

# PORT EVERGLADES

Fiscal Year 2010 Commerce Report

Economy, environment and community.  
In perfect balance.



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# Port Everglades Annual Commerce Report Fiscal Year 2010

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## A Vision for the Future.

By Sue Gunzburger, Broward County Mayor

The Broward County Commission recognizes the integral role Port Everglades has in this county's and this region's economic development, fiscal stability and quality of life. Our Commission strives to create a coordinated transportation infrastructure operating in a healthy environment with realistic economic opportunities. All of these characteristics have a direct link to our seaport, which is a major economic engine for Broward County that continues to produce jobs, revenue and financial growth.

We aim to establish Broward County as the transportation hub of South Florida with a fully integrated, interconnected public and private system. The Port and Airport, our two gateways to the international market, are fully integrated into the system. The Port's 20-Year Master/Vision Plan continues to look for ways to improve transportation for cruise passengers coming to and from the Airport, and for intermodal connections to enhance commerce movements.

Residents know that we are committed to protecting and enhancing the varied and often fragile ecosystems that comprise the local environment. We encourage and promote community stewardship of the environment. Port Everglades is already embracing this with best management practices that protect Broward County waterways, marine estuaries, diverse ecosystems and air quality.

Our vision as a County Commission directly addresses the need to sustain the economic viability of Port Everglades and Fort Lauderdale-Hollywood International Airport, which as Broward County Enterprise Funds, are both self-supporting and do not rely on local tax dollars. Our Commission is dedicated to enabling these agencies to grow and expand to support local businesses that use their facilities.

As Broward County Mayor, I am taking an active policy maker role in governing Port Everglades and keeping its economic stability a top priority of mine. I have already participated in welcoming the Navy's newest warship, the *USS JASON DUNHAM*, and several new cruise ships, which will now also call Port Everglades home.

As I stated in my acceptance speech as Mayor for the coming year, job creation and retention are high priorities for me, and will provide the necessary synergy with our County's goals and the Port's mission.

Our seaport, Port Everglades, is a key component to making our mutually agreed upon goals an attainable reality.

A handwritten signature in blue ink that reads "Sue Gunzburger". The signature is written in a cursive, flowing style.

Sue Gunzburger  
Broward County Mayor



## Our Best. Nothing Less.

By Bertha Henry, Broward County Administrator

This past year has been filled with challenges, not only for our business community, but for local government. I am proud that, in spite of this tough economic climate, Broward County's record of accomplishment and commitment to servicing the needs of our community is stronger than ever. Port Everglades is part of these achievements and is an economic engine that continues to fuel our economy, generating approximately \$14 billion in business activity and 143,000 jobs statewide annually.

During Fiscal Year 2010, the Port moved forward with nine capital improvement projects that have the potential to create approximately 3,200 construction jobs and generate \$239.5 million in state and local taxes.

One of the recently completed projects was Cruise Terminal 18, which is the largest single-ship cruise terminal in the world to serve the two largest and most revolutionary cruise ships in the world, Royal Caribbean International's *Oasis of the Seas* and *Allure of the Seas*. It is especially gratifying to be able to report that Cruise Terminal 18 opened on time and under budget.

Another cruise achievement was a 15-year agreement between Broward County and Carnival Corporation that provides for an average of 1.7 million passengers annually to further boost record-setting cruisers at the Port and provide nearly half-a-billion dollars in Port revenue over the term of the agreement. In addition, four existing cruise terminals will be renovated creating an estimated 620 new construction jobs over the next three years.

The expansion of containerized cargo capacity continues. SeaFreight Agencies (USA), Inc. was awarded a 10-year cargo terminal lease for a new 25-acre facility. The project is part of a 41-acre cargo terminal capital project that will generate jobs and create 15 percent more containerized cargo capacity at the Port.

Manatee Crossing, a new \$11.5 million bridge for cargo trucks, funded in part through Florida Department of Transportation grants, now connects areas previously separated by a canal and two security checkpoints, and allows truckers to more conveniently move within restricted areas after going through an initial security checkpoint.

Also significant is the Florida Department of Environmental Protection's approval to create a new, larger mangrove wetland habitat, and release a portion of an existing conservation easement that will allow for the creation of new berths to accommodate larger cargo ships.

Port Everglades is achieving great success for our community and is a terrific example of Broward County's business model for performance excellence. This year, incorporating the Sterling model, we adopted the phrase "Our Best. Nothing Less." and challenged all Broward County agencies, including Port Everglades, to examine their operations and evaluate what they do and how they do it. The Port Everglades Department has taken an active role in this process and has already implemented operational and administrative improvements that increase efficiency within the departmental organization and result in better service to our customers.

Our commitment to you is "Our Best. Nothing Less." I invite you to stay in touch with your County government to see how we are putting this plan into action.

Bertha Henry, Broward County Administrator





# Sustaining the Perfect Balance.

By Phillip C. Allen, Port Everglades Director

Our Port's sustainability is based on a perfect balance between the economy, the environment and the community. It is like a three-legged stool. We maintain a steady equilibrium by considering all three factors in our planning process. Never was this more evident than in recent years as we developed and updated the Port's 20-year Master/Vision Plan.

We began the process in Fiscal Year 2006 and developed a comprehensive Master/Vision Plan that was approved by the Broward County Commission in late 2007. Even as the Plan was being adopted, we recognized that this was just a benchmark and we would need to keep the planning process fresh by revisiting and updating the Plan regularly.

The recent global business climate, for example, is dramatically different from 2006. So our first order of business was to conduct a market analysis for our major business lines – cruise, cargo and petroleum. This is part of the “economic” leg of the stool.

The “environment” plays an important part of the update because we must change part of the existing environment to create new berths in Southport. A main component of our updated Master Plan is the westward expansion of the Southport Turning Notch. This will require the excavation of approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed a habitat enhancement proposal that will convert approximately 16.5 acres of Port land into mangrove habitat. We worked hand-in-hand with a core group of environmentalists to develop this plan because Port Everglades is committed to environmental stewardship.

The “community” also plays a key role in our planning process. We met with Port stakeholders at every step of the process to inform them of market updates and capital improvement changes. We also met with environmental stakeholders to hear their concerns and establish best practices that protect our sensitive marine ecosystem. Public forums provided a valuable vehicle for residents and business leaders to provide input and share ideas.

All of the components of the three-legged stool, as I am fond of calling it, are necessary to maintain our balance of sustainability at Port Everglades. I invite you to learn more about the Port Everglades 20-Year Master/Vision Plan by viewing the document and presentation at [www.portevergladesmasterplan.com](http://www.portevergladesmasterplan.com) and reading more about our seaport in the pages of our FY2010 Annual Commerce Report.

A handwritten signature in blue ink that reads "Phillip C. Allen". The signature is fluid and cursive, with the first name being the most prominent.

Phillip C. Allen  
Port Everglades Director

# Fiscal Year 2010 Overview

Economic challenges, globally and here at home, have defined the past two years for many businesses and individuals. Port Everglades was no exception. Fortunately, by controlling operating expenses, securing available grants, and forming successful public/private partnerships, the Port was able to move forward with capital improvements that put people to work during this difficult period, especially in the construction industry. At the end of Fiscal Year 2010, operating revenue at Port Everglades reached a record high of \$124.7 million after a downturn in FY2009. Operating revenue includes revenue from waterborne commerce, real estate leases, parking and other Port services. Nine construction projects were planned or underway by the end of the year with the potential to create 3,200 construction jobs and generate \$239.5 million in state and local taxes.

Operating expenses remained flat at nearly \$74 million in FY2010, for a gross margin of over \$50.7 million. The increase in net assets of \$20 million declined over the previous year due to a reduction in grant funds assisting in infrastructure investments.

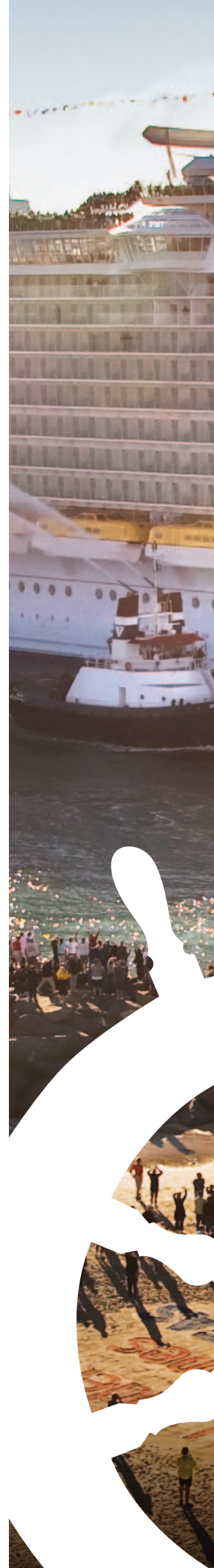
Total waterborne commerce, which is measured in short tons (2,000 pounds), reached 21.6 million tons, or slightly more than the 21.5 million tons recorded in FY2009. In fiscal years 2009 and 2010, the Port hosted 4,251 and 4,079 port calls, respectively, from vessels ranging from naval vessels and mega cruise ships to container ships and tankers of all sizes.

The largest increase in revenue was generated in the cruise sector, where Port Everglades celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record \$45.7 million in revenue for FY2010, which is 22.2 percent higher than in FY2009. Cruise-related activity for the Port, including parking, accounted for nearly 44 percent of the operating revenue for FY2010.

Revenue from containerized cargo increased by 2.7 percent in FY2010 to nearly \$29.5 million from \$28.7 million in FY2009. Also, in FY2010, break bulk cargo volumes increased by 3.7 percent to nearly 70,000 tons, while dry bulk tonnage declined 9.8 percent to 511,000 tons.

Petroleum revenue, which accounts for approximately 20 percent of the Port's overall revenue, increased by 8.3 percent to almost \$25.5 million in FY2010. Petroleum throughput remained relatively steady, increasing one percent in FY2010 to 109.4 million barrels from 108.4 million barrels in FY2009.

Real estate revenue, which accounts for about 8 percent of Port revenue, also remained steady in FY2010 at \$10.3 million. The Port made several improvements to office building facilities to attract new tenants and retain existing customers.







Port Everglades is propelling toward the No. 1 position of world's busiest cruise port.





# Cruising

Once again, cruising from Port Everglades is on the rise, with the number of guests sailing on multi-day cruises reaching record levels and all signs pointing toward continued growth.

Cruise traffic generated a record \$45,724,190 in revenue for Fiscal Year 2010, which is 22.2 percent higher than in FY2009. The total number of embarking and debarking passengers – including single-day, multi-day and port of call passengers – was up 17 percent, from 3,139,820 passengers in FY2009 to 3,674,226 in FY2010. The number of multi-day passengers also increased 17 percent, from 2,836,954 embarking and debarking passengers in FY2009 to 3,314,208 passengers in FY2010.

Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$8,758,514 in FY2010, compared to \$8,578,747 in FY2009.

During the fiscal year, Port Everglades celebrated the inaugural sailings and naming of two new cruise ships, along with the U.S. arrival of three additional newly built cruise ships. Royal Caribbean International's *Oasis of the Seas* was inaugurated at the Port in November 2009 and Silversea Cruises' *Silver Spirit* in January 2010. The three cruise ships that made their U.S. debuts at Port Everglades were MSC Cruises' *MSC Poesia*, Seabourn's *Seabourn Odyssey*, and Celebrity Cruises' *Celebrity Equinox*. These newly built ships reached a combined value topping \$2.6 billion.

The highlight of the fiscal year occurred on November 6, 2009, when the largest single ship cruise terminal in the world officially opened at Port Everglades to serve the two largest, most revolutionary cruise ships in the world. Cruise Terminal 18 is now the home to Royal Caribbean

International's 5,400-passenger, 225,282 gross-registered-ton, *Oasis*-class cruise ships, *Oasis of the Seas* and *Allure of the Seas*. To accommodate these revolutionary cruise ships, the Port, through a public-private partnership with Royal Caribbean Cruises, Ltd. invested approximately \$75 million to triple the size of Cruise Terminal 18, install new loading bridges, electronic informational signage and a 600-space parking lot. The terminal's mega-size accommodates the more than 5,400 cruise guests and their luggage, so that both arriving and departing guests can go through processing procedures simultaneously, enabling arriving passengers to be processed for boarding within 15 minutes of arriving curbside at the terminal.

International artist Michele Oka Doner was selected through Broward County's Public Art & Design Program to create a work of art on the center floor of the new terminal entitled "Forces of Nature," which combined blue and green terrazzo and brass art pieces to represent the sea and the Earth. Another world-renowned artist, Larry Kirkland, will be creating an art piece for the foyer of the terminal, which is expected to be completed in FY2011.

Each *Oasis*-class ship is projected to generate approximately 584,000 passenger movements annually at Port Everglades. The terminal construction project was overseen by Broward County's Seaport



The world's largest and most revolutionary cruise ship, Royal Caribbean International's *Oasis of the Seas*, arrives at her new home in Port Everglades.



Engineering and Construction Division.

As a result of Cruise Terminal 18's success, Port Everglades received several accolades including the *Seatrade Insider* "2010 Port of the Year," Greater Miami Chamber of Commerce's "International Business Leadership Award" in the Joint Venture category, *Porthole Cruise Magazine's* "Best U.S. Homeport" readership award, and three awards from the readers of *Dream World Cruise Destinations*.

On March 20, 2010, Port Everglades set a world record with 53,365 cruise guests sailing in and out of the Port in a single day — breaking the previous record of 49,234 passengers that was set on Saturday, January 3, 2009. In FY2011, there will be seven days where nine cruise ships will be in Port, with more than 50,000 cruise guests expected to pass through the Port each day.

In April 2010, Broward County reached a new 15-year agreement with Carnival Corporation that calls for an average of 1.7 million passengers embarking and debarking annually from a combination of most Carnival Corporation-brand cruise ships, including Princess Cruises, Holland America Line, Carnival Cruise Line, P&O Cruises, Costa Cruises, Cunard Line, and Seabourn, which already sail to and from Port Everglades. As part of this long-term agreement with Carnival, the Port will renovate four existing cruise terminals, which should create an estimated 620 new construction jobs over the next three years and generate nearly half-a-billion dollars in Port revenue.

The Port also made several cruise guest service improvements including: opening a new cell phone lot for people to wait while picking up returning cruise guests, installing free WiFi in the cruise terminals, placing emergency telephones with lighted signs in all parking areas, adding an ATM machine at Terminal 18 and installing electronic directional signs and new static signs to help cruise guests find their way through the Port. Roadways in the Midport cruise area were also widened to allow an additional taxi-queuing lane and a right-lane turn into Northport.



Port Everglades sets a world record with 53,365 cruise guests sailing in and out of the Port in a single day.

# Cargo

Despite a global downturn in international trade, containerized cargo activity remained steady in Fiscal Year 2010 at 5,216,831 million tons and 793,227 TEUs (20-foot equivalent units, which is the standard measurement for containerized cargo). Overall, containerized cargo accounted for approximately 24 percent of operating revenue in FY2010.

However, over the past decade containerized cargo tonnage has increased by 27.5 percent from 4.1 million tons and by 17.2 percent from 676,760 TEUs in FY2000. During FY2010, the Port ranked second in container cargo activity for Florida based on total TEUs, and 12th among U.S. seaports for international containerized cargo trade. The Port's primary trade lanes for containerized cargo remain in the Caribbean, Central America and South America, representing nearly 80 percent of the Port's cargo movements. In FY2010, imports and exports remained about equally divided.

Revenue from containerized cargo increased by 2.7 percent in FY2010 to \$29,473,963, from \$28,711,223 in FY2009.

In addition to containerized cargo, the Port historically has been a major South Florida gateway for dry bulk and neobulk (break bulk) commodities. In FY 2010, dry bulk tonnage – primarily from cement, alumina sand and gypsum – declined 9.8 percent to 511,000 tons due to continued decrease in the demand for new construction in South Florida. Revenue from dry bulk cargoes decreased by 15.1 percent from \$1,090,407 in FY 2009 to \$925,567 in FY2010.

The volume of break bulk steel imports was also affected by the level of activity of the construction industry. Although there was an increase of 3.7 percent from 67,462 tons in FY2009 to 69,960 tons in FY2010, that remains a significant drop from its peak of 376,535 tons in FY 2006. Conversely, revenue from break bulk activity at Port Everglades decreased from \$886,826 in FY2009 to \$ 872,967 in FY2010.

Tractors transported through Port Everglades are on a steady upswing at 70,210 tons in FY2010, which is a 21.4 percent increase over the prior year. Yacht activity, which peaked in FY2008 at 76,000 cargo tons, has remained at 54,000 for the last

two years. FY2010 was also marked by several business and capital expansions relative to containerized cargo.

Chilean line Compañía a Sud Americana de Vapores (CSAV) started two new services out of Port Everglades. In May 2010, CSAV began a new weekly Far East service, America Express (AMEX), to Port Everglades. In September 2010, the company initiated its first vehicle carrier service. Together, the new CSAV services are expected to generate an estimated \$1.2 million annually for Port Everglades.

The Broward County Commission awarded a 10-year cargo terminal lease to SeaFreight Agencies (USA), Inc. for a new 25-acre facility at Port Everglades. SeaFreight operates eight container ships at Port Everglades with twice weekly fixed-day sailings to and from the Caribbean region, which is a key market for Port Everglades. An 18-year customer of Port Everglades that handled cargo through other terminal operators, SeaFreight has seen its cargo throughput increase 89 percent since FY2004 at the Port. The guaranteed value of this agreement to Port Everglades, including rent, over the 10-year lease period, is anticipated to grow from \$2,410,000 to \$4,129,163 annually.

Southport Phases VIIA and VIII container terminal yard construction was 75 percent complete through the end of FY2010 and is expected to be delivered to the Port by the Seaport Engineering and Construction Division early in 2011. This new 41-acre terminal yard will be home to SeaFreight Agencies along with Crowley Liner Services. The project also includes the relocation of FPL transmission line infrastructure.

The Port Everglades Department successfully negotiated a long-term lease (10 years) with Crowley Liner Services to increase the company's terminal acreage from 68.2 acres to 80 acres, with increased ship movements and container guarantees.

Ongoing capital improvements and expansion ensure that Port Everglades will have the ability to handle future growth in container traffic. Please read more about ongoing capital improvements in the Development section of this report.





Port Everglades is the 12th leading containerized cargo port for international trade in the United States, according to PIERS.



# Real Estate and Foreign-Trade Zone

As an additional source of income, the Port Everglades Department leases land, office space and warehouse space to various private entities including steamship lines, agents, stevedoring firms, Foreign-Trade Zone (FTZ) users and others under the terms of separate leases. Real estate leases represent the fourth-largest source of revenue for Port Everglades, accounting for 8 percent of total Port revenue

Port Everglades also manages Foreign-Trade Zone No. 25, which is located on Port property and on several off-site locations. FTZ-approved businesses can take advantage of duty-free, duty-deferred and/or duty-reduction programs of U.S. Customs and Border Protection to reduce taxes, improve cash flow and bolster profits. By using the FTZ, businesses of all sizes and a full range of commodity sectors can implement more effective economical solutions for cargo storage, merchandise manipulation and manufacturing needs.

The U.S. FTZ Board approved an Expansion and Reorganization of the Port-operated Foreign-Trade Zone No. 25 on August 27, 2009. This approval preserves and expands the number and size of sites where Foreign-Trade Zone activity can take place in Broward County. The dynamic growth in FTZ activity over the last several years, and the future potential of such growth, has necessitated the increase from 305 acres at four sites to over 388 acres at 11 sites. In addition, another Subzone for petroleum storage and two temporary sites totaling 26 acres were approved in 2010 to accommodate the growth of existing companies utilizing FTZ benefits and procedures.

Real estate revenue remained steady in Fiscal Year 2010 at \$10,294,606 compared to \$10,382,812 in FY2009. Real estate revenue generated by Foreign-Trade Zone No. 25 was down 28.7 percent, from



The Port Everglades Administration Building has office space for lease.

\$1,172,294 in FY2009 to \$834,958 in FY 2010. However, FTZ activity revenue was up 47 percent over the previous year. In addition to providing on-going maintenance and structural upgrades, WiFi was added to the Amman Building for customers leasing office space.

In FY 2010 and the first quarter of FY 2011, Port Everglades conducted the following real estate business:

## New Leases

- Beyond Logistics of South Florida, Inc., an import/export company, entered into a one-year lease for 7,984 square feet of warehouse space in Foreign-Trade Zone No. 25.
- Cemex Construction Materials Florida LLC, a building materials supplier and cement producer/distributor, entered into a new 10-year lease with two additional five-year option terms for 4.61 acres of land and improvements in Midport.
- DK Distributors, Inc., an import/export company, entered into a one-year lease for 2,958 square feet of warehouse space in Foreign-Trade Zone No. 25.
- GAC Shipping (USA), Inc., a steamship agent, entered into a one-year lease for 800 square feet of office space in the Amman Building.
- Metro Cruise Services LLC, a stevedore, entered into a one-year lease for 272 square feet of office space in the Amman Building.
- Misener Marine Construction, Inc., a contractor for Florida Power & Light (FPL), entered into a one-year lease for 413 square feet of office space in the Amman Building.



- Resolve Fire & Hazard Response, Inc., which conducts professional fire fighting and rescue instruction at Port Everglades, entered into a new five-year lease for .59 acres of land in Midport.
- Seabulk Towing, Inc., a Tugboat and Towing Franchisee, entered into a five-year lease for 28,818 square feet of office space and 9,940 square feet of warehouse space in Building 27.
- SeaFreight Agencies (USA), Inc., which has operated a liner service from Port Everglades for over 18 years, entered into a ten-year Marine Terminal Lease and Operating Agreement for 25 acres under development in Southport.
- TFMarine, Inc., a steamship agent, entered into a one-year lease for 265 square feet of office space in the Amman Building.
- The U.S. Government, Department of Commerce, U.S. Commercial Service, entered into a ten-year lease for 2,880 square feet of office space in the Port Everglades Administration Building.

### Tenant Expansions

- Crowley Liner Services, Inc, a marine terminal operator, entered into an amendment to its Marine Terminal Lease and Operating Agreement, increasing its acreage from 68.2 to 80 acres, and increasing its minimum guaranteed ship moves throughout the term.
- Florida Rock & Tank Lines, Inc., a petroleum transport company, increased its land portion of its lease from 37,219.8 to 50,123.20 square feet.
- TEC Serv, LLC, an engineering and building firm, expanded its leasehold in the Port Everglades Administration Building from 1,160 square feet to 1,728 square feet of office space.





Port Everglades hosts thousands of sailors for Fleet Week each year.





# Our Armed Forces

Port Everglades has a long history with the U.S. Navy as a military base during World War II and more recently as a favorite liberty port.

During Fiscal Year 2010, a total of 29 military ships called at Port Everglades generating \$360,961.

Each spring, the Port hosts Fleet Week, a national celebration of our ocean-going military forces. In FY2010, nearly 2,500 men and women of the U.S. Navy, Marine Corps and Coast Guard, along with the German Navy (Deutsche Marine) participated in South Florida's 20th annual celebration of the maritime services, Fleet Week Port Everglades. This event provided an opportunity for the citizens of South Florida to meet Sailors, Marines and Coast Guardsmen, as well as witness first-hand the latest capabilities of today's maritime services.

The participating ships and units for Fleet Week 2010 at Port Everglades were:

- Littoral Combat Ship *USS Independence* (LCS 2) from San Diego, CA.
- Multi-Purpose Amphibious Assault Ship *USS Iwo Jima* (LHD 7) from Norfolk, VA.
- Guided Missile Frigate *USS Halyburton* (FFG 40) from Mayport, FL.
- Guided Missile Destroyer *USS Porter* (DDG 78) from Norfolk, VA.
- Fast Attack Submarine *USS Newport News* (SSN 750) from Norfolk, VA.
- Coast Guard Cutter *CGC Key Biscayne* (WPB 1339) from Key West, FL.
- Multi-Purpose Frigate *FGS Hessen* (F 221) from Wilhelmshaven, Germany
- U.S. Marines from 2nd Marine Division from Camp Lejeune, NC.

At the end of the fiscal year, planning was well underway for Port Everglades to be the host site for the commissioning of the *USS Jason Dunham* (DDG 109), the Navy's most advanced Arleigh Burke Class, Aegis Guided Missile Destroyer.

The warship is named after heroic U.S. Marine Corporal Jason Dunham, who sacrificed his life by using his helmet to cover a hand grenade dropped by an insurgent in Iraq. His spontaneous action saved the lives of two fellow Marines during Operation Iraqi Freedom in April 2004. He is the first Marine Medal of Honor recipient for Operation Iraqi Freedom, and the first Marine to receive the medal since the Vietnam War.

Commissioning of the U.S. Navy's newest warship *USS Jason Dunham*.



Port Everglades has had the honor of hosting the commissioning of four other U.S. Navy ships — the *USS Leyte Gulf* (1987), *USS Cole* (1996), *USS Higgins* (1999) and *USS Bainbridge* (2005). Together with the decommissioning of the *USS John C. Calhoun* submarine (1993), Port Everglades has become a port of choice for official U.S. Navy ceremonies.



# Petroleum

A consumer demand-based commodity, petroleum throughput remained relatively steady. There was a 0.95 percent increase in Fiscal Year 2010 to 109,380,437 barrels, up from 108,356,216 in FY2009. Additionally, revenue from petroleum activity at the Port saw an 8.3 percent increase due primarily to tariff adjustments. Overall, the Petroleum sector at Port Everglades accounts for approximately 20 percent of total Port revenue.

The Port is the second-largest storage and distribution center for petroleum products in Florida. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, in Venezuela, Europe and throughout the Caribbean.

Twelve petroleum terminal operators receive product across Port docks to their privately owned storage facilities within the Port Jurisdictional Area. Most of the petroleum products coming into the Port are shipped via tanker truck to retail outlets in the 12 counties of Southern Florida, and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. During FY2010, jet fuel throughput at Port Everglades jumped 9 percent over the previous year. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil, and alternative fuels such as ethanol and biodiesel.



The petroleum companies operating at Port Everglades have a combined total of approximately 11 million barrels of storage capacity in 175 tanks.





## Development

Guided by a comprehensive Master/Vision Plan, Port Everglades continues to improve and develop its facilities to meet the needs of its shipping and cruise line customers. The Port's aggressive capital improvement plan is paid through port user fees and state and federal grants. The Broward County Public Works Department's Seaport Engineering and Construction Division oversees development at the Port. Major capital projects that are recently completed or underway have the potential to create 3,200 new construction jobs and generate \$239.5 million in state and local taxes.

Major projects include:

### **Cruise Terminal 18**

Port Everglades, in partnership with Royal Caribbean Cruises Ltd., more than tripled the size of Cruise Terminal 18 – from 67,500 square feet to 240,000 square feet – in time for the arrival of Royal Caribbean International's new 5,400-passenger *Oasis* class of ships, which are the largest cruise ships in the world. The cruise terminal opened in November 2009. Total cost of the project was \$75 million and included a state contribution of \$6.52 million.

### **Cruise Facility Upgrades**

The Port's new agreement with Carnival Corporation calls for the renovation of four existing Cruise Terminals: Terminals 2, 19, 21 and 26, which will create an estimated 620 new construction jobs over the next three years. The Port is also working with cruise lines on plans to expand Cruise Terminal 4 and lengthen Slip 2 to accommodate larger ships.

### **Northport/Broward County Convention Center Carve Out**

This project will adjust the boundaries of Port Everglades to remove the Broward County/ Greater Fort Lauderdale Convention Center from the secure area of the Port, including revisions to the boundary of the Northport Development of Regional Impact (DRI) and the implementation of a bypass road in Northport. Construction for the first phase of the bypass road, which will move the security checkpoint further south on Eisenhower, is estimated to begin in the Spring of 2012. The second phase will allow unrestricted traffic access through the Port for vehicles traveling to the Convention Center or to 17th Street Causeway from US-1 or State Road 84.





New mobile harbor crane.

**Mobile Harbor Crane**

A new mobile harbor crane containing a cleaner burning Tier II diesel engine and capable of using bio-diesel fuel to reduce air emissions is replacing an older, less-efficient gantry crane.

**New Bridge**

Cargo trucks are now able to move within Port Everglades faster and more conveniently

with the opening of a new bridge that connects areas that were previously separated by a canal and two security checkpoints. Funded in part through approximately \$5.1 million in Florida Department of Transportation grants, the \$11.5 million bridge, dubbed “Manatee Crossing,” allows truckers to travel from Midport to Southport within Port Everglades without having to exit and reenter restricted areas of the Port, which previously required two security stops. With the addition of the new bridge, truckers can make multiple movements within the Port’s restricted access area after going through the initial entrance security checkpoint.

**Deepening and Widening**

Port harbor deepening is a long-term project that would result in deeper and wider waterways to accommodate the larger generations of cargo vessels. The U.S. Army Corps of Engineers (ACOE) is undergoing a Deepening and Widening Feasibility Study, with Study completion estimated for 2012. ACOE’s preliminary Tentatively Selected Plan (TSP) plan recommendation is to deepen the Port’s channels to 50 feet from the current depth of 42 feet. Construction is anticipated to begin in 2015 and be completed in 2017.





### Southport Improvements

Port Everglades substantially completed a new 41-acre marine terminal for containerized cargo. In addition, McIntosh Road will undergo a re-alignment to create a loop road with ample right-hand turning radii for trucks to directly enter container terminals and eliminating crossing traffic.

### Eller Drive Overpass

The Florida Department of Transportation's (FDOT) Eller Drive Overpass project consists of a four-lane bridge overpass on the primary entrance to Port Everglades. This overpass will allow for construction of an at-grade rail spur to Southport while facilitating unrestricted movement to and from container and cruise terminals and to Interstate 595 and the Florida Turnpike highway systems. The project also involves the widening, realignment, and construction of service roads parallel to the Overpass. FDOT extended the contract in January 2011 with construction estimated to begin Summer of 2011.

### Intermodal Container Transfer Facility (ICTF)

The ICTF in Southport will facilitate the transfer of containerized cargo through the Port onto the Florida East Coast Railway line via a connecting rail spur without the need for trucks to enter or exit the Port. This will reduce congestion on both the Interstate Highway System and local arterials. It is planned for the project to be a public/private partnership. An at-grade rail spur will extend an existing rail spur into the Port under the Eller Drive Overpass into rail storage tracks adjacent to container storage yards and berths in Southport to provide a near-dock access connection to an ICTF.

### Southport Turning Notch Expansion

Westward expansion of the Southport Turning Notch is essential to increasing berthing capacity in the Port. This requires excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP)

in 1988. To offset this loss, the Port worked with leaders from environmental organizations to develop an on-port habitat enhancement proposal that will convert approximately 16.5 acres of Port land into mangrove habitat. The FDEP has approved the proposal. The project will allow for a 1,500-foot berth extension in the Southport Turning Notch and create a minimum of four additional berths.



Southport Turning Notch expansion project

# News & Noteworthy



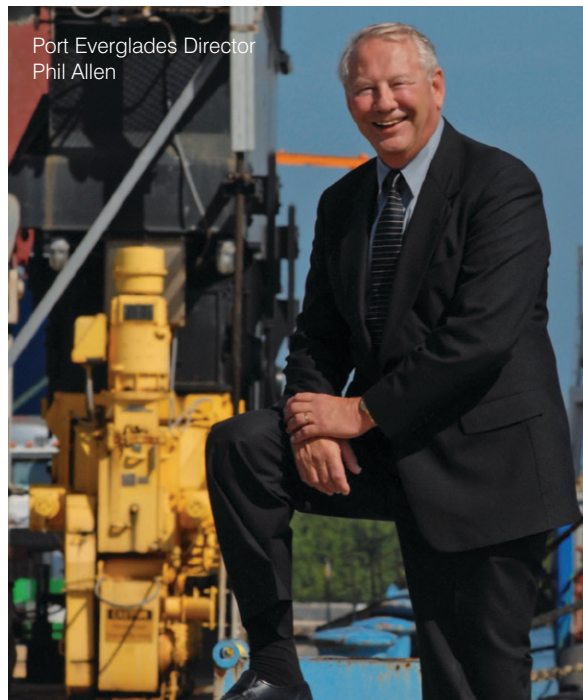
## Port Everglades Receives Accolades

The Port's accomplishments of the past year garnered accolades from various publications and business organizations locally, nationally and globally. *Seatrade Insider*, one of the world's foremost cruise industry trade publications named Port Everglades "Port of the Year" during the 2010 *Seatrade Insider* Cruise Awards ceremony at the historic l' Opera House in Nice, France. The Port received this award for building Cruise Terminal 18. *Porthole Cruise Magazine* selected Port Everglades for its Editor-in-Chief Award as "Best U.S. Homeport." The readers of *Dream World Cruise Destinations* magazine awarded three honors to Port Everglades including "Most Efficient Services," "Most Improved Terminal Facilities," and "Best Turnaround Port Operations." The Greater Miami Chamber of Commerce awarded Port Everglades the International Business Leadership Award in the Joint Venture category for its partnership with Royal Caribbean Cruises Ltd. for building Cruise Terminal 18. The *South Florida Business Journal* named Port Director Phillip Allen as one of Broward County's Ultimate CEOs.

## Port Everglades Director Elected Chairman of the Florida Ports Council

Port directors from Florida's 14 deepwater seaports elected Port Everglades Director Phillip C. Allen as Chairman of the Florida Ports Council (FPC). The FPC, based in Tallahassee, is a nonprofit professional association that provides leadership and information on seaport-related issues before the legislative and executive branches of state and federal government.

"Seaports are the economic backbone of Florida's international trade, strategically located as a land bridge with direct trade lanes into Latin America and the Caribbean," Allen says. "However, our state is in danger of lagging behind in the development of critical infrastructure associated with the ever-increasing growth in international trade, the accommodation of larger ships and the expansion of the Panama Canal. As an association, the FPC is committed to working with our legislators to better fund and support crucial seaport expansion that will keep Florida's businesses competitive with other states."







Alfredo Polanco concentrates on an intricate design.

### Creative Volunteers Keep Port Everglades Shipshape

In celebration of National Maritime Day, more than 100 volunteers tested their creativity to help kick-off a beautification program at Port Everglades by painting 87 recycled petroleum drums that will be used as trash cans or recycling bins throughout the Port. Coordinated in conjunction with Volunteer Broward, “Keep Port Everglades Shipshape” kicked off a port-wide campaign to encourage recycling and cleanliness at Port Everglades. The event coincided with National Maritime Day, which is a national celebration to honor and recognize the maritime industry and its benefits to our country.



Teens, such as Natalie Hoffman, receive community service credits and have fun.

### Port Everglades Receives Diesel Emissions Reduction Grant

The Florida Department of Environmental Protection (FDEP) awarded a \$750,000 grant to Broward County’s Port Everglades for diesel emissions reduction through the U.S. Environmental Protection Agency’s (EPA) National Clean Diesel Campaign.

FDEP provided the grant to improve air quality for those who live, work or enjoy activities in and around Port Everglades. The Port Everglades Pilots Association contributed an additional \$143,620 and Broward County contributed an additional \$524,040. The grant and these contributions will fund the replacement of forklifts, service vehicles, and a generator with newer emissions reduction technology. It will also furnish diesel emissions reduction filters for off-road cargo handling equipment. The Port Everglades Pilots Association, will be able to repower four boats with EPA-verified Tier 2 engines which are projected to reduce nitric oxide and nitrogen dioxide (NOx) by 34 percent, hydrocarbons (HC) by 80 percent, carbon monoxide (CO) by 26 percent, and particulate matter (PM) or soot, by 55 percent.



Port Everglades Director Phil Allen (seated left) and Jorge Luiz de Mello, President-Director of Docas do Rio sign an International Sister Seaport agreement. Pictured in the back row are, from left: Alan Hill, Assistant Director of Business Development for Port Everglades; Luis Pinochet, Florida International Terminal; Jose Diaz, Florida International Terminal; Camila Fernandes, Brazilian Chamber of Commerce; Glenn Wiltshire, Port Everglades Deputy Director; Carlos Buqueras, Director of Business Development for Port Everglades; and Brazilian entrepreneurs Carlos Leao and Antonio Hossard.

### Port Everglades Signs Sister Seaport Agreement with Port of Rio de Janeiro

Port Everglades gained its first International Sister Seaport from South America when Port Everglades Director Phil Allen signed an agreement with Jorge Luiz de Mello, President-Director of Docas do Rio (Rio de Janeiro Port Authority). Brazil ranks as the fifth-largest trading partner with Port Everglades, with 215,000 tons of containerized cargo in Fiscal Year 2009 (October 1, 2008 through September 30, 2009). Brazil is the Number One trading partner with the State of Florida, where Port Everglades handles more containerized trade with Brazil than any other Florida seaport. South Florida's trade with Brazil is over \$11 billion, according to a *WorldCity* analysis of U.S. Census data.

### Security Challenge at Port Everglades Turns into Win-Win for Charity, Local Businesses and Ship Crews

When the U.S. government began requiring seaport workers to have nationally standardized security credentials last year, thousands of international seafarers were left stranded because they did not qualify for the Transportation Worker Identification Credential (TWIC). International mariners were not allowed to pass through designated secure areas on ports, such as

docks and cargo yards, after leaving their ships unless escorted by a person with a TWIC card. Port Everglades partnered with the non-profit port chaplaincy and seafarers' service provider, Seafarers' House, to develop a TWIC-escorted transportation service that benefits the mariners and the local business community where the average mariner spends an estimated \$89.24 per port call, according to the Florida Caribbean Cruise Association.

As a result of the program's success, Seafarers' House has been approved to receive \$82,200 from the Department of Homeland Security Port Security Grant Program to purchase new vans. The free van service operated by Seafarers' House at Port Everglades, with TWIC card-carrying drivers, picks up mariners at their ship and takes them to the Seafarers' House facility or into the city. In its first year, Seafarers' House escorted and provided transportation for more than 32,000 crew members.

### \$11 million in Security Grants Awarded to Port

The Department of Homeland Security elevated the Port Everglades' risk category to Group 2 in 2007, which qualified the Port Everglades port area to be awarded security grants totaling \$11,105,066 for infrastructure improvements by Port users in Fiscal Year 2008, FY2009 and FY2010. The specific projects are approved by the U.S. Coast Guard and Federal Emergency Management Agency (FEMA), based on a comprehensive Strategic Risk Management Plan and Business Continuity/Resumption of Trade Plan that identifies potential areas for future port security grant investment.







Lighting changes at the Port will help protect sea turtle hatchlings.

### **Lighting Changes Protect Nesting Sea Turtles**

Port Everglades has been working with officials from the Florida Fish and Wildlife Conservation Commission, Broward County's Department of Environmental Protection and Growth Management, and Florida Department of Environmental Protection park rangers at John U. Lloyd Beach State Park to make lighting changes at the Port. These changes will protect sea turtle hatchlings, while meeting the Port's operational needs and safety/security mandates. Dockside lighting, both pole and building mounted, has been adjusted downward to safely light the dock areas facing the park along the Intracoastal Waterway while limiting scatter. Other lights are completely turned off during turtle nesting season.

### **Port Enhances Technology**

Port Everglades has implemented a new Web-enabled software system for state-of-the-art harbormaster management, processing of billing and accounts receivable, and automated property

and contract management. The new system, which was developed specifically for Port Everglades, allows Port staff to have a more efficient and productive work flow process and provides more information for relevant data analysis.

### **Aid to Haiti**

The Port Everglades community pulled together to send relief supplies to Haiti following a devastating 7.0 magnitude earthquake. The Broward County Commission approved tariff waivers to qualifying shipping companies that transported humanitarian aid. Taxi cab drivers collected bottled water and funds. Royal Caribbean International provided more than \$1 million in humanitarian relief and built a school in Haiti. Several local companies also shipped humanitarian relief supplies to Haiti including SeaFreight, Crowley, Resolve Marine, and G&G Shipping. To share information about aid, the Port Everglades Department created a blog with information about various relief efforts at [www.porteverglades.net/our-community-role](http://www.porteverglades.net/our-community-role).



## Port Everglades Waterborne Commerce Chart FY 2010-2001 Unaudited

FISCAL YEAR	2010	2009	2008	2007
<b>Operating Revenue</b>	\$ 124,653,452	\$ 114,441,818	\$ 121,169,061	\$ 112,500,017
<b>Expenses</b>	\$ 73,950,966	\$ 73,235,677	\$ 73,093,351	\$ 72,111,017
<b>Gross Margin</b>	\$ 50,702,486	\$ 41,206,141	\$ 48,075,710	\$ 40,389,000
<b>TOTAL SHIP CALLS</b>	<b>4,079</b>	<b>4,251</b>	<b>5,226</b>	<b>5,496</b>
Container Ships	1,830	1,980	2,197	2,270
Cargo Ships	113	105	157	202
Petrol. Tanker/Barge	661	683	727	732
Cruise Ships	1,015	1,007	1,676	1,852
Navy/USCG	29	34	22	39
Other Bunkers/Tugs	431	442	447	401
<b>CRUISE PASSENGERS</b>	<b>3,674,226</b>	<b>3,139,820</b>	<b>3,227,770</b>	<b>3,409,946</b>
Single Day	360,018	302,866	591,059	719,888
Multi-Day	3,314,208	2,836,954	2,636,711	2,690,058
Cruise Revenue	\$ 45,724,190	\$ 37,428,549	\$ 35,217,120	\$ 31,483,362
<b>CONTAINER CARGO (tons)</b>	<b>5,216,831</b>	<b>5,204,103</b>	<b>6,584,747</b>	<b>6,060,149</b>
TEUS Loaded	552,781	551,862	697,808	665,729
TEUS Total	793,227	796,160	985,095	948,680
Container Revenue	\$ 29,473,963	\$ 28,711,223	\$ 33,867,064	\$ 28,556,927
<b>TOTAL PETROLEUM (tons)</b>	<b>15,483,856</b>	<b>15,337,063</b>	<b>16,143,971</b>	<b>17,486,726</b>
Barrels	109,380,437	108,356,216	113,941,485	122,979,685
Petroleum Revenue	\$ 25,486,535	\$ 23,537,174	\$ 23,620,073	\$ 23,756,489
<b>TOTAL BULK (tons)</b>	<b>511,467</b>	<b>566,820</b>	<b>895,147</b>	<b>1,752,974</b>
Aggregate	129,965	138,189	278,497	304,456
Cement/Clinkers	264,211	306,727	494,054	1,432,837
Tallow	13,188	13,105	13,710	12,312
Gypsum	104,103	55,061	108,886	50,437
Bulk Revenue	\$ 925,567	\$ 1,090,407	\$ 1,599,476	\$ 3,251,766
<b>TOTAL BREAK BULK (tons)</b>	<b>69,960</b>	<b>67,462</b>	<b>91,007</b>	<b>302,301</b>
Steel/Coils/Rebar	15,192	15,523	17,660	175,361
Lumber	78	176	1,473	22,071
Board Feet	58	130	1,091	16,349
Plywood	0	0	133	2,719
Break Bulk Revenue	\$ 872,967	\$ 886,826	\$ 1,670,354	\$ 2,803,198
<b>TOTAL RO/RO-FLO/FLO (tons)</b>	<b>181,169</b>	<b>172,361</b>	<b>240,129</b>	<b>196,014</b>
Trucks/Trailers	34,105	40,903	69,712	57,390
Tractors	79,210	65,255	69,552	52,089
Yachts/Boats	54,396	53,871	75,729	63,999
Autos	12,972	11,314	23,845	20,184
Buses	485	1,018	1,291	1,720
<b>NAVY REVENUE</b>	<b>\$ 360,961</b>	<b>\$ 275,564</b>	<b>\$ 291,499</b>	<b>\$ 501,215</b>
<b>WATERBORNE COMMERCE</b>	<b>21,640,144</b>	<b>21,503,720</b>	<b>24,227,435</b>	<b>26,400,271</b>

\* FY2008 operating revenue includes a one-time \$3.8 million payment from APM/Universal Terminal for early termination of the company's agreement and lease.

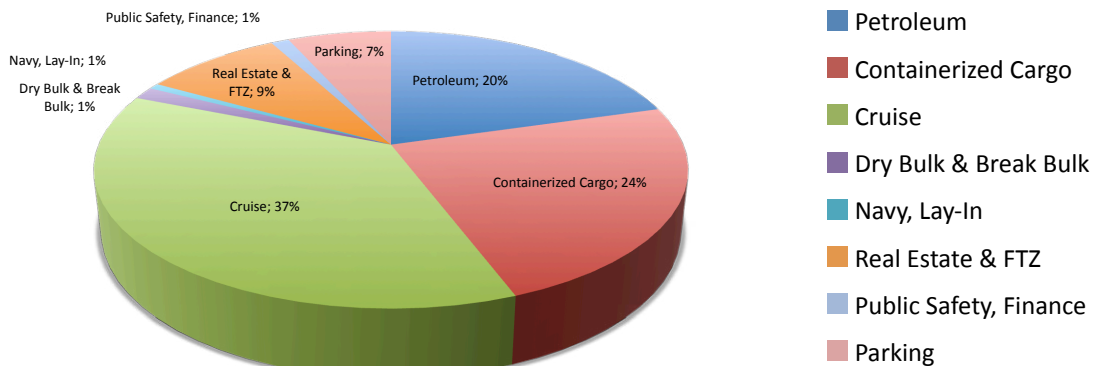
\* FY2004 operating revenue includes a one-time \$8.4 million lease termination settlement with PE Land Holdings, LLC.



2006	2005	2004	2003	2002	2001
\$ 107,577,863	\$ 105,858,262	\$ 112,476,658	\$ 89,386,458	\$ 88,916,308	\$ 79,393,979
\$ 69,117,148	\$ 65,232,415	\$ 56,488,710	\$ 53,817,229	\$ 49,176,240	\$ 42,444,470
\$ 38,460,715	\$ 40,625,847	\$ 55,987,948	\$ 35,569,229	\$ 39,740,068	\$ 36,939,509
5,510	5,901	6,389	5,853	5,484	5,572
2,185	1,988	1,890	1,880	1,859	2,128
268	247	231	213	196	220
744	751	763	798	748	768
1,763	2,362	2,854	2,215	1,963	1,793
29	18	25	17	22	42
521	535	626	730	696	621
3,239,154	3,801,464	4,075,406	3,375,671	3,485,857	3,072,343
779,470	1,113,101	1,400,110	1,050,174	1,030,395	1,106,189
2,459,684	2,688,363	2,675,296	2,325,497	2,455,462	1,966,154
\$ 28,146,431	\$ 30,000,619	\$ 30,601,167	\$ 25,223,188	\$ 25,613,224	\$ 20,398,597
5,688,442	5,076,403	4,145,394	3,633,610	3,425,269	3,907,890
624,524	572,342	486,598	415,186	394,966	446,233
864,030	797,238	653,628	569,743	554,041	621,421
\$ 25,393,178	\$ 24,192,949	\$ 20,487,292	\$ 18,106,809	\$ 18,021,927	\$ 15,596,973
17,566,394	18,338,378	17,585,603	16,958,171	16,005,275	16,776,992
123,479,901	128,842,410	123,734,414	119,100,503	112,416,933	117,909,362
\$ 22,946,933	\$ 22,945,117	\$ 22,734,391	\$ 19,803,802	\$ 18,721,965	\$ 19,100,805
2,954,310	2,848,333	2,854,588	2,535,057	2,395,950	2,138,654
475,083	607,016	491,834	343,421	326,053	268,780
2,465,753	2,222,492	2,333,142	2,164,610	1,829,240	1,762,274
13,473	18,778	11,555	16,003	15,873	16,900
0	0	18,056	11,023	137,194	90,700
\$ 5,661,670	\$ 4,836,366	\$ 4,595,168	\$ 3,986,867	\$ 3,774,584	\$ 3,449,788
376,535	279,139	297,678	161,195	189,785	200,111
256,271	159,353	150,951	76,471	139,091	120,650
48,143	36,871	43,778	40,539	30,792	49,894
34,388	21,477	32,429	30,029	22,809	36,959
38,895	25,339	47,445	22,289	11,591	9,615
\$ 2,798,064	\$ 2,228,132	\$ 2,147,521	\$ 1,318,299	\$ 1,616,911	\$ 1,466,058
152,549	125,166	104,167	87,862	101,046	119,081
28,729	23,400	18,536	17,454	23,595	31,198
45,462	26,630	18,812	14,160	14,553	17,977
57,668	32,866	42,940	37,310	36,121	34,816
16,983	23,491	22,104	14,393	23,713	31,343
3,708	1,917	1,775	2,223	3,034	3,747
\$ 436,146	\$ 236,337	\$ 415,837	\$ 108,235	\$ 76,408	\$ 323,774
27,114,362	27,159,194	25,462,798	23,870,023	22,732,854	23,744,118



## Port Revenue Center Contributions



Source: Port Everglades Department

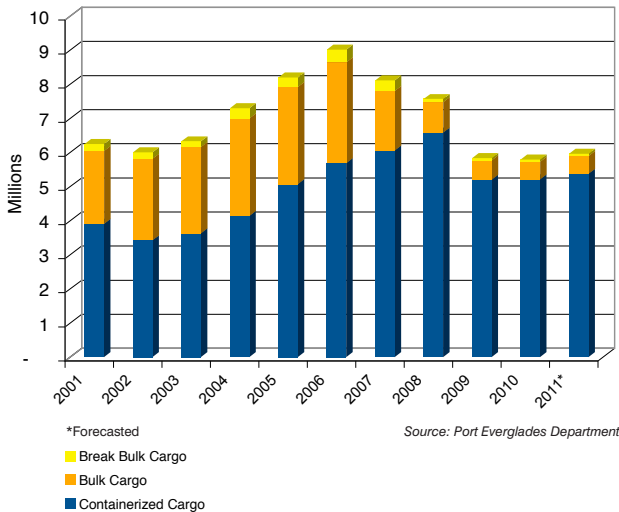
## FY2009 Economic Impact Study Matrix

	CARGO	CRUISE	TOTAL
<b>JOBS</b>			
DIRECT	5,617	4,331	9,948
INDUCED	6,283	2,941	9,225
INDIRECT	3,771	2,932	6,703
RELATED USER JOBS	117,310	NA	117,310
<b>TOTAL JOBS</b>	<b>132,980</b>	<b>10,204</b>	<b>143,185</b>
<b>PERSONAL INCOME (1,000)</b>			
DIRECT	\$254,778	\$124,602	\$379,380
INDUCED	\$731,902	\$283,646	\$1,015,548
INDIRECT	\$179,414	\$93,147	\$272,561
RELATED USER INCOME	\$3,741,229	NA	\$3,741,229
<b>TOTAL PERSONAL INCOME</b>	<b>\$4,907,324</b>	<b>\$501,395</b>	<b>\$5,408,718</b>
<b>VALUE OF ECONOMIC ACTIVITY (1,000)</b>			
BUSINESS SERVICES REVENUE	\$808,957	\$1,329,358	\$2,138,315
RELATED USER OUTPUT	\$11,729,694	NA	\$11,729,694
<b>TOTAL VALUE OF ECONOMIC ACTIVITY</b>	<b>\$12,538,650</b>	<b>\$1,329,358</b>	<b>\$13,868,008</b>
<b>LOCAL PURCHASES (1,000)</b>			
	\$334,049	\$129,861	\$463,910
<b>STATE &amp; LOCAL TAXES (1,000)</b>			
DIRECT, INDUCED AND INDIRECT	\$86,291	\$37,103	\$123,394
RELATED USER TAXES	\$276,851	NA	\$276,851
<b>TOTAL STATE AND LOCAL TAXES</b>	<b>\$363,142</b>	<b>\$37,103</b>	<b>\$400,245</b>

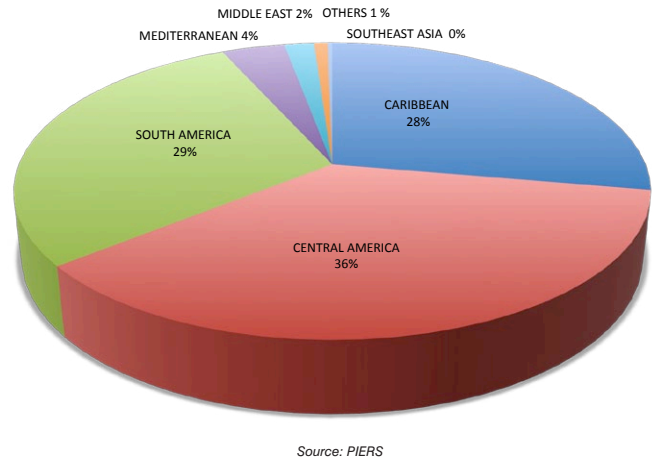
Based on Fiscal Year 2009 (most recent available data).

Source: Martin Associates

## Historical Cargo Activity FY2001- Forecasted 2011 Measured in Short Tons



## Percentage of Containerized Cargo Activity by Trade Lane FY2010 in TEUs



## Containerized Cargo Market Performance FY2010

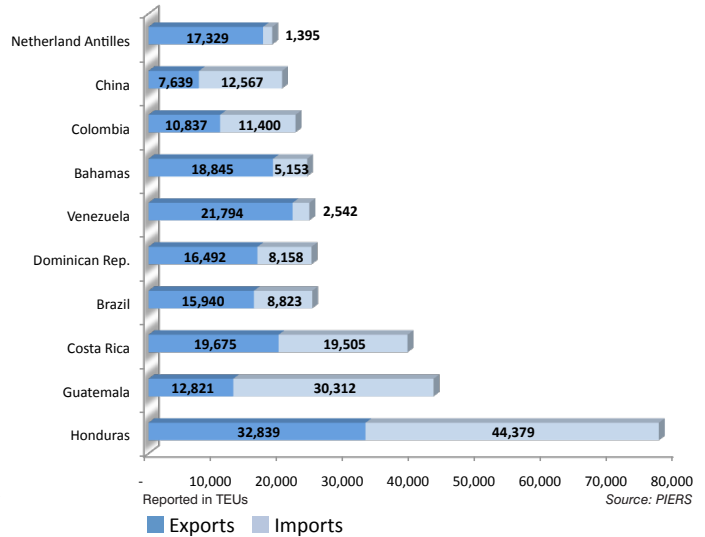
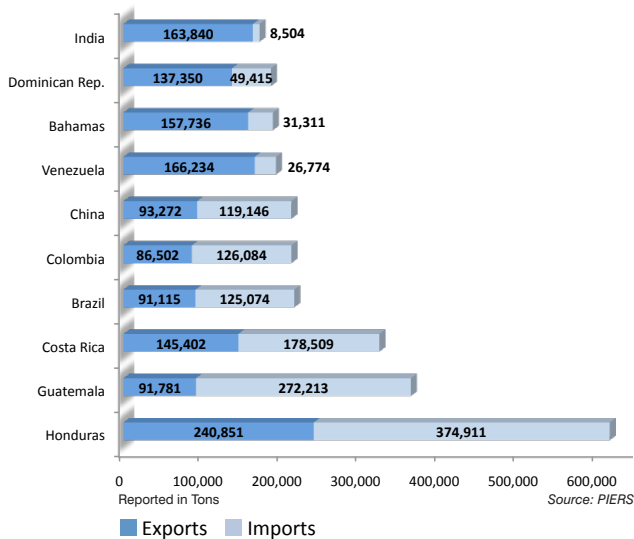
VOLUME IN TONS		US PORT			PORT EVERGLADES			SAVANNAH		W PALM BCH		Grand Total		% PEV
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV						
CARIBBEAN	64,892	3,763,988	1,338,391	1,141,167	229,860	1,019,465	7,557,762	15.10%						
CENTRAL AMERICA	173,687	40,440	1,290,770	1,745,325	282,706	893	3,533,822	49.39%						
EAST COAST SOUTH AMERICA	740,272	447,885	80,114	334,527	660,112	664	2,263,574	14.78%						
MEDITERRANEAN	408,771	15,369	190,658	314,064	2,046,687	579	2,976,129	10.55%						
MIDDLE EAST	1,579,718	61,454	92,517	224,231	2,154,394	118	4,112,433	5.45%						
NORTH COAST SOUTH AMERICA	156,677	186,275	324,623	441,956	187,604	16,900	1,314,034	33.63%						
NORTHERN EUROPE	3,381,944	120,381	454,714	198,940	2,057,123	3,808	6,216,911	3.20%						
NORTHERN FAR EAST	2,140,223	531,840	1,430,085	234,099	9,224,906	1,459	13,562,612	1.73%						
OTHERS	472,348	25,017	86,089	49,208	1,318,107	129,426	2,080,196	2.37%						
SOUTHEAST ASIA	556,924	96,577	228,767	35,931	2,226,252	329	3,144,780	1.14%						
WEST COAST SOUTH AMERICA	483,836	111,930	232,550	377,468	377,174	560	1,583,518	23.84%						
<b>GRAND TOTAL</b>	<b>10,159,293</b>	<b>5,401,156</b>	<b>5,749,277</b>	<b>5,096,916</b>	<b>20,764,925</b>	<b>1,174,203</b>	<b>48,345,770</b>	<b>10.54%</b>						
% of TOTAL CARGO	21%	11%	12%	11%	43%	2%								
<b>REGIONAL TOTAL</b>	<b>1,619,364</b>	<b>4,550,518</b>	<b>3,266,446</b>	<b>4,040,443</b>	<b>1,737,456</b>	<b>1,038,483</b>	<b>16,252,710</b>							
% of REGIONAL CARGO	10%	28%	20%	25%	11%	6%								

TOTAL TRAFFIC TEUs		US PORT			PORT EVERGLADES			SAVANNAH		W PALM BCH		Grand Total		% PEV
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV						
CARIBBEAN	5,892	504,566	159,592	137,580	23,006	115,808	946,444	14.54%						
CENTRAL AMERICA	16,323	3,884	168,702	216,135	33,243	90	438,377	49.30%						
EAST COAST SOUTH AMERICA	58,242	47,106	7,376	39,823	56,985	40	209,573	19.00%						
MEDITERRANEAN	38,208	1,163	17,302	23,531	182,525	65	262,794	8.95%						
MIDDLE EAST	165,429	4,822	9,262	13,557	216,665	10	409,745	3.31%						
NORTH COAST SOUTH AMERICA	14,111	22,527	36,396	50,957	16,166	1,877	142,035	35.88%						
NORTHERN EUROPE	376,088	11,512	55,709	19,180	204,882	432	667,802	2.87%						
NORTHERN FAR EAST	232,918	65,582	154,703	22,303	1,032,371	194	1,508,072	1.48%						
OTHERS	40,870	3,094	6,887	4,279	127,013	11,328	193,470	2.21%						
SOUTHEAST ASIA	55,258	10,580	26,465	2,806	212,730	25	307,863	0.91%						
WEST COAST SOUTH AMERICA	40,508	10,685	24,877	43,549	31,115	39	150,772	28.88%						
<b>GRAND TOTAL</b>	<b>1,043,848</b>	<b>685,521</b>	<b>667,271</b>	<b>573,699</b>	<b>2,136,700</b>	<b>129,908</b>	<b>5,236,947</b>	<b>10.95%</b>						
% of TOTAL CARGO	20%	13%	13%	11%	41%	2%								
<b>REGIONAL TOTAL</b>	<b>135,077</b>	<b>588,768</b>	<b>396,943</b>	<b>488,044</b>	<b>160,515</b>	<b>117,854</b>	<b>1,887,201</b>							
% of REGIONAL CARGO	7%	31%	21%	26%	9%	6%								

Source: PIERs



## Top 10 Trading Partners for Containerized Cargo



## Top 10 Imported Containerized Commodities\*

RANK	COMMODITY	TONS	TEUS	VALUE
1	FRUITS, MISC.	317,553	29,589	\$ 97,415,110
2	BANANAS	255,895	24,581	\$ 75,131,823
3	CERAMIC & MOSAIC TILES	162,761	7,183	\$ 86,913,046
4	VEGETABLES	142,826	13,397	\$ 95,743,242
5	NON-ALCOHOLIC BEVERAGES	120,577	9,701	\$ 107,930,519
6	BEER & ALE	86,793	6,947	\$ 67,197,638
7	UNDERWEAR, T-SHIRTS	68,900	9,171	\$ 940,912,288
8	PAPER & PAPERBOARD, INCL WASTE	54,830	4,681	\$ 80,338,834
9	PINEAPPLES, EXCEPT CANNED	52,011	4,855	\$ 17,305,513
10	MARBLE, ONYX	49,827	2,259	\$ 90,177,504

\*Table included loaded TEUs only

Source: PIERIS

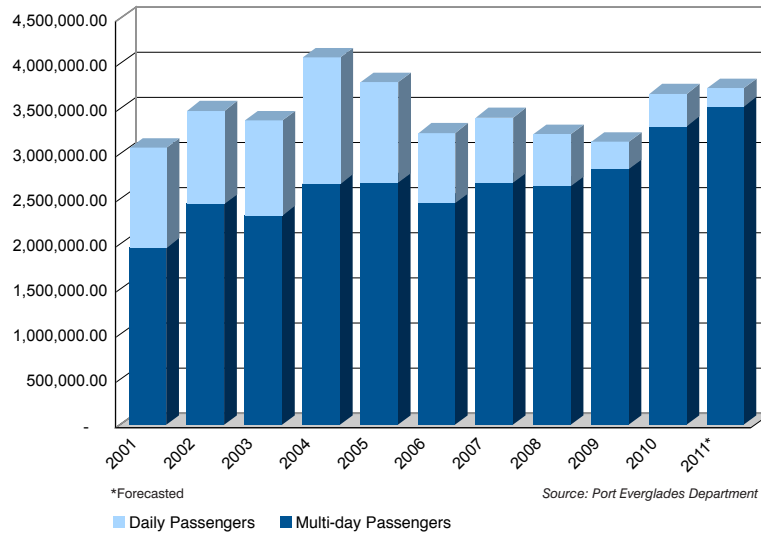
## Top 10 Exported Containerized Commodities\*

RANK	COMMODITY	TONS	TEUS	VALUE
1	PAPER & PAPERBOARD, INCL WASTE	260,804	22,366	\$ 259,434,276
2	GROCERY PRODS, MISC.	246,008	26,508	\$ 643,170,747
3	GENERAL CARGO, MISC.	176,836	24,322	\$ 656,207,797
4	METAL SCRAP, FERROUS, PIG IRON	165,482	7,299	\$ 48,799,375
5	YARNS, MISC.	103,966	11,397	\$ 287,499,631
6	AUTO PARTS	96,112	12,580	\$ 498,758,834
7	BUILDING MATERIALS	94,091	9,114	\$ 203,842,387
8	POULTRY, CHIEFLY FRESH & FROZEN	77,861	6,325	\$ 73,293,898
9	APPARELS, MISC.	69,940	8,536	\$ 692,064,034
10	ELECTRONICS & ELECTRONIC PRODUCTS, MISC.	59,273	9,330	\$ 639,521,464

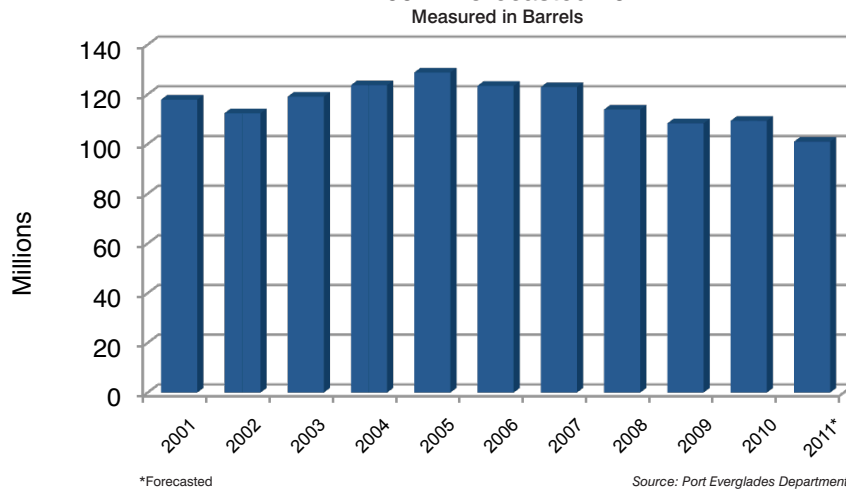
\*Table included loaded TEUs only

Source: PIERIS

## Cruise Passenger Activity FY2001- Forecasted 2011



## Historical Petroleum Activity FY2001 - Forecasted 2011



## Petroleum Product Throughput FY2009 vs. FY2010

Measured in Barrels

	FY2009	FY2010	Change	Percentage Change
<b>Revenue</b>	\$23,537,174	\$25,486,535	\$1,949,361	8%
<b>Total Barrels</b>	108,356,216	109,380,437	1,024,221	1%
<b>Asphalt</b>	658,307	629,705	(28,602)	-4%
<b>Aviation Gasoline</b>	241,288	303,292	62,004	26%
<b>Diesel Fuel</b>	12,825,889	13,264,231	438,342	3%
<b>Fuel Oil</b>	5,681,218	5,546,899	(134,319)	-2%
<b>Gasoline</b>	57,431,037	56,050,145	(1,380,892)	-2%
<b>Jet Fuel</b>	24,684,157	26,950,240	2,266,083	9%
<b>Propane</b>	526,030	523,547	(2,483)	0%
<b>Crude Oil Loaded</b>	649,894	735,063	85,169	13%
<b>Ethanol</b>	5,558,480	5,336,057	(222,423)	(0)
<b>Bio-diesel</b>	99,916	41,260	(58,656)	-59%

Source: Port Everglades Department



# PORT EVERGLADES

Department of Broward County, Florida





An Enterprise Fund of the  
Broward County Board of County Commissioners

Annual Financial Report  
September 30, 2010

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**PORT EVERGLADES DEPARTMENT - Port Director's Office**

1850 Eller Drive - Fort Lauderdale, Florida 33316

954-523-3404 FAX 954-523-8713

January 21, 2011

Bertha Henry, Broward County Administrator  
Dinah L. Lewis, Broward County CFO and Director of Finance  
Evan Lukic, County Auditor  
115 South Andrews Avenue  
Fort Lauderdale, Florida 33301

Ladies and Gentleman:

We are pleased to provide Broward County's Port Everglades Department's (the "Port") annual financial report which include audited financial statements for the fiscal year ended September 30, 2010. This is the first time, since Broward County assumed operating control of the port in 1994, that we have provided separately audited financial statements. This is a significant undertaking with several benefits to both the County and the Port:

- 1) By issuing audited financial statements and accompanying auditor's opinion, the Port has been subjected to a higher level of audit scope and diligences than previously when Port activities were merely audited within the context of the County's financial operation.
- 2) Other seaports with whom the Port competes every day for customers issue annual audited financial statements as a normal course of business.
- 3) The Port is an enterprise fund relying solely upon its own financial results and does not receive County financial support. Prospective clients, creditors, debt markets, and credit rating agencies can now rely upon audited financial statements to confirm an acceptable financial condition.
- 4) Finally, with our aggressive and significant Master Plan and capital program, elected officials and the general public deserve to rely upon the Port's ability to maintain financial independence from the use of ad valorem taxes and provide a solid financial base.

The Management Discussion and Analysis incorporated within the financial report provides both a highlight of the just ended fiscal year as well as an insight into future projects that are ongoing and which will serve to further enhance the Port's and County's positive economic impact on the South Florida region.

Broward County Board of County Commissioners

Sue Gunzburger • Dale V.C. Holness • Kristin Jacobs • Chip LaMarca • Ilene Lieberman • Stacy Ritter • John E. Rodstrom, Jr. • Barbara Sharief • Lois Wexler

[www.broward.org](http://www.broward.org)

January 21, 2011  
Page Two

We wish to express our appreciation to the Finance Division staff that were responsible for assimilating and compiling the data comprising the Annual Financial Report. We also wish to thank the County's independent auditors, Crowe Horwath, for their cooperation and assistance in the preparation of this report.

Sincere appreciation is also expressed to the County Administrative support personnel for their assistance throughout the year in matters pertaining to the financial affairs of the Port.

Sincerely,



Phillip C. Allen  
Port Director



Mary S. Meynarez, CPA, CGFO, CPFO  
Director of Finance

cc: Glenn Wiltshire, Deputy Port Director



## REPORT OF INDEPENDENT AUDITORS

Board of County Commissioners  
Port Everglades, Broward County, Florida  
Fort Lauderdale, Florida

We have audited the accompanying basic financial statements of the Port Everglades Enterprise Fund of Broward County, Florida (the Port) as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the management of the Port. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

The financial statements present only the Port Everglades Enterprise Fund and do not purport to, and do not, present fairly the financial position of Broward County, Florida, as a whole, as of September 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port Everglades Enterprise Fund as of September 30, 2010, and the changes in financial position and cash flows for the Port Everglades Enterprise Fund, for the year ended September 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Statement of net Assets of the Port as of September 30, 2009, and the related statement of revenues, expenses and changes in fund net assets and cash flows for the year the ended, were not audited by us and accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2011, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 4-15 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Fort Lauderdale, Florida  
January 21, 2011



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

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**Annual Financial Report**

The annual financial report of the Port Everglades Department (the "Port") provides an overview of the Port's financial activities for the fiscal years (FY) ended September 30, 2010, 2009 and 2008. The financial statements include the independent auditor's opinion, balance sheets, statements of revenues, expenses and changes in net assets, statements of cash flows and the accompanying explanatory notes. Management's discussion and analysis should be read in conjunction with the financial statements and notes.

**Management's Discussion and Analysis**

The Port, a department of Broward County (the "County"), operates as an enterprise fund of the County. The County owns Port Everglades which is operated by the Board of County Commissioners. The Port was originally created in 1927 by a Special Act (Act) of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved by the Act. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission. The Port is managed by a Port Director appointed by the County Administrator and confirmed by the County Commission.

**Cautionary Note Regarding Forward-Looking Statements**

Certain information provided by the Port, including written or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, which address activities, events or developments that the Port expects or anticipates will or may occur in the future, contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions.

**Financial Position**

The Port's performance measures (unaudited) during fiscal years ended September 30 are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u> (Restated)
Total operating revenues (dollars In thousands)	\$ 124,653	\$ 114,442	\$ 121,169
Total waterborne commerce (in short tons/2,000 pounds)	21,640,144	21,503,720	24,227,435
Total ship calls	4,079	4,251	5,226
Container cargo (tons)	5,216,831	5,204,103	6,584,747
Total TEUs (equivalent number of 20' container units)	793,227	796,160	985,095
Petroleum (tons)	15,483,856	15,337,063	16,143,971
Bulk (tons)	511,467	566,820	895,147
Breakbulk (tons)	69,960	67,462	91,007
Yachts/Boats (tons)	54,396	53,871	75,729

Operating revenue at Port Everglades reached its record high in FY 2010 after a downturn in FY 2009. In FY 2010, operating revenue reached \$124.7 million, which is higher than the Port's previous record high of \$121.1 million achieved in FY 2008, and 9% higher than in FY 2009, when operating revenue was \$114.4 million. Net operating expenses before depreciation remained flat at \$74 million in FY 2010, for a gross margin of \$28 million. The increase in net assets of \$20 million declined over the previous year due to reduction in grant funds assisting in infrastructure investments.

(Continued)

**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

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Total waterborne commerce, which is measured in short tons (2,000 pounds), reached 21,640,144 tons, which is a slight increase over the 21,503,720 tons recorded in FY 2009 and a decrease of 11.2% from 24,227,435 tons in FY 2008. In FY 2010 and FY 2009, the Port hosted 4,079 and 4,251 ship calls, respectively, from vessels ranging from aircraft carriers and mega cruise ships to container ships and tankers of all sizes. For FY 2011, the Port Department forecasts 3,686 ship calls at the Port, as cruise and cargo lines strive to reduce operating costs by utilizing fewer, but larger ships.

Cruise related activity for the Port, including parking, accounted for nearly 44% of the operating revenue for FY 2010. The largest increase in revenue was generated in the cruise sector, where Port Everglades celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record 45.7 million in revenue for FY 2010, which is 22.2% higher than in FY 2009. Parking revenue, derived from cruise ship passengers and attendees at the Greater Fort Lauderdale/Broward County Convention Center, decreased by 1.8% in FY 2010 from FY 2009 and dipped by 5.9% in FY 2009 from significant gains in FY 2008. The drop in FY 2009 resulted from the loss of a daily cruise operator in Northport. The number of multi-day passengers also increased 16.8% from 2,836,954 embarking and debarking passengers in FY 2009 to 3,314,208 passengers in FY 2010. The total number of embarking and debarking passengers -- including single-day, multi-day and port of call passengers -- was up 17% from 3,139,820 passengers in FY 2009 to 3,674,226 in FY 2010. Fourteen cruise lines offer services at the Port via a 54-ship cruise fleet, including Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Cunard Line, Discovery Cruise Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises. Cruise ships calling at the Port range in size from the 9,961 gross registered tons (GRT) *Seabourn Legend*, with a berth capacity of 204, to the 225,282 GRT *Oasis of the Seas*, with berth capacity of 5,400. In Fall, 2010, the 225,282 GRT *Allure of the Seas*, with a berth capacity of 5,400, began calling at the Port. The *Oasis of the Seas* and *Allure of the Seas* each have a berth capacity of 5,400 but regularly sail with 6,000 passengers.

**FY 2010 Cruise Highlights:**

- The largest single-ship cruise terminal in the world to serve the two largest and most revolutionary cruise ships in the world, the *Oasis of the Seas* and the *Allure of the Seas*, officially opened at Port Everglades on November 6, 2009, one week prior to the arrival of Royal Caribbean International's 5,400-berth *Oasis of the Seas*. To accommodate these cruise ships, the Port, through a public-private partnership with Royal Caribbean Cruises, Ltd., invested approximately \$75 million to triple the size of Cruise Terminal 18, install new loading bridges, electronic informational signage and a 600-space parking lot. The terminal's mega-size accommodates the more than 5,400 cruise guests and their luggage so that both arriving and departing guests can go through processing procedures simultaneously, allowing arriving passengers to be processed for boarding within 15 minutes of arriving curbside at the terminal. Renowned international artist Michele Oka Doner was selected through Broward County's Public Art & Design Program to create a work of art on the center floor of the new terminal entitled "Forces of Nature," which combined blue and green terrazzo and brass art pieces to represent the sea and the Earth. Another world-renowned artist, Larry Kirkland, will be creating another art piece for the foyer of the terminal, which is expected to be completed in FY 2011. Each ship is projected to generate approximately 584,000 passenger movements annually at Port Everglades. The terminal construction project was overseen by Broward County's Seaport Engineering and Construction Division. This terminal project was awarded the International Joint Venture award by the Greater Miami Chamber of Commerce and in November, 2010 Port Everglades' Terminal 18 received the Port of Year award in Nice, France given by SeaTrade Insider.

Broward County reached a new 15-year agreement with Carnival Corporation in April, 2010 that calls for an average of 1.7 million passengers embarking and debarking annually from a combination of most Carnival-brand cruise ships, including Princess Cruises, Holland America Line, Carnival Cruise Lines, P&O Cruises, Costa Cruises, Cunard Line, and the Yachts of Seabourn, which already sail to and from Port Everglades. As part of this long-term agreement, the Port will renovate four existing cruise terminals, which will create an estimated 620 new construction jobs over the next three years and provide half-a-billion dollars in Port revenue over the life of the agreement.

(Continued)



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

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**FY 2010 Containerized Cargo Highlights**

- Containerized cargo accounted for approximately 25% of operating revenue in FY 2010. The Port ranks second in Florida in international container cargo activity, based on total loaded TEUs. Port Everglades also ranks twelfth among U.S. seaports for international containerized cargo trade. Containerized cargo activity remained steady in FY 2010 at 5,216,831 tons and 793,227 TEUs (20-foot equivalent units which is the standard measuring tool for containerized cargo.) From FY 2000 to FY 2010, the volume of containerized cargo billed at Port Everglades increased from 4,091,936 tons to 5,216,831 tons, representing growth of 27% and from 676,760 TEUs to 793,227 TEUs, representing growth of 17.2%. Revenue from containerized cargo increased by 2.7% in FY 2010 to \$29,473,963 from \$28,711,223 in FY 2009. In FY 2010, imports and exports remained about equally divided. The Port's primary trade lanes remain in the regional Caribbean, Central America and South America markets representing nearly 80% of cargo movements. Of that amount, 38% of the Port's containerized cargo volume was destined for Central America. There are 24 container shipping lines that maintain regular service at the Port. Cargo shippers at the Port provide service to over 200 ports in 129 countries.
- The Port handles 25% of the U.S. South Atlantic regional market versus its closest rival, the Port of Jacksonville, which handles 28%. The Port is particularly dominant in Central America, where it not only is first in the South Atlantic, with 49% of the market, but also first among all U.S. seaports, with 16% of the entire market in 2010.
- In September, 2010, the County Commission awarded a 10-year cargo terminal lease to SeaFreight Agencies (USA,) Inc. (SeaFreight) for a new 25-acre facility at Port Everglades. SeaFreight will be the Port's first tenant to begin operations on a new Southport container yard that is nearing completion in Southport. SeaFreight currently operates eight container ships at Port Everglades with twice weekly fixed-day sailings to and from the Caribbean region, which is a key market for Port Everglades. An 18-year customer of Port Everglades that handled cargo through other terminal operators, SeaFreight achieved record-level performance in FY 2010 and has seen its cargo throughput at the Port increase 89% since FY 2004. The guaranteed value of this agreement to Port Everglades, including rent, over the 10-year lease period, will grow from \$2,410,000 to \$4,129,163 annually. Volume guarantees are expected to grow 23% higher than current cargo levels within the first six years. The construction of the new cargo yard generated an estimated 320 construction jobs. The entire 41-acre project is expected to create 15% more capacity for containerized cargo at the Port.
- Southport Phases VIIA and VIII container terminal yard construction was 75% complete through the end of FY 2010 and is expected to be delivered to the Port by the Seaport Engineering and Construction Division early in 2011. This new 41-acre terminal yard will be home to SeaFreight along with Crowley Liner Services, Inc.
- Chilean line Compañía Sud Americana de Vapores (CSAV) started two new services from Port Everglades. CSAV began a new weekly Far East service, America Express (AMEX) to Port Everglades in May 2010, and its first vehicle carrier service at Port Everglades in September 2010. Together, the new CSAV services are expected to generate an additional \$1.2 million annually for Port Everglades.
- The Port successfully negotiated an amendment to the long-term lease with Crowley Liner Services, Inc. to increase the Crowley's terminal acreage from 68.2 acres to 80 acres, with increased ship movements and container guarantees.

(Continued)

**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

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**FY 2010 Petroleum Highlights**

A consumer-demand based commodity, petroleum throughput increased by 1% in FY 2010 to 15,483,856 tons from 15,337,063 in FY 2009. The Petroleum sector at Port Everglades accounts for approximately 20% of total Port revenue. The Port is the second largest storage and distribution center for petroleum products in Florida. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, Venezuela, Europe and throughout the Caribbean. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port Jurisdictional Area. Most of the petroleum products imported to the Port are transported via tanker truck to retail outlets in the twelve counties of southern Florida and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil and alternative fuels such as ethanol and biodiesel.

**FY 2010 Other Highlights**

In addition to containerized cargo and petroleum, the Port also handles dry bulk and breakbulk cargoes. The Port historically has been a major South Florida gateway for dry bulk and breakbulk commodities. Cement, alumina sand and gypsum are the primary dry bulk commodities handled at the Port. Steel and yachts are the primary breakbulk commodities handled at the Port. Volumes of cement, alumina sand and gypsum have been highly variable and are affected by the demands of the construction industry, which have been negatively impacted by the housing and commercial construction markets. In FY 2010, dry bulk tonnage declined 9.8% to 511,000 tons. The volume of breakbulk steel imports is also affected by the level of activity of the construction industry in the southern Florida region dropping from a peak of 256,000 tons in FY 2006 to 15,000 in FY 2010. Yacht activity peaked in FY 2008 at 76,000 cargo tons and has remained at 54,000 tons the last two years.

The Port leases land, office space, and warehouse space to various private entities including steamship lines, agents, stevedoring firms, Foreign-Trade Zone users and others under the terms of separate leases. Real estate revenue remained steady in FY 2010 at \$10.3 million compared to \$10.4 million in FY 2009.

Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$8.4 million in FY 2010 compared to \$8.6 million in FY 2009 and \$9.2 million in FY 2008.

**Required Financial Statements**

The financial statements of the Port report information about the Port using accounting principles generally accepted in the United States of America. These statements offer short and long-term financial information about its activities.

The Statement of Net Assets (balance sheet) include all of the Port's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Port's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Port and assessing the liquidity and financial flexibility of the Port.

The current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. These statements measure the success of the Port's operations and can be used to determine whether the Port has successfully recovered all its costs through its customer contracts, tariff and other charges, as well as its profitability, and creditworthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provide answers to such questions as where did cash come from, what was it used for, and what was the change in cash balance during the reporting period.

(Continued)



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

**Analysis of Overall Financial Position and Results of Operations**

One of the most important questions asked about the Port's financial statements is "Is the Port as a whole, better off or worse off as a result of the year's activities?" The balance sheets and the statements of revenues, expenses and changes in net assets report information about the Port's activities in a way that will help answer this question. One can think of the Port's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Port's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, world events, regulation and new or changed government legislation.

**Statements of Financial Position (Balance Sheets)**

The balance sheet serves as a useful indicator of the Port's financial position. It distinguishes assets and liabilities as to their expected use for current operations or internally designated use for capital projects. The Port's assets exceeded liabilities by \$499.7 million and \$479.1 million at September 30, 2010 and 2009, respectively, a \$20.6 million increase from September 30, 2009. A condensed summary of the Port's balance sheet and resulting net assets at September 30 is shown below:

**Statement of Net Assets (Balance Sheets)**

(Dollars In Thousands)

	<u>2010</u>	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited) (Restated)
<b>Assets</b>			
Current assets	\$ 203,349	\$ 187,420	\$ 176,193
Restricted assets	30,256	69,387	40,373
Other assets	8,261	3,517	2,962
Capital assets, net of depreciation	394,190	380,445	316,906
Capital assets held for leasing, net of depreciation	184,639	186,477	189,075
Total assets	<u>\$ 820,695</u>	<u>\$ 827,246</u>	<u>\$ 725,509</u>
<b>Liabilities</b>			
Current liabilities	\$ 11,006	\$ 27,557	\$ 18,665
Current liabilities payable from restricted assets	18,686	18,380	14,870
Long-term obligations	291,257	302,206	233,946
Total liabilities	<u>320,949</u>	<u>348,143</u>	<u>267,481</u>
<b>Net assets</b>			
Invested in capital assets, net of debt	278,612	271,262	259,881
Restricted for:			
Capital projects	304	18,004	14,726
Debt service	10,333	11,056	4,047
Renewal and replacement, and operating and maintenance	16,465	17,205	16,681
Unrestricted	194,032	161,576	162,693
Total net assets	<u>499,746</u>	<u>479,103</u>	<u>458,028</u>
Total liabilities and net assets	<u>\$ 820,695</u>	<u>\$ 827,246</u>	<u>\$ 725,509</u>

(Continued)

**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2010 and 2009**  
**(Unaudited)**

The largest portion of the Port's net assets represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The Port uses these capital assets to provide services to major steamship lines and their agents for movement of maritime cargo; consequently, these assets are not available for future spending. Although the Port's investment in capital assets reported is shown net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves generally are not sold to liquidate liabilities.

An additional portion of the Port's net assets represents resources that are subject to external restrictions. The remaining unrestricted net assets may be used to meet any of the Port's ongoing obligations as defined by the revenue bond covenants.

**Statements of Revenues, Expenses and Changes in Fund Net Assets**

A condensed comparative summary of the Port's revenues, expenses and changes in net assets for the years ended September 30 is shown below:

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**(Dollars In Thousands)**

	<u>2010</u>	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited) (Restated)
Operating revenues	\$124,653	\$114,442	\$121,169
Operating expenses (including depreciation)	<u>96,819</u>	<u>93,486</u>	<u>93,116</u>
Operating earnings	27,834	20,956	28,053
Non-operating income (expense)	(15,784)	(10,509)	(10,379)
Capital contributions	<u>8,593</u>	<u>10,628</u>	<u>4,204</u>
Increase in net assets	<u>\$ 20,643</u>	<u>\$ 21,075</u>	<u>\$ 21,878</u>

The following table breaks down operating revenues by revenue center for each fiscal year ended September 30:

**Schedule of Operating Revenues by Revenue Center**  
**(Dollars In Thousands)**

	<u>2010</u>	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited) (Restated)
Operating revenues			
Cruise	\$ 45,724	\$ 37,429	\$ 31,489
Container	29,474	28,711	33,867
Petroleum	25,487	23,538	27,348
Real Estate	10,295	10,383	11,878
Parking	8,421	8,579	9,118
Other	3,454	3,826	4,200
Bulk	926	1,090	1,599
Breakbulk/Neobulk	872	886	1,670
Total operating revenues	<u>\$ 124,653</u>	<u>\$ 114,442</u>	<u>\$ 121,169</u>

(Continued)



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
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In 2010, operating revenues increased 8.9% from \$114.4 million in 2009 to \$124.7 million. The increase can be attributed to an \$8.2 million or a 22.2% increase in cruise revenue and a \$1.9 million or an 8.3% increase in petroleum revenue. The economic downturn created volume declines in bulk and breakbulk containerized cargo and other services.

In 2009, operating revenues decreased 5.6% from \$121.2 million in 2008 to \$114.4 million. This resulted from a \$3.8 million or 13.9% decrease in petroleum revenue, a \$5.2 million or 15.2% decrease in container revenue, a \$1.5 million or 12.6% decrease in real estate revenue which were partially offset by an increase in cruise revenue of \$5.9 million or 18.9%. A \$2.2 million or 13.3% decrease in other revenue centers was principally due to the domestic and world economic downturn.

The following tables break down operating expenses by function for each fiscal year ended September 30:

**Schedule of Operating Expenses by Function**  
**(Dollars In Thousands)**

	<u>2010</u>	<u>2009</u> Unaudited	<u>2008</u> Unaudited (Restated)
Operating expenses:			
Contractual Services	\$ 42,436	\$ 39,571	\$ 37,026
Personal services	17,949	18,739	19,351
Insurance	5,419	5,551	5,274
Utilities	4,066	3,967	4,585
General & Administrative	2,097	2,651	3,577
Maintenance	1,983	2,757	3,280
Sub-total operating expenses	<u>73,950</u>	<u>73,236</u>	<u>73,093</u>
Depreciation	22,869	20,250	20,022
Total operating expenses	<u>\$ 96,819</u>	<u>\$ 93,486</u>	<u>\$ 93,115</u>

In 2010, personal services expense decreased by 4.2% from \$18.7 million in FY 2009 to \$17.9 million. The decline is primarily due to a continuing reduction in overtime and an approximately 10% reduction in staffing through attrition. Contractual services in FY 2010 increased over FY 2009 principally due to increased security expenses related to the opening of the new Terminal 18 facility, security contractual increases and security for the hosting of the SuperBowl and ProBowl Media Headquarters and related events. Security costs are expected to decline in FY 2011 and beyond as a result of County Commission approval in December, 2010 to transition certain non-sworn security functions from the Broward Sheriff's Office (BSO) to a private security company, with projected annualized savings of \$2.2 million, and to begin a new security contract with BSO that adjusts staffing levels to reflect current needs. Utilities increased due to water consumption increases relative to new (larger) cruise ships with a partial offset in electrical costs due to the implementation of an energy reduction performance project. The Port placed in service the newly renovated Terminal 18 in FY 2010 along with other asset acquisitions resulting in an increase in depreciation expense in FY 2010 over FY 2009. Outlays for crane repairs and infrastructure repairs were significantly reduced in FY 2010 over FY 2009.

In 2010, income from operations increased by \$6.9 million or 32.8% for the reasons stated above. In 2009, operating earnings decreased by \$7.1 million or 25.3% from 2008 due to the reasons discussed above.

In 2010, nonoperating income (expense), increased from a net expense of \$10.5 million in 2009 to net expense of \$15.8 million. This increase is due principally to a decline in interest income of \$3.7 million, increased interest expense of \$3.1 million, recording of a net difference in the gain on disposal of assets of approximately \$.7 million, and a reduction in deferred charges, amortization and debt service expenses of \$.8 million.

(Continued)

**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
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**(Unaudited)**

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In 2009, nonoperating income (expense), increased from a net nonoperating expense of \$10.4 million in 2008 to net nonoperating expense of \$10.5 million. This increase is due principally to a decline in interest income of \$3.2 million and a \$3.4 million swap termination fee expense incurred in 2008.

During the years ended September 30, 2010, 2009 and 2008, the Port received approximately \$8.6 million, \$10.6 million, and \$4.2 million, respectively, in state and federal grant money to be used for capital expenditures.

In summary, net assets during fiscal years 2010, 2009 and 2008 increased \$20.6 million, \$21.0 million, and \$21.9 million, respectively.

**Statements of Cash Flows**

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents include highly liquid investments generally with a maturity at time of purchase of three months or less. A condensed comparative summary of the statements of cash flows for the years ended September 30 is shown below:

**Statement of Cash Flows**  
**(Dollars In Thousands)**

	<u>2010</u>	<u>2009</u> <u>(Unaudited)</u>	<u>2008</u> <u>(Unaudited)</u> <u>(Restated)</u>
Cash flows from operating activities	\$ 44,588	\$ 43,798	\$ 47,850
Cash flows from noncapital financing activities	120	(1,040)	(3,667)
Cash flows from capital and related financing activities	(70,257)	(9,475)	(43,684)
Cash flows from investing activities	19,463	(9,908)	(30,178)
	<hr/>	<hr/>	<hr/>
Change in cash and cash equivalents	(6,086)	23,375	(29,679)
Cash and cash equivalents			
Beginning of year	52,100	28,725	58,404
End of year	<hr/> <u>\$ 46,014</u>	<hr/> <u>\$ 52,100</u>	<hr/> <u>\$ 28,725</u>

The Port's available cash and cash equivalents decreased by \$6.1 million from \$52.1 million at the end of 2009 to \$46.0 million at the end of 2010 due to an increased flow of funds provided by operating activities which was offset by the increased use of funds for capital acquisitions and related financing activities including investments.

**Capital Improvement Plan**

The Port strategically evaluates the need for capital improvements based upon a demand driven strategy that balances the deployment of capital resources with projected cash flows. Intermediate and long range capital investment plans are prepared based on market demand, timing, costs, permitting, financing capabilities and other factors. These plans are periodically updated to reflect changing events. Generally, the Port funds capital projects from a combination of operating cash flows, grants and the issuance of revenue bonds. The Port continuously monitors economic factors and prudently manages its debt against realistic growth and associated cash flow expectations.

**Capital Acquisitions and Construction Activities**

During FY 2010, the Port expended approximately \$39.9 million for new capital assets. The major capital expenditures were for the continuing Southport Container Yard development, refurbishment of an existing container gantry crane in Midport, purchase of a new mobile harbor crane, completion of the new bridge over the Florida Power and Light (FPL) Discharge Canal and Cruise Terminal 18's expansion.

(Continued)



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
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During FY 2009, the Port expended approximately \$89.1 million for new capital assets. The major expenditures were for a new bridge over the Florida Power and Light Discharge FPL Discharge Canal, continuing Southport Container Yard development, a port-wide roofing project, and Cruise Terminal 18's expansion.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded primarily with port revenues, grants, and revenue bonds. The Port had construction commitments of approximately \$18.8 million at September 30, 2010. Additional information on the Port's capital assets and commitments can be found in Note D. – Capital Assets.

### **Overview of Upcoming Projects**

#### **Southport Turning Notch Extension**

Westward expansion of the existing Southport Turning Notch (TN) is essential to increasing berthing capacity in the Port. This project would extend the TN from its current 900 foot length to 2,400 feet, creating four additional berths for containerized, bulk and breakbulk cargo handling. This project will require excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed a habitat enhancement proposal that will convert 16.5 acres of Port land into mangrove habitat. The FDEP has approved the proposal, and permitting and design will begin in FY 2011 with construction expected in FY 2012/2013 for the enhancement and FY 2014 for the TN extension.

#### **Deepening**

Port harbor deepening is a long-term project which would result in deeper and wider waterways for the future, larger generations of container, cruise, and petroleum vessels. The U.S. Army Corps of Engineers is undergoing a Deepening and Widening Feasibility Study, with completion estimated in 2012.

#### **Master/Vision Plan**

The Port Everglades Master/Vision Plan was adopted by the Broward County Board of County Commissioners in December, 2007. This plan developed a comprehensive, realistic 5-year Capital Improvement Plan (CIP) within the framework of 10- and 20-year vision plans for all of the Port's business sectors. The first update to this document began in February, 2009 and is estimated to be completed and adopted by the Board in the Spring of 2011.

#### **Northport/Broward County Convention Center Carve Out**

This project will adjust the boundaries of the Port Everglades Jurisdictional Area to remove the Broward County Convention Center from the secure area of the Port, including revisions to the boundary of the Northport Development of Regional Impact (DRI) and the implementation of a Bypass Road in Northport. Construction for the first phase of the Bypass Road, which will move the security checkpoint further south on Eisenhower Drive, is estimated to begin in the Spring of 2011. The second phase will allow unrestricted traffic access through the Port separated from the secure Port areas for vehicles traveling to and from the Broward County Convention Center or to the 17th Street Causeway from US-1 or State Road 84 while maintaining secured access to the Port's operational areas.

#### **Southport Improvements**

Port Everglades broke ground for a new 41-acre marine terminal for containerized cargo that is expected to be completed in January, 2011. In addition, McIntosh Road will undergo a re-alignment to create a loop road with ample right-hand turning radii for trucks to directly enter container terminals and eliminating crossing traffic.

#### **Cruise Facility Upgrades**

The Port's new fifteen year agreement with Carnival Corporation for cruise passenger terminal and berth use calls for the renovation of four existing cruise terminals (2, 19, 21 and 26) which will create an estimated 620 new construction jobs over the next three years.

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**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
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**Eller Drive Overpass**

The Florida Department of Transportation (FDOT) funded Eller Drive Overpass project consists of a four-lane bridge overpass on the primary entrance to Port Everglades to allow for construction of an at-grade rail spur to Southport while facilitating unrestricted vehicle movement to and from container and cruise terminals and to Interstate 595 and the Florida Turnpike highway systems. The project also involves the widening, realignment, and construction of service roads parallel to the Overpass. FDOT is scheduled to award the contract in January, 2011 with construction to begin Summer of 2011.

**Intermodal Container Transfer Facility (ICTF)**

The ICTF in Southport will provide a near-dock facility to facilitate the transfer of containerized cargo through the Port onto a rail line via a connecting rail spur without the need for trucks to enter or exit the Port. This will reduce congestion on both the Interstate Highway System and local arterials. The project is planned to be a public/private partnership.

**Aggregate Facility**

An underground enclosed conveyor, an enclosed storage facility and rail storage tracks will be constructed for handling imported crushed rock aggregate and other bulk material in the Southport area of Port Everglades. It is currently envisioned that this project will be completed as a public/private partnership when commercial demand dictates the need.

**Foreign-Trade Zone (FTZ)**

The U.S. FTZ Board approved an Expansion and Reorganization of the Port-operated Foreign-Trade Zone No. 25 on August 27, 2009. This approval preserves and expands the number and size of sites where Foreign-Trade Zone activity can take place in Broward County. The dynamic growth in FTZ activity over the last several years, and the future potential of such growth, has necessitated the increase from 305 acres at four sites to over 388 acres at 11 sites. In addition, another Subzone for petroleum storage and two temporary sites totaling 26 acres were approved in 2010 to accommodate the growth of existing companies utilizing FTZ benefits and procedures.

**Petroleum**

Lease negotiations are underway for a liquid bulk terminal operator to develop and operate a 13.9-acre site where the Port owns 10 tanks that are no longer in use.

**Security**

The Department of Homeland Security elevated the Port's risk category to Group 2 in 2007, which qualified the Port Everglades port area to be awarded security grants totaling \$11,105,066 for infrastructure improvements by Port users in FY 2008, FY 2009 and FY 2010. The specific projects are approved by the U.S. Coast Guard and the Federal Emergency Management Agency (FEMA) based on a comprehensive Strategic Risk Management Plan and Business Continuity/Resumption of Trade Plan that identifies potential areas for future port security grant investment.

**Legal**

Through voluntary agreement, several petroleum companies having operations located within the Port's Jurisdictional area created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

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**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
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**Liquidity Outlook**

We believe that, based on current and anticipated financial performance, cash flows from operations will be adequate to meet anticipated requirements for capital projects as well as scheduled principal and interest payments for the coming year.

Our strategy for growth includes terminal expansion and new port facilities in the near future. We believe that cash on hand, investments and cash generated from operations will enable us to support our strategy. We have plans to seek additional financing through the issuance of revenue bonds during 2012. We believe we have excess borrowing capacity beyond our current obligations, however there can be no assurance that such financing would be available or, if so, at terms that are acceptable to us.

We are exposed to various market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. Additionally, we are exposed to various market risks associated with an interest rate swap agreement which is more fully discussed in Note E.

**Long-Term Debt**

At September 30, 2010, the outstanding balance of bonds payable was \$301.5 million. Detailed information regarding the bonds is contained in Note E of the Port Financial Statements.

**Series 1989A Bonds**

During 1989, the Port issued \$117,454,948 of Port Facilities Refunding Revenue Bonds to refund and defease certain of the County's outstanding Revenue Bonds. The 1989A Bonds consisted of \$79,580,000 issued in the form of current interest bonds and \$37,874,948 issued in the form of capital appreciation bonds.

During FY 1998, the Port placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of accretion on the Capital Appreciation Term Bonds which matured on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds which will mature on September 1, 2012.

**Series 1998A, B and C Bonds**

During FY 1998, the Port issued \$13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A, \$80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B, and \$72,440,000 of Port Facilities Revenue Bonds Series 1998C. The Broward County, Florida Port Facilities Revenue Bonds (Port Everglades) Refunding Bonds Series 1998A, and B were issued to refund and defease certain of the County's outstanding obligations and to pay certain costs of issuing the bonds. The 1998C bonds were issued for capital construction projects and to pay certain costs of issuing the bonds.

**Series 2008 Subordinate Bonds**

During FY 2008, the Port issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap is to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

**Series 2009A**

During FY 2009, the Port issued \$83,235,000 of Port Everglades Revenue Series 2009A Bonds for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Terminal 18 improvements and other capital improvements, (ii) fund a subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds.

(Continued)



**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

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**Bond Insurance and Credit Ratings**

The Port's most recent bond ratings are as follows:

<u>Issue</u>	<u>Insured</u>	<u>Fitch, Inc.</u>	<u>Moody's Investor Services</u>	<u>Standard &amp; Poor's</u>
1989A Port Everglades Refunding	No	A	A2	A-
1998 A Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 B Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 C Port Facilities Revenue	MBIA Insurance Corporation	A	A2	A-
2008 Subordinate Port Facilities Revenue Refunding	Scotia Bank Letter of Credit	AA-	-	AA-
2009A Port Facilities Revenue	No	A	A2	A-

**Contacting the Port Department's Financial Management**

If you have questions about this report or need additional financial information, contact the Port's Director of Finance, 1850 Eller Drive, Fort Lauderdale, FL 33316 USA.

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Net Assets  
As of September 30, 2010 and 2009**

<u>ASSETS</u>	<u>2010</u>	<u>2009 (Unaudited)</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note B)	\$ 29,221,909	\$ 1,917,386
Investments (Note B)	156,572,968	169,914,445
Accounts receivable - trade (less estimated uncollectible accounts of \$309,564 in 2010 and \$309,564 in 2009)	7,131,263	6,342,038
Accounts receivable - other (less estimated uncollectible accounts and unamortized discounts of \$81,463 in 2010 and \$95,583 in 2009)	142,438	138,854
Due from other governments (Note C)	801,636	2,322,139
Inventories	5,697,556	3,747,808
Prepaid expenses & insurance	<u>3,781,517</u>	<u>3,037,606</u>
<b>Total current assets</b>	<u>203,349,287</u>	<u>187,420,276</u>
<b>Restricted assets:</b>		
Cash and cash equivalents (Note B)	16,791,891	50,182,745
Investments (Note B)	<u>13,464,690</u>	<u>19,203,955</u>
<b>Total restricted assets</b>	<u>30,256,581</u>	<u>69,386,700</u>
<b>Non-current assets:</b>		
Bond issue costs and other deferred charges	3,279,068	3,517,039
Deferred Swap Inflow (Note E)	4,981,824	-
Capital assets, less accumulated depreciation (Note D)	394,889,990	380,445,079
Capital assets held for leasing, less accumulated depreciation (Note D)	<u>183,938,607</u>	<u>186,476,512</u>
<b>Total non-current assets</b>	<u>587,089,489</u>	<u>570,438,630</u>
<b>Total assets</b>	<u>820,695,357</u>	<u>827,245,606</u>

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Net Assets  
As of September 30, 2010 and 2009**

<u>LIABILITIES</u>	<u>2010</u>	<u>2009</u> <u>(Unaudited)</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 3,208,914	\$ 6,289,027
Contracts payable	3,403,188	17,494,963
Salaries and benefits payable	539,136	482,488
Compensated absences (Note I)	1,156,000	1,069,000
Due to other governments (Note C)	2,699,201	2,221,155
	<b>11,006,439</b>	<b>27,556,633</b>
<b>Current liabilities payable from restricted assets:</b>		
Contracts payable	-	396,118
Security deposits	564,624	533,775
Accrued interest	1,266,829	1,931,004
Unearned grant revenue, capital contributions	-	39,247
Bonds payable - current portion (Note E)	16,855,000	15,480,000
	<b>18,686,453</b>	<b>18,380,144</b>
<b>Noncurrent liabilities:</b>		
Compensated absences (Note I)	1,278,000	1,196,000
Other post employment benefits liability (Note I)	311,593	212,356
Bonds payable, net of discounts and premiums (Note E)	284,685,520	300,797,754
Fair value of interest rate swap (Note E)	4,981,824	-
	<b>291,256,937</b>	<b>302,206,110</b>
<b>Total liabilities</b>	<b>320,949,829</b>	<b>348,142,887</b>
Commitments and contingencies (Notes C,D,E,G, H and L)		
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	278,611,648	271,261,572
Restricted for:		
Capital projects	303,754	18,003,585
Debt service	10,333,112	11,056,290
Renewal and replacement, and operating and maintenance	16,464,690	17,205,060
Unrestricted	194,032,323	161,576,212
<b>Total net assets</b>	<b>\$ 499,745,527</b>	<b>\$ 479,102,719</b>

See accompanying notes to financial statements.



**PORT EVERGLADES DEPARTMENT**  
**of Broward County, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u> <u>(Unaudited)</u>
<b>Operating revenues:</b>		
Vessel, cargo, and passenger services	\$ 102,031,517	\$ 92,171,381
Lease of facilities	9,686,884	9,610,643
Vehicle parking	8,757,085	8,578,746
Other	<u>4,177,966</u>	<u>4,081,048</u>
<b>Total operating revenue</b>	<u>124,653,452</u>	<u>114,441,818</u>
<b>Operating expenses:</b>		
Salaries & wages	13,314,627	14,983,785
Benefits	<u>4,634,530</u>	<u>3,755,098</u>
Total personal services	<u>17,949,157</u>	<u>18,738,883</u>
Contractual services	42,435,972	39,571,335
Insurance	5,418,700	5,550,875
Utilities	4,066,483	3,966,825
General & administrative	2,097,048	2,650,603
Maintenance	<u>1,983,606</u>	<u>2,757,156</u>
Total general operating	<u>56,001,809</u>	<u>54,496,794</u>
<b>Total operating expenses</b>	<u>73,950,966</u>	<u>73,235,677</u>
<b>Income from operations before depreciation</b>	50,702,486	41,206,141
<b>Depreciation</b>	<u>22,868,577</u>	<u>20,250,286</u>
<b>Income from operations</b>	<u>27,833,909</u>	<u>20,955,855</u>
<b>Non-operating revenues (expenses):</b>		
Interest income - other	384,753	4,016,585
Interest income - from bond proceeds	9,866	176,990
Interest expense	(15,789,310)	(12,727,989)
Gain (loss) on disposal of assets	123,313	(654,006)
Discontinued project costs	-	(26,708)
Other expense, net	<u>(512,226)</u>	<u>(1,294,038)</u>
<b>Total non-operating revenues (expenses)</b>	<u>(15,783,604)</u>	<u>(10,509,166)</u>
<b>Net income before capital contributions</b>	12,050,305	10,446,689
<b>Capital contributions (Note J)</b>	8,592,503	10,628,396
<b>Change in net assets</b>	<u>20,642,808</u>	<u>21,075,085</u>
<b>Total net assets, beginning of period</b>	<u>479,102,719</u>	<u>458,027,634</u>
<b>Total net assets, end of period</b>	<u>\$ 499,745,527</u>	<u>\$ 479,102,719</u>

See accompanying notes to financial statements.

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Cash Flows  
For the Fiscal Year Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009 (Unaudited)</u>
Cash flows from operating activities:		
Cash received from customers	\$ 123,920,707	\$ 115,637,838
Payments to suppliers for goods and services	(61,708,559)	(53,358,399)
Payments to employees for services	<u>(17,624,272)</u>	<u>(18,480,906)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>44,587,876</u>	<u>43,798,533</u>
Cash flows from noncapital financing activities:		
Other non-operating cash (expended) or received, net	<u>119,699</u>	<u>(1,040,474)</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>119,699</u>	<u>(1,040,474)</u>
Cash flows from capital and related financing activities:		
Capital contributions	10,073,759	8,635,077
Principal payments on commercial paper	-	(5,000,000)
Principal payments on bonds	(15,480,000)	(12,900,000)
Proceeds from bond issue	-	82,731,471
Interest and fiscal charges paid	(16,570,056)	(12,311,054)
Acquisitions of capital assets	(48,404,139)	(70,645,003)
Proceeds from sales of capital assets	<u>123,313</u>	<u>14,422</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(70,257,123)</u>	<u>(9,475,087)</u>
Cash flows from investing activities:		
Purchase of investments	(220,826,342)	(229,627,880)
Proceeds from sales and maturities of investments	240,047,654	215,278,717
Interest on investments	<u>241,905</u>	<u>4,441,531</u>
<b>Net cash provided by (used in) investing activities</b>	<u>19,463,217</u>	<u>(9,907,632)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(6,086,331)	23,375,340
<b>Cash and cash equivalents, beginning of period</b>	<u>52,100,131</u>	<u>28,724,791</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 46,013,800</u>	<u>\$ 52,100,131</u>
Classified as:		
Current assets	\$ 29,221,909	\$ 1,917,386
Restricted assets	<u>16,791,891</u>	<u>50,182,745</u>
<b>Total</b>	<u>\$ 46,013,800.00</u>	<u>\$ 52,100,131</u>

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Cash Flows  
For the Fiscal Year Ended September 30, 2010 and 2009**

	<b>2010</b>	<b>2009 (Unaudited)</b>
Reconciliation of income from operations to net cash provided by operating activities:		
<b>Income from operations</b>	<b>\$ 27,833,909</b>	<b>\$ 20,955,855</b>
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	22,868,577	20,250,286
Decrease(increase) in operating assets:		
Accounts receivable - trade	(789,225)	1,240,459
Accounts receivable - other	25,631	19,482
Inventories	(1,949,748)	(711,637)
Prepaid expenses & insurance	(1,154,935)	(2,234,766)
Increase(decrease) in liabilities:		
Accounts payable	(3,080,113)	4,366,296
Salaries and benefits payable	56,648	23,486
Compensated absences	169,000	124,000
Due to other governments	478,046	(281,497)
Security deposits	30,849	(63,922)
Other post employment benefits liability	99,237	110,491
<b>Total adjustments</b>	<b>16,753,967</b>	<b>22,842,678</b>
<b>Net cash provided by operating activities</b>	<b>\$ 44,587,876</b>	<b>\$ 43,798,533</b>
<b>Supplemental:</b>		
Non-cash capital and related financing activities:		
Amortization of deferred charges, bond issue and discount costs	\$ 986,205	\$ 1,017,373
Amortization of master plan	411,024	822,048
Property and equipment acquired through contractor agreements	3,403,188	17,891,081
Non-cash investing activities(mark to market adjustments on investments)	140,570	196,070
Total	<b>\$ 4,940,987</b>	<b>\$ 19,926,572</b>

See accompanying notes to financial statements.



**PORT EVERGLADES DEPARTMENT**  
**of Broward County, Florida**  
**NOTES TO FINANCIAL STATEMENTS – CONTENTS**  
**September 30, 2010**

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**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**A. Summary of Significant Accounting Policies**

**Reporting Entity:** These financial statements present the financial position, changes in net assets and cash flows of the Port Everglades Department (the "Port") and not Broward County as a whole. The Port, a department of Broward County (the "County"), operates as an enterprise fund of the County. The County owns Port Everglades which is operated by the Board of County Commissioners. The Port, formerly known as Port Everglades Authority, is located in Broward County, Florida, and was originally created in 1927 by a Special Act of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the Port Everglades Authority and transfer control to the County Commission. The Port remained independent until November 22, 1994 (thereafter known as Port Everglades Department, a department of Broward County, Florida). Chapter 91-346 (resolution 92-1734), Laws of Florida, provided for dissolution and required Broward County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by Port Everglades for port purposes; to the same extent as such revenues could have been used prior to its dissolution and transfer of its assets to Broward County.

**Component Units:** The Port has no component units.

**Basis of Presentation and Accounting:** The Port is a major proprietary fund of the County and uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Application of FASB Pronouncements to Proprietary Funds:** GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting gave the option of adopting Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter contradict GASB pronouncements, or not following FASB standards issued after such date. The Port elected the option of not following FASB standards issued after that date.

**New Accounting Pronouncements:** The Port has implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which provides guidance on recognition, measurement and disclosure of derivative instruments entered into by governmental entities.

The County has entered into interest rate swap agreements with Goldman Sachs Bank USA to fix the rate of interest on long term debt. Interest rate swaps are considered derivatives and are carried on the balance sheet at fair value. The County does not enter into financial instruments for trading or speculative purposes.

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**A. Summary of Significant Accounting Policies (continued):**

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Budgetary Requirements:** State of Florida statutes require that all county governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The County Commission, after review of the tentative budgets, holds public hearings and then adopts the annual budget. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations of the individual fund level. All appropriations for the Port, except capital outlay items, lapse at year-end.

**Cash & Cash Equivalents and Investments:** Cash equivalents consist of demand deposits with banks, investments with original maturities at time of purchase of three months or less, and equity in the County's cash management pool.

The County maintains an investment pool for substantially all cash and cash equivalents and investments of all funds. All money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of ninety days or less are recorded at amortized cost plus accrued interest. All other investments are carried at fair value as determined from quoted market prices. Each fund's portion of the pool is presented as "cash and cash equivalents", "investments" or "restricted assets" as appropriate. Earnings are allocated to each fund based on average daily balances of cash and investments.

**Accounts Receivable:** The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable are shown net of allowances for doubtful accounts as determined by management policies.

**Inventories:** Inventories, which include crane spare parts, fire retardant chemicals and other supplies, are recorded at the lower of average cost (first-in, first-out method) or market.

**Capital Assets:** Capital assets are stated at cost or, if donated, fair market value on the date of donation. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Expenditures that materially extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in net income. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Piers	20 – 50 years
Buildings	30 – 50 years
Other improvements	10 – 30 years
Machinery and equipment	3 – 20 years
Cranes	30 years

(Continued)



**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**A. Summary of Significant Accounting Policies (continued):**

**Capitalization of Interest Costs:** As required by Statements of Financial Accounting Standards No. 34 and No. 62, the Port has capitalized interest cost relating to construction of property and equipment. Interest cost is capitalized on projects during the construction period. The Port capitalized \$859,337 and \$1,267,939 of interest cost for the fiscal years ended September 30, 2010 and 2009, respectively. The Port incurred interest cost of \$16,648,647 and \$13,995,928 for the fiscal years ended September 30, 2010 and 2009, respectively. Interest related to the 2008 Series Subordinate Port Facilities Bonds is paid monthly. Interest related to all of the other bond issues is paid semi-annually in March and September.

**Risk Management:** The Port 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. Under the County's Risk Management Program, the Self-Insurance Fund for Worker's Compensation provides coverage for up to a maximum of \$2,000,000 (Self-Insured Retention Limit) for each workers compensation occurrence. In addition, the County has purchased excess coverage for losses above the \$2,000,000 self-insured retention limit. The Port is charged a fee for the County's self-insurance worker's compensation services.

The County (through the Self-Insurance Fund or purchased insurance program) purchases commercial insurance for group health and life, disability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port has excess port liability insurance with a \$15,000 self-insurance retention with a maximum limit per occurrence of \$50 million. The County is self-insured for all other general liability and auto liability exposures. The Port's liability insurance expense for the year-ended September 30, 2010 and 2009 was \$5,418,700 and \$5,550,875, respectively.

The Risk Management Division of the County reviews all contractual agreements and determines insurance requirements including the minimum per occurrence amount of environmental impairment liability insurance.

**Compensated Absences:** It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination.

**Long-Term Obligations:** Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, deferral amounts on refundings as well as issuance costs, are deferred and amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferral amounts on refundings. Bond issuance costs are reported as deferred charges.

**Net Assets:** Net assets are segregated into: invested in capital assets, net of related debt; restricted; and unrestricted components. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and debt issuance costs associated with long-term debt and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets components as the unspent proceeds.

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**A. Summary of Significant Accounting Policies (continued):**

- Restricted – This component of net assets consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- The amounts reserved for debt service, renewal and replacement, and operating and maintenance are the amounts legally required by bond indentures.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Revenue and Expense Classification:** Amounts reported as program revenues include 1) charges to customers for use of port facilities and services, 2) operating grants and contributions, and 3) capital grants and contributions. The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port’s principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Reclassifications:** Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**Rounding:** Numbers may not add to totals due to rounding.

**B. Cash & Cash Equivalents and Investments**

The County maintains a pool for substantially all cash and cash equivalents and investments. These balances are reflected in the financial statements as “cash and cash equivalents” or “restricted assets” as appropriate. Earnings are allocated daily to each fund based on average daily balances of cash and investments. The Port also maintains separate cash and investments outside the County pool for the purpose of funding debt service payments and bond reserve requirements. The Port considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

**Custodial Credit Risk:** At September 30, 2010 and 2009 the carrying values of the Port’s bank deposits were \$621,434 and \$2,409,287 and the respective bank balances were \$358,656 and \$2,393,088. The differences are attributable to deposits in transit and checks that have not been presented for payment. The Port’s share of equity in pooled cash and investment pool as of September 30, 2010 and 2009 were \$9,470,473 and \$47,781,592, respectively. All cash deposits are held in qualified public depositories pursuant to State Statutes. Under the Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories’ collateral pledging level. The pledging level may range from 50% to 125% depending on the depositories’ financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**B. Cash & Cash Equivalents and Investments (continued):**

**Interest Rate Risk:** In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 – 90 days	80%
90 days – 1 year	70%
1 year – 2 years	40%
2 years – 3 years	20%
3 years – 4 years	15%
4 years – 5 years	10%

As of September 30, 2010, the portfolio weighted average maturity was 513 days.

**Credit Risk:** Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund, an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions, and no types of investments during the period other than those enumerated above.

**Concentration of Credit Risk:** The County places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. The County does limit the amounts that may be invested in repurchase agreements and other investments to 40% and 20% of the countywide portfolio, respectively. These investments, as of September 30, 2010, were substantially below the limits on a countywide basis.

**Equity in Pooled Cash and Investment Pool:** As of September 30, 2010 and 2009, respectively, the Port's share of the County's equity in pooled cash and investment pool was as follows:

	Reported Amount Fair Value
<u>As of September 30, 2010</u>	
Total equity in pooled cash and investment pool	\$ 1,355,769,731
Port's share of equity in pooled cash and investment pool	\$ 9,470,473
 <u>As of September 30, 2009</u>	
Total equity in pooled cash and investment pool	\$ 1,503,372,239
Port's share of equity in pooled cash and investment pool	\$ 47,781,592

(Continued)



**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**B. Cash & Cash Equivalents and Investments (continued):**

As of September 30, 2010 and 2009 the Port's cash in banks, cash equivalents, and investments consisted of the following:

	Fair Market Value	Days to Maturity <sup>3</sup>	Credit Rating <sup>4</sup>
<b><u>2010</u></b>			
<b>Cash equivalents:</b>			
Cash in banks	\$ 621,434		
Equity in pooled cash	9,470,473		AAAf/S1+
Money market funds:			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .01 - .03% yield	15,925,704	2	
Commercial paper:			
Intesa Funding LLC, due 10/15/2010, .490% yield	19,996,189	1	14 A-1
Total cash and cash equivalents	46,013,800		
<b>Investments:</b>			
Commercial paper:			
Natexis US Financial, due 12/22/2010, .610% yield	9,990,661	1	82 A-1
Natexis US Financial, due 02/10/2011, .410% yield	9,977,633	1	132 A-1
SwedBank, due 03/04/2011, .590% yield	18,450,277	1	164 A-1
U.S. Government agencies:			
U.S. Treasury Bills, due 10/21/2010, .200% yield	7,999,425	1	20 AAA
Federal National Mtg Assn, due 11/08/2010, .300% yield	16,998,300	1	38 AAA
Federal National Mtg Assn, due 12/01/2010, .310% yield	7,998,400	1	61 AAA
Federal National Mtg Assn, due 01/03/2011, .370% yield	9,796,080	1	94 AAA
Federal National Mtg Assn, due 01/18/2011, .380% yield	17,991,000	1	109 AAA
U.S. Treasury Bills, due 02/10/02011, .350% yield	9,994,792	1	132 AAA
U.S. Treasury Bills, due 04/30/02011, .875% yield	15,111,763	1	211 AAA
U.S. Treasury Bills, due 09/30/2011, 1.000% yield	13,594,765	1	336 AAA
Federal Home Loan Bank, due 09/02/2011, .700% yield	21,084,029	1	336 AAA
Federal Home Loan Mtg Corp, due 01/26/2012, 1.250% yield	11,050,533	1	482 AAA
Total investments	170,037,658		
<b>Total September 30, 2010</b>	<b>\$ 216,051,458</b>		

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**B. Cash & Cash Equivalents and Investments (continued):**

	Fair Market Value	Days to Maturity <sup>3</sup>	Credit Rating <sup>4</sup>
<b><u>2009 (Unaudited)</u></b>			
<b>Cash equivalents:</b>			
Cash in banks	\$ 2,409,287		
Equity in pooled cash	2,866,285		AAAf/S1+
Money market funds:			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .03% yield	35,951,336	2	
Commercial paper:			
Federal Home Loan Bank, due 10/15/2009, .200% yield	5,074,605	1	14 AAA
JP Morgan, due 11/03/2009, .260% yield	5,798,618	1	33 A-1
<b>Total cash &amp; cash equivalents</b>	<b>52,100,131</b>		
<b>Investments:</b>			
Equity in pooled cash investments	44,915,307		AAAf/S1+
U.S. Government agencies:			
Federal Home Loan Bank, due 10/06/2009, .700% yield	19,998,056	1	5 AAA
General Electric Capital Svcs, due 11/23/2009, .450% yield	9,993,375	1	53 A-1+
Federal Home Loan Mtg. Corp., due 01/11/2010, .170% yield	4,998,895	1	102 AAA
ING Funding, due 1/13/2010, .400% yield	12,984,978	1	104 A-1
U.S. Treasury Bills, due 02/11/02010, .533% yield	14,970,491	1	133 AAA
U.S. Treasury Bills, due 04/01/2010, .455% yield	24,942,492	1	182 AAA
Federal Home Loan Mtg. Corp., due 04/30/2010, 2.875% yield	21,675,318	1	211 AAA
Federal Home Loan Bank, due 06/11/2010, .343% yield	7,980,716	1	211 AAA
Federal Farm Credit Bank, due 07/09/2010, .490% yield	12,452,191	1	281 AAA
Federal Agricultural Mortgage Corporation, due 9/22/2010, .400% yield	14,206,581	1	356 AAA
<b>Total investments</b>	<b>189,118,400</b>		
<b>Total September 30, 2009</b>	<b>\$ 241,218,531</b>		

<sup>1</sup> Market values are as reported by the Records, Taxes, and Treasury Division of Broward County.

<sup>2</sup> Market values as reported by Regions Financial Corp. holding the assets as Trustee for Broward County. The Federated Money Market Fund is rated AAAM by Standard & Poor's, AAA by Fitch, and Aaa by Moody's Investors Service.

<sup>3</sup> Interest rate risk is managed on a countywide basis. Consequently, the weighted average maturity is determined and reported by Broward County on a countywide basis in the County's Comprehensive Annual Financial Report ("CAFR".) The actual days to maturity are shown in the above tables for informational purposes. Refer to the County's CAFR for required disclosures of weighted average days to maturity information.

<sup>4</sup> Credit Ratings by Standard & Poor's.

Deposits and investments include restricted and unrestricted assets. These amounts are reconciled as follows:

	Unrestricted	Restricted	Total
Cash and cash equivalents	\$ 29,221,909	\$ 16,791,891	\$ 46,013,800
Investments	156,572,968	13,464,690	170,037,658
<b>Total September 30, 2010</b>	<b>\$ 185,794,877</b>	<b>\$ 30,256,581</b>	<b>\$ 216,051,458</b>
	Unrestricted	Restricted	Total
Cash and cash equivalents	\$ 1,917,386	\$ 50,182,745	\$ 52,100,131
Investments	169,914,445	19,203,955	189,118,400
<b>Total September 30, 2009 (Unaudited)</b>	<b>\$ 171,831,831</b>	<b>\$ 69,386,700</b>	<b>\$ 241,218,531</b>

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**C: Due from/to Other Governments**

At September 30, 2010 and 2009, amounts due from other governments consisted of the following:

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Funds Available as Balance of Grant as of September 30, 2010	Amount Due September 30,	
							2010	2009 (Unaudited)
Southport Container Yard, Phse VIII	FDOT	11/15/2005	50.00	\$7,750,000	\$4,274,081	\$ 3,129,858	\$ 346,061	\$ 479,462
New Bridge over FPL Canal	FDOT	11/14/2005	42.90	5,058,536	4,627,786		430,750	1,528,425
Port Security Grant - Federal	DHS	06/01/2009	75.00	4,438,880		4,438,880		
Port Security Grant - Federal	DHS	08/01/2008	75.00	4,435,446	350,000	4,085,446		
McIntosh Road Realignment	FDOT	01/18/2007	50.00	3,128,000	38,485	3,065,011	24,504	9,222
Berth 33 Bulkhead Repair	FDOT	07/27/2009	50.00	2,500,000		2,500,000		
Port Security Grant - Federal	DHS	06/01/2010	0.00	2,230,740		2,230,740		
Terminal 19 Improvements	FDOT	08/27/2010	50.00	1,900,000		1,900,000		
Midport Cranes P1 & P2 Replacement	FDOT	07/31/2006	50.00	1,832,188	1,832,161		27	69,572
High Wind Bollards	FDOT	07/31/2006	50.00	1,277,241	1,277,241			689
Midport Roadway Expansion	FDOT	06/15/2006	50.00	1,150,000	586,565	563,141	294	223,560
People Mover	FDOT	02/05/2004	50.00	1,070,820	783,572	287,248		11,208
Diesel Emission Reduction	FDEP	04/08/2010	75.00	750,000		750,000		
Port Security Grant - Federal	DHS	09/11/2007	75.00	270,000		270,000		
Port Security Grant - Federal	DHS	09/01/2009	100.00	190,000		190,000		
Port Security Grant - Federal	DHS	10/01/2007	75.00	160,290		160,290		
							\$ 801,636	\$ 2,322,139

FDOT - Florida Department of Transportation  
USDOT - United States Department of Transportation  
DHS - Department of Homeland Security  
FDEP-Florida Department of Environmental Protection

At September 30, 2010 and 2009, amounts due to other governments consisted of the following:

Description	Agency	Amount Due	
		2010	2009 (Unaudited)
Payments in lieu of taxes	Municipalities	\$ 1,634,409	\$ 1,430,652
Security services	Broward Sheriff's Office	780,827	543,152
Utilities	Municipalities	154,943	64,951
Background checks	Florida Department of Law Enforcement	75,000	108,792
Sales taxes	State of Florida	46,796	39,744
Water sales taxes	Municipalities	7,226	33,864
		\$ 2,699,201	\$ 2,221,155

(Continued)



**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	Balance beginning September 30, 2009 (Unaudited)	Additions	Deletions/ Adjustments Reclassifications	Balance ending September 30, 2010
Used in operations:				
Buildings, piers and other improvements	\$ 313,737,717	\$ 96,753,345		\$ 410,491,062
Equipment	128,933,732	21,680,215	\$ (69,173)	150,544,774
Total depreciable property	442,671,449	118,433,560	(69,173)	561,035,836
Less accumulated depreciation	(237,603,523)	(19,963,415)	69,173	(257,497,765)
Depreciable property, net	205,067,926	98,470,145	0	303,538,071
Non-depreciable property:				
Land and land improvements	56,715,619			56,715,619
Construction in progress	118,661,534	37,044,564	(121,069,798)	34,636,300
Total non-depreciable property	175,377,153	37,044,564	(121,069,798)	91,351,919
Total operating property, net	380,445,079	135,514,709	(121,069,798)	394,889,990
Held for lease:				
Buildings, piers and other improvements	89,513,195	367,257		89,880,452
Less accumulated depreciation	(54,360,717)	(2,905,162)		(57,265,879)
Depreciable leased property, net	35,152,478	(2,537,905)		32,614,573
Non-depreciable leased property:				
Land and land improvements	151,324,034			151,324,034
Total leased property, net	186,476,512	(2,537,905)		183,938,607
Total property, net	\$ 566,921,591	\$ 132,976,804	\$ (121,069,798)	\$ 578,828,597

As of September 30, 2010, major construction related contracts entered into by the Port, in excess of \$500,000, with unexpended balances, were as follows:

Contract	Contract Amount	Unexpended Balance
Cruise Terminal 18 Expansion — Hewett-Kier	\$ 62,969,809	\$ 3,576,862
Southport Container Yard Expansion — Tran Construction	12,998,201	2,008,074
New Bridge over FPL Canal -- Moss & Associates	11,259,110	1,934,847
Roof Replacements on Various Port Buildings — National Roofing	5,641,712	155,968
Berth 33 Bulkhead repair - Ebsary Foundation	2,980,216	2,980,216
Expand Cargo Handling Facilities at Southport — Craven Thompson	2,743,547	915,576
Northport Parking Garage Phase III Improvements — Merkury Development	2,617,616	16,549
Informational Signage Package — Highway Safety Devices	2,612,162	82,370
Terminal 19 Improvements - Bermello Ajamil	1,685,254	1,386,887
FPL Discharge Canal Bridge — EAC Consulting	1,557,197	20,941
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,548,727	228,408
Gantry Crane Painting - Groome Industrial	1,458,000	422,933
Billing & Harbormaster Software Upgrade — Klein Systems	1,339,762	339,139
Midport Road Improvements-Stanford & Sons	1,275,011	21,187
Terminal 21 Improvements - Bermello Ajamil	1,260,664	970,303
Fire Apparatus — Kiddie Fire Fighting	1,259,059	164,573
Southport Berth No. 34 — Gee and Jenson/CH2M Hill	868,400	448,609
Tow Wall Improvements Study — Craven Thompson	811,748	453,400
Terminal 21 Improvements - Bermello Ajamil	795,760	565,775
Spangler Blvd Bypass Road — Craven Thompson	784,712	204,101
Terminal 2 Improvements - Bermello Ajamil	758,312	542,575
Rooftop Airconditioning Units- Turnkey International	758,000	706,000
McIntosh Loop Road Realignment — Craven Thompson	739,870	437,674
Roofing Systems on Various Terminals and Bldgs — Craven Thompson	712,503	3,817
Terminal 4 Expansion — CH2M Hill	533,140	191,257
Total	\$ 121,968,492	\$ 18,778,041

(Continued)

**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable**

The following is a summary of the major provisions and significant debt service requirements for the outstanding bonds (in thousands):

Bond Issue	Primary Purpose	Type	Interest Rate(%)	Payment Dates	Optional Redemption Year	Optional Redemption Premium	Final Maturity Date	Original Amount Issued	Retired/Refunded	Outstanding September 30, 2010
1989A Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	N/A	N/A	9-1-2016	\$ 79,580	\$ (26,395)	\$ 53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.75 - 4.8	3-1 9-1	2009	N/A	9-1-2012	13,195	(7,615)	5,580
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	79,825		79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	2009	N/A	9-1-2012	43,795	(23,875)	19,920
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	28,645		28,645
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	3.642	Monthly	2009	N/A	9-1-2027	46,145	(4,825)	41,320
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	2019	N/A	9-1-2029	83,235	(1,940)	81,295
Sub-total										309,770
Less issuance discounts, plus premiums										(8,229)
Total Bonds Payable										<u>\$ 301,541</u>

Bonds payable activity for the fiscal year ended September 30, 2010 was as follows:

Bond Issue:	Balance beginning September 30, 2009 (Unaudited)	Additions	Reductions	Balance ending September 30, 2010	Due Within One Year
1989A Port Facilities, Refunding	\$ 53,185,000			\$ 53,185,000	
1998A Port Facilities, Refunding	8,185,000		\$ (2,605,000)	5,580,000	\$ 2,725,000
1998B Port Facilities, Refunding	79,825,000			79,825,000	
1998C Port Facilities	29,125,000		(9,205,000)	19,920,000	9,700,000
1998C Port Facilities	28,645,000			28,645,000	
2008 Subordinate Port Facilities, Refunding	43,050,000		(1,730,000)	41,320,000	1,795,000
2009A Port Facilities	83,235,000		(1,940,000)	81,295,000	2,635,000
Sub-total	325,250,000	-	(15,480,000)	309,770,000	
Less issuance discounts, plus premiums	(8,972,246)		742,766	(8,229,480)	
Total bonds payable	<u>\$ 316,277,754</u>	<u>\$ -</u>	<u>\$ (14,737,234)</u>	<u>\$ 301,540,520</u>	<u>\$ 16,855,000</u>

(Continued)

**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

Certain bond indentures contain provisions stipulating annual debt service, sinking fund and minimum net revenue requirements. In addition, certain indentures require maintenance of various accounts and specify the deposits to be made to such accounts. The Port was in compliance with bond indenture requirements as of September 30, 2010.

The annual debt service requirements for all bonds outstanding as of September 30, 2010 are as follows:

<u>Revenue Bonds Payable</u>		
<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 16,855,000	\$ 15,188,144
2012	17,700,000	14,349,872
2013	18,590,000	13,453,681
2014	19,495,000	12,553,068
2015	20,445,000	11,605,655
2016-2020	77,125,000	45,026,799
2021-2025	86,145,000	26,495,883
2026-2029	53,415,000	5,470,439

**Series 1989A:** In August, 1989, the Port issued \$117,454,948 of Port Facilities Refunding Revenue Bonds to refund and defease certain of the County's outstanding Revenue Bonds. The 1989A Bonds consisted of \$79,580,000 issued in the form of current interest bonds and \$37,874,948 issued in the form of capital appreciation bonds.

During fiscal year 1998, the Port placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of appreciation on the Capital Appreciation Term Bonds which matured on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds which will mature on September 1, 2012.

**Series 1998:** In June, 1998, the Port issued \$13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A, \$80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B, and \$72,440,000 of Port Facilities Revenue Bonds Series 1998C. The County issued the Series 1998 Bonds to provide funds, together with other available funds of the County, which: (i) in the case of the Series 1998A Bonds, were used to refund and defease certain outstanding bonds of the County and to pay certain costs of issuing the Series 1998A Bonds; (ii) in the case of the Series 1998B Bonds, were used to refund and defease certain outstanding notes of the County and to pay certain costs of issuing the Series 1998B Bonds; and (iii) in the case of the Series 1998C Bonds, were used to pay the cost of construction projects and to pay certain costs of issuing the Series 1998C Bonds.

(Continued)



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**E. Bonds Payable (continued):**

**Series 2008:** In July, 2008, the County issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The preliminary variable rate and the variable rate are each required to be the lowest rate of interest which, in the judgment of the remarketing agent, would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of the preliminary variable rate or variable rate. In no event may the preliminary variable rate or the variable rate for any variable rate period exceed 15%.

**2008 Interest Rate Swap Agreement:**

*Objective of the interest rate swap* – The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

The County terminated the previous interest rate swap agreement with AMBAC in order to remove AMBAC as the insurer on the Refunded Bonds and issue the new 2008 Bonds. The cost of the funds swap with AMBAC was terminated at a market value of \$3,390,000 payable by the County to AMBAC. On July 10, 2008, the termination was funded by \$1,663,600 of cash on hand and \$1,726,400 of proceeds from the 2008 Bonds.

*Terms* – The bonds and the related swap agreement mature on September 1, 2027, and the swap's notional amount of \$46,145,000 matches the principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declined beginning in fiscal 2008. The bonds are also subject to optional redemption under certain conditions. Under the swap, the County pays the counterparty a fixed payment of 3.642% and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof plus accrued interest, under prevailing market conditions as of the date of the determination.

*Fair value* – As of September 30, 2010 and 2009, the swap had a negative fair value of \$4,981,824 and \$2,850,519, respectively. The 2010 value is reported in "Deferred Swap Inflow" and "Fair Value of Interest Rate Swap Liability" in the accompanying Statement of Net Assets. The swap's notional amount of \$41,320,000 matches the principal amount of the outstanding bonds.

*Credit risk* – As of September 30, 2010, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates changes and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

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**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

*Basis risk* - Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." Under the swap, the County will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

*Termination risk* - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate but would become variable-rate bonds as per the ISDA master agreement. While this could increase the County's total debt services if, at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

*Swap payment and associated debt* - As interest rates vary, the variable-rate interest payments and swap payments will vary. Using rates as of September 30, 2010, debt service requirements of the variable-rate bonds and the swap payments, assuming current interest rates remain the same for their term, were as follows:

Year(s)	Variable-Rate Bonds		Total
	Principal	Interest	
2011	\$ 1,795,000	\$ 1,491,066	\$ 3,286,066
2012	1,860,000	1,429,857	3,289,857
2013	1,930,000	1,358,281	3,288,281
2014	2,000,000	1,288,168	3,288,168
2015	2,075,000	1,215,505	3,290,505
2016-2020	11,560,000	4,896,549	16,456,549
2021-2025	13,840,000	2,632,445	16,472,445
2026-2030	6,260,000	323,077	6,583,077
Total	\$ 41,320,000	\$ 14,634,948	\$ 55,954,948

The interest rate swap agreement does not affect the obligation of the County under the Indenture to repay the principal and variable interest on the Series 2008 bonds. However, during the term of the swap agreement, the County effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds (presented in this note) are based on that fixed rate. The County will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination or default of the swap agreement may also result in the County making or receiving a termination payment.

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**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

An irrevocable transferable direct-pay Letter of Credit ("2008 Letter of Credit") was issued by The Bank of Nova Scotia ("BONS") pursuant to the "Reimbursement Agreement" dated July 1, 2008 between the County and BONS. The 2008 Letter of Credit is an irrevocable obligation of BONS. The 2008 Letter of Credit was issued in an amount equal to the aggregate principal amount of the outstanding Series 2008 bonds, plus 56 days' interest thereon at the rate of 15% per annum. The Trustee, upon compliance with the terms of the 2008 Letter of Credit, is authorized and directed to draw amounts sufficient to pay principal and interest of the Series 2008 Bonds when due because of maturity, redemption or acceleration, delivered for purchase, pursuant to a demand for purchase by the owner thereof or a mandatory tender for the purchase and not remarketed among other provisions.

The Letter of Credit will terminate upon the earliest to occur of the banks close of business on (a) July 8, 2011 (as extended from time to time, the "Stated Expiration Date") or earlier dates as defined in the Letter of Credit agreement.

**Redemption of Series 2008 Bonds:**

Optional Redemption.

- (A) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year) are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.
- (B) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the conversion to a fixed rate date at 100% of the principal amount thereof, and in such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

**Series 2009A Bonds:** In July, 2009, the County issued \$83,235,000 of Port Everglades Revenue Series 2009A Bonds for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Terminal 18 improvements (see Note L) and other capital improvements, (ii) fund a subaccount of the Reserved Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds. The Series 2009A Bonds, Outstanding Bonds, along with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Series 2009A Bonds interest rate ranges from 3% to 6%.

(Continued)

**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

The County has established a separate subaccount in the Reserve Account for the Series 2009A Bonds. Upon the deposit of \$6,916,488 of proceeds of the Series 2009A Bonds into the subaccount of the Reserve Account for the Series 2009A Bonds, the amounts on deposit in such subaccount of the Reserve Account equals the Reserve Account Requirement for the Series 2009A Bonds. Funds held in such subaccount are pledged specifically and exclusively for the payment of the Series 2009A Bonds.

**Redemption of Series 2009A Bonds:**

*Optional Redemption* – The Series 2009A Bonds maturing on or prior to September 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009A Bonds maturing on or after September, 2020 are subject to redemption prior to maturity, at the option of the County, as a whole or in part, at any time on or after September 1, 2019, at par, plus accrued interest to the redemption date.

The remaining Series 2009A Bonds are subject to a redemption price equal to 100% of the principal amount of the Series 2009A Bonds to be redeemed on the redemption date.

**Bond Covenants:** The Series 1989A, 1998, and 2009A bond covenants require the Port to:

- (a) Continue in effect the present tariff of rates and fees, for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same are revised as provided in the Bond Resolution;
- (b) Not change, revise, or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees rentals and other charges as so changed, revised or reduces will produce sufficient Gross Revenue to comply with the following paragraph (c); and
- (c) Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund, Ad Valorem Tax, Rebate and Operating and Maintenance trust accounts) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:
  - a) 100% of the current expenses,
  - b) 125% of the current bond principal and interest requirements,
  - c) 100% of the bond reserve requirement,
  - d) 100% of the required current deposits to the renewal & replacement fund.

The 2008 Subordinate bond covenants further require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c and d above and the following:

- a) 100% of the aggregate of current expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution) for the current Fiscal Year,
- b) 100% of the Administrative Expenses for the current Fiscal Year,
- c) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, and
- d) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

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**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

Schedule of Revenues, Expenses and Debt Service Coverage  
For the Fiscal Year Ended September 30, 2010  
(Dollars In Thousands)

Operating Revenues:	
Cruise	\$ 45,724
Container	29,474
Petroleum	25,487
Other	11,875
Real Estate	10,295
Bulk	926
Breakbulk/Neobulk	872
Subtotal	<u>124,653</u>
Non-Operating Income (eligible interest plus gain on sale of fixed assets)	581
Total Revenues	<u>125,234</u>
Operating Expenses	73,951
Non-Operating Expenses (debt service fee payments)	288
Total Expenses	<u>74,239</u>
Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds	<u>\$ 50,995</u>
Debt Service Requirements-Senior Lien Bonds	\$ 28,759
Actual Coverage	<u>1.77</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior Lien Bonds and Subordinate Bonds	\$ 32,043
Actual Coverage	<u>1.59</u>
Required Coverage	<u>1.10</u>

The Port was in compliance with bond indenture requirements as of September 30, 2010.

The Port issued bonds that are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds as of September 30, 2010 was as follows (in thousands):

Current pledged revenue:	\$ 50,995
Current year debt service:	\$ 32,043
Total future pledged revenue:	\$453,914

Current pledged revenue is equivalent to "Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds", as shown in the table above. Total future pledged revenue reflects principal and interest payment requirements through Fiscal Year 2029.

All of the bonds are payable from the net revenue of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 1998 A, B, and C bonds is insured by a non-cancelable Financial Guaranty Insurance Policy issued by MBIA Insurance Corporation (MBIA). This policy unconditionally guarantees the payment of that portion of the principal and interest on the bonds that has become due for payment, but is unpaid by reason of nonpayment by the Port.

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**PORT EVERGLADES DEPARTMENT  
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**E. Bonds Payable (continued):**

The Series 1989A, 1998, 2008, and 2009A bond covenants require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. Concurrently with the issuance of the Series 1998 bonds, MBIA issued a Debt Service Reserve Surety Bond in the amount of \$21,854,005 to meet this requirement. The reserve account requirement applicable to the 2008 Subordinate Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$3,410,502 at September 30, 2010. The reserve account requirement applicable to the 2009A Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$6,921,711 at September 30, 2010. The Port was in compliance with bond indenture requirements as of September 30, 2010.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability attributable to the Series 1989A, Series 1998, Series 2008, or Series 2009A bonds at September 30, 2010. The next rebate computation period is September 30, 2011.

**Defeased Bonds:** The Port has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the Port's obligation with respect to certain bond issues already outstanding. Certain proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the bond issues being refunded.

The following is a summary of the Port's defeasance transactions:

Year of Defeasance	Bond Issue Defeased	Principal Outstanding September 30, 2010
1989	Port Facilities Revenue Bonds Series 1986	\$ 45,590,000

**F. Commercial Paper (Unaudited)**

On September 9, 2005, the Port and the Broward County Aviation Department, in a 50/50 joint venture, purchased approximately 18.55 acres upon which to build facilities to be used for parking and baggage sorting, handling and transfer services. The Port financed \$5,000,000 of its obligation through the issuance of Commercial Paper Notes under the then existing County's commercial paper program (the "Program"). The Program was used for financing a variety of public projects. The Program was supported by a \$125,000,000 credit facility agreement and a pledge of the County's share of the Local Government Half Cent Sales Tax. Although the County's Sales Tax served as the primary pledged revenue for the Program, the commercial paper issued for the Port was repaid using the revenues of the Port. Under the Program, maturing commercial paper was either refunded with new commercial paper or retired from general or project related revenues, proceeds from new bond issues or proceeds from State or Federal grants.

The Commercial paper liability was paid on January 28, 2009 and the Program expired in February, 2009.

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**PORT EVERGLADES DEPARTMENT  
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**G. Operating Lease Revenue**

The Port recognizes a significant portion of its revenue through leasing of real property. A summary of future minimum rentals for non-cancelable leases for the next five fiscal years and in the aggregate is as follows:

Year(s)	Amount
2011	\$ 6,167,452
2012	5,889,350
2013	5,671,739
2014	4,859,776
2015	3,340,172
2016-2020	12,628,524
2021-2025	5,706,765
2026-2030	7,065,931
2031-2035	3,078,961
2036-2040	3,282,633
2041-2045	3,993,825
2046-2050	4,859,099
2051-2055	5,911,838
2056-2060	7,192,655
2061-2065	8,750,965
2066-2070	10,646,887
2071-2075	12,953,565
2076-2080	15,759,993
2081-2085	19,174,441
2086-2090	23,328,639
2091-2093	11,148,663
Total	\$ <u>181,411,873</u>

**H. Pension Plan**

The County participates in the Florida Retirement System (FRS), a cost sharing, multiple-employer, Public Employment Retirement System (PERS), which covers substantially all permanent full and part-time County employees. The Port's covered payroll for employees for the fiscal year ended September 30, 2010 and 2009 was approximately \$13.3 million and \$13.9 million, respectively.

The FRS is non-contributory and is totally administered by the State of Florida. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. Benefits vest after six years of creditable service.

Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Florida Statutes.

FRS issues an annual financial report. A copy can be obtained by sending a written request to Division of Retirement, Cedars Executive Center, Building C, and 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Port's required contribution rate ranges from 9.85% and 13.12% of covered payroll based on employee risk groups. The required contribution for the Port for the fiscal year ended September 30, 2010 and 2009 was approximately \$1.36 and \$1.40 million each or 10.19% and 10.10% of covered payroll, respectively.

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**PORT EVERGLADES DEPARTMENT  
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**I. Other Non-current Liabilities**

**Compensated absences:** It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A liability for these amounts is reported only if they have matured due to employee retirement or resignation. The activity in these accounts was as follows for the year ended September 30, 2010:

	Balance beginning September 30, 2009 (Unaudited)	Additions	Reductions	Balance ending September 30, 2010	Due Within One Year
Accrued vacation pay	\$ 966,000	\$ 103,000		\$ 1,069,000	\$ 1,050,000
Accrued sick pay	1,299,000	66,000		1,365,000	106,000
Total accrued compensated absences	<u>\$ 2,265,000</u>	<u>\$ 169,000</u>	<u>\$ -</u>	<u>\$ 2,434,000</u>	<u>\$ 1,156,000</u>

**Other post employment benefits:** The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer defined benefit healthcare plan, and the benefits conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries in their actuarial valuation calculate an offset to the cost of these benefits that is called the Employer Contribution. The Employer Contribution equals the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

	Broward County Employees (in '000s)
Required contribution rates:	
Employer	Pay-as-you-go
Active Plan members	N/A
Annual required contribution	\$4,208
Interest on net OPEB obligation	266
Adjustment to annual required contribution	<u>(213)</u>
Annual OPEB cost	4,261
Contributions made	<u>(1,219)</u>
Increase in net OPEB obligation	3,042
Net OPEB obligation – beginning of year	<u>6,657</u>
Net OPEB obligation – end of year	<u>\$9,699</u>

(Continued)



**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**I. Other Non-current Liabilities (continued):**

	<u>Broward County Employees</u>	
Fiscal year ended	9/30/2010	9/30/2009 (Unaudited)
	<u>(in '000s)</u>	<u>(in '000s)</u>
Annual OPEB cost	\$4,208	\$5,081
Percentage of OPEB cost		
Contributed	28.96%	32.20%
Net OPEB obligation	\$9,699	\$6,657

*Funded Status and Funding Progress*

The funded status of the plans as of October 1, 2009 was as follows:

Actuarial accrued liability	\$43,581,820
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	43,581,820
Funded Ratio	0.00%
Covered payroll	\$270,611,701
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%
Health care inflation rates	10% Initial 5% Ultimate

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plans at this time.

*Actuarial Methods and Assumptions:*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	<u>Broward County Employees</u>
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	28 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.5% - 9.5%

The Port's share of the net other post employment benefits liability for the year ended September 30, 2010 and 2009 was \$311,593 and \$212,356, respectively.

(Continued)

**PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Notes to Financial Statements  
September 30, 2010 and 2009 (Unaudited)**

**J. Capital Contributions**

For the fiscal years ended September 30, 2010 and 2009, capital contributions were as follows, with details contained within Note C:

Contributor - Purposes	2010	2009 (Unaudited)
State of Florida - Southport New Client - Container Yard (Phase VIII)	\$ 2,892,649	\$ 1,727,492
State of Florida - FPL Discharge Canal Bridge	2,641,639	2,203,875
State of Florida - Midport Crane P-1 & P-2	1,762,616	69,572
Federal - US Army Corp of Engineers - Dredging	727,000	1,435,000
State of Florida - Midport Roadway Expansion	323,912	239,495
State of Florida - High Wind Bollards	84,495	422,926
State of Florida - People Mover	68,849	33,942
State of Florida - McIntosh Road Realignment	52,096	10,893
Federal - Port Security Improvements	39,247	288,607
State of Florida - Cruise Terminal 18 Expansion	-	4,071,594
Broward County Convention & Visitors Bureau - Spangler Blvd Bypass Road	-	125,000
Total capital contributions for the year ended September 30,	<u>\$ 8,592,503</u>	<u>\$ 10,628,396</u>

**K. Passenger Cruise Terminal and Berth User Agreement**

On December 4, 2007, the Broward County Board of County Commissioners (the Board) approved a Passenger Cruise Terminal and Berth User Agreement (the Agreement) between Royal Caribbean Cruises, Ltd. (RCL) and Broward County. The Agreement included an expansion of Cruise Terminal No. 18 (the Project) at Port Everglades to accommodate the planned home porting of a new class of cruise ships which can accommodate in excess of 5,000 passengers. The cost of the renovations is shared with RCL. Negotiations continued with RCL as to the cruise terminal expansion project and on October 23, 2008, the First Amendment to the Agreement was approved. The multi-year agreement requires both minimum annual guaranteed payments based upon passenger movements in lieu of published Port tariff charges and minimum annual guaranteed payments based upon passenger movements to pay the RCL share of terminal renovation costs. These minimum annual guaranteed payments are treated as operating revenues in the financial statements. At September 30, 2010 and 2009, the amount recognized was \$20,406,421 and \$13,165,748, respectively.

**L. Commitments and Contingencies**

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

Federal and state grants are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

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

Board of County Commissioners  
Port Everglades, Broward County, Florida  
Fort Lauderdale, Florida

We have audited the accompanying financial statements of the Port Everglades Enterprise Fund of Broward County, Florida (the Port) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 21, 2011. 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's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management of the Port, Board of County Commissioners and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

Fort Lauderdale, Florida  
January 21, 2011



Board of County Commissioners  
Port Everglades, Broward County, Florida  
Fort Lauderdale, Florida

We have audited the accompanying financial statements of the Port Everglades Enterprise Fund of Broward County, Florida (the Port) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 21, 2011.

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. We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and Compliance and Other Matters, which is dated January 21, 2011, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No prior year findings.
- Section 10.554(l)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Port complied with Section 218.415, Florida Statutes.
- Section 10.554(l)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, there were no current year recommendations.
- Section 10.554(l)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, there were no current year findings.

Board of County Commissioners  
Port Everglades, Broward County, Florida

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Port and management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Fort Lauderdale, Florida  
January 21, 2011



### Broward County Board of County Commissioners

Pictured seated (L-R): Vice Mayor John E. Rodstrom, Jr., Mayor Sue Gunzburger.

Standing (L-R): Ilene Lieberman, Dale V.C. Holness, Kristin Jacobs, Lois Wexler, Barbara Sharief, Chip LaMarca, and Stacy Ritter.



A service of the Broward County Board of County Commissioners

## PORT EVERGLADES

1850 Eller Drive • Fort Lauderdale, FL 33316  
[www.porteverglades.net](http://www.porteverglades.net)



Port Everglades, Fort Lauderdale-Hollywood International Airport and the Greater Fort Lauderdale Convention & Visitors Bureau: Working Together for Greater Fort Lauderdale.



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