquisition are stated at cost or amortized cost. Investments with the remaining maturity of more than one year at the time of purchase are carried at fair value. The fair value of investments has been determined through the depositories' pricing service as established by general industry practices. Any realized gains and losses in fair value are reported in the operations of the current period.

E. Accounts Receivable

The Port Authority provides for accounts receivable at estimated net realizable value. Accordingly, accounts receivable at September 30, 2004 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, 2004 and therefore the allowance for doubtful accounts has been set to zero.

F. Capital Assets

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

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

While the Port Authority's capitalization threshold is \$5,000, tangible personal property items with a cost below \$5,000 threshold 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.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Lease Acquisition Costs

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

H. Intangible Assets

Intangible assets consist of costs in excess of net assets acquired and financing costs, which are stated at cost. Amortization is determined using the straight-line method over the period of estimated future benefit of the assets. Financing costs are amortized over the term of the related indebtedness. Costs in excess of net assets acquired are amortized over the term of the related TBIT operating agreement with the Port Authority (20 years through December 31, 2009).

I. Amortization

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

J. Reserves for Restricted Assets

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

K. Ad Valorem Taxes

In accordance with Florida Statutes, the Port Authority has the right to levy up to a millage rate of one-half mill (\$.50 per \$1,000 value) ad valorem property tax. The Port Authority levied a millage rate of .29 mill (\$.29 per \$1,000 value) ad valorem property tax during fiscal year 2004.

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.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Ad Valorem Taxes (continued)

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 2004 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the subsequent period.

L. Compensated Absences

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

M. 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.

N. Pension Disclosure

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

O. Interest Rate Risk Management

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



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interest Rate Risk Management (Continued)

In February 2004, the Port Authority entered into a Forward Synthetic Refunding Agreement, which is a variation of a swap agreement, in that the Port Authority has the option, exercisable in March of 2005, to defease its higher interest rate debt on the Series 1995 bonds with variable interest rate debt. The interest rate on the variable rate debt would then be swapped for a fixed interest rate averaging 4.28%. This rate is lower than the 5.05% average interest rate on the current Series 1995 bonds. Depending on market conditions, the Port Authority may choose to terminate this agreement and issue fixed rate refunding bonds instead.

P. 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.

Q. Accounting Pronouncements

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

R. Operating Revenues and Economic Dependency

Total operating revenues of the Port Authority for the year ended September 30, 2004 amounted to approximately \$31.6 million, comprised of port usage fees of approximately \$22.9 million (of which dockage and wharfage are approximately \$18.0 million) and rental income of approximately \$7.3 million. Port usage fees and rental income totaled approximately \$30.2 million and made up approximately 95.6 percent of the primary government's operating revenues in 2004.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. 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.

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

At September 30, 2004, the bank balance of the Port Authority's (primary government) deposits (unrestricted and restricted) was \$13,705,801 and the book balance was \$11,788,866. For the component unit, the bank balance of deposits and the book balances were \$316,053 and \$ 313,235, 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, 2004 Port Authority's bank balance, \$100,000 was covered by Federal Depositary Insurance Corporation (FDIC) and \$13,605,801 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*.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. 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, TBIT's uninsured cash balances totaled \$216,053.

The Port Authority had cash on hand in its petty cash funds totaling \$16,500. The component unit had no cash on hand at the end of the fiscal year.

C. Investments

Section 218.415, Florida Statutes, and the Port Authority's investment policy authorize the Port Authority to invest surplus funds in the following:

- a. the Local Government Surplus Funds Trust Fund, an investment pool, under the sponsorship of the Florida State Board of Administration
- b. negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by, the United States ("U.S.") government
- c. interest bearing time deposits or savings accounts in qualified public depositories as defined in s.280.02
- d. obligations of the Federal Home Loan Mortgage Corporation
- e. obligations of the Federal National Mortgage Association
- f. securities of, or other interest in open-end or closed-end management type investment company or investment trust registered under the U.S. Investment Company Act of 1940, 15 U.S.C ss.80a-1 et seq, as amended from time to time, provided the portfolio of such investment company or trust fund is limited to obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided such an entity takes delivery of such collateral either directly or through an authorized custodian
- g. prime commercial paper with the highest credit quality rating from a nationally recognized agency
- h. tax exempt obligations rated "AA" or higher and issued by state and local governments

There were no violations to this policy during the fiscal year.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments (Continued)

The Port Authority's investments at September 30, 2004 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, 2004, 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. These investments represented 59% of the FSBA's portfolio at September 30, 2004. The FSBA met the criteria to be a "2a-7Like" pool as defined in GASB No. 31 at September 30, 2004. Therefore the investment was valued at share value, which approximates fair value at September 30, 2004. The total invested through the Local Government Surplus Trust Funds Trust Fund Investment Pool is \$26,417,323 at September 30, 2004.

The Port Authority invested bond debt service reserves and temporary unexpended bond proceeds in guaranteed investment contracts ("GICs") at fixed interest rates ranging from 2.66% to 6.78%, with payments receivable on a monthly basis. GICs are reported at amortized cost, which approximates fair value. The total invested through the GICs is \$38,145,657 at September 30, 2004.

The Port Authority, through their custodial banks, uses the Federal Reserve Bank and the Depository Trust Company book entry systems to hold their U.S. government securities. Those securities are not held by or registered in the Port Authority's name, but are instead held in custodian's account at the Federal Reserve Bank or at the Depository Trust Company. The total invested through the custodian account was \$6,025,046 as of September 30, 2004.

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

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**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Category 1: Insured or registered, or securities held by the Port Authority or its agent in the Port Authority's or component unit's name. The Port Authority had no Category 1 investments at September 30, 2004.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Port Authority's or component unit's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Port Authority's name or component unit's name. The Port Authority and its component unit had no Category 3 investments at September 30, 2004.

<u>Primary Government</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Cash/Cash Equivalent</u>	<u>Category</u>
<u>Restricted</u>				
Investment Securities	<u>\$ 7,099,149</u>	<u>\$ 7,103,703</u>	Yes	2

<u>Component Unit</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Cash/Cash Equivalent</u>	<u>Category</u>
None				

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TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004



NOTE 4 - NOTES RECEIVABLE

Notes receivable consist of the following notes due from tenants and by the component unit of the Port Authority as of September 30, 2004:

Tenants:

Note receivable from Tampa Bay Shipbuilding Company, monthly payments at \$170,000 until June 1, 2006 (See note 10)	\$ 2,991,668
Note receivable balance due from Tampa Bay Shipbuilding Company as of September 30, 2004. Tenant expected to draw down \$7,000,000 and begin repayment on December 1, 2006	3,226,612
Note receivable from TBIT (component unit), with a varying interest rate of 3.8% to 5.%; principal and interest payable monthly beginning September 1997 through May 2011 (See note 10)	<u>5,285,000</u>
Total	11,503,280
Less: Due within one year	<u>(2,474,996)</u>
Non-current portion notes receivable	<u>\$ 9,028,284</u>

NOTE 5 - LEASE ACQUISITION COSTS

Lease acquisition costs represent funds expended by the Port Authority to perpetuate the opportunity to lease facilities within the Port District and consist of the following changes during fiscal year 2004:

Cost of lease acquisitions	\$ 4,333,257
Accumulated amortization, fiscal year 2004	<u>(1,160,855)</u>
Balance, September 30, 2004	<u>\$ 3,172,402</u>



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 6 - INTANGIBLE ASSETS

Primary Government-

Intangible assets of the primary government consist of the following at September 30, 2004:

Cost of TBIT loan forgiveness	\$ 1,936,769
Accumulated amortization, fiscal year 2004	<u>(1,107,200)</u>
Balance, September 30, 2004	<u>\$ 829,569</u>

Intangible assets of the component unit consist of the following at September 30, 2004:

Component Unit-

Cost in excess of net assets acquired (goodwill)	\$ 2,000,000
Accumulated amortization, fiscal year 2003	<u>(1,275,120)</u>
Balance as of September 30, 2004	<u>\$ 724,880</u>

The cost in excess of net assets acquired (known as "goodwill") is related to the acquisition of three terminal operating companies that were purchased by TBIT between July, 1989 and October, 1990. Long-lived assets to be held (such as goodwill) and used by the company are to be reviewed for impairment whenever changes in circumstances indicate 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, 2004, goodwill is not impaired.

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TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004



NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government Owned assets:	September 30, 2003	Reclassifications	Additions	Transfers	Deletions	September 30, 2004
Capital assets not being depreciated:						
Land	\$ 92,082,635	\$ -	\$ 10,519	\$ -	\$ (76,767)	92,016,387
Construction in progress	30,912,809	499,569	41,486,293	(24,559,217)	-	48,339,454
Total capital assets not depreciated	122,995,444	499,569	41,496,812	(24,559,217)	(76,767)	140,355,841
Capital assets being depreciated:						
Buildings	115,172,863		2,953,330	62,392	-	118,188,585
Infrastructure	146,730,004	(499,569)	-	20,204,706	-	166,435,141
Dredging	15,814,724		-	4,292,119	-	20,106,843
Equipment and furnishing	10,176,099		243,331	-	(1,533,451)	8,885,979
Total capital assets depreciated	287,893,690	(499,569)	3,196,661	24,559,217	(1,533,451)	313,616,548
Less, accumulated depreciation:						
Buildings	13,505,866	-	2,926,723	-	-	16,432,589
Infrastructure	38,714,213	-	4,441,083	-	-	43,155,296
Dredging	8,578,187	-	1,536,262	-	-	10,114,449
Equipment and furnishing	7,360,290	-	604,056	-	(1,107,034)	6,857,312
Total accumulated depreciation	68,158,556	-	9,508,124	-	(1,107,034)	76,559,646
Total depreciable capital assets, net	219,735,134	(499,569)	(6,311,463)	24,559,217	(426,417)	237,056,902
Owned capital assets, net	342,730,578	-	35,185,349	-	(503,184)	377,412,743
Assets under lease:						
Capital assets being depreciated:						
Vessel	181,487		-	-	-	181,487
Less: Accumulated depreciation	(40,308)		(40,308)	-	-	(80,616)
Capital assets under lease, net	141,179		(40,308)	-	-	100,871
Total capital assets	\$ 342,871,757	\$ -	\$ 35,145,041	\$ -	\$ (503,184)	\$ 377,513,614

Depreciation expense for the Tampa Port Authority (primary government) for the year ended September 30, 2004 was \$9,508,124 for owned assets and \$40,308 for assets under lease, respectively.



TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE 7 - CAPITAL ASSETS (Continued)

The Port Authority's construction in progress of \$48,339,454 at September 30, 2004 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.

Component Unit	September 30, 2003	Additions	Disposals	Transfers	September 30, 2004
<u>Owned assets:</u>					
Leasehold improvements	\$ 32,234	\$ -		\$ (32,234)	\$ -
Machinery and equipment	488,369	-	(35,683)	(452,686)	-
Software	31,636	-		(31,636)	-
Computer equipment	54,142	-		(54,142)	-
Office furniture and equipment	32,769	-		(32,769)	-
Vehicles	25,513	-		(25,513)	-
	<u>664,663</u>	<u>-</u>	<u>(35,683)</u>	<u>(628,980)</u>	<u>-</u>
Less, accumulated depreciation:					
Leasehold improvements	20,069	796		(20,865)	-
Machinery and equipment	379,010	5,323	(35,683)	(348,650)	-
Software	27,015	578		(27,593)	-
Computer equipment	34,210	2,003		(36,213)	-
Office furniture and equipment	27,776	432		(28,208)	-
Vehicles	19,193	653		(19,846)	-
Total	<u>507,273</u>	<u>9,785</u>		<u>(481,375)</u>	<u>-</u>
	<u>\$ 157,390</u>	<u>\$ 9,785</u>	<u>\$ -</u>	<u>\$ (147,605)</u>	<u>\$ -</u>

Depreciation expense for the component unit for the year ended September 30, 2004 was \$9,785.

NOTE 8 - 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:

Year ended September 30,	
2005	\$ 5,058,022
2006	4,843,464
2007	4,834,209
2008	4,791,496
2009	6,436,172
Thereafter	<u>118,345,373</u>
	<u>\$ 144,308,736</u>

TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004



NOTE 9 - ACCUMULATED UNPAID EMPLOYEE BENEFITS

Port Authority employees generally earn one day of vacation and one day of sick leave each month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation and sick leave for the primary government and component unit at September 30, 2004 was \$864,117 and \$6,427 respectively, and are included in accrued liabilities.

NOTE 10 - BONDS, NOTES AND LOANS PAYABLE

A. Primary Government

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

	September 30, 2003	Additions	Deductions	Reclass	September 30, 2004	Due Within One Year
Revenue bonds	\$ 172,113,675	\$ 12,198,422	\$ 18,917,229		\$ 165,394,868	\$ 8,140,000
Deferred revenue	47,500	2,864,445	190,234	1,002,000	3,723,711	1,288,791
Investment held for component unit	938,500				938,500	-
Deposits	1,139,678	582,260	4,590	(1,002,000)	715,348	-
Total	<u>\$ 174,239,353</u>	<u>\$ 15,645,127</u>	<u>\$ 19,112,053</u>	<u>\$ -</u>	<u>\$ 170,772,427</u>	<u>\$ 9,428,791</u>

Revenue Bonds

1995A refunding revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority, 4.5% to 5.5% term bonds maturing 2005	\$ 2,140,000
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	18,305,000
1995 special revenue and refunding revenue bonds, payable from and secured by the Port Authority's covenant to budget and appropriate from non-ad valorem revenues sufficient to pay debt service 4.45% to 6.5% serial bonds maturing 2010	17,825,000
5.75% term bonds maturing 2013	11,425,000
6.00% term bonds maturing 2020	35,735,000
1997 refunding revenue bonds (Tampa Bay International Terminals, Inc. Project), collateralized by a pledge and lien on gross revenues of the Port Authority, 3.8% to 5%, maturing through 2011	5,515,000



TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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	3,575,000
1998 revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
5% term bonds maturing 2018	3,235,000
5% term bonds maturing 2023	21,765,000
2002A revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
4.125% to 5.75% term bonds maturing 2021	14,915,000
5.25% term bonds maturing 2025	6,340,000
5.375% term bonds maturing 2027	3,745,000
2002B revenue bonds, collateralized by a pledge and lien on gross revenues of the Port Authority,	
6.25% to 6.75% term bonds maturing 2013	2,100,000
6.5% term bonds maturing 2017	1,640,000
6.875% term bonds maturing 2022	2,680,000
6.875% term bonds maturing 2027	3,580,000
2003 revenue refunding bonds, collateralized by a pledge and lien gross revenues of the Port Authority,	
3.91% to 5.22% serial bonds maturing 2013	<u>11,974,220</u>
Total outstanding bond balance	166,494,220
Less: Unamortized discount/premium	<u>(1,099,352)</u>
Carrying amount	165,394,868
Less: Current maturities	<u>(8,140,000)</u>
 Bonds, notes and loans payable – non current	 <u>\$157,254,868</u>

Debt maturities and related interest payments consist of the following:

Year ending September 30,	Principal	Interest	Total
2005	\$8,140,000	\$8,441,389	\$16,581,389
2006	9,210,000	7,991,982	17,201,982
2007	8,740,000	7,521,841	16,261,841
2008	9,215,000	7,220,672	16,435,672
2009	8,799,576	7,211,205	16,010,781
Thereafter	<u>122,389,644</u>	<u>57,858,820</u>	<u>180,248,464</u>
Total	<u>\$166,494,220</u>	<u>\$96,245,909</u>	<u>\$262,740,129</u>

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



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

A. Primary Government (Continued)

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.

In April 2002, the Port Authority issued \$25,000,000 of revenue bonds, (Tampa Port Authority Project), Series 2002A, with interest ranging from 4.125% to 5.750%, and with final maturities ending through 2027. In addition, in April 2002, the Port Authority issued \$10,000,000 of revenue bonds, (Tampa Port Authority Project), Series 2002B (taxable), with interest ranging from 6.250% to 6.875%, and with final maturities ending through 2027. Bond proceeds 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 five percent (5%) and mature through June 1, 2023.

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

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**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

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

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

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

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

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**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



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

A. Primary Government (Continued)

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 of September 30, 2004, of its fixed rate debt portfolio. Under the agreement, the Port Authority has received an upfront option premium of \$1,002,000 for entering into the knock-in swaption. The Port Authority will continue to pay interest on its outstanding debt at the fixed interest rate provided by the bonds. However, the Port Authority will effectively pay a variable rate on the debt, if the Port Authority is knocked into the swap agreement. The debt service requirements to maturity of the bonds are based on the fixed rate. Only if and when the Bond Market Association ("BMA") Municipal Swap Index exceeds 6.0% for a period of 180 consecutive days after December 1, 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 16C). The notional amount under the agreement matches the final maturity of a portion of the Port Authority's outstanding long-term debt and will amortize with the amortization of these bonds.

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TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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

A. Primary Government (Continued)

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

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

The Port Authority has an optional right of termination at any time, with a termination payment payable by or to the Port Authority based on then current market conditions. If the Swap 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.

Forward Synthetic Refunding Agreement-

The Port Authority authorized a synthetic forward refunding of its 1995 Special Revenue Bonds. The 1995 Special Revenue Bonds are not on a parity with the Port Authority's other parity bonds. However, the Port Authority anticipates that the bonds issued as a part of the synthetic forward refunding will be on a parity with the existing parity bonds. An agreement was executed on February 26, 2004. In connection with a 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. The fixed rate payments are locked in at an average interest rate of 4.28% per annum, lower than the current average interest rate on the 1995 Special Revenue bonds of 5.05%.

TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004



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

A. Primary Government (Continued)

Pursuant to the agreement, the Port Authority received a one-time upfront option premium of \$1,000,000 for entering into the agreement. The Port Authority may issue variable rate debt and immediately swap this debt for fixed rate debt payments in March 2005. The Port Authority may also choose to current refund the Series 1995 bonds.

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, 2004:

Revenue Bonds, Series 1967 Term Bonds	\$ 1,000,000
Revenue Bonds, Series 1937A Term Bonds	5,050,000
Special Refunding Revenue Bonds, Series 1976A term Bonds	2,215,000
Refunding Revenue Bonds, Series 1977 Term Bonds	16,200,000
Revenue Bonds, Series 1978 Term Bonds	765,000
Revenue Bonds, Series 1990 Term Bonds	10,835,000
	<u>\$ 36,065,000</u>

B. Component Unit

Notes payable of the component unit consists of the following at September 30, 2004:

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

	\$ 5,285,000
Less: Current portion	<u>(700,000)</u>
Long-term portion	<u>\$ 4,585,000</u>



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

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

B. Component Unit (Continued)

Debt maturities consisted of the following at September 30:

2005	\$ 700,000
2006	730,000
2007	761,667
2008	796,667
2009	831,666
Thereafter	<u>1,465,000</u>
Total	<u>\$ 5,285,000</u>

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 \$54,486 for the year ended September 30, 2004.

TBIT's interest expense on the above notes was \$285,285 for the year ended September 30, 2004.

**NOTE 11 - TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND
COMPONENT UNIT**

TBIT paid to the Port Authority excess cash and short-term investments of \$100,000 during the fiscal year ended September 30, 2004. These payments were recorded as operating revenue by the Port Authority and non-operating expense by the component unit, respectively.

As done in previous years, TBIT remitted to the Port Authority the interest saving resulting from the Port Authority refunding the 1990 Special Purpose Revenue Bonds in August 1997 and issuing a note payable for \$9,385,000 with a significant lower interest rate. The interest rate cost savings and remittances to the Port Authority, was \$166,362 for the year ended September 30, 2004.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 12 - EMPLOYEE RETIREMENT PLANS

A. Defined Benefit Plan

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

B. Defined Contribution Plan

Beginning December 1, 2002, the System offered a second retirement plan option, the FRS Investment Plan. Under this plan the employer pays all contributions, which are a percentage of salary based on the System's Membership Class. The employer contributes to an account in the employee's name. The employee makes investment elections with the investment funds chosen by the 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



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Defined Contribution Plan (Continued)

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, 2004, no Port Authority employees had elected to participate in the defined contribution plan.

C. Contributions to Florida Retirement System

For the System's fiscal year commencing July 1, 2004, 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 7.39%, senior management at 9.37%, and Deferred Retirement Option Program (DROP) at 9.11%. The Port Authority's contributions made during the years ended September 30, 2004, 2003 and 2002 were \$433,770, \$357,837, and \$335,404, respectively, equal to the actuarially determined contribution requirements for each year.

**NOTE 13 - 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.

Up to January 31, 2004 when the Concession Agreement with SSA commenced, the Port Authority had recognized revenues from wharfage collected by TBIT on its behalf of approximately \$167,000. These amounts are not reflected in the revenues and expenses of TBIT, as amounts were collected and remitted directly to the Port Authority.

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

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 13 - RELATIONSHIP BETWEEN PRIMARY GOVERNMENT AND COMPONENT UNIT (Continued)

In March 1993, the Port Authority entered into an Equipment Operating Agreement with TBIT for the operation of mobile truck cranes that were purchased by the Port Authority in prior years. Under the terms of this agreement, TBIT operated and maintained the truck cranes and received 15% of the rental revenues, net of operational expenses. This agreement is no longer in effect.

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

NOTE 14 - FLORIDA PORTS FINANCING COMMISSION

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

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

The Port Authority has 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



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 14 - FLORIDA PORTS FINANCING COMMISSION (Continued)

agreement with the Ports Commission) to fund a portion of the costs of such projects. These moneys will be utilized by the Port Authority to pay the costs of such projects on a matching basis with moneys received by the Port Authority pursuant to its loan agreement with the Ports Commission. At September 30, 2004, the Port Authority had drawn down approximately \$51.9 million from its escrow account to fund such projects.

NOTE 15 - RISK MANAGEMENT

The Port Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port Authority manages the exposure to these risks through the purchase of commercial insurance with high limits of coverage. Specific details regarding deductibles and coverage can be found in the supplemental schedules of the Comprehensive Annual Financial Report of the Port Authority. The Port Authority has not significantly reduced insurance coverage from the prior year nor did the amount of settlement exceed the insurance coverage for each of the past three fiscal years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Primary Government

A. Litigation

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

B. Special Purpose Revenue Bonds

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

Upon termination or expiration of the leases, the Port Authority retains its ownership interest in said property and the right to possession reverts to the Port Authority. There are no remaining special purpose revenue bonds as of September 30, 2004.

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Knock-in Swaption

In July 2002, the Port Authority entered into a knock-in swap option agreement ("swaption") in order to generate additional funding to reduce interest payments (Refer to Note 10). Under the agreement, the Port Authority received an upfront option premium of \$1,002,000 for entering into the knock-in swaption. Under the agreement, the swaption provider has the option to put the Port Authority into a fixed-to-floating interest rate swap on the following terms: (a) the notional amount is not to exceed \$32,420,000; (b) the interest rate swap agreement expires on June 1, 2023; (c) if the option is exercised by the swaption provider, it will pay the Port Authority a fixed rate of 5.0532%, and the Port Authority will pay the swaption provider a variable rate of BMA Municipal Swap Index plus 25 basis points; (d) the swaption provider 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 6.0% 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 then 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.

D. 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 where the Port Authority locked into an average interest rate of 4.28% per annum. The 1995 Special Revenue Bonds are not on a parity with the Port Authority's other parity bonds. However, the Port Authority anticipates that the bonds issued as a part of the synthetic forward refunding will be on a parity with the existing parity bonds. In connection with a 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, and immediately swap the variable rate debt for fixed rate payments.

Pursuant to the agreement, the Port received a one-time upfront option premium of \$1,000,000 for entering into the agreement. The Port Authority expects to exercise the option in March 2005. The Port Authority will continue to pay interest on the Series 1995 bonds at the fixed interest rate provided by the bonds.

E. Commitments

The Tampa Port Authority had contractual commitments for construction projects that amounted to approximately \$37 million as of September 30, 2004.



**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

F. Component Unit

See Note 17 below.

G. 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 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, 2004 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 17 - 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. See Notes 1B, 3, 4, 5, 6, 10B, 11 and 13.

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

On July 15, 2003, the Port Authority's Board of Commissioners authorized its staff to begin negotiations with Stevedoring Services of America, Inc. ("SSA") to provide terminal services for the Port of Tampa, including all terminal operations for the existing customers for whom TBIT previously provided terminal operations. On December 23, 2003, the Port

**TAMPA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004**



NOTE 17 - RELATIONSHIP AMONG THE PORT AUTHORITY, TBIT AND SSA
(Continued)

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 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, and as referenced in Note 10B of these financial statements. As of September 30, 2004, the outstanding principal balance due on the bonds and loan agreement is \$5,285,000. All other operating expenses incurred by TBIT in the future shall be the responsibility of the Port Authority.



STATISTICAL SECTION



TAMPA PORT AUTHORITY





Table 1

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

(amounts in thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operating revenues:												
Port usage fees	\$12,136	\$12,676	\$12,344	\$12,939	\$14,686	\$14,441	\$15,745	\$18,311	\$20,684	\$22,699	\$20,684	\$22,699
Land and building leases	2,271	3,007	4,134	4,306	4,442	4,992	5,978	6,389	6,213	7,340	6,213	7,340
Work permits	19	20	28	23	32	36	33	36	36	52	52	52
Tenants' utilities	374	360	333	352	407	438	478	522	522	648	648	627
Fingerprinting / badging	0	0	0	0	0	0	0	316	432	581	432	581
License fees	71	59	65	68	59	58	67	56	68	90	68	90
Total operating revenues	15,371	16,132	16,896	17,688	19,626	19,945	22,301	25,630	28,097	31,589	28,097	31,589
Operating grants:	0	0	0	0	0	0	0	0	0	1,651	1,651	1,651
Operating expenses:												
Salaries	4,181	4,274	4,718	4,648	4,897	4,855	5,537	6,372	6,372	7,315	6,372	7,315
Security staffing, contracted	0	0	0	0	0	0	0	1,600	2,096	2,330	2,096	2,330
Marketing & research	220	218	191	184	138	116	168	133	187	136	187	136
Public relations	222	250	236	198	325	338	303	311	349	263	349	263
Utilities	365	393	630	461	582	758	733	1,047	1,307	1,478	1,307	1,478
Insurance	489	809	566	485	426	448	508	679	1,242	1,215	1,242	1,215
Property maintenance	476	534	565	476	606	719	542	918	750	898	750	898
Computer expense	54	66	83	106	93	114	245	218	275	236	275	236
General expense	382	438	368	338	436	393	666	1,242	1,400	2,148	1,400	2,148
Background checks, FOLE	0	0	0	0	0	0	0	180	283	357	283	357
Communications	43	67	76	79	105	154	137	221	388	272	388	272
Professional fees	1,469	1,163	1,144	738	674	627	596	590	480	505	480	505
Travel	99	111	95	72	143	145	144	163	191	159	191	159
Total operating expenses	7,960	8,323	8,632	7,842	8,495	8,639	9,797	13,634	15,897	17,273	15,897	17,273
Operating income before depreciation/amortization	7,411	7,809	8,264	9,846	11,131	11,306	12,504	12,000	12,200	14,316	12,200	14,316
Depreciation/amortization	2,510	3,535	3,970	4,837	5,236	6,443	6,956	7,996	9,277	10,165	9,277	10,165
Operating income	4,901	4,274	4,294	5,009	5,895	4,863	5,548	4,004	2,923	4,151	2,923	4,151
Non-operating revenues/(expenses):												
Interest income	2,914	3,194	3,215	4,351	4,579	5,280	4,969	3,372	3,672	3,661	3,672	3,661
Ad valorem taxes	8,409	8,363	8,321	8,788	9,354	11,296	10,891	11,962	12,907	14,117	12,907	14,117
Interest expense	(6,339)	(5,985)	(7,411)	(8,168)	(8,573)	(8,079)	(8,709)	(9,352)	(9,352)	(9,352)	(9,352)	(9,352)
Capital grants (1)	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	78	224	(144)	(59)	388	2,994	5,203	(1,118)	(2,430)	(1,350)	(2,430)	(1,350)
Total non-operating revenue	5,062	4,795	3,781	4,912	5,948	9,651	12,354	19,134	9,750	15,721	9,750	15,721
Net income	\$10,163	\$9,069	\$7,875	\$10,131	\$11,839	\$14,457	\$17,862	\$33,094	\$31,923	\$31,698	\$31,923	\$31,698

(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)	Tampa Port Authority Millage as % of Countywide	Receipts in Fiscal Year Ending September 30	Ad Valorem Taxes Received	Collection Fees	Ad Valorem Taxes Assessment	Net Ad Valorem Taxes Received (d)
1994	\$25,488,456	19.265	0.350	1.82%	1995	\$8,609	\$300	\$0	\$8,309
1995	\$26,222,578	19.209	0.330	1.72%	1996	\$8,363	\$286	\$0	\$8,077
1996	\$27,154,369	19.258	0.310	1.61%	1997	\$8,121	\$286	\$0	\$7,835
1997	\$29,349,685	18.732	0.310	1.65%	1998	\$8,788	\$343	\$328	\$8,117
1998	\$31,893,303	18.587	0.310	1.67%	1999	\$9,554	\$353	\$361	\$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	0.285	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

(a) 2004 property tax rolls were not levied and opened for collection until November 1, 2004 making final data for the 2004 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 2003 millage rate of .29 equals 29 cents out of every \$1,000 of total assessed value

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



Table 3

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

Year	Estimated Actual Value (b)		Exemptions (c)		Assessed Value (d)			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 (e)	
1994	30,882	6,159	10,039	1,537	26,873	4,572	44	69%
1995	31,755	6,515	10,280	1,813	21,475	4,702	46	68%
1996	32,970	6,889	10,775	1,577	22,194	4,912	47	68%
1997	35,282	7,165	11,241	1,809	24,021	5,256	72	69%
1998	38,338	7,485	12,076	1,936	26,262	5,569	62	70%
1999	40,379	7,809	12,657	1,936	28,722	5,883	67	70%
2000	45,946	7,278	14,296	1,184	30,790	6,094	82	71%
2001	53,102	7,527	16,620	1,154	36,482	6,333	78	71%
2002	56,061	7,438	19,052	1,171	46,009	6,267	80	70%
2003	64,673	7,438	20,754	1,145	43,929	6,333	112	70%

(a) Per the Property Appraiser, due to Value Adjustment Board (VAB) hearings, 2004 tax rolls are not final as of 02/28/05.

(b) Section 192.001, Florida Statutes, defines assessed value of property as "an amount determination of the just or fair market value of an item of property." Therefore, gross assessed value is defined to be Estimated Actual Value.

(c) 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.

(d) Assessed value is defined to be gross assessed value less exemptions. 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.

(e) 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)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Countywide:										
BOCC (b) - General Revenue	7.905	7.905	7.916	7.807	7.750	7.597	7.533	7.435	7.198	7.188
Tampa Port Authority	0.350	0.330	0.310	0.310	0.310	0.310	0.295	0.290	0.290	0.290
Voted Debt Service	0.055	0.054	0.051	--	--	--	--	--	--	--
Environmentally Sensitive Lands (c)	0.250	0.210	0.188	0.188	0.157	0.185	0.149	0.127	0.114	0.105
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	9.867	9.954	9.588	9.531	9.071	8.715	8.586	8.595	8.480
Children's Board	0.416	0.421	0.417	0.417	0.417	0.417	0.417	0.417	0.500	0.500
Total	19.265	19.209	19.258	18.732	18.587	18.002	17.531	17.277	17.119	16.984
Non-Countywide:										
BOCC - Free Library Service	0.630	0.642	0.642	0.642	0.642	0.642	0.642	0.642	0.642	0.642
BOCC - Municipal Service										
Taxing Unit (d)	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062	5.062
Parks and Recreation (unincorporated) (e)	0.051	0.049	0.046	0.089	0.081	0.073	0.068	0.058	0.500	0.046
Southwest Florida Water Management District (f):										
Alafia River Basin	0.240	0.240	0.247	0.240	0.240	0.240	0.240	0.240	0.240	0.024
Hillsborough River Basin	0.286	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	6.539	6.540	6.539	6.539	6.539	6.539
Temple Terrace	4.410	4.410	4.410	4.700	4.410	4.910	4.910	4.910	4.910	4.910
Plant City	4.700	4.700	4.700	4.410	4.700	4.700	4.700	4.700	4.700	4.700

(a) Since the 2004 property tax rolls were not levied and opened for collection until November 1, 2004, final data for the 2004 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, 2004
(Unaudited)
(amounts in thousands)

Taxpayer	Type of Business	2003 Taxes Levied	% of Total Taxes Levied
1. Tampa Electric Company	Electrical services	\$ 30,945	2.38 %
2. Verizon	Telecommunications	23,963	1.84
3. Hillsborough County Aviation Authority	County government	9,350	0.72
4. Tampa Sports Authority	County government	6,832	0.53
5. Camden Property Trust	Housing/Real Estate	5,306	0.41
6. Post Apartment Homes	Housing/Real Estate	4,575	0.35
7. Glimcher LTD Partnership	Retail/Real Estate	4,460	0.34
8. Cargill Incorporated	Fertilizer	3,936	0.30
9. Wal-Mart	Retail	3,644	0.28
10. Highwoods/Florida Holdings LP	Housing/Real Estate	3,350	0.26
		<u>\$ 96,362</u>	<u>7.41 %</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
1995	\$17,361	\$7,960	\$9,401	\$3,237	2.90	\$5,313	1.77
1996	\$18,512	\$8,323	\$10,189	\$3,539	2.88	\$9,101	1.12
1997	\$19,516	\$8,632	\$10,884	\$4,237	2.57	\$9,746	1.12
1998	\$22,473	\$7,842	\$14,631	\$5,314	2.75	\$11,685	1.25
1999	\$25,924	\$8,405	\$17,519	\$7,590	2.31	\$13,962	1.25
2000	\$27,818	\$8,659	\$19,159	\$8,036	2.38	\$14,406	1.33
2001	\$29,872	\$9,797	\$20,075	\$8,280	2.42	\$14,648	1.37
2002	\$31,728	\$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
	(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
1995	897,643	\$21,930	504,953	483,147	4.3%
1996	916,064	\$23,062	514,249	494,642	3.8%
1997	931,482	\$24,081	534,058	516,271	3.3%
1998	945,565	\$25,648	551,944	536,674	2.8%
1999	971,079	\$26,889	572,256	557,350	2.6%
2000	998,948	\$28,558	598,342	583,027	2.6%
2001	1,026,906	\$29,055	610,871	588,966	3.6%
2002	1,055,617	\$29,602	619,712	592,875	4.3%
2003	1,083,520	<i>not available</i>	623,614	597,946	4.1%
2004	1,099,832	<i>not available</i>	637,122	614,154	3.2%

(a) Source: Bureau of Economic Research, University of Florida

(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	
1994	25,488,456	541,903	157,353	699,256	8,238,056
1995	26,222,578	528,928	274,513	803,441	8,671,717
1996	27,154,169	639,290	436,572	1,075,862	8,159,428
1997	29,349,684	676,092	287,073	963,165	8,534,837
1998	31,893,303	918,646	482,987	1,401,633	8,273,178
1999	34,671,754	1,126,138	538,621	1,664,759	8,953,276
2000	37,965,047	995,236	316,732	1,311,968	9,519,520
2001	42,891,980	968,749	493,460	1,462,209	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
	(b)	(c)	(d)		(d)

(a) Data for 2003 used since value of construction and bank deposits information not available for 2004.

(b) Source: Property Appraiser

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

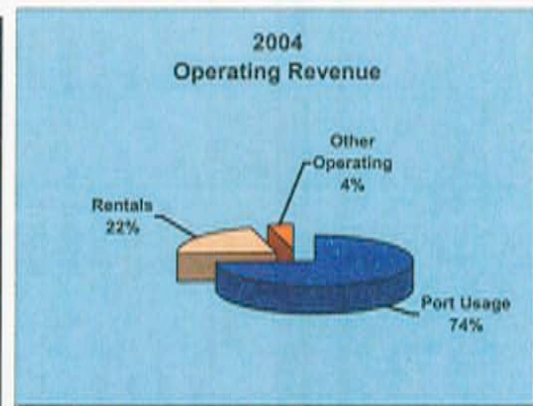
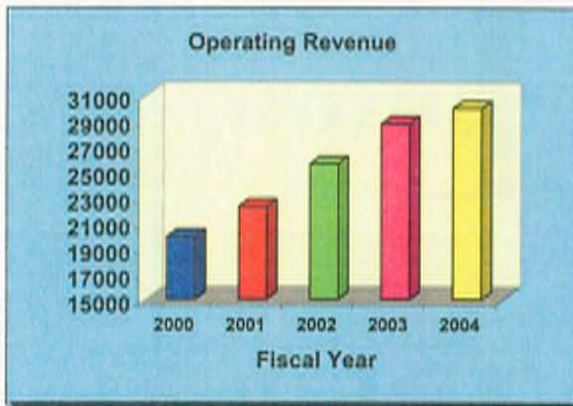
(d) Source: Hillsborough County City-County Planning Commission



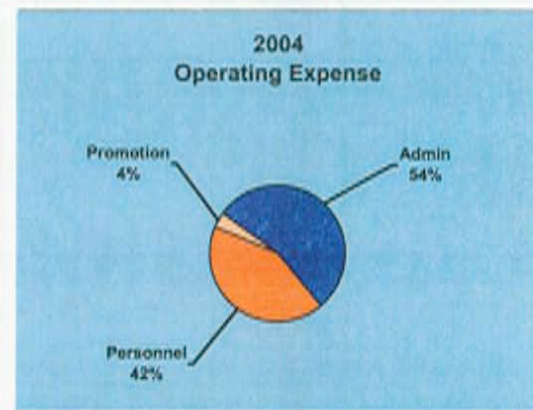
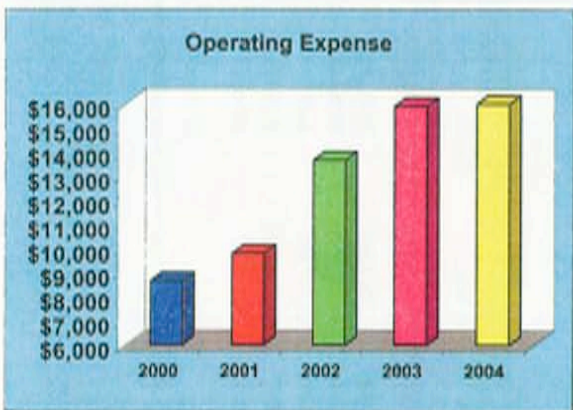
Table 9

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

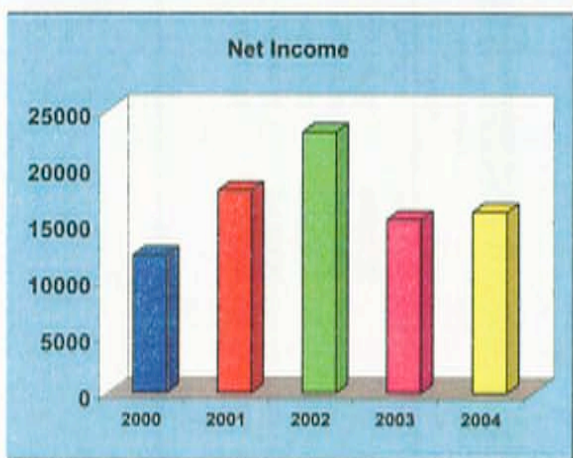
OPERATING REVENUE



OPERATING EXPENSE



NET INCOME



DEBT SERVICE COVERAGE

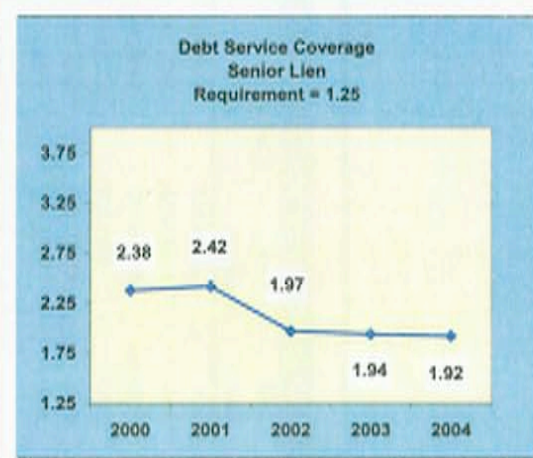




Table 10

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	

BULK CARGO										
Fiscal Year	Petroleum & Related	Liquid Bulk, Misc	Aggregates, NOS	Dry Bulk, Misc	Grains, Feed	Phosphate/Fertilizers				
1999	\$3,236,662	\$2,101,911	\$846,083	\$397,094	\$585,733	\$755,925				
2000	\$3,379,666	\$1,593,455	\$912,570	\$803,549	\$682,276	\$629,101				
2001	\$3,647,492	\$1,831,789	\$1,090,636	\$1,128,558	\$518,402	\$596,666				
2002	\$4,239,762	\$1,815,490	\$1,338,945	\$1,427,857	\$463,886	\$652,389				
2003	\$4,510,441	\$1,816,502	\$1,608,882	\$1,484,849	\$339,235	\$535,115				
2004	\$4,744,039	\$1,771,876	\$1,612,520	\$1,938,968	\$379,049	\$797,725				

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



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
1995	275,580	\$2,330,596	\$8.46	\$15,371,390	15.16%
1996	192,230	\$1,747,574	\$9.09	\$16,132,247	10.83%
1997	187,851	\$1,590,888	\$8.47	\$16,695,488	9.53%
1998	244,968	\$2,113,949	\$8.63	\$17,697,555	11.94%
1999	413,618	\$3,648,531	\$8.82	\$19,625,682	18.59%
2000	459,803	\$4,122,069	\$8.96	\$19,945,071	20.67%
2001	517,235	\$4,660,147	\$9.01	\$22,301,242	20.90%
2002	587,470	\$5,696,730	\$9.70	\$25,629,438	22.23%
2003	810,114	\$8,175,083	\$10.09	\$29,096,585	28.10%
2004 (3)	791,772	\$7,887,694	\$9.96	\$31,588,942	24.97%

(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.

(3) Cruise ship sailings and passenger counts were down due to (1) changes in sailing schedules, (2) one cruise ship was in drydock at the end of the Fiscal Year, (3) cruise ships were repositioned during the 2004 hurricanes in Florida, and (4) the loss of a cruise ferry. This resulted in 30 fewer sailings.

Source: Port Authority statistics



TAMPA PORT AUTHORITY



OTHER PORT FINANCIAL INFORMATION



TAMPA PORT AUTHORITY



Table 12

TAMPA PORT AUTHORITY
Revenues - Compared with Budget
For the year ended September 30, 2004
(Unaudited)
(amounts in thousands)

	Budget	Actual	Actual Over/(Under) Budget
Operating revenues:			
Dockage	\$5,682	\$5,897	\$215
Wharfage	13,107	12,141	(966)
Stevedore use fees	110	93	(17)
Terminal Operations	-	767	767
Other services and rentals	319	192	(127)
Other passenger terminal revenue	3,778	3,810	32
Land and building leases	7,109	7,339	230
Work permits	49	52	3
Tenants' utilities	575	627	52
Fingerprinting/badging	719	581	(138)
License fees, other	94	90	(4)
Total operating revenues	<u>31,542</u>	<u>31,589</u>	<u>47</u>
Operating grants	<u>1,856</u>	<u>1,166</u>	<u>(690)</u>
Non-operating revenues:			
Interest income	3,413	3,555	142
Ad valorem taxes	14,063	14,117	54
Capital grants	15,275	8,493 (1)	(6,782)
Loan income	2,675	2,674 (2)	(1)
Harbormaster fees trust	581	572	(9)
Miscellaneous revenue	<u>263</u>	<u>435 (3)</u>	<u>172</u>
Total non-operating revenues	<u>36,270</u>	<u>29,846</u>	<u>(6,424)</u>
	<u>\$ 69,668 (4)</u>	<u>\$ 62,601</u>	<u>\$ (7,067)</u>

(1) Capital grants relate to capital projects which span several fiscal years. The actual dollars received were for reimbursable expenditures specifically related to FY2004.

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

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

(4) The difference between this number and the total budgeted revenues of \$152,548 or \$82,881 is the amount budgeted for net cash carried forward, sale of assets, and collection fees and assessments shown on next table as an expense.



Table 13

TAMPA PORT AUTHORITY
Expenses - Compared with Budget
For the year ended September 30, 2004
(Unaudited)
(amounts in thousands)

	Budget	Actual	Actual Over/(Under) Budget
Operating expenditures:			
Salaries	\$ 7,627	\$ 7,315	\$ 312
Security staffing, contracted	2,066	2,331	(265)
Marketing & research	199	136	63
Public relations	406	263	143
Utilities	1,341	1,478	(137)
Insurance	1,349	1,215	134
Property maintenance	1,041	858	183
Computer expense	237	236	1
General expense	1,586	2,148	(562)
Background checks, FDLE	464	357	107
Communication	233	272	(39)
Professional fees	566	505	61
Travel	163	159	4
Total operating expenses	<u>17,278</u>	<u>17,273</u>	<u>5</u>
Non-operating expenditures:			
Ad valorem taxes, fees and other	1,163	1,083	80
Interest expense	8,861	8,861 (1)	0
Developmental improvements, other	104,378	1,133 (2)	103,245
Harbormaster fee trust	581	211	370
Total non-operating expenditures	<u>114,983</u>	<u>11,288</u>	<u>103,695</u>
	<u>\$ 132,261</u>	<u>\$ 28,561</u>	<u>\$ 103,700</u>

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

(2) See Note D. Budgeted, but unspent, contractual commitments totaling \$36,078,398 as of September 30, 2004 were carried over into the capital projects budget for fiscal year 2005. Other projects, though budgeted, were not contracted as of September 30, 2004 and were also carried forward into fiscal year 2005.



Table 14

TAMPA PORT AUTHORITY
Cash, Cash Equivalents, and Investments
as of September 30, 2004
(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	\$ 24,542,754
SunTrust Bank, overnight investments	"	"	"	\$ 13,149,500
Cash on hand	"	"	"	\$ 16,500
Subtotal, unrestricted				<u>\$ 37,708,754</u>
Restricted:				
Bank of New York, 97 reserve for component unit	5.745%	11.7 years	06/01/11 (2)	\$ 992,269
Bond Debt Service:				
Bank of New York, 95A & B, 98	6.855%	various	12/01/04	\$ 1,985,603
Bank of New York, 95	6.910%	various	12/01/04	\$ 2,294,868
Wachovia National Bank, 97 TBIT	6.855%	various	12/01/04	\$ 318,907
U. S. Bank, 97B TBSB	6.855%	various	12/01/04	\$ 768,406
Bank of New York, 2002A & B	4.970%	various	12/01/04	\$ 657,262
				<u>\$ 6,025,046</u>
Bond Debt Service Reserve:				
Bank of New York, 95 reserve	6.740%	20.7 years	06/01/20 (2)	\$ 6,835,362
Bank of New York, 95 capital reserve	6.780%	10.0 years	11/01/09 (2)	\$ 6,404,100
Bank of New York, 95A & B reserve	5.945%	13.7 years	06/01/13 (2)	\$ 4,450,000
				<u>\$ 17,689,462</u>
Renewal & Replacement Reserve:				
State Board of Administration (public agency pooled investments) (1)	Various	None Stated	as needed	\$ 1,874,569
Construction Trust Funds:				
Bank of New York Trust Company, Dredging Escrow	Various	None Stated	as needed	\$ 226,724
SunTrust, 99 FPFC Construction Account	"	"	"	\$ 9,839,604
FSA Capital Management Services	2.660%	"	03/15/05	\$ 20,456,196
				<u>\$ 30,522,524</u>
Subtotal, restricted				<u>\$ 57,103,870</u>
Total unrestricted and restricted				<u>\$ 94,812,624</u>

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

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



Table 15

Tampa Port Authority
Insurance Coverage
as of September 30, 2004
(Unaudited)

		<u>Limits of Coverage</u>
1.	Workers' Compensation & Employers' Liability	
	Workers' Compensation Limit	Statutory
	Employers' Liability Level Limit	\$ 1,000,000
2.	General Liability	
	Primary Liability including Employment Practices	\$ 1,000,000
	Public Officials	\$ 5,000,000
	Umbrella Liability	\$ 50,000,000
3.	Automobile & Garagekeepers	
	Liability	\$ 1,000,000
	Personal Injury (PIP)	Statutory
	Garagekeepers Legal Liability	\$ 2,350,000
4.	Employee Crime	
	Public Employees Dishonesty	\$ 1,000,000
	Forgery or Alteration	\$ 250,000
	Computer Fraud	\$ 250,000
	Theft of Money & Securities	\$ 30,000
5.	Fire & Allied Property	
	Total Buildings and Allied	\$ 143,035,906
	<u>Sublimits:</u>	<u>Amount</u>
	Buildings	\$ 129,445,444
	Personal Property	\$ 7,463,365
	Business Interruption	\$ 1,000,000
	Inland Marine (Scheduled Equipment)	\$ 3,365,387
	Computer Related & Video/Radio Equipment	\$ 761,710
	Valuable Papers & Other	\$ 1,000,000
6.	National Flood	
	Buildings	\$ 5,885,600
	Contents	\$ 850,000
7.	Watercraft	
	Protection & Indemnity	\$ 1,000,000
	Hull (Roll On-Roll Off Barge and Small Boats)	\$ 1,480,795
8.	Boiler & Machine	\$ 50,000
9.	Gasoline Storage Tank Liability	\$ 1,000,000
10.	Corporate Foreign Travel/Accident, Etc.	\$ 1,000,000



COMPLIANCE SECTION



TAMPA PORT AUTHORITY



Compliance Section

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

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

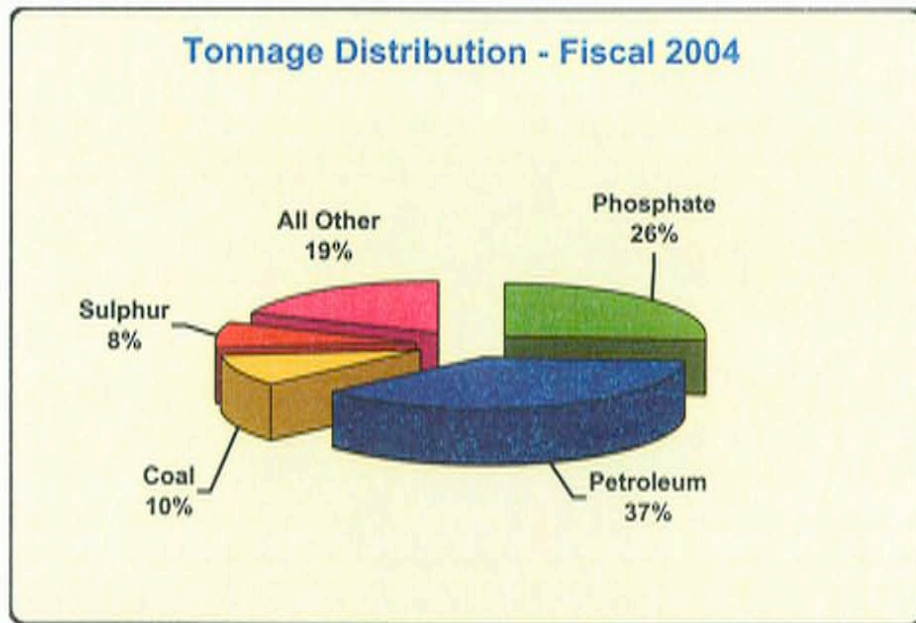


Table 16

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>
1995	19,656	13,399	5,885	4,587	7,835	51,362
1996	19,092	14,344	6,336	4,394	7,754	51,920
1997	16,822	14,515	7,187	4,470	7,600	50,594
1998	16,413	15,061	7,204	4,404	7,715	50,797
1999	16,933	15,912	6,892	4,266	8,240	52,243
2000	13,115	16,384	7,397	4,081	8,265	49,242
2001	10,315	17,484	6,870	3,854	8,569	47,092
2002	12,910	17,669	6,572	3,694	8,868	49,713
2003	12,310	17,134	6,043	4,019	9,042	48,548
2004	12,684	18,156	4,766	3,866	9,226	48,698

Reported in short tons.



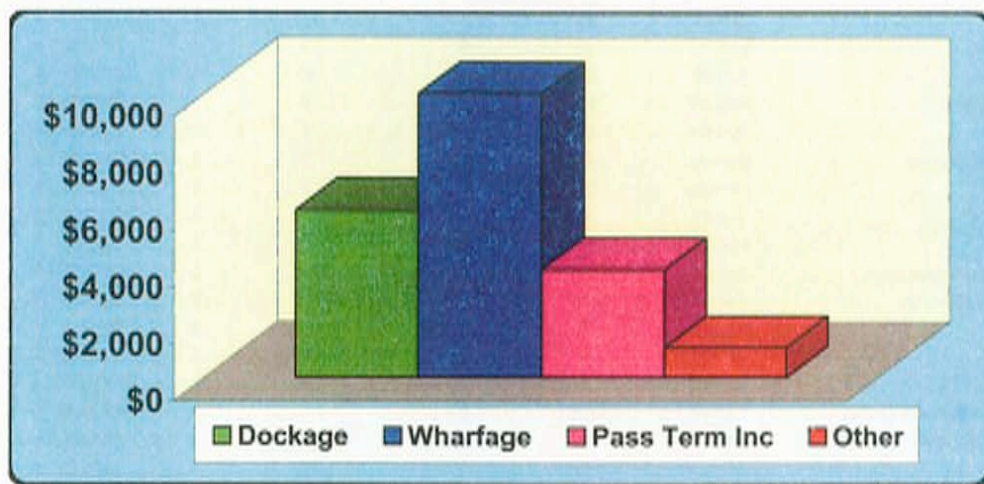
This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Tampa Port Authority Revenue Bond issues.



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
1995	\$ 4,832	\$ 6,481	\$ 504	\$ 319	\$ 12,136
1996	5,092	6,290	309	985	12,676
1997	4,737	6,163	289	955	12,144
1998	4,648	6,371	422	1,498	12,939
1999	5,216	7,862	906	702	14,686
2000	4,934	7,800	1,076	631	14,441
2001	5,138	8,560	1,746	301	15,745
2002	5,413	9,691	2,659	548	18,311
2003	5,613	11,864	3,456	751	21,684
2004	5,897	12,141	3,810	1,051	22,899



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, 2004
(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>2004 Minimum Annual Revenue</u>	<u>2004 Total Revenue Received</u>
Central Fla. Pipeline Corp.	Oct-98	5	3	5	\$ 826,700	\$ 2,648,015
Transmontaigne Product Services, Inc.	Sep-67	12	3	2 10-year; 1 8-year	\$ 7,200	\$ 1,012,223
Trademark Metals	Dec-99	10	2	5	\$ 336,371	\$ 795,003
Vulcan/ICA Distribution Co.	Jul-91	1	7	4 1-year; 3 5-year	\$ 281,762	\$ 762,068
Martin Marietta Aggregates	Jan-04	5	2	5	\$ 360,915	\$ 733,881
Martin Gas Sales, Inc.	Dec-96	10	0	0	\$ 220,545	\$ 728,697
SSA Marine Gulf, Inc.	Jan-04	10	0	0	\$ 666,664	\$ 666,664
Harborside Refrigerated Services, Inc.	Oct-95	20	2	10	\$ 568,376	\$ 568,376
C F Industries, Inc. (ammonia facility)	Jul-76	20	3	10	\$ 70,084	\$ 518,494
Tampa Bay Shipbuilding & Repair Co.	Mar-97	15	2	15	\$ 500,000	\$ 500,000
Subtotal - Top Ten Revenue-Producing					\$ 3,838,617	\$ 8,933,421
International Ship Repair	Feb-97	2	5	2 2-year; 3 3-year	\$ 108,575	\$ 460,456
GSC Retail I, Ltd.	Apr-97	40	8	5	\$ 450,000	\$ 450,000
Gulf Marine Repair, Inc.	May-96	10	0	0	\$ 103,500	\$ 439,203
C F Industries, Inc. (fertilizer facility)	Jun-72	10	3	10	\$ 109,266	\$ 428,894
PCL Constructors	Dec-02	2	2	6mo	\$ 427,510	\$ 427,510
Cargill Financial Center (grain facility)	May-73	20	3	20	\$ 33,000	\$ 386,885
United Winner Metals	Oct-99	10	1	5	\$ 197,500	\$ 383,130
Cargill, Inc. (salt facility)	Jul-99	20	2	10	\$ 368,036	\$ 368,036
Holcim (US), Inc. ***	Jan-61	20	1	20	\$ 12,000	\$ 341,326
RMC - South Florida, Inc.	Dec-01	5	4	5	\$ 332,345	\$ 332,345
Sea - 3 of Florida, Inc.	Jan-99	22	3	10	\$ 319,085	\$ 319,085
University of South Florida	Aug-99	10	0	0	\$ 298,284	\$ 298,284
Cemex, Inc.	Jun-84	10	4	5	\$ 269,028	\$ 269,028
Gulf Sulphur Services (Freeport)	Jan-00	5	2	5	\$ 254,065	\$ 262,946
Pasco Terminals	Nov-00	10	2	5	\$ 147,106	\$ 261,535
Wilson Miller	Jul-01	5	2	5	\$ 225,954	\$ 225,954
Seabulk Towing	May-98	15	0	0	\$ 65,271	\$ 222,706
NAMASCO Acquisition Corporation	Jul-01	5	1	5	\$ 205,895	\$ 205,895
Intermodal Shipping Services, Inc.	Jan-00	4	0	0	\$ 199,200	\$ 199,200
World Trade Center	Mar-03	3	3	1	\$ 188,715	\$ 188,715
Amalie Oil Company	Jul-97	25	1	10	\$ 181,974	\$ 181,974
Lehigh Portland Cement Co.	Sep-00	10	2	5	\$ 177,390	\$ 177,390
Export Metals (Month to Month Lease)	Oct-02	N/A	0	0	\$ 175,493	\$ 175,493
Marigold Land Co. (Drummond Coal Co.)	Oct-00	10	4	5	\$ 150,000	\$ 150,000
Florida Rock Industries, Inc.	Mar-01	3	3	3	\$ 142,913	\$ 142,913
Marathon Ashland Petroleum, LLC	Jan-79	6	7	5	\$ 35,013	\$ 139,396

(Continues)



Table 18

TAMPA PORT AUTHORITY
Summary of Leases of Principal Customers
as of September 30, 2004
(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>2004 Minimum Annual Revenue</u>	<u>2004 Total Revenue Received</u>
Tropical Shipping Company	Oct-94	5	3	5	\$ 119,454	\$ 119,454
Sulphuric Acid Trading Company	Nov-79	25	3	5	\$ 70,948	\$ 117,772
Tarmac America LLC (Titan)	Jan-02	20	3	10	\$ 96,477	\$ 96,477
Tampa Juice Service, Inc.	Apr-95	20	2	10	\$ 44,916	\$ 91,108
Central Fla. Pipeline Corp. (pipeline)	Mar-95	20	2	10	\$ 40,476	\$ 87,307
C F Industries, Inc. (bareland)	Jan-90	6.5	3	10	\$ 72,798	\$ 72,798
Murphy Oil USA, Inc.	Sep-67	18	2	1 10-year; 1 12-year	\$ 34,730	\$ 61,526
Starship Cruise Line, Inc.	Nov-01	3	2	3	\$ 60,000	\$ 60,000
Hydro Agri North America, Inc. (Yara)	Oct-97	10	2	5	\$ 31,489	\$ 57,673
Kinder Morgan (PAC Tank)	Dec-02	20	4	10	\$ 45,986	\$ 45,986
Americold Corporation	Sep-78	20	2	5	\$ 39,000	\$ 39,000
Diversified Marine Technicians	Oct-91	5	2	1 3-year; 1 5-year	\$ 32,352	\$ 35,019
PEL Laboratories	May-03	5	2	5	\$ 31,718	\$ 31,718
Superior Seafoods, Inc. ***	Jan-93	5	1	5	\$ 30,000	\$ 30,000
Garrison Stevedoring	Dec-95	8	2	3	\$ 25,509	\$ 25,509
Maritrans Operating Partners	Jan-80	25	3	10	\$ 24,486	\$ 24,486
Carotam	Jan-04	1	0	0	\$ 22,500	\$ 22,500
Bay Shuttle	Dec-01	5	0	0	\$ 5,000	\$ 18,945
Federal Marine Terminals	Nov-03	1	0	0	\$ 13,200	\$ 13,200
American Victory	Apr-00	4	4	4	\$ 12,000	\$ 12,374
Total Minimum and Actual Revenue					\$ 9,868,774	\$ 17,434,572

(1) As of September 30, 2004.

Source: Tampa Port Authority

*** Leases are in a holdover status at 9/30/04 - 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



CERTIFIED PUBLIC
ACCOUNTANTS

AUDITORS AND
CONSULTANTS

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

cpas@vhcpa.com

813/ 833 3943
800/ 733 3943 Toll Free
813/ 833 9825 Fax

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

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

We have audited the financial statements of the Tampa Port Authority (the Port Authority) as of September 30, 2004 and for the year then ended and have issued our report thereon dated December 7, 2004. 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.

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 basic financial statements and not to provide assurance 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 over financial reporting 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 in amounts that would be material in relation to the basic 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 operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Authority's basic 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

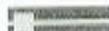
Board of Commissioners
Tampa Port Authority
Page 2 of 2

audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

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


CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
December 7, 2004



CERTIFIED PUBLIC
ACCOUNTANTS

AUDITORS AND
CONSULTANTS

P.A.

1715 N Westshore Boulevard
Suite 850
Tampa, Florida 33607-3920

cpas@vhpa.com

813/ 833 3943
800/ 755 0945 Toll Free

813/ 833 0825 Fax

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

To the Board of Commissioners
Tampa Port Authority
Tampa, Florida

Compliance

We have audited the compliance of the Tampa Port Authority (the Port Authority) with the types of compliance requirements described in the requirements described in the *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 project for the year ended September 30, 2004. The Port Authority's major federal programs and state financial assistance project 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 project is the responsibility of the Port Authority's management. Our responsibility is to express an opinion on the Port Authority's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General of the State of Florida. Those standards, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General of the State of Florida, 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 project for the year ended September 30, 2004.

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 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 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 awarding agencies, and state funding agencies is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
December 7, 2004



Table 19

TAMPA PORT AUTHORITY
Schedule of Expenditures of Federal Awards and State Financial Assistance
for the year ended September 30, 2004

Grantee/Program Title	Federal CFDA/ State CSFA Number	Grant Number	Program or Award Amount	Accrued Revenue September 30, 2003	Receipts	Expenditures	Accrued Revenue September 30, 2004
Federal Agency							
Economic Development Administration U.S. Department of Commerce							
Berth 250 252 Improvements	11.300	04-01-04801	\$ 1,000,000	\$ 351,631	\$ -	\$ -	\$ -
U.S. Department of Transportation / Maritime Administration							
Port Security Grant	20.401*	DTMA002069	3,500,000	-	575,653	2,368,030	2,190,377
Department of Homeland Security / Transportation Security Administration							
Port Security Grant	20.420*	GTSA20-05-C-00379	4,000,000	-	427,502	3,824,250	3,396,308
Total federal awards				351,631	1,355,496	6,592,280	5,586,715
State Agency							
Florida Department of Transportation							
Support Grants -							
Intermodal Port Upgrade	55.005*	406730	5,000,000	201,897	1,315,762	1,684,109	569,444
Cruise Terminal #3 Construction/Infrastructure	55.005*	408337	13,150,000	186,907	1,027,273	1,165,551	325,185
Total support grants				388,804	2,343,035	2,849,660	894,629
Intermodal Development Program -							
Port Security Improvements	55.004	401139	3,335,901	511,065	511,065	-	-
Infrastructure Improvements	55.004	401129	700,000	-	-	38,500	38,500
Total intermodal development grants				511,065	511,065	38,500	38,500
Total Florida Department of Transportation				898,069	2,853,100	2,888,160	933,129
Total state awards				898,069	2,853,100	2,888,160	933,129
Total federal awards and state financial assistance				\$ 1,250,000	\$ 4,208,596	\$ 9,480,440	\$ 6,521,844

*Denotes major program

See independent accountants' reports.



Table 20

TAMPA PORT AUTHORITY
Schedule of Findings and Questioned Costs
at September 30, 2004

SECTION I – SUMMARY OF AUDITORS’ RESULTS

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No
<u>Topic</u>	<u>Federal and State</u>
Internal Control Over Major Federal Awards and State Projects:	
Material weakness(es) identified?	None reported
Reportable condition(s) identified not considered to be material weakness(es)?	None reported
Type of auditors’ report issued on compliance for major programs.	Unqualified
Any audit findings disclosed that are required to be reported in accordance with <i>OMB Circular A-133</i> or <i>Florida Single Audit Act</i>	No
Identification of Major Federal Programs and State Project:	
Federal -	
CFDA 20.401	Port Security Grant
CFDA 20.420	Port Security Grant
State -	
CSFA 55.005	Seaport Grant
<u>Topic</u>	<u>Federal and State</u>
Dollar threshold used to distinguish between Type A and Type B programs.	\$500,000
Auditee qualified as low-risk auditee	Yes



TAMPA PORT AUTHORITY
Schedule of Findings and Questioned Costs (continued)
at September 30, 2004

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraph 5.18 through 5.20 of *Government Auditing Standards*.

PRIOR YEAR COMMENTS

There were no reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that require disclosure in the prior year.

CURRENT YEAR COMMENTS

There were no reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that require disclosure this year.

SECTION III – FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECT FINDINGS AND QUESTIONED COSTS

There were no findings related to major federal awards or to state financial assistance projects required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, Rules of the Auditor General of the State of Florida.

There were no questioned costs applicable to state financial assistance projects required to be reported by Chapter 10.550, Rules of the Auditor General of the State of Florida.

There was one questioned cost relating to federal awards required to be reported in accordance with OMB Circular A-133, as follows:

CFDA No. 20.420

Grant/Contract No. DTSA20-30-G01070

Amount: \$ 5,777

Result: Amount was deducted from subsequent application for reimbursement under this grant.



TAMPA PORT AUTHORITY