



FY2018

Tampa Port Authority - Hillsborough County Port District, Florida

POPULAR ANNUAL FINANCIAL REPORT

Keeping the public informed about how Port
Tampa Bay generates and expends its revenues

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FOR MORE IN-DEPTH INFORMATION, THE CAFR IS AVAILABLE ONLINE AT WWW.PORTTB.COM UNDER THE FINANCE DEPARTMENT TAB. THE PAFR IS AVAILABLE ONLINE AT THE SAME LOCATION.

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TAMPA PORT AUTHORITY OVERVIEW

BOARD OF COMMISSIONERS

STEPHEN W. SWINDAL
Chairman

CARL LINDELL, JR.
Vice Chairman

PATRICK H. ALLMAN
Secretary/Treasurer

**COUNTY COMMISSIONER
SANDRA L. MURMAN**
Commissioner

MAYOR BOB BUCKHORN
Commissioner

MARK E. KAPLAN
Commissioner

VACANT AS OF 7/20/18
Commissioner

This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the Tampa Port Authority (Port Authority) d/b/a Port Tampa Bay as reported in the 2018 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document prepared in accordance with generally accepted accounting principles (GAAP). To conform to GAAP, the CAFR must include Port Tampa Bay's component unit and fully disclose all material events, both financial and non-financial.

of Port Tampa Bay in accordance with GAAP. This report is a reflection of our effort to keep the public informed about how Port Tampa Bay generates and expends its revenues in a simple, non-technical format.

For more in-depth information, the CAFR is available online at www.porttb.com under the Finance Department tab. The PAFR is available online at the same location.

Unlike the CAFR, the PAFR is not an audited document and does not include the details and other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture

The website also includes information about various port departments, port news and events, cargo and cruise information and statistics, employment opportunities, current projects, upcoming projects, and the Port's Masterplan entitled Vision 2030.

DID YOU KNOW?

01. Total Area of the Port
5,000 ACRES

02. Port-Owned Acreage
2,640 ACRES

03. FY2018 Vessel Calls
3,234

04. FY2018 Portwide Cargo Tonnage
34.1 MILLION

05. FY2018 Cruise Sailings
233

06. FY2018 Cruise Passengers
1.0 MILLION

07. Tampa Harbor Project Depth
43 FEET

08. Number of Berths
73

09. Linear Feet of Wharf
19,435

10. Total Employees
149

TAMPA PORT AUTHORITY

HISTORY

The Tampa Port Authority was created in 1945 by the Florida Legislature through Chapter 95-488, Laws of Florida (also known as the “Enabling Act”). The Enabling Act gives the Port Authority the right to acquire property through eminent domain, purchase, gift, grant, franchise, lease or contract. It is empowered to fix uniform rates and charges for wharfage and dockage and has responsibility for planning and implementing plans for the long-range development of the facilities and the movement of cargo through the Port. In 2013, the Port Authority rebranded itself as Port Tampa Bay.

Port Tampa Bay’s governing body consists of seven commissioners. The governor appoints five commissioners, two of whom must have a maritime background. The Mayor of the City of Tampa and one Hillsborough County Commissioner round out the Tampa Port Authority Board of Commissioners.

Port Tampa Bay is geographically located within the boundaries of Hillsborough County, Florida. It is a major player in the local economy’s growth, supporting nearly 85,000 jobs and generating more than \$17 billion in annual economic impact. The Port ranks first in the state of Florida in terms of cargo tonnage handling one third of all the seaborne commerce that passes through the state. It is also a major shipbuilding and repair center and a top ten U.S. cruise port.



PORT TAMPA BAY

MARKET

With over 20 million residents, Florida has overtaken New York as the third most populous state in the nation and welcomes more than 100 million tourist visitors per year. Situated in central Florida along the I-4 corridor, Tampa Bay is part of the fastest growing region in the state expecting double the population growth as Miami/South Florida by 2020.

In addition to being a major fertilizer export port, Port Tampa Bay is central Florida’s hub for gasoline, diesel, jet fuel, ethanol and lube oil and opened a state of the art petroleum facility in 2015.

Four major shipyards call Port Tampa Bay home. These facilities perform refit, repair, maintenance and new ship construction and comprise one of the largest shipyard hubs in the Southeast.



Carnival Cruise Lines, Royal Caribbean International, Norwegian Cruise Line and Holland America Line all have vessels that call Tampa home and together they allowed Port Tampa Bay to serve over one million passengers in fiscal year 2018.



DID YOU KNOW?

Port Tampa Bay is home to four major shipyards— one of the largest hubs in the southeast.

FINANCIAL

POLICIES AND STRATEGIES

The Tampa Port Authority operates as a single Enterprise Fund with one component unit, Tampa Bay International Terminals, Inc. (TBIT). TBIT is a legally separate entity for which Port Tampa Bay is financially accountable. TBIT serves as the liaison between Port Tampa Bay and its terminal operator Ports America. TBIT's financial activities are reported separately in

the Tampa Port Authority CAFR. Please refer to the CAFR for additional information.

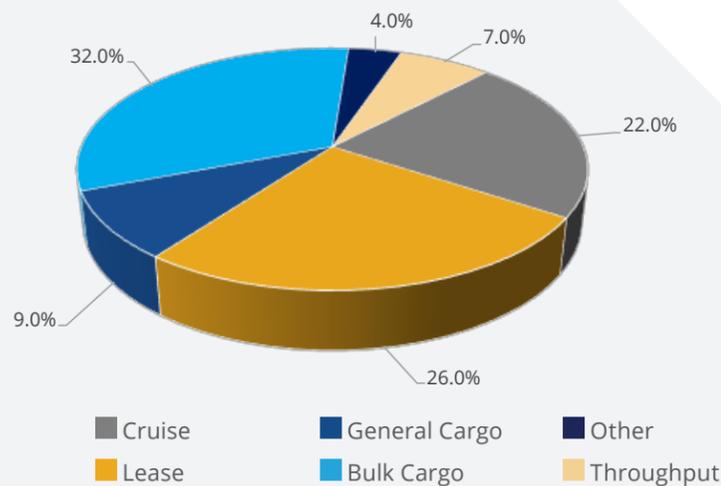
Port Tampa Bay undergoes an independent external audit each year. Its fiscal year runs from October 1 through September 30. In 2009 the Board of Commissioners implemented a policy that new auditors must be selected every five (5) years.

Port Tampa Bay continues to pursue a deliberate strategy of business diversification that enables it to withstand downturns in particular lines of business or commodities and maintain a constant or increasing revenue stream.

Another strategy implemented a number of years ago which continues to pay dividends is Port Tampa Bay's policy of including built-in incentives in many of its leases to encourage tenants to increase volumes of cargo. Port staff utilizes these cargo incentives and others such as allowing reduced rents during development and construction periods to attract new tenants. In exchange for these incentives, Port Tampa Bay includes long-term financial commitments such as minimum financial and tonnage guarantees in many of its agreements. These commitments, coupled with the revenue diversification strategy discussed above ensure a steady stream of revenue.

Port Tampa Bay continues to pursue a deliberate strategy of business diversification that enables it to withstand downturns in particular lines of business or commodities and maintain a constant or increasing revenue stream.

DIVERSIFIED COMMODITIES



SIGNIFICANT EVENTS

FISCAL YEAR 2018

- 01.27 Carnival Cruise Line's 2,124 passenger Carnival Miracle began a new itinerary of seven-day cruises from Tampa, doubling its capacity.
- 04.01 A record-breaking 29,167 passengers went in and out of the Port's cruise terminals over the weekend as Port Tampa Bay welcomed six cruise ships in one weekend for the first time ever.
- 04.08 The ship "Glory" left Port Tampa Bay carrying a container of hurricane relief supplies destined for Puerto Rico. Contents included approximately 1,300 boxes of shampoo, soap, toilet paper, toothpaste, food, school supplies, and notes of encouragement created by Tampa area children.
- 06.12 Fitch Ratings affirmed the 'A' rating on the Port Authority's approximately \$70.7 million in outstanding senior bank loans with a stable outlook.
- 09.17 Port Tampa Bay surpassed one million cruise passengers in a year for the first time in its history.

2018 MAJOR RECORDS

2018 BROUGHT PORT TAMPA BAY'S HIGHEST OPERATING REVENUES EVER

\$59.7 MILLION

2018 BROUGHT AN INCREASE OF 55% FOR CONTAINERS CROSSING ITS BERTHS

87,000 TEU'S

ENVIRONMENTAL**STEWARDSHIP**

The Port has shown that industrial development can actually enhance the environment, as proven by its award-winning mitigation site on Pendola Point. This 276-acre wetland community of salt marshes, mangrove swamp, tidal channels and salt flats has been established as a natural preserve to offset the impact of filling in sixty acres at Port Tampa Bay's Hooker's Point berthing facility.

Port Tampa Bay partners with Audubon Florida to provide protection for nesting birds and their young in the Hillsborough Bay area. The two dredge disposal islands owned and operated by Port Tampa Bay have been recognized by BirdLife International and the National Audubon Society for their global significance as bird nesting areas.

Port Tampa Bay is proud of its role in the restoration, improvement and protection of the environmental health of Tampa Bay.

**COMMUNITY****GIVING BACK**

Port Tampa Bay sponsors three major annual fundraisers to support Tampa Bay area charities. The Port Tampa Bay Golf Tournament, Port Tampa Bay Anchor Ball, and the Port Tampa BAYSLAM Fishing tournament have raised funds for Tampa Port Ministries, Tampa Bay Maritime Scholarship Foundation, Hurricane Irma relief efforts, and the Florida Sports Hall of Fame Charities including Shriners Hospitals for Children.

In addition to these fundraising events, Port Tampa Bay donates the use of its facilities to charitable organizations. Hillsborough Community College Foundation, Global Special Operations Forces, National Pediatric Cancer Foundation and the Leukemia Lymphoma Society have all benefited from the use of the Port's cruise terminals when not in use by the cruise lines.

Partnering with the Florida Aquarium, Port Tampa Bay offers free educational harbor tours to the public twice per week aboard the Aquarium's Bay Spirit II. These seventy five-minute tours show the workings of one of America's largest ports from the water offering a unique perspective and narration.

FINANCIAL**STATEMENTS OF NET POSITION**

The Statements of Net Position presents the Ports assets and deferred outflow of resources as well as its liabilities and deferred inflows of resources. The difference is shown as net position. Deferred outflows and inflows of resources represent expenses and revenues that will be recognized in a future period. The statement is an indicator of the current fiscal health of the organization and its financial position over time.

IN THOUSANDS (excludes component unit)		FY 2018	FY 2017
ASSETS			
Current assets		\$150,443	\$70,303
Noncurrent assets			
Capital related, net		\$653,461	\$648,439
Noncapital		\$569	\$492
TOTAL ASSETS		\$804,473	\$719,234
DEFERRED OUTFLOW OF RESOURCES		\$9,604	\$11,328
LIABILITIES			
Current liabilities		\$50,804	\$25,297
Noncurrent liabilities		\$150,832	\$109,938
TOTAL LIABILITIES		\$201,636	\$135,235
DEFERRED INFLOW OF RESOURCES		\$1,317	\$682
NET POSITION			
Net Investment in Capital Assets		\$520,014	\$552,692
Restricted Position		\$8,243	\$7,076
Unrestricted Position		\$82,866	\$34,877
TOTAL NET POSITION		\$611,123	\$594,645

FINANCIAL**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses and Changes in Net Position is the income statement of the government unit and serves as an indicator of whether the overall fiscal condition of Port Tampa Bay has improved or deteriorated during the year.

IN THOUSANDS (excludes component unit)		FY 2018	FY 2017
OPERATING REVENUES			
Port usage fees		\$43,603	\$39,916
Land and building leases		\$15,299	\$13,058
Other Operating revenue		\$818	\$796
TOTAL OPERATING REVENUES		\$59,720	\$53,770
OPERATING EXPENSES		\$33,755	\$32,063
OPERATING INCOME BEFORE DEPRECIATION		\$25,965	\$21,707
DEPRECIATION AND AMORTIZATION EXPENSE		\$29,736	\$27,643
OPERATING LOSS AFTER DEPRECIATION		\$(3,771)	\$(5,936)
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes		\$10,868	\$11,152
Interest income		\$588	\$284
Other non-operating revenues		\$1,779	\$1,258
Interest expense		\$(2,124)	\$(2,494)
Other non-operating expenses		\$(2,349)	\$(2,435)
TOTAL NON-OPERATING REVENUES (EXPENSES)		\$8,762	\$7,765
INCOME BEFORE CAPITAL CONTRIBUTIONS		\$4,991	\$1,829
CAPITAL AND OPERATING GRANTS AND CONTRIBUTIONS		\$11,488	\$10,975
INCREASE IN NET POSITION		\$16,479	\$12,804
TOTAL NET POSITION AT BEGINNING OF YEAR		\$594,645	\$581,841
TOTAL NET POSITION AT END OF YEAR		\$611,123	\$594,645

REVENUES

WHERE DOES THE MONEY COME FROM?

01. Port usage fees comprise the majority of the Port's revenue. These fees include dockage and wharfage for vessels loading and unloading cargo at Port Tampa Bay berths, passenger fees paid by cruise ships calling at Port Tampa Bay, cruise parking fees, and throughput fees for cargo moving through the Port by truck, rail and pipeline. In Fiscal Year 2018 port usage fees were \$43.6 million.
02. Port Tampa Bay is a landlord port, leasing approximately 1,600 acres to various businesses. Fiscal Year 2018 lease revenue accounted for \$15.3 million of the Port's \$59.7 million in operating revenue.
03. Other operating revenue such as charges for water, electric and security fees were approximately \$.8 million in Fiscal Year 2018.
04. Certain revenues are not a direct result of vessel traffic or cargo movement and are classified as non-operating revenues. These include ad valorem tax receipts, interest income, and grant revenue. These items combined for a total of \$24.7 million in non-operating revenue in Fiscal Year 2018.



EXPENSES

WHERE DOES THE MONEY GO?

01. Personnel expenses comprised the largest portion of Port Tampa Bay's operating expenses in Fiscal Year 2018 at \$17.1 million. This includes all payments made directly to employees or on the employee's behalf such as salary, pension, taxes and insurance. Port Tampa Bay employs 149 employees.
02. Promotional expenses are those incurred in promoting and marketing the port in order to attract new business. These expenses totaled \$1.4 million in Fiscal Year 2018.
03. Administrative expenses include all other expenses needed to effectively operate the Port on a day-to-day basis and can include everything from utilities to office supplies. In Fiscal Year 2018 these expenses were \$15.2 million.
04. Just as Port Tampa Bay recognizes non-operating revenues, it also incurs non-operating expenses. These include the interest portion of the debt service payments, ad valorem tax payments and the associated fees related to the collection of ad valorem receipts. These expenses were \$4.5 million in Fiscal Year 2018.



CAPITAL IMPROVEMENT PROGRAM

Port Tampa Bay's capital improvement program funds the purchase, construction, expansion, modernization and rehabilitation of navigational, landside and marine improvements and infrastructure. It is driven by our Strategic Plan, Master Plan, market demand, customer needs, regulatory compliance and capacity expansion.

Key to all considerations are the Seven Anchors of Port Tampa Bay's Business Development Strategy:

- 01. Expand and diversify the business base through executing a supply chain sales strategy.
- 02. Fulfill central Florida's long-term energy requirements.
- 03. Optimize Tampa Bay's vessel access to successfully pursue emerging trade opportunities generated by the Panama Canal expansion.
- 04. Expand and diversify the region's industrial economy and cargo base.
- 05. Implement the Channelside Master Plan, optimizing cruise capability.
- 06. Partner with the City and County to maximize the future growth and development of the region.
- 07. Develop and implement a landside transportation access strategy.

Capital projects are funded with port revenues, federal and state grants, ad valorem tax revenues, and debt in the form of bank loans and/or bond issues. Florida Statute authorizes the Port Authority to levy up to .5 mil (\$.50 per \$1,000 value) in ad valorem property tax. In fiscal year 2018, the Port levied .1350 mils, continuing a long-standing trend of reducing its millage rate each year. Ad valorem tax revenue is used only for capital expenditures at the direction of the Port's Board of Commissioners.

The following major projects comprised the majority of the increase in Port Tampa Bay's capital assets in Fiscal Year 2018:

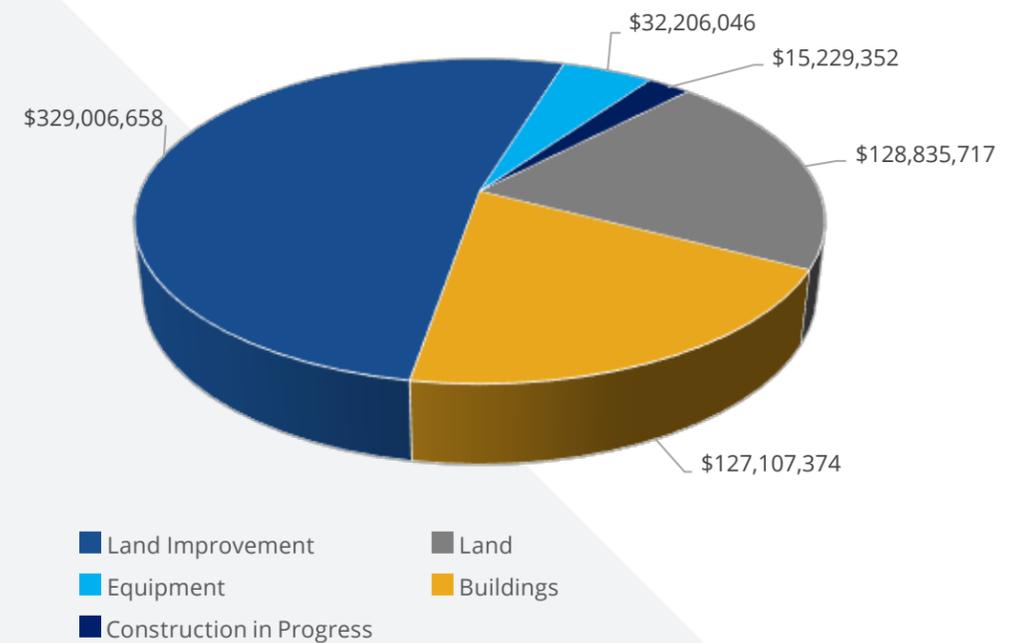
- 01. Berth 219 refrigerated warehouse and improvements
- 02. Berths 301 & 302 Design and Construction
- 03. Cruise Terminal 3 improvements
- 04. Cruise Terminal 6 improvements
- 05. South Bay property development

MORE INFORMATION ABOUT THE CHANNELSIDE MASTER PLAN, PORT TAMPA BAY'S MASTER PLAN / VISION 2030 AND THE SEVEN ANCHORS CAN BE FOUND AT WWW.PORTTB.COM.

CAPITAL ASSETS

Port Tampa Bay's capital assets at the end of Fiscal Year 2018 were \$653.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, facility and infrastructure improvements, equipment, furniture and fixtures, and construction work in progress. Capital asset acquisitions are capitalized at cost and depreciated over their estimated useful lives using the straight-line method.

CAPITAL ASSETS AT 09/30/2018: NET OF DEPRECIATION



- Land Improvement
- Equipment
- Construction in Progress
- Land
- Buildings

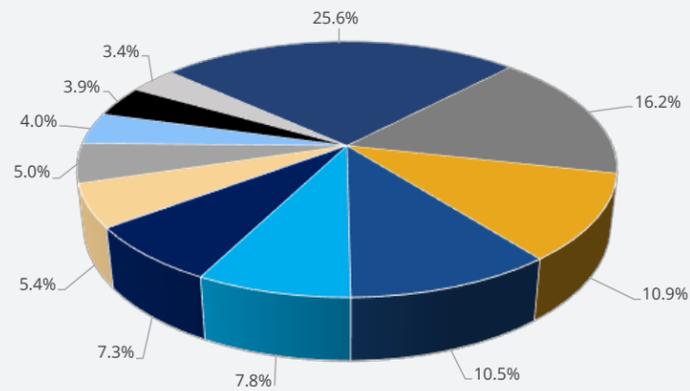
PLEASE REFER TO THE FY2018 CAFR FOR ADDITIONAL INFORMATION.

FISCAL YEAR 2018

TOP TRADING PARTNERS

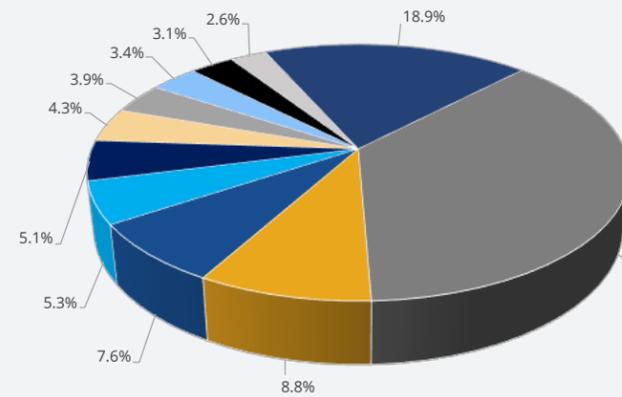


IMPORTED TONS



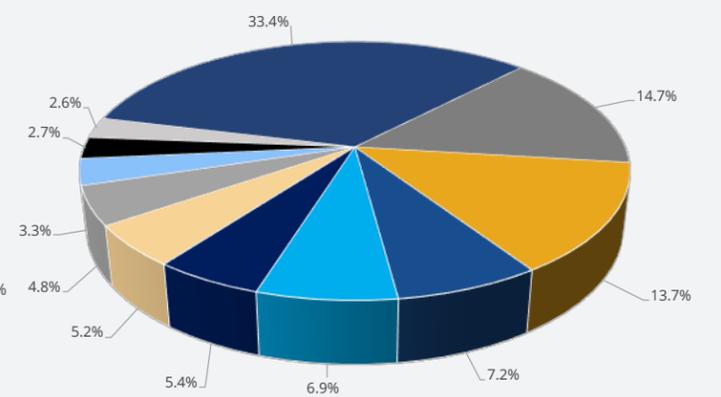
- Mexico
- Canada
- Bahamas
- Honduras
- Trinidad & Tobago
- Japan
- Russia
- Republic of Korea
- Greece
- Brazil
- All others

COMBINED IMPORT & EXPORT TONS



- Brazil
- Mexico
- Australia
- Japan
- Turkey
- Columbia
- Peru
- China
- Bermuda
- Argentina
- All others

EXPORTED TONS



- Brazil
- Mexico
- Canada
- Bahamas
- Japan
- Honduras
- Trinidad & Tobago
- Russia
- Republic of Korea
- Greece
- All others

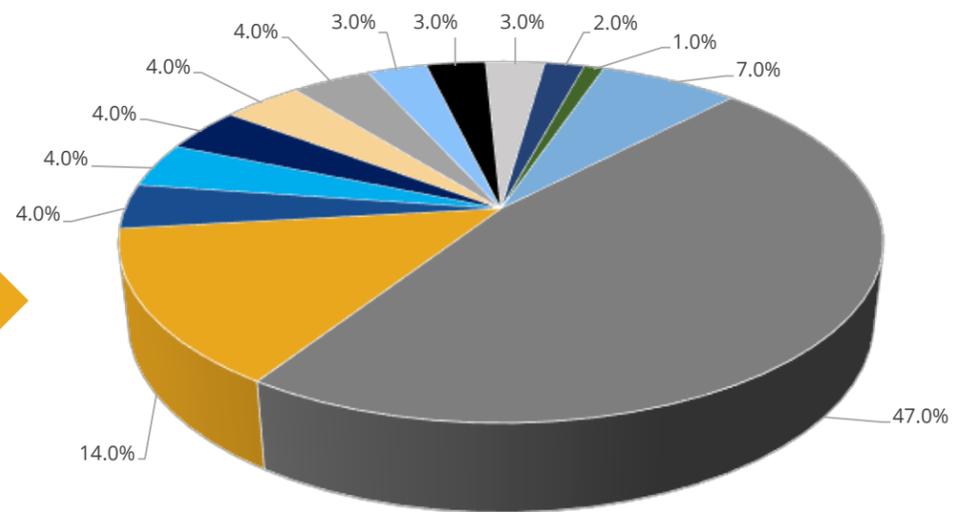
PORT TAMPA BAY COMMODITIES

As previously discussed, Port Tampa Bay handles a wide variety of commodities as part of its diversification strategy. As the phosphate market has declined, other dry bulk commodities have increased to continue to grow that business sector. In FY2018 limestone was the leading dry bulk commodity in tonnage, followed by phosphate, granite and cement.

Port Tampa Bay is the petroleum hub for west central Florida and handles gasoline, diesel, jet fuel, ethanol and other petroleum products. This accounted for 7.8 million tons of cargo coming through the port in FY2018. Other liquid bulk commodities include liquid sulphur, sulphuric acid, anhydrous ammonia and citrus concentrate.

General Cargo includes containerized cargo as well as scrap metal, steel, and other commodities.

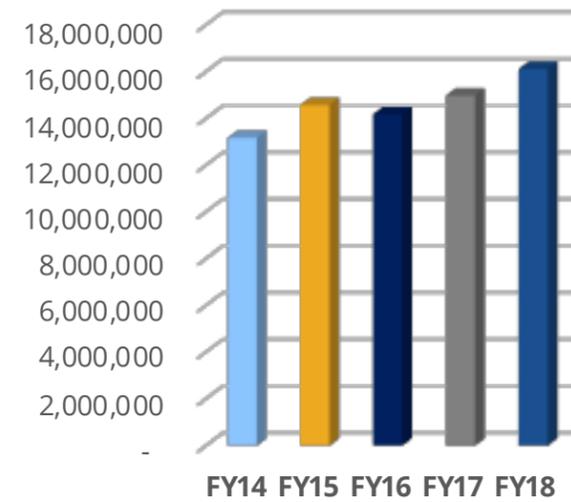
COMMODITIES BY PERCENTAGE - FY2018



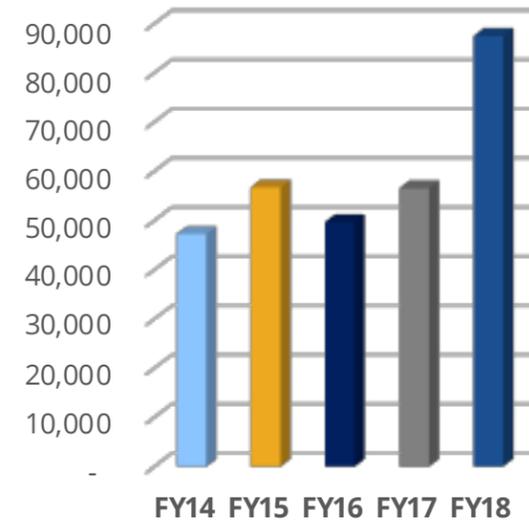
- Petroleum
- Cement
- Scrap Metal
- Limestone
- Granite Rock
- Ammonia
- Phosphate
- Containerized
- Steel
- Prilled Sulfur
- Sulfur Liquid
- Concentrate Citrus
- Miscellaneous

DETAILED HISTORICAL INFORMATION ON CARGO TONNAGES CAN BE FOUND IN THE CARGO STATISTICS SECTION OF THE WEBSITE.

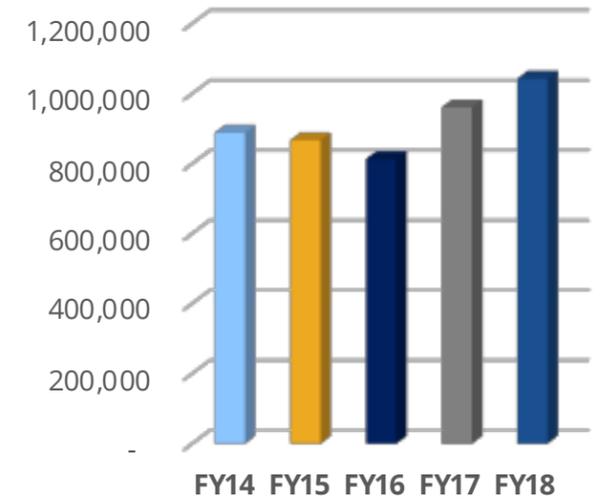
CARGO TONNAGE: PUBLIC BERTHS



TWENTY-FOOT EQUIVALENT UNITS



CRUISE PASSENGERS

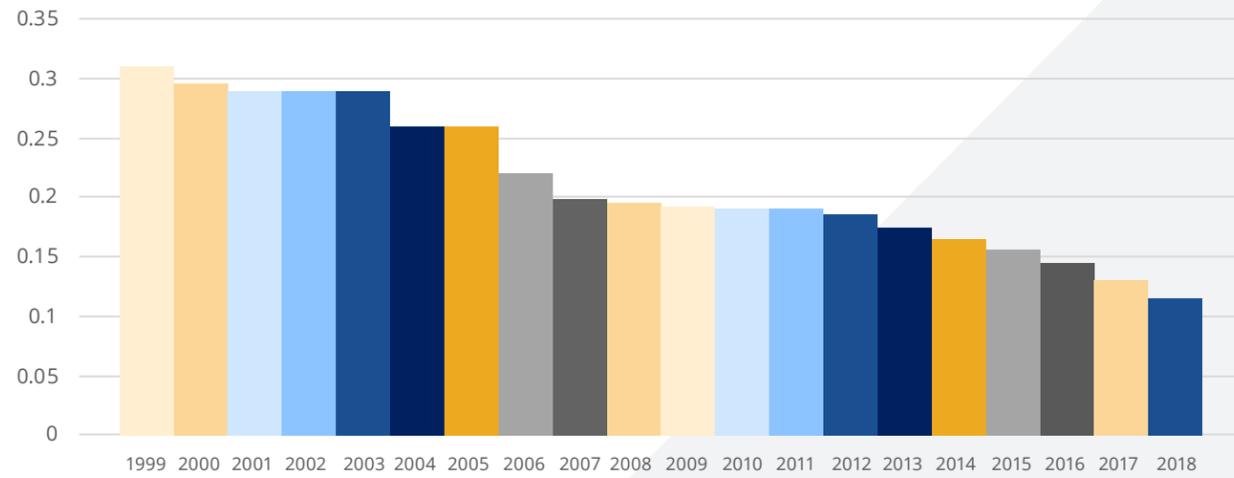


TAX REVENUES

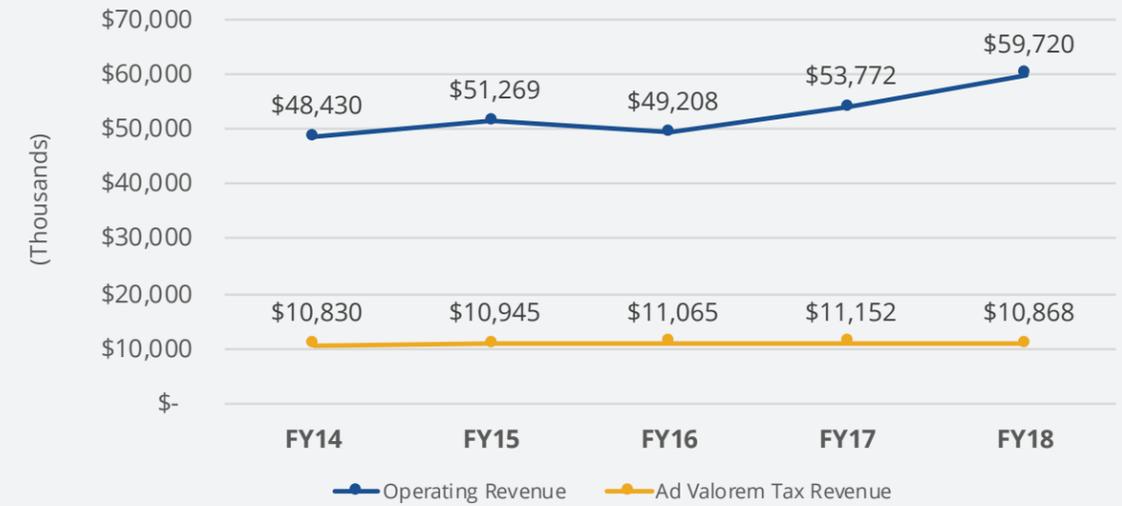
REDUCING OUR DEPENDENCE

Since 1994 Port Tampa Bay has reduced or kept its millage rate the same. Every year since 2006 the rate has been reduced to below the roll-back rate, resulting in a true tax decrease for the citizens of Hillsborough County.

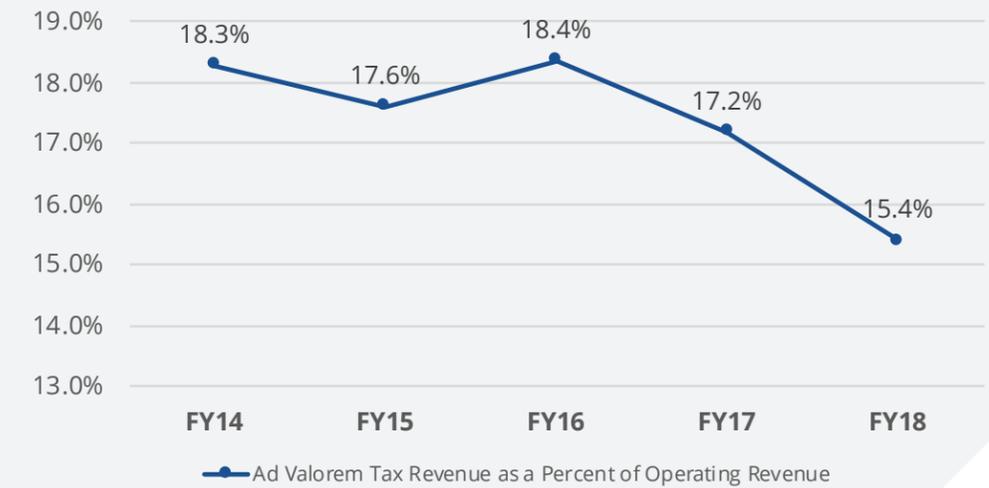
PORT TAMPA BAY'S DECLINING MILLAGE RATE



OPERATING REVENUE VS AD VALOREM TAX REVENUE



AD VALOREM TAX REVENUE AS A PERCENTAGE OF OPERATING REVENUE



CASH AND INVESTMENTS

The primary objective of Port Tampa Bay's cash and investment strategy is the protection and preservation of principal. Port Tampa Bay's bank balance (unrestricted and restricted) was \$68.8 million at September 30, 2018. The Port deposits cash in qualified public depositories (QPDs). These deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and/or secured by the multiple financial institutions collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositories are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories.

Section 218.415, Florida Statutes, and Port Tampa Bay's investment policy authorize the Port Authority to invest surplus funds. At September 30, 2018, Port Tampa Bay had a balance of approximately \$316,000 invested with the Florida PRIME Investment Pool and the Fund B Surplus Funds Trust Fund which are investment pools administered by the Florida State Board of Administration (FSBA) under the regulatory oversight of the State of Florida. Florida PRIME is a 2a7-like pool with a Standard & Poor's rating of AAAM at September 30, 2018.

Port Tampa Bay also had \$30.5 million in the Local Government Investment Pool (LGIP) of the Florida Education Investment Trust Fund (FEITF) on September 30, 2018. Intergovernmental investment pool funds are held with FEITF and are valued using NAV of \$1.00 per share based on amortized cost. This fund has no unfunded commitments and allows unlimited daily redemptions and investments with a one day minimum holding period. All underlying securities in the fund have a credit rating of A or better by Standard & Poor's. The credit rating of the FEITF fund is AAAM by Standard & Poor's.



PLEASE REFER TO "NOTE C - CASH AND INVESTMENTS" OF THE NOTES TO COMBINED FINANCIAL STATEMENTS IN THE CAFR FOR ADDITIONAL INFORMATION.

This 276-acre wetland community of salt marshes, mangrove swamp, tidal channels and salt flats has been established as a natural preserve to offset the impact of filling in sixty acres at Port Tampa Bay's Hooker's Point berthing facility.

LONG-TERM LIABILITIES

The following is the long-term liability activity for the year ended September 30, 2018:

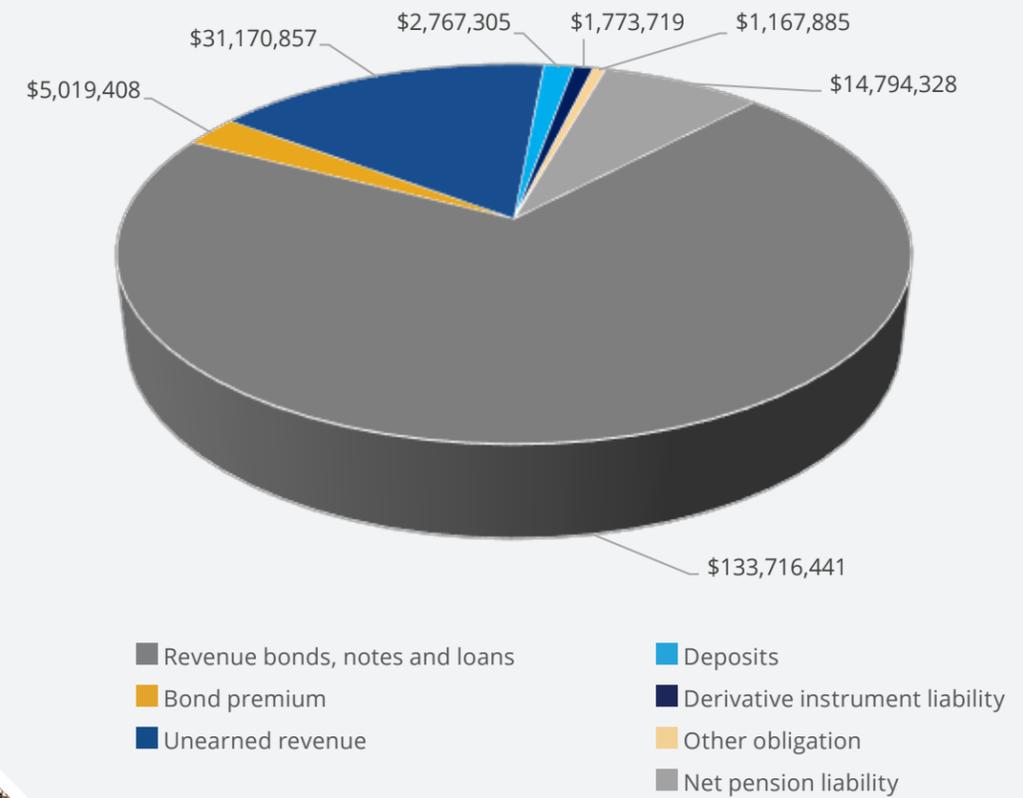
	OCT 1, 2017	ADDITIONS	DEDUCTIONS	SEP 30, 2018	DUE WITHIN ONE YEAR
Revenue bonds, notes and loans	\$95,746,759	\$63,078,205	\$25,108,523	\$133,716,441	\$11,000,168
Premium on bonds payable	-	\$5,025,277	\$5,869	\$5,019,408	\$178,519
Unearned revenue	\$5,474,725	\$30,432,659	\$4,736,527	\$31,170,857	\$28,399,700
Deposits	\$5,936,920	\$723,938	\$3,893,553	\$2,767,305	-
Derivative instrument liability	\$3,593,556	-	\$1,819,837	\$1,773,719	-
Other obligation	\$1,167,885	-	-	\$1,167,885	-
Net pension liability	\$14,211,390	\$582,938	-	\$14,794,328	-
TOTAL	\$126,131,235	\$99,843,017	\$35,564,309	\$190,409,943	\$39,578,387

ADDITIONAL INFORMATION CAN BE FOUND IN THE NOTES TO COMBINED FINANCIAL STATEMENTS OF THE CAFR IN "NOTE H - LONG TERM LIABILITIES" AND "NOTE I - DERIVATIVE INSTRUMENTS".

Port Tampa Bay has no legal debt limit as set forth in the Constitution of the State of Florida and the Florida Statutes. However, the Master Bond resolution dated April 6, 1995 establishes certain maximum debt service requirements which are more restrictive and are based on net revenue generated by the Port.

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

LONG-TERM LIABILITIES





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