SOUTH FLORIDA'S POWERHOUSE PORT

PORT EVERGLADES FISCAL YEAR 2012
COMMERCE REPORT

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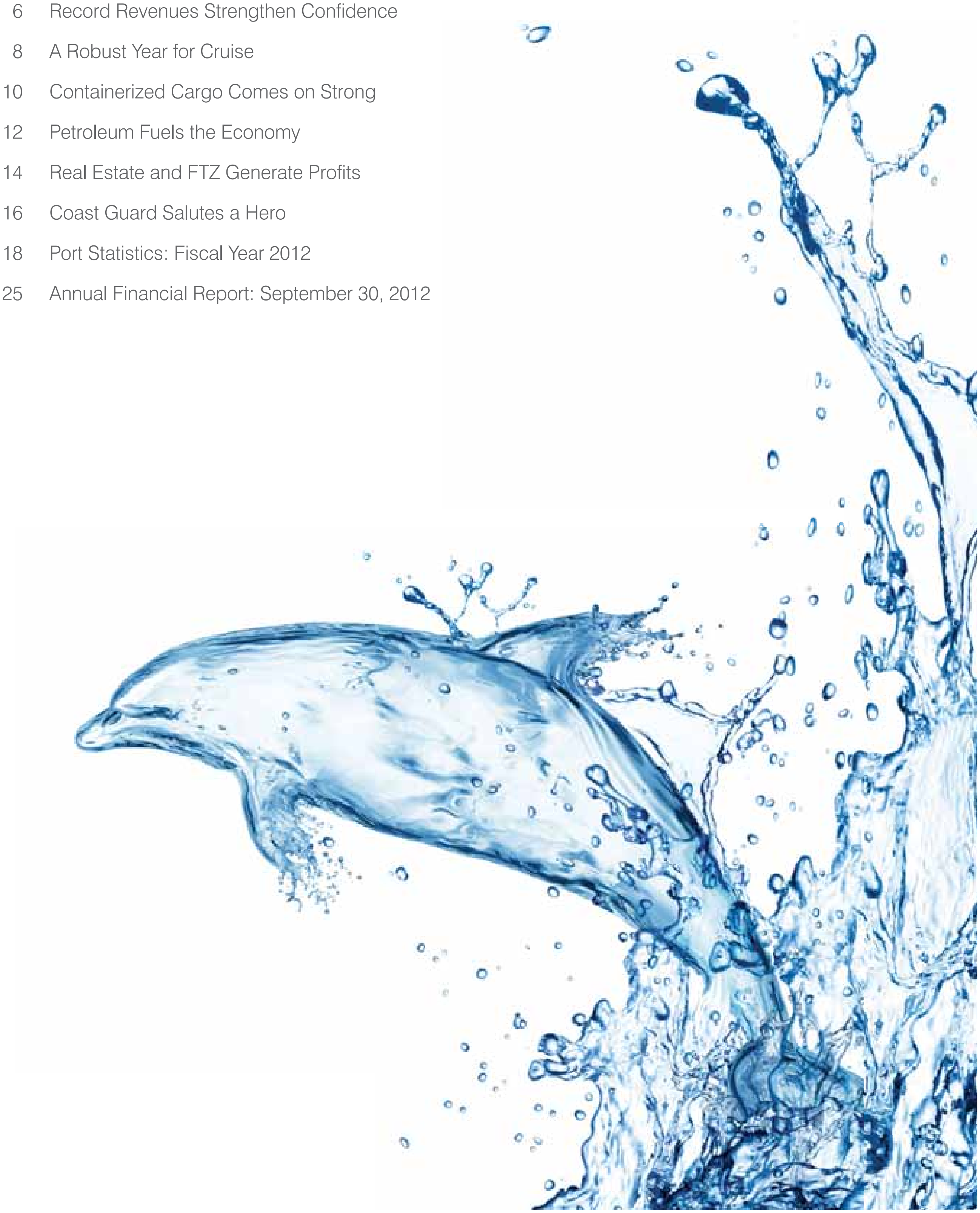


broward's quality of life and the port

Dear Neighbors and Business Partners,

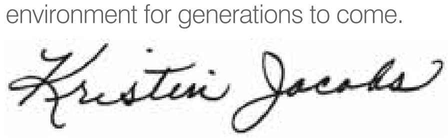
Transportation, tourism and international trade are high priorities in Broward County that sustain our economy and lifestyles. Port Everglades, as a self-supporting County department, exemplifies these initiatives that our Broward County Board of County Commissioners has set forth. At the same time, we want to ensure that our environment is protected because it too is an important component to our quality of life.

It was my pleasure recently to join the Governor and my fellow Broward County Commissioners to break ground for a new state-of-the-art freight rail facility at Port Everglades. This intermodal container transfer facility (ICTF) is being built by the Florida East Coast Railway and will position Broward County as South Florida's Global Gateway for international trade. I am especially pleased that it will reduce traffic congestion on our streets, and eliminate approximately 180,000 truck trips from the roadways each year. This reduction in air emissions supports our climate change initiatives.

On that note, I have been honored to represent Broward County on the multi-county Southeast Florida Regional Climate Change Compact, made up of public officials who researched and developed the Southeast Florida Regional Climate Action Plan to address the impacts of climate change in South Florida. Concurrent with this effort, Broward County has advanced a climate change element as an amendment to our local comprehensive plan that will serve as a model for other regional and local governments.

Another high priority that our Commission supports is the Southport Turning Notch extension, which will add up to five new, much-needed cargo berths at the Port. A critical part of this project includes replacing 8.7 acres of an existing mangrove conservation easement with a 16.5-acre upland enhancement of approximately 70,000 new mangroves, plants, and seeds, as well as completing a number of environmental improvements in West Lake Park. Port officials worked closely with port users, the environmental community, and the Florida Department of Environmental Protection to develop the plan for the new mangrove habitat.

We have so much to be thankful for in Broward County. I promise to continue to forge ahead supporting projects and initiating programs to enhance Port Everglades and the environment for generations to come.



Kristin Jacobs
Broward County Mayor

creating jobs and supporting our local economy

Dear Broward County Residents and Business Associates,

Port Everglades is an economic powerhouse for Broward County that influences many of the lifestyle qualities that we enjoy as residents, and stimulates business opportunities that sustain our community. Even during the economic challenges we faced the past few years, self-supporting enterprise funds such as Port Everglades put our community in better financial shape than communities that lack this type of economic engine. Through job creation and retention, the Port enhances our local economy and generates tax dollars, which in turn sustain our quality of life.

The Port's current expansion plans are estimated to create 7,000 new jobs directly in our region and support 135,000 new related user jobs statewide over the long term. Key expansion projects over the next five years will add up to five berths, widen and deepen the navigation channels, bring rail freight into the Port, and expand capacity for both cruise and petroleum activity. This will be a powerful boost to our economy.

Recently, I had the opportunity to present the Port's expansion program to a group of influential business leaders who wanted to know what they can do to help Broward County continue to thrive. I explained how we need to invest in economic engines like Port Everglades if we want to see our community thrive.

I asked this group, as I will ask you, to please let our State Legislative and Broward Congressional delegations know how important Port Everglades is to the regional economy, and that they need to support legislation that promotes our seaport's development.

I ask you as Port Everglades stakeholders to also carry this message to Tallahassee and Washington. We must let our political leaders know how vital Port Everglades is to the state of Florida so that they can continue to support legislation that favors our powerful seaport.

Bertha Henry

Bertha Henry
Broward County Administrator

powerful edge

Dear Port Partners,

My initiation to Port Everglades has been both welcoming and challenging. Year-end financial results point to a positive trend towards economic recovery, which is welcomed news. Yet, I think it is safe to say, we are all still feeling the effects of the global recession in our business practices and in our daily lives. For this reason, I feel it is imperative that we press forward with our critical infrastructure improvements, and with our efforts to make the world aware that Port Everglades is a powerhouse in the cargo and cruise industries nationally and internationally.

This coming year, you can expect to witness powerful progress in construction. The Florida Department of Transportation is making substantial progress on the Eller Drive Overpass, which is expected to be completed just as the Florida East Coast Railway completes construction of an Intermodal Container Transfer Facility in Southport in 2014. Mangrove creation is also slated to begin in 2014 in an upland area of Southport as part of a mitigation project that is the first step in adding berths to the Southport Turning Notch. Additionally, we recently completed a $54 million renovation project that modernized and, in some cases, expanded four cruise terminals.

PORT EVERGLADES
BROWARD COUNTY, FLORIDA
South Florida's Powerhouse Port

We are also launching a new advertising campaign that touts Port Everglades as “South Florida’s Powerhouse Port.” Our goal is two-fold — to let the world know where we are and to emphasize Port Everglades as a global leader among seaports. You will see our new ads in more publications and our staff at more trade shows. You may be asked to participate in our marketing campaigns to help us spread the word and to help you expand your business’s reach in the global marketplace.

Our updated logo maintains the same look and feel of our previous Port logo, but includes a strong identifier for Broward County in the form of an arrow that points to the location of Broward within the state of Florida. The tagline is also incorporated to let viewers know that Port Everglades is in South Florida and is a dynamic, powerful port.

How did we come up with the phrase "South Florida's Powerhouse Port?" We talked to you, our customers. We evaluated our strengths and weaknesses and looked at what makes Port Everglades different from other seaports. Consider these factors:

- Modes of transportation – ships, trucks, trains, cars – move with power, and all of these powerful modes of transportation move much needed goods through Port Everglades to consumers throughout South Florida and beyond.
- Port Everglades generates big economic advantages that flow right into our community, making it an economic powerhouse. Annually, the Port accounts for nearly $26 billion in business activity, supports 11,700 jobs locally and more than 200,000 statewide, and is responsible for generating $729 million in state and local taxes.
- Port Everglades drives tourism in Broward County through a robust cruise industry. With more than 3.7 million cruise passengers annually, Port Everglades is one of the busiest cruise ports in the world, supporting more than 12,000 cruise related jobs — making it a powerhouse cruise port.
- The Port literally powers South Florida through the petroleum products that come in through Port Everglades and are distributed to gas stations, businesses and three international airports throughout South Florida.
- Plus Florida Power & Light (FPL) sits in the heart of Port Everglades, powering the entire region.

As I begin my second year at Port Everglades' helm, I am looking forward to continued steady growth and advancing our capital improvements. I believe launching our new ad campaign and marketing initiatives will aid in these efforts and benefit our entire community. We all have a lot to look forward to, and I invite you to be part of our powerful future.

Steven M. Cernak, P.E., PPM
Chief Executive & Port Director

record revenues strengthen confidence

Port Everglades celebrated its third consecutive year of growth in cruise and cargo volumes, bringing its operating revenue to its highest level ever at $142,931,312 during fiscal year 2012 (October 1, 2011 through September 30, 2012). The record operating revenue is 2.7 percent higher than the previous fiscal year. Expenses were reduced to $72,604,326 in FY2012 from $74,182,360 the previous year for a gross margin of $70,326,986.

"We're seeing a robust upward trend in the Port's two largest business sectors, cargo and cruise, that further indicates higher consumer confidence and positive economic benefits for the South Florida region," says Port Everglades Chief Executive & Port Director Steven Cernak. "As a self-supporting seaport, we're committed to boosting long-term growth by investing in the Port's resources to make infrastructure improvements that will help our customers expand their businesses and create new jobs."

Overall, waterborne commerce, which includes all of the Port's revenue-generating marine activity, remained steady at 22 million tons. Non-marine activity, such as real estate leases, truck and rail cargo, and parking, also contributed to the Port's bottom line, but is not included as waterborne commerce.

In addition, total business activity rose to nearly $26 billion according to a study that compared the Port's economic impact over the past two fiscal years.

Four cruise terminals underwent complete renovations during FY2012 and were done in time for the start of cruise season.

As a result of the increased business activity in both cruise and cargo, an estimated 282 new direct jobs were supported by businesses operating at Port Everglades. The 11,687 direct jobs attributed to business activity at Port Everglades generated approximately $446 million in wages and salaries. This information was part of an economic impact study by internationally recognized maritime research company Martin Associates comparing figures from fiscal years 2011 and 2012. Martin's study is based on customized models developed for Port Everglades for both the cruise and cargo sectors.

a robust year for cruise

The number of multi-day cruise passengers grew slightly with 3,689,022 cruise guests sailing to and from the South Florida seaport during FY2012, up from 3,664,103 the prior fiscal year. The total number of passengers, however, dropped about 5 percent from 3,952,843 in FY2011 to 3,757,320 in FY2012 as daily cruise ship operator, Discovery Cruises, ceased operations.

The multi-day passenger count is expected to remain steady at approximately 3.6 million in FY2013. The number of multi-day passengers has risen by nearly 60 percent in the past 10 years as a result of long-term agreements with Carnival Corporation and Royal Caribbean Cruises Ltd., and the Port's growing popularity among experienced cruise guests. Through a combination of larger cruise ships, capital improvements to cruise terminals and increased marketing efforts, passenger counts are expected to climb gradually to more than 5 million by 2029, according to a marketing forecast prepared by transportation planning consultant AECOM as part of the Port's 20-year Master/Vision Plan, which was approved by the Broward County Board of County Commissioners in 2011.

Daily cruise ship passenger traffic has dropped off in recent years since the Port's daily cruise lines - Discovery Cruises and SeaEscape - stopped operating in September 2011 and August 2008, respectively. However, Balearia Group, a ferry operator in the Mediterranean for 13 years, began a new high-speed ferry service to the Bahamas from Port Everglades this past year using the 463-passenger fast-ferry *Pinar del Rio*, which takes approximately 2-3 hours to reach Grand Bahama Island. This service is expected to grow in 2013.

During FY2012, Port Everglades celebrated nine days with eight cruise ships and welcomed three new ships to its fleet including Seabourn's new 450-guest luxury *Seabourn*

A busy winter weekend at Port Everglades.

Quest, Royal Caribbean International's 3,634-guest *Liberty of the Seas*, and P&O Cruises' 710-guest *Adonia*.

Port Everglades completed a $54 million renovation project at the end of the fiscal year that upgraded and modernized four existing cruise terminals — Cruise Terminals 2, 19, 21 and 26 - in time for the busy 2012-2013 winter cruise season. The renovated cruise terminals are used primarily by Carnival Corporation cruise lines in conjunction with the cruise company's long-term agreement with the Port.

New artwork, entitled "Cruising School" was installed in Cruise Terminal 18 by public artist Larry Kirkland. Cruise Terminal 18 is the homeport terminal of the world's largest cruise ships, Royal Caribbean International's *Oasis of the Seas* and *Allure of the Seas*.

In addition, the Port will be able to accommodate more, higher capacity cruise ships within the next five years as Port Everglades completes a project to renovate the adjacent Cruise Terminal 4 and lengthen the adjacent cruise berth by 250 feet.

containerized cargo comes on strong

In Fiscal Year 2012, containerized cargo tonnage increased almost 3 percent from FY2011, reaching 5,944,513 tons. In addition, 923,600 TEUs (twenty-foot equivalent units) were moved through the Port, an increase of approximately 5 percent over FY2011, returning Port Everglades to the near record levels it enjoyed in 2008 (985,095 TEUs), prior to the global economic downturn. Bulk and break bulk cargoes, typically used in construction, also rose in FY2012 over the prior fiscal year, by 83 percent and 27 percent, respectively, with notable increases in cement and steel rebar.

The majority of the containerized cargo increases can be credited to existing customers at Port Everglades that are handling higher volumes. In addition, two new heavy equipment shipping services, Naviera Master Line de Venezuela C.A. and Panamanian ocean shipping company, SC Line, began service between Port Everglades and Colombia and other Latin American countries.

In addition, Portus Services LLC, a private stevedore and terminal operator based in Jacksonville, FL, expanded to Port Everglades in late FY2012 with plans to invest more than $1 million in new technology and state-of-the-art cargo handling equipment. Portus acquired St. Johns Shipping, a longtime cargo operator at Port Everglades with a diverse customer mix including Frontier Liner Services, Interocean and Trinity Shipping Services.

Broward County moved forward with approval for a new Intermodal Container Transfer Facility (ICTF) to be built at Port Everglades by the Florida East Coast Railway (FEC), which will also operate the facility once it is completed in 2014. The ICTF will make it possible for cargo containers to be directly transferred between ships and railcars, taking an estimated 180,000 truck trips a year off local roads by 2029, reducing traffic congestion and air emissions. Drivers commonly delayed at the railroad crossing at S.R. 84 and Andrews Avenue will directly benefit because the trains will be built at Port Everglades instead of at the rail yard on Andrews Avenue. This ICTF will process both domestic and international cargoes. The FEC and State of Florida are investing $53 million to construct the ICTF through a $30 million State of Florida Infrastructure Bank Loan, an $18 million Florida Department of Transportation (FDOT) grant and a $5 million FEC contribution to the balance. Broward County's Port Everglades Department contributed 42.5 acres of land for the ICTF, which is valued at $20 million. FDOT also continued progress on the $42.5 million Eller Drive Overpass, which is the first stage of the ICTF construction and will elevate the entrance into Port Everglades from I-595 onto Eller Drive so that the FEC's train tracks can run underneath at ground level to the ICTF.

Construction also began on the McIntosh Loop Road in Southport, which will allow smoother access for trucks to enter the terminal yards with right-turns only and expanded staging lanes. Completion of the McIntosh Loop Road expansion is expected by early 2014.

Port Everglades saw a surge in international cargo during Fiscal Year 2012.

petroleum fuels the economy

Petroleum activity, the third largest source of revenue for Port Everglades, decreased by 3.3 percent in FY2012 to 105,404,148 barrels from 108,966,439 barrels in FY2011, due to a decline in consumer demand and improved fuel efficiency in personal vehicles and heavy equipment (one barrel, the standard measurement for petroleum throughput, equals 42 gallons).

Twelve petroleum terminal operators receive refined product across Port docks to their privately owned storage facilities within the Port jurisdictional area. Gasoline arriving at the Port is transported via tanker truck to gas stations in 12 counties in South Florida.

Jet fuel is also delivered from Port Everglades to Palm Beach International Airport by truck and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport.

Petroleum volumes account for 18 percent of the Port's revenues.

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.

All of the major petroleum companies have private distribution terminals within Port Everglades.

real estate and ftz generate profits

The Port leases land, office space and warehouse space to various private entities serving maritime operations including steamship lines, steamship agents, stevedoring firms, Foreign-Trade Zone (FTZ) users and many others under the terms of specific leases. Real estate is the fourth highest revenue-producing source at Port Everglades, generating about 9 percent of total Port revenue.

In FY2012, revenue from Port real estate leases climbed 8.8 percent for a total $12,123,629 compared to $11,148,630 in FY2011. This increase surpassed the 8.3 percent increase between FY2010 and FY2011.

Of the total 505 acres of land area available for lease, 314 acres are occupied, or 57.8 percent. If undeveloped land of 172 acres is excluded from the total, however, this occupancy increases to 94.3 percent. The total leasable (non-Port occupied) warehouse area is approximately 535,000 square feet, of which 495,000 square feet is occupied, or 92.5 percent. Total leasable (non-Port occupied) office area is approximately 203,000 square feet, of which 189,000 square feet is occupied, or 93 percent. For FY2012, a total of 38 of 41 leases were renewed, a 92.5 percent retention rate.

Part of the real estate property managed by Port Everglades includes the original Site 1 of FTZ No. 25. FTZs were created to provide special U.S. Customs and Border Protection (CBP) procedures for U.S. companies engaged in international trade. FTZ-approved businesses can take advantage of CBP duty-free, duty-deferred and/or duty-reduction programs. By using an FTZ, such as FTZ No. 25 at Port Everglades, businesses that import commodities from outside of the United States can implement advantageous economic solutions for cargo storage, merchandise manipulation and manufacturing for redistribution outside of the United States. FTZ No. 25 is Florida's first such zone for redistribution. Approximately 108 firms of the total 210 FTZ-served firms in Florida enjoy the economic benefits of their relationship with FTZ No. 25.

FTZ No. 25 has expanded to property outside of the Port's jurisdictional area since 2009, when the U.S. FTZ Board approved such expansions. Recent growth of FTZ activity, and the potential for future growth, necessitated an increase from 305 acres at four sites to more than 388 acres at 12 sites.

Florida ranks as the fifth largest state for export commodities through FTZs and the 16th highest ranked in terms of dollar value at $6.3 billion.

A new state-by-state report released by the National Association of Foreign-Trade Zones (NAFTZ) in FY2012, found that FTZ No. 25 at Port Everglades leads Florida in the value of international goods handled through its facilities. The NAFTZ selected Port Everglades as the winner of the 2012 Catherine Durda Marketing Award during the 40th annual NAFTZ conference in San Diego, CA. Port Everglades received the first place award from NAFTZ members for its creative advertising. As part of its marketing efforts, the Port Everglades Department organized an educational symposium for current and prospective FTZ No. 25 customers that coincided with World Trade Month in May.

Port facilities are maintained and updated to meet our customers' needs.

New Leases/Renewals

- Florida East Coast Railway entered into a new 30-year agreement for 42.5 acres of land to construct a new intermodal container transfer facility that will reshape the Port's rail operations.
- King Ocean Services Limited, a cargo operator, renewed and expanded its land lease to 34 acres for a two-year term in Southport.
- Sol Shipping Services, Inc. entered into a new five-year marine terminal lease and operating agreement to lease 5.34 acres of lease land in the Port's Midport area for its cargo operations.
- Balearia Caribbean, LTD., Corp. entered into a passenger cruise terminal and berth user agreement for Cruise Terminal 1 in Northport to begin ferry service to and from the Bahamas.
- Bukkehave, Inc. renewed its 3,110-square-foot office lease in the Port Administration building for a third term.

Tenant Expansions

- DK Distributors, an import/export business in the FTZ, renewed and expanded, doubling its warehouse to 13,855 square feet.
- Southeastern International Services, Inc., a warehouse operator in the FTZ, renewed and expanded its operation to occupy 20,867 square feet.

Additional lease agreements totaling 363,034 square feet were renewed with existing tenants in Port Everglades during Fiscal Year 2012. Of this total, six leases totaling 161,985 square feet were for warehouse tenants, 23 leases totaling 24,829 square feet were office tenants, and eight leases totaling 176,220 square feet were small land or U.S. Customs tenants.

coast guard salutes a hero

Port Everglades enjoyed the distinct honor of serving as the host site for the commissioning of the *U.S. Coast Guard Cutter Richard Etheridge* (WPC-1102), the Coast Guard's second Sentinel Class patrol boat, on August 3, 2012. The Sentinel Class Fast Response Cutters are designed to conduct maritime drug interdiction, alien migrant interdiction, search and rescue, national defense, homeland security, living marine resources and other Coast Guard missions. The cutter was named after Richard Etheridge, the first African-American to command a life-saving station. Etheridge led the Pea Island, N.C. crew in a daring rescue operation that saved the entire crew of the schooner *E.S. Newman*, which had become grounded in a treacherous storm in 1896.

Port Everglades continued its 22-year tradition of hosting Fleet Week, a national celebration of our nation's oceangoing military forces. Fleet Week 2012 commemorated the bicentennial of the War of 1812. As part of the commemoration, the Port's Midport flagpole displayed a 1812 replica flag with just 15 stars. Fleet Week 2012 included approximately 8,000 civilian tours of U.S. Navy and Coast Guard vessels that were docked at Port Everglades for a week-long celebration of our military.

Ships included:

USS Wasp (LHD-1)
USS San Jacinto (CG-56)
USS Gettysburg (CG-64)
USS Dewert (FFG-45)
USS Dallas (SSN-700)
USCGC Bernard C. Webber (WPC-1101)

Fleet Week is an important tribute to the men and women who serve in the U.S. Navy, U.S. Marines and U.S. Coast Guard. The event is also an economic generator for Broward County through ships provisions and money that sailors and their families spend on food, retail shopping and entertainment.

The U.S. Coast Guard's newest Sentinel Class patrol boat *USCGC Richard Etheridge* was commissioned at Port Everglades.

Port Everglades Waterborne Commerce Chart for the 10 Fiscal Years 2012 through 2003

(Unaudited)

FISCAL YEAR	2012	2011	2010	2009
Operating Revenue	**$142,931,312**	**$139,177,090**	**$124,653,452**	**$114,441,818**
Expenses	**$72,604,326**	**$74,182,360**	**$73,950,966**	**$73,235,677**
Gross Margin	**$70,326,986**	**$64,994,730**	**$50,702,486**	**$41,206,141**
TOTAL WATERBORNE OPERATING REVENUE	**$122,018,332**	**$118,021,876**	**$103,312,041**	**$92,665,832**
Cruise Revenue	$60,159,964	$56,754,102	$45,724,190	$37,428,549
Containerized Cargo Revenue	$31,321,019	$31,669,031	$29,473,963	$28,711,223
Petroleum Revenue	$25,656,369	$25,771,885	$25,486,535	$23,537,174
Bulk Revenue	$2,003,023	$1,378,516	$925,567	$1,090,407
Break Bulk Revenue	$1,552,505	$1,283,503	$872,967	$886,826
Lay-In Revenue	$1,078,394	$806,288	$467,858	$736,089
Navy Revenue	$247,058	$358,551	$360,961	$275,564
TOTAL SHIP CALLS	**4,000**	**4,183**	**4,079**	**4,251**
Cruise Ships	838	969	1,015	1,007
Container Ships	1,867	1,861	1,830	1,980
Cargo Ships	194	180	113	105
Petroleum Tankers/Barges	618	630	661	683
Navy/USCG	16	26	29	34
Other (Bunkers/Tugs)	467	517	431	442
TOTAL CRUISE PASSENGERS	**3,757,320**	**3,952,843**	**3,674,226**	**3,139,820**
Single Day	68,298	288,740	360,018	302,866
Multi-Day	3,689,022	3,664,103	3,314,208	2,836,954
**TOTAL CONTAINERIZED CARGO (tons)* / **	**5,944,513**	**5,787,961**	**5,216,831**	**5,204,103**
TEUs Loaded	655,046	621,632	552,781	551,862
TEUs Total	923,600	880,999	793,227	796,160
TOTAL PETROLEUM (tons)*	**14,830,384**	**15,325,199**	**15,483,856**	**15,337,063**
Barrels	104,819,812	108,262,845	109,380,437	108,356,216
TOTAL BULK (tons)*	**973,191**	**531,572**	**511,467**	**566,820**
Bulk Cement	613,051	375,050	264,211	306,727
Dry Bulk	346,976	141,189	234,068	246,988
Liquid Bulk (Non-petroleum)	13,164	15,333	13,188	13,105
**TOTAL BREAK BULK (tons)* / **	**120,812**	**94,921**	**69,960**	**67,462**
Steel/Coils/Rebar	53,055	27,180	15,192	15,523
Other Break Bulk	67,757	67,741	54,768	51,939
**TOTAL VEHICLES & YACHTS (tons)* / **	**166,237**	**180,986**	**181,169**	**172,361**
Trucks/Trailers	28,222	28,112	34,105	40,903
Tractors	76,163	83,337	79,210	65,255
Yachts/Boats	55,198	60,812	54,396	53,871
Autos	4,307	7,253	12,972	11,314
Buses	2,347	1,472	485	1,018
TOTAL WATERBORNE COMMERCE (tons)* / *	**22,116,275**	**22,087,515**	**21,640,144**	**21,503,720**

*Tonnage is measured in 2,000-pound short tons.

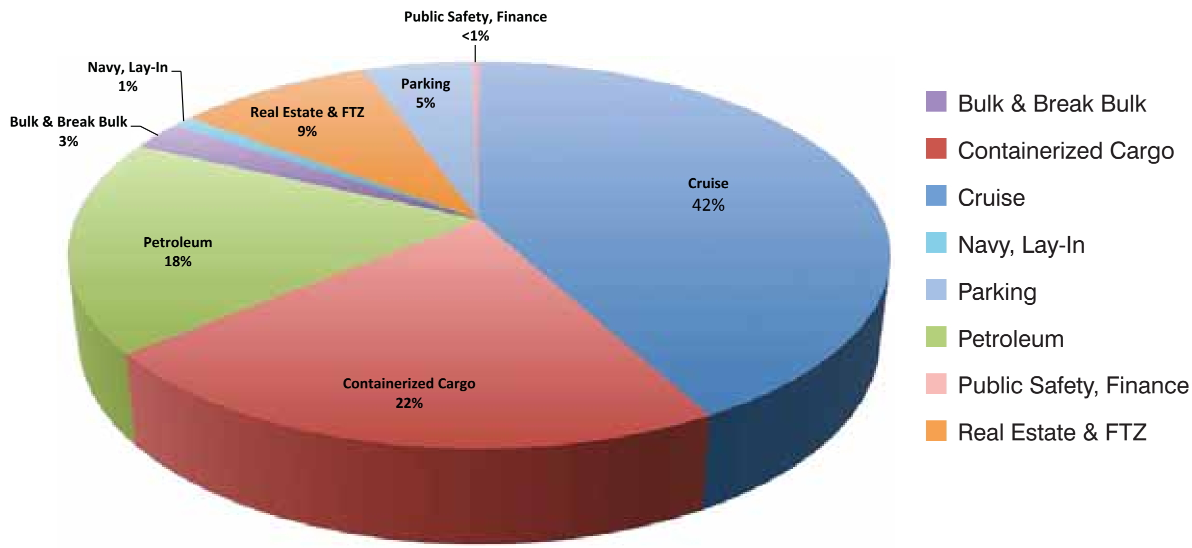
**Vehicles & Yachts tonnage is presented in detail in its own section for informational purposes, but this tonnage is accounted for in other areas above.

***Total includes other amounts that are not part of the tonnage presented above for the primary revenue centers.

Note: Petroleum does not include truck and rail volumes.

2008	2007	2006	2005	2004	2003
$121,169,061	**$112,500,017**	**$107,577,863**	**$105,858,262**	**$112,476,658**	**$89,386,458**
$73,093,351	**$72,111,017**	**$69,117,148**	**$65,232,415**	**$56,488,710**	**$53,817,229**
$48,075,710	**$40,389,000**	**$38,460,715**	**$40,625,847**	**$55,987,948**	**$35,569,229**
$96,958,452	**$90,737,653**	**$85,850,912**	**$84,828,184**	**$81,516,312**	**$68,969,934**
$35,217,120	$31,483,362	$28,146,431	$30,000,619	$30,601,167	$25,223,188
$33,867,064	$28,556,927	$25,393,178	$24,192,949	$20,487,292	$18,106,809
$23,620,073	$23,756,489	$22,946,933	$22,945,117	$22,734,391	$19,803,802
$1,599,476	$3,251,766	$5,661,670	$4,836,366	$4,595,168	$3,986,867
$1,670,354	$2,803,198	$2,798,064	$2,228,132	$2,147,521	$1,318,299
$692,866	$384,696	$468,490	$388,664	$534,936	$422,734
$291,499	$501,215	$436,146	$236,337	$415,837	$108,235
5,226	**5,496**	**5,510**	**5,901**	**6,389**	**5,853**
1,676	1,852	1,763	2,362	2,854	2,215
2,197	2,270	2,185	1,988	1,890	1,880
157	202	268	247	231	213
727	732	744	751	763	798
22	39	29	18	25	17
447	401	521	535	626	730
3,227,770	**3,409,946**	**3,239,154**	**3,801,464**	**4,075,406**	**3,375,671**
591,059	719,888	779,470	1,113,101	1,400,110	1,050,174
2,636,711	2,690,058	2,459,684	2,688,363	2,675,296	2,325,497
6,584,747	**6,060,149**	**5,688,442**	**5,076,403**	**4,145,394**	**3,633,610**
697,808	665,729	624,524	572,342	486,598	415,186
985,095	948,680	864,030	797,238	653,628	569,743
16,143,971	**17,486,726**	**17,566,394**	**18,338,378**	**17,585,603**	**16,958,171**
113,941,485	122,979,685	123,479,901	128,842,410	123,734,414	119,100,503
895,147	**1,752,974**	**2,954,310**	**2,848,333**	**2,854,588**	**2,535,057**
494,054	1,432,837	2,465,753	2,222,492	2,333,142	2,164,610
387,383	307,825	475,084	607,063	509,891	354,444
13,710	12,312	13,473	18,778	11,555	16,003
91,007	**302,301**	**376,535**	**279,139**	**297,678**	**161,195**
17,660	175,361	256,271	159,353	150,951	76,471
73,347	126,940	120,264	119,786	146,727	84,724
240,129	**196,014**	**152,549**	**125,166**	**104,167**	**87,862**
69,712	57,390	28,729	23,400	18,536	17,454
69,552	52,089	45,462	26,630	18,812	14,160
75,729	63,999	57,668	32,866	42,940	37,310
23,845	20,184	16,983	23,491	22,104	14,393
1,291	1,720	3,708	1,917	1,775	2,223
24,227,435	**26,400,271**	**27,114,362**	**27,159,194**	**25,462,798**	**23,870,023**

Port Revenue Center Contributions



Source: Port Everglades Department

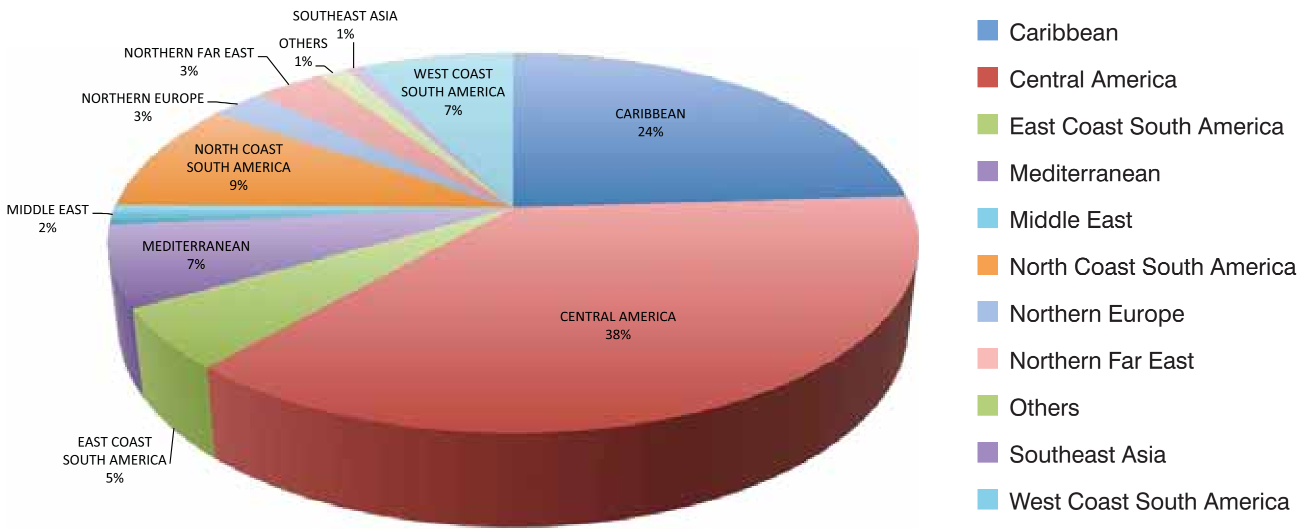
Economic Impact

CATEGORY	CARGO	CRUISE	TOTAL
JOBS			
Direct	6,211	5,476	11,687
Induced	5,114	3,052	8,166
Indirect	4,392	3,855	8,247
Related User	173,272	N/A	173,272
Total Jobs	188,989	12,382	201,371
PERSONAL INCOME (in 000s)			
Direct	$281,664	$164,173	$445,837
Induced	$632,673	$312,588	$945,261
Related User	$6,122,998	N/A	$6,122,998
Total Personal Income	$7,242,840	$599,130	$7,841,970
VALUE OF ECONOMIC ACTIVITY (in 000s)			
Business Services Revenue	$1,022,151	$1,846,552	$2,868,703
Related User Output	$22,802,366	N/A	$22,802,366
Total Value of Economic Activity	$23,824,517	$1,846,552	$25,671,069
LOCAL PURCHASES (in 000s)	$415,990	$170,480	$586,469
STATE & LOCAL TAXES (in 000s)			
Direct, Induced and Indirect	$104,145	$55,719	$159,864
Related User Taxes	$569,439	N/A	$569,439
Total State and Local Taxes	$673,584	$55,719	$729,303

Totals may be rounded

Source: Martin Associates

Percentage of Port Everglades Containerized Cargo TEU Activity by Trade Lane



Source: PIERS

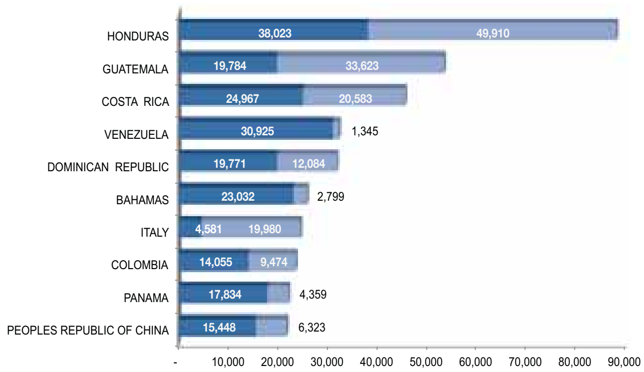
Containerized Cargo Performance in Key Markets

TOTAL TRAFFIC TEUs	US PORT						
TRADE LANE	PORT EVERGLADES	W PALM BCH	JACKSONVILLE	MIAMI	CHARLESTON	SAVANNAH	Grand Total
CARIBBEAN	160,295	160,024	424,642	154,494	4,114	23,022	926,591
CENTRAL AMERICA	251,443	50	4,368	186,029	17,286	39,333	498,509
EAST COAST SOUTH AMERICA	34,607	43	51,690	16,902	51,321	60,026	214,589
MEDITERRANEAN	46,330	47	929	957	35,080	194,429	277,771
MIDDLE EAST	10,845	0	5,084	7,059	162,329	242,926	428,244
NORTH COAST SOUTH AMERICA	62,935	2,195	30,701	41,212	17,410	18,427	172,881
NORTHERN EUROPE	17,423	55	16,080	60,622	435,916	210,341	740,436
NORTHERN FAR EAST	22,569	32	94,689	182,599	301,940	1,037,190	1,639,019
OTHERS	8,800	10,181	5,599	4,812	42,498	142,542	214,431
SOUTHEAST ASIA	5,444	0	27,638	29,263	63,473	216,994	342,812
WEST COAST SOUTH AMERICA	48,753	16	6,668	27,577	39,898	34,473	157,385
GRAND TOTAL	669,445	172,642	668,087	711,525	1,171,265	2,219,704	5,612,669
% of TOTAL CARGO	12%	3%	12%	13%	21%	40%	100%

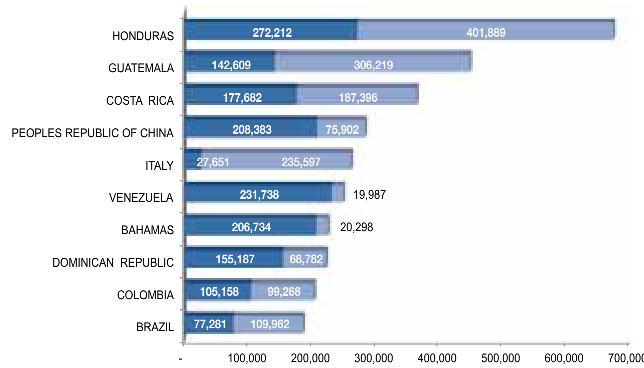
VOLUME IN TONS	US PORT						
TRADE LANE	PORT EVERGLADES	W PALM BCH	JACKSONVILLE	MIAMI	CHARLESTON	SAVANNAH	Grand Total
CARIBBEAN	1,332,929	1,312,630	3,211,187	1,243,368	51,035	211,440	7,362,589
CENTRAL AMERICA	1,988,116	242	46,874	1,357,266	183,424	338,781	3,914,702
EAST COAST SOUTH AMERICA	282,248	729	530,853	176,450	646,243	704,877	2,341,399
MEDITERRANEAN	562,990	549	11,357	28,154	364,454	2,127,085	3,094,589
MIDDLE EAST	152,261	0	60,394	76,693	1,584,823	2,340,999	4,215,170
NORTH COAST SOUTH AMERICA	506,860	19,233	212,754	355,156	196,623	201,294	1,491,919
NORTHERN EUROPE	174,528	1,189	179,442	520,279	3,636,565	2,102,612	6,614,615
NORTHERN FAR EAST	310,988	415	712,325	1,643,809	2,799,752	9,322,697	14,789,986
OTHERS	98,078	116,420	57,641	49,721	415,820	1,527,912	2,265,592
SOUTHEAST ASIA	92,743	1	221,338	295,749	648,707	2,197,193	3,455,732
WEST COAST SOUTH AMERICA	426,384	346	76,472	265,263	473,129	416,335	1,657,929
GRAND TOTAL	5,928,124	1,451,755	5,320,635	6,011,907	11,000,574	21,491,226	51,204,222
% of TOTAL CARGO	12%	3%	10%	12%	21%	42%	100%

Source: PIERS

Top 10 Trading Partners for Containerized Cargo



Reported in TEUs *Source: PIERS*



Reported in Tons *Source: PIERS*

Export Import

Top 10 Imported Containerized Commodities
(Ranked by TEUs)

RANK	COMMODITY	TEUS	TONS	VALUE
1	Fruits, Miscellaneous	31,854	312,694	$90,180,867
2	Bananas	26,630	280,638	$80,537,572
3	Other Commodities	18,342	166,457	$1,839,705,808
4	Vegetables	15,827	164,606	$113,444,770
5	Non-Alcoholic Beverages	10,224	134,957	$87,973,008
6	Menswear	9,683	55,149	$723,473,461
7	Apparels, Miscellaneous	7,554	48,468	$541,377,940
8	Still Wines	7,031	81,139	$182,181,842
9	Underwear & T-Shirts	6,875	46,236	$574,304,138
10	Ceramic & Mosaic Tiles	6,546	154,558	$91,967,058

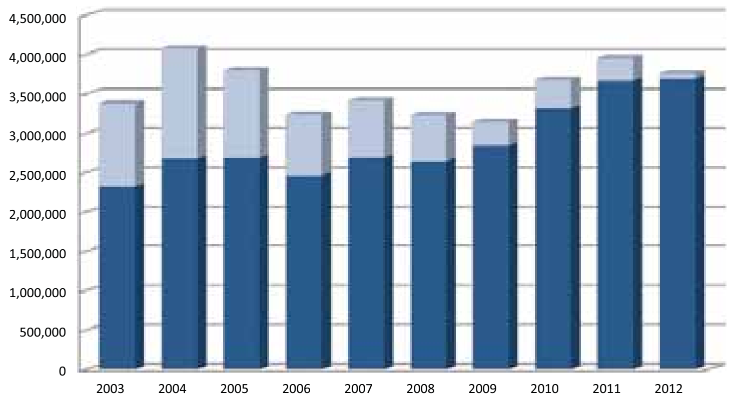
Top 10 Exported Containerized Commodities
(Ranked by TEUs)

RANK	COMMODITY	TEUS	TONS	VALUE
1	Grocery Products, Miscellaneous	37,827	344,816	$923,971,139
2	Paper & Paperboard, Including Waste	32,412	390,630	$303,467,634
3	Other Commodities	31,912	283,577	$2,015,027,561
4	Automobiles	27,194	66,809	$563,241,635
5	General Cargo, Miscellaneous	22,487	160,774	$624,705,965
6	Auto Parts	16,573	126,608	$607,807,811
7	Yarns, Miscellaneous	14,454	133,480	$334,574,018
8	Electrical Products, Miscellaneous	11,252	69,563	$781,380,074
9	Machinery	9,927	51,350	$1,421,320,191
10	Building Materials	8,877	92,920	$193,735,140

Source: PIERS

Historical Cruise Passenger Activity

Fiscal Years 2003-2012

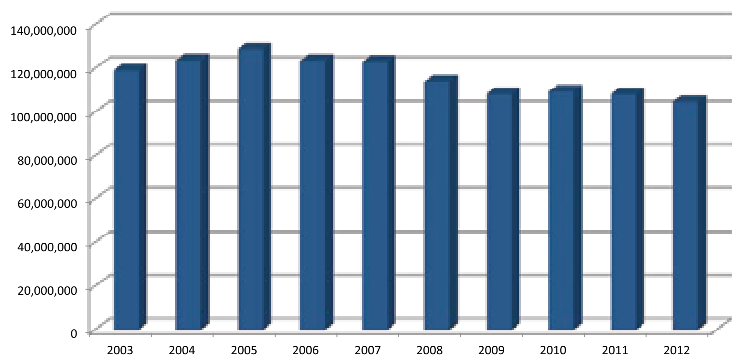


Source: Port Everglades Department

Historical Petroleum Activity

Fiscal Years 2003-2012

(Measured in Barrels)



Source: Port Everglades Department

Petroleum Product Throughput

FY2011 vs. FY2012

(Volume in Barrels)

	FY2011	FY2012	Variance	% Change
Revenue	$25,771,885	$25,656,369	($115,516)	-0.4%
Total Barrels*	108,966,440	105,404,148	(3,562,292)	-3.3%
Gasoline	55,487,326	54,097,971	(1,389,355)	-2.5%
Jet Fuel	27,628,909	26,545,625	(1,083,284)	-3.9%
Diesel Fuel	13,725,312	12,735,712	(989,600)	-7.2%
Ethanol	4,658,235	5,759,151	1,100,916	23.6%
Fuel Oil	4,776,406	3,981,090	(795,316)	-16.7%
Crude Oil (Loaded)	825,139	913,243	88,104	10.7%
Truck & Rail Ethanol**	703,595	584,336	(119,259)	-16.9%
Asphalt	481,049	388,355	(92,694)	-19.3%
Aviation Gasoline	272,193	203,722	(68,471)	-25.2%
Propane	408,276	130,361	(277,915)	-68.1%
Bio-diesel	0	64,582	64,582	100.0%

** Volume numbers are rounded and therefore may not equal to the total amounts*
*** Truck & Rail Ethanol numbers are not included as waterborne commerce*

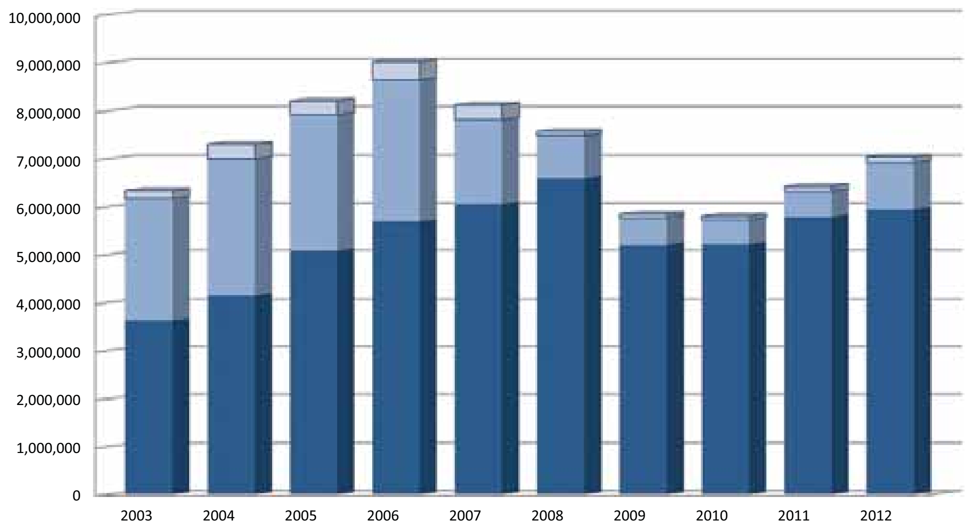
Source: Port Everglades Department

Historical Cargo Activity

Containerized, Bulk, Break Bulk

Fiscal Years 2003-2012

(Measured in Short Tons)



Source: Port Everglades Department

Foreign-Trade Zone No. 25

Annual Statistics

	2007	2008	2009	2010	2011	2012
GENERAL-PURPOSE FTZ						
VALUE OF MERCHANDISE RECEIVED	$153,998,569	$280,300,680	$227,368,024	$267,068,399	$354,931,126	$338,530,058
VALUE OF MERCHANDISE FORWARDED	$153,028,493	$250,070,852	$236,687,293	$265,796,781	$330,548,028	$329,374,473
TOTAL	$307,027,062	$530,371,532	$464,055,317	$532,865,180	$685,479,154	$667,904,531
DIRECT JOBS	293	348	323	321	421	399
SPECIAL-PURPOSE SUBZONES						
VALUE OF MERCHANDISE RECEIVED	$2,594,155,817	$3,793,902,039	$1,807,935,456	$1,963,643,354	$3,381,826,610	$4,054,491,376
VALUE OF MERCHANDISE FORWARDED	$2,589,824,588	$3,744,831,266	$1,870,499,140	$1,966,956,248	$3,365,855,153	$4,054,491,775
TOTAL	$5,183,980,405	$7,538,733,305	$3,678,434,596	$3,930,599,602	$6,747,681,763	$8,108,983,550
DIRECT JOBS	122	115	94	116	89	95
TOTALS - FOREIGN-TRADE ZONE NO. 25						
VALUE OF MERCHANDISE RECEIVED	$2,748,154,386	$4,074,202,719	$2,035,303,480	$2,230,711,753	$3,736,757,736	$4,393,021,434
VALUE OF MERCHANDISE FORWARDED	$2,742,853,081	$3,994,902,118	$2,107,186,433	$2,232,753,029	$3,696,403,181	$4,365,511,874
TOTAL	$5,491,007,467	$8,069,104,837	$4,142,489,913	$4,463,464,782	$7,433,160,917	$8,758,533,308
DIRECT JOBS	415	463	417	437	510	494

annual financial report

Port Everglades Department of Broward County, Florida
An Enterprise Fund of Broward County, Florida
Ended September 30, 2012

PORT EVERGLADES DEPARTMENT – Chief Executive & Port Director's Office
1850 Eller Drive, Fort Lauderdale, Florida 33316
954-468-0140 FAX 954-523-8713

March 19, 2013

Bertha Henry, Broward County Administrator
Evan Lukic, County Auditor
115 South Andrews Avenue
Fort Lauderdale, Florida 33315

Ladies and Gentleman:

We are pleased to present the annual financial report of the Port Everglades Department (Port) of Broward County, Florida (County) for the fiscal year ended September 30, 2012. This report is a complete set of the Port's financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), and which were audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS).

The Port, originally created in 1927 by a special act of the Florida Legislature, has a jurisdictional area of approximately 2,190 acres. As of September 30, 2012, the Port ranked as the world's 3rd busiest cruise port, the 12th busiest international containerized cargo port in the United States, and South Florida's main seaport for receiving petroleum products.

The content of the annual financial report is the responsibility of the Port's management and was prepared by the Finance Division of the Port, which operates as an enterprise fund of the County. This is the third fiscal year that the Port has presented a stand-alone, separately-audited annual financial report since the County assumed operating control of the Port in 1994. Because the Port relies solely on its own financial results and does not receive County financial support or ad valorem taxes, the Port's annual financial report serves an important role in providing information about the Port's financial condition to prospective clients, vendors, creditors, debt markets, and credit rating agencies via its stand-alone, separately-audited financial statements. Additionally, in the audit process, the Port has been subjected to a more rigorous examination than would otherwise occur were Port activities audited solely within the context of the County's Comprehensive Annual Financial Report (CAFR). This elevated level of financial reporting and audit places the Port on equal footing with other competing seaports.

Information regarding the financial position, changes in financial position, or cash flows of the County, of which the Port is a part, may be found in the County's CAFR for the fiscal year ended September 30, 2012. The Port's annual financial report is not a substitute for or source of such information.

The Management Discussion and Analysis (MD&A) incorporated within the annual financial report provides a highlight of the fiscal year just ended, 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. Additionally, substantial information designed to assist users in assessing the Port's financial condition can be found in the Port's financial statements and accompanying notes to financial statements, which, with the MD&A and report of independent auditors, comprise the financial section of the annual financial report.

We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Port's Finance Division, which was responsible for assembling 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.

Sincere appreciation is also expressed to the County Auditor and the County's Finance and Administrative Services Department personnel for their assistance throughout the year in matters pertaining to the financial affairs of the Port.

Sincerely,

Steven Cernak
Chief Executive & Port Director

Dr. Alexandra C. Cook, CPA, CFF

Dr. Alexandra C. Cook, CPA, CFF
Director of Finance

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

To the Board of County Commissioners
Broward County, Florida

We have audited the accompanying financial statements of the Port Everglades Department (the Port) of Broward County, Florida (the County), an enterprise fund of the County, as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2012 and 2011, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Port as of September 30, 2012 and 2011, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages FS.3-FS.19 and FS.52–FS.53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Port. The transmittal letter is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
March 19, 2013

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, 2012, 2011, and 2010. The financial statements include the independent auditor's report; statements of net assets; statements of revenues, expenses, and changes in fund net assets; statements of cash flows; and the accompanying explanatory notes to financial statements. Management's discussion and analysis should be read in conjunction with these financial statements and notes.

Management's Discussion and Analysis

The Port, a department of Broward County, Florida (the "County"), operates as an enterprise fund of the County. The County, which is operated by the Board of County Commissioners (the "County Commission"), owns the Port. The Port 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's 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 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 Chief Executive & 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, that address activities, events, or developments 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 numerous factors and was derived using multiple assumptions.

Financial Position

The Port's performance results during the fiscal year ended September 30, 2012 and the two preceding fiscal years were as follows:

	FY 2012	FY 2011	FY 2010
Operating revenues (dollars in thousands)	$ 142,931	$ 139,177	$ 124,654
Ship calls	4,000	4,183	4,079
Cruise passengers	3,757,320	3,952,843	3,674,226
TEUs (equivalent number of 20' container units)	923,600	880,999	793,227
Petroleum (barrels)	104,819,812	108,262,845	109,380,437
Tonnage (in 2,000-pound short tons)			
Total waterborne commerce	22,116,275	22,087,515	21,640,144
Containerized cargo	5,944,513	5,787,961	5,216,831
Petroleum	14,830,384	15,325,199	15,483,856

Financial Position (Continued)

Operating revenues at the Port in FY 2012 reached another record high at $142.9 million. This is 2.7% higher than the Port's previous record high of $139.2 million achieved in FY 2011 and 14.6% higher than in FY 2010, when operating revenues were $124.7 million. Total operating expenses before depreciation decreased to $72.6 million from $74.2 million in FY 2011, resulting in operating income of $44.4 million in FY 2012. The increase in net assets of $37.1 million over the previous fiscal year was due principally to an increase in vessel, cargo, passenger, and real estate revenue, decreased operating expenses, and an increase in capital contributions.

Total waterborne commerce, which is measured in short tons (2,000 pounds), reached 22,116,275 tons, which is a 0.1% increase over the 22,087,515 tons recorded in FY 2011 and an increase of 2.2% from 21,640,144 tons in FY 2010. In FY 2012 and FY 2011, the Port hosted 4,000 and 4,183 ship calls, respectively, from vessels ranging from naval warships and mega cruise ships to container ships and tankers of all sizes. For FY 2013, the Port forecasts 3,790 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 both cruise revenue and parking revenue, accounted for 47.2% of the operating revenues for FY 2012. The largest increase in revenue was generated in the cruise sector, where the Port celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record $60.2 million in cruise revenue for FY 2012, which is 6.0% higher than in FY 2011. Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated $7.3 million in FY 2012, compared to $8.2 million in FY 2011 and $8.8 million in FY 2010. This reduction was attributed to an increase in international cruise passengers arriving by airline transportation; the discontinuation of operations by Discovery Cruise Lines with the related loss of 220,442 daily passengers; and competition from nearby commercial parking lots. The number of multi-day passengers increased to 3,689,022 in FY 2012 or a 0.7% increase from 3,664,103 in FY 2011. The total number of passengers — including single-day and multi-day — was 3,757,320 in FY 2012 and was down 4.9% from 3,952,843 passengers in FY 2011. This reduction in total passengers resulted from the discontinuation of service by the Port's only daily cruise operator, Discovery Cruise Lines. While that service was replaced by a ferry service to Freeport, Bahamas operated by Balearia Caribbean Ltd., the total daily passenger count of 68,298 in FY 2012 was down 76% from the 288,740 daily passengers in FY 2011. This reflects a gap in start-up of the new ferry service, a much smaller vessel, and less frequent sailings to the Bahamas. Eleven cruise lines offered services at the Port via a 54-ship cruise fleet, including Carnival Cruise Lines, Celebrity Cruises, Cunard 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 *Seabourn Legend* at 9,961 gross registered tons (GRT) and a berth capacity of 204, to the 225,282 GRT *Allure of the Seas* and *Oasis of the Seas*. Each Oasis class ship has a lower berth capacity of 5,400 and regularly sails with 6,000 passengers.

Containerized cargo accounted for 21.9% of operating revenue in FY 2012. The Port ranks first in Florida in international container cargo activity, based on total loaded TEUs (20-foot equivalent units, which is the standard measuring tool for containerized cargo). The Port also ranks twelfth among U.S. seaports for international containerized cargo trade. Containerized cargo activity increased in FY 2012 to 5,944,513 tons and 923,600 TEUs, an increase of approximately 2.7% and 4.8%, respectively, from FY 2011 levels. From FY 2003 to FY 2012, the volume of containerized cargo billed at the Port increased from 3,633,610 tons to 5,944,513 tons, representing growth of 63.6%, and from 569,743 TEUs to 923,600 TEUs, representing growth of 62.1%. Revenue from containerized cargo decreased 1.1% in FY 2012 to $31.3 million from $31.7 million in FY 2011. The decrease reflected shifting King Ocean from tiered discount incentives to a "per box" rate with higher guarantees and increased discounts. Also, SeaFreight completed its first full year with discounted "per box" rates and annual guarantees. Previously, SeaFreight operated at tariff with no annual guarantees.

Financial Position (Continued)

In FY 2012, export activity exceeded imports. The Port's primary trade lanes remain in the regional Caribbean, Central America, and South America markets, representing nearly 83.9% of the Port's cargo movements. Of that amount, 39.4% of the Port's containerized cargo volume was destined for Central America. There are 22 container shipping lines that maintain regular service at the Port. Cargo shippers provide service to over 200 ports in 133 countries. The Port handles 26% of the U.S. South Atlantic regional market for international containerized trade, compared to its closest rival, the Port of Jacksonville, which handles 27%. The Port is particularly dominant in Central America, where it is not only first in the South Atlantic region, with 50.56% of the market, but is also first among all U.S. seaports, with a projected 18.4% of the entire Central American market in 2012.

FY 2012 Cruise Highlights

Balearia Caribbean Ltd., a ferry operator in the Spanish Mediterranean for 13 years, began operating a high-speed transport service to the Bahamas from the Port. The 463-passenger Bahamas Express transport operates up to six days per week, depending on passenger and seasonal demands, departing from the Port at 10:00 a.m. to Freeport and returning to the Port at 10:00 p.m. This route is operated by the fast ferry *Pinar del Rio* and takes two to three hours.

The Port celebrated a full complement of cruise ships over a three-day weekend, January 6-8, 2012, as the Port hosted eight major cruise ships and the daily cruise ferry to the Bahamas on each day. If lined up bow to stern over the three day period, these passenger vessels would have been more than 4 miles long and stretched from the Port to trendy Las Olas Boulevard in downtown Fort Lauderdale. There were nine days with eight cruise ships during FY 2012.

New cruise ships operating from the port in FY 2012 included Seabourn's new, luxury, 450-guest *Seabourn Quest*; Royal Caribbean International's 3,634-guest *Liberty of the Seas;* and P&O Cruises' 710-guest *Adonia*.

New artwork, entitled "Cruising School," was installed in Cruise Terminal 18 by public artist Larry Kirkland. Cruise Terminal 18 is the homeport terminal of the world's largest cruise ships, Royal Caribbean International's *Oasis of the Seas* and *Allure of the Seas*.

A $54 million renovation project began and was substantially completed in FY 2012 for Cruise Terminals 2, 19, 21, and 26, so that they would be ready for the start of the Port's busy cruise season in mid-November 2012. The renovated cruise terminals will serve more than 30 different Carnival Corporation cruise ships that call at the Port, as well as cruise ships from other lines. Cruise lines operating ships of various sizes and capacities will be able to simultaneously process embarking and debarking passengers in each of the terminals. To accomplish this, three of the four terminals have been increased significantly in size, and the fourth terminal has been reconfigured. All four terminals offer two passenger loading bridges, separate and larger baggage halls, improved ground transportation areas, and new Florida-inspired artwork. Improvements also include re-orienting the main entry to allow for more efficient indoor queuing; additional baggage x-ray and walk-through processing portals; improvements to and expansion of the terminals' ticket check-in and waiting areas; new U.S. Custom and Border Protection facilities; new escalators and elevators; installation of covered sidewalks; and improved walkway spaces to facilitate passenger loading and unloading. Broward County's Public Works Department, Seaport Engineering & Construction Division provided oversight for the renovations, which created approximately 1,000 construction jobs.

FY 2012 Cruise Highlights (Continued)

The Port committed to modernizing the terminals as part of an agreement, finalized in April 2010, between Carnival Corporation and the County. The landmark agreement, one of the largest in Carnival's history, calls for a minimum of 25.5 million cruise guests from multiple Carnival Corporation brands to sail to and from the Port over the initial 15-year term, which will potentially produce almost half-a-billion dollars in Port revenue.

FY 2012 Containerized Cargo Highlights

In FY 2012, the Broward County Board of County Commissioners approved a 30-year lease and operating agreement with the Florida East Coast Railway, L.L.C. (FEC) to develop an Intermodal Container Transfer Facility (ICTF) at the Port, which will allow freight to move more efficiently between South Florida and the southeast United States via rail. The facility is expected to become operational in FY 2014 and should eliminate an estimated 180,000 truck trips on local roads by FY 2027.

Construction continued on the Eller Drive Overpass, which is the first phase of the ICTF project. A $42 million Florida Department of Transportation (FDOT) construction project, the overpass will carry vehicles entering the Port over two new rail tracks that will expand into six working tracks for the new rail yard at the Port.

Naviera Master Line de Venezuela C.A. began a new shipping service moving heavy equipment and machinery/rolling stock on a bi-weekly basis from the Port to Venezuela and Colombia.

Panamanian ocean shipping company, SC Line, began a new service to export new and used vehicles, boats, and heavy equipment from the Port to Colombia, Panama, and the Dominican Republic.

Portus Services LLC, a private stevedore and terminal operator based in Jacksonville, FL, expanded to the Port in late FY 2012 and is planning to invest more than $1 million in new technology and state-of-the-art cargo handling equipment. Portus acquired St. Johns Shipping, a long time Port cargo operator with a diverse customer mix, including Frontier Liner Services, Interocean, and Trinity Shipping Services.

Construction also began on the McIntosh Loop Road to improve traffic flow by adding queuing lanes for container terminal access in Southport.

FY 2012 Petroleum Highlights

A consumer demand-based commodity, petroleum throughput decreased by 3.2% in FY 2012 to 14,830,384 tons from 15,325,199 in FY 2011. The petroleum sector at the Port accounts for 18.0% of total Port revenues, totaling almost $25.7 million in FY 2012, compared to $25.8 million in FY 2011. The Port is the second largest distribution center for petroleum products in Florida, measured by throughput volume. Most of the Port's petroleum arrives from domestic refineries located along the U.S. Gulf Coast, with lesser amounts from foreign sources in Europe, Asia, and South America. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port's jurisdictional area. Most of the petroleum products passing through 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, fuel oil, jet fuel, propane, crude oil, and alternative fuels, such as ethanol and biodiesel.

FY 2012 Other Highlights

Florida Lt. Governor Jennifer Carroll visited the Port on August 23, 2012 to see the progress of the Port's three critical expansion projects, which are projected to create 7,000 new jobs regionally and support more than 135,000 jobs statewide over the next 15 years. After a tour of the Port, the Lt. Governor participated in a moderated roundtable discussion with a wide range of business and community interests, including builders, cargo shipping lines, educators, and chambers of commerce members who expressed the need for moving the expansion projects forward.

The consultant team for the Southport Turning Notch extension began working on the mangrove enhancement area design and related stormwater drainage. The Southport Turning Notch extension project will lengthen the existing deepwater turn-around area for cargo ships from 900 feet to 2,400 feet at the existing depth of 42 feet, which will allow for five new cargo berths. A critical part of the Southport Turning Notch extension includes replacing 8.7 acres of an existing mangrove conservation easement with a 16.5 acre upland enhancement of approximately 70,000 new mangroves, plants, and seeds, as well as completing a number of environmental improvements in West Lake Park.

The Port is continuing to work with the U.S. Army Corps of Engineers to deepen and widen the Port's navigational channels from 42 feet to 50 feet. The draft economic and environmental feasibility study is expected to be released for public comment in FY 2013.

In addition to containerized cargo and petroleum, the Port also handles dry bulk and breakbulk commodities. 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 has been negatively impacted by the housing and commercial construction markets. Nevertheless, in FY 2012, dry bulk tonnage increased by 83.1% to 973,191 tons. The volume of breakbulk steel imports in FY 2012 was 95.2% higher than FY 2011 levels, although it has also been affected by the level of activity of the construction industry in the southern Florida region, dropping from a peak of 256,271 tons in FY 2006 to 53,055 tons in FY 2012. Yacht activity peaked in FY 2008 at 75,729 cargo tons and declined to 55,198 tons in FY 2012, which was almost 9.2% lower than FY 2011 levels.

The Port leases land, office space, and warehouse space to various private entities serving maritime operations, including steamship lines, steamship agents, stevedoring firms, Foreign Trade Zone users, and others under the terms of their specific leases. Real estate revenue grew 8.7% in FY 2012 to $12.1 million, compared to $11.1 million in FY 2011, primarily due to such revenues from the leasing of facilities.

The Port hosted the commissioning of the U.S. Coast Guard's newest fast response cutter, USCGC *Richard Etheridge* on August 3, 2012. The vessel is named after Coast Guard hero Richard Etheridge, the first African-American to command a life-saving station.

Required Financial Statements

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

Required Financial Statements (Continued)

The statement of net assets (balance sheet) includes all of the Port's assets and liabilities and provides 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 non-current 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 fiscal year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in fund net assets. This statement measures the success of the Port's operations and can be used to determine whether the Port has successfully recovered all of 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 & cash equivalents resulting from operating, financing, and investing activities and provides answers to such questions as where the cash came from, what it was used for, and what the change in cash balance was during the reporting period.

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 fund net assets report information about the Port's activities in ways 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, readers should consider other non-financial factors, such as changes in economic conditions, world events, regulation, and new or changed government legislation.

Statements of Net Assets (Balance Sheets)

The balance sheets serve as a useful indicator of the Port's financial position. They distinguish assets and liabilities with respect to their expected use for current operations or internally-designated use for capital projects. The Port's assets exceeded liabilities by $563.9 million and $526.8 million as of September 30, 2012 and 2011, respectively, a $37.1 million increase from September 30, 2011. A condensed comparative summary of the Port's balance sheets as of September 30, 2012, 2011, and 2010 is shown on the following page:

Statements of Net Assets (Balance Sheets) (Continued)

Condensed Statements of Net Assets (Balance Sheets)
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Assets			
Current assets (unrestricted)	$ 244,750	$ 220,782	$ 203,349
Current assets (restricted)	33,402	30,955	30,257
Other assets	10,224	8,792	8,261
Capital assets, less accumulated depreciation	600,265	573,289	578,829
Total assets	$ 888,641	$ 833,818	$ 820,696
Liabilities			
Current liabilities payable from unrestricted assets	$ 35,519	$ 12,089	$ 11,006
Current liabilities payable from restricted assets	24,198	19,689	18,687
Non-current liabilities	265,004	275,269	291,257
Total liabilities	324,721	307,047	320,950
Net assets			
Invested in capital assets, net of related debt	323,801	287,782	278,612
Restricted for			
Debt service	12,031	11,824	10,333
Capital projects	-	176	304
Renewal and replacement, operating and maintenance	17,010	16,966	16,465
Federal grants	148	-	-
Unrestricted	210,930	210,023	194,032
Total net assets	563,920	526,771	499,746
Total liabilities and net assets	$ 888,641	$ 833,818	$ 820,696

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 and shipping lines and their agents for movement of cruise passengers and maritime cargo; consequently, these assets are not available for future spending. Although the Port's reported 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 fund net assets for each of the fiscal years ended September 30, 2012, 2011, and 2010 is shown below:

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Assets
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Operating revenues	$142,931	$139,177	$ 124,654
Operating expenses (including depreciation)	98,551	99,545	96,821
Operating income	44,380	39,632	27,833
Non-operating (expenses), net	(17,012)	(16,030)	(15,783)
Income before capital contributions	27,368	23,602	12,050
Capital contributions	9,781	3,423	8,593
Increase in net assets	$ 37,149	$ 27,025	$ 20,643

The following table details operating revenues by revenue center for each of the fiscal years ended September 30, 2012, 2011, and 2010:

Schedule of Operating Revenues by Revenue Center
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Operating revenues			
Cruise	$ 60,160	$ 56,754	$ 45,724
Containerized cargo	31,321	31,669	29,474
Petroleum	25,656	25,772	25,487
Real Estate	12,124	11,149	10,295
Parking	7,325	8,173	8,759
Other	2,789	2,997	3,116
Bulk	2,003	1,379	926
Breakbulk	1,553	1,284	873
Total operating revenues	$ 142,931	$ 139,177	$ 124,654

In FY 2012, operating revenues increased 2.7% from $139.2 million in 2011 to $142.9 million. The increase can be primarily attributed to a $3.4 million or 6.0% increase in cruise revenue and approximately $1.0 million or 8.7% increase in real estate revenue, offset by a $0.8 million or 10.4% reduction in parking revenue and a $0.3 million or 1.1% reduction in containerized cargo revenue.

In FY 2011, operating revenues increased 11.7% from $124.7 million in 2010 to $139.2 million. The increase can be primarily attributed to an $11.0 million or 24.1% increase in cruise revenue and a $2.2 million or 7.4% increase in containerized cargo revenue.

Statements of Revenues, Expenses, and Changes in Fund Net Assets (Continued)

The following table details operating expenses by function for each of the fiscal years ended September 30, 2012, 2011, and 2010:

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Operating expenses			
Personal services	$ 17,659	$ 17,943	$ 17,950
Law enforcement and fire rescue	25,447	27,755	28,103
Contractual services	14,346	14,495	14,333
Insurance	5,825	4,873	5,419
Utilities	3,763	3,224	4,066
Maintenance, equipment, and supplies	3,081	3,249	1,984
General and administrative	2,483	2,643	2,097
Total operating expenses before depreciation	72,604	74,182	73,952
Depreciation	25,947	25,363	22,869
Total operating expenses	$ 98,551	$ 99,545	$ 96,821

In FY 2012, law enforcement and fire rescue expense decreased $2.3 million from the FY 2011 due to cost reductions achieved by outsourcing specific security functions. Contractual services decreased from the FY 2011 amount by $0.1 million, principally due to a reduction in allocated costs. Utilities expense increased approximately $0.5 million over FY 2011 due to increased water and sewer expense. General and administrative expense decreased by $0.2 million from FY 2011, primarily due to increased overhead allocation to capital assets ($0.4 million), decreased security supplies expense ($0.5 million), increased information technology expense ($0.2 million), increased operating supplies expense ($0.2 million), increased travel expense ($0.1 million), and increased demolition expense ($0.2 million). Depreciation expense increased by $0.6 million over FY 2011 due to a full year of depreciation on $25.0 million of new capital assets placed in service in FY 2011.

In FY 2011, personal services expense and contractual services expense approximated the FY 2010 amounts, while law enforcement and fire rescue expense decreased $0.3 million from FY 2010 due to cost reductions achieved by outsourcing specific security functions. Insurance expense decreased $0.5 million due to a reduction in premiums. Utilities expense decreased approximately $0.8 million from FY 2010. Outlays for crane infrastructure repairs in maintenance, equipment, and supplies expense increased in FY 2011 over FY 2010 by $1.3 million. General and administrative expense increased by $0.5 million over FY 2010, primarily due to reduced overhead allocation to capital assets ($0.4 million), increased promotional expense ($0.1 million), increased information technology expense ($0.1 million), and reduced dues and membership expense ($0.1 million). Depreciation expense increased by $2.5 million over FY 2010 due to a full year of depreciation on $118.8 million of new capital assets placed in service in FY 2010.

In FY 2012, operating income increased by $4.7 million or $12.0% to $44.4 million over $39.6 million in FY 2011, while operating income increased in FY 2011 by $11.8 million or 42.4% over $27.8 million in FY 2010 due to the reasons discussed on previous pages.

Statements of Revenues, Expenses, and Changes in Fund Net Assets (Continued)

The following tables present non-operating revenues and non-operating expenses for each of the fiscal years ended September 30, 2012, 2011, and 2010:

Schedule of Non-operating Revenues by Major Source
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Non-operating revenues			
Interest income	$ 909	$ 830	$ 395
Gain on disposal of capital assets	30	27	123
Non-capital grant revenue	382	113	-
Total non-operating revenues	$ 1,321	$ 970	$ 518

Schedule of Non-operating Expenses by Major Function
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Non-operating expenses			
Interest expense	$ 14,154	$ 15,778	$ 15,789
Discontinued project costs	3,319	217	-
Other expense	510	765	269
Amortization of bond issue costs	350	240	243
Total non-operating expenses	$ 18,333	$ 17,000	$ 16,301

In FY 2012, net non-operating expenses increased $1.0 million from net expenses of $16.0 million in 2011 to net expenses of $17.0 million. This increase was due principally to an increase in discontinued project costs of $3.1 million. This was offset by decreased interest expense of $1.6 million, increased non-capital grant revenue of $0.3 million, and decreases in amortization and debt service expenses of $0.2 million.

In FY 2011, net non-operating expenses increased $0.2 million from net expenses of $15.8 million in 2010 to net expenses of $16.0 million. This increase was due principally to increases in discontinued project costs of $0.2 million, increases in amortization and debt service expenses of $0.2 million, and due to a non-recurring refund of $0.3 million having been received in FY 2010. These changes were offset by increases in interest income and non-capital grant revenue of $0.4 million and $0.1 million, respectively.

During the fiscal years ended September 30, 2012, 2011, and 2010, the Port received approximately $9.8 million, $3.4 million, and $8.6 million, respectively, in state and federal grant money to be used for capital expenditures.

In summary, net assets during fiscal years 2012, 2011, and 2010 increased $37.1 million, $27.0 million, and $20.6 million, respectively.

Statements of Cash Flows

The following shows a summary of the major sources and uses of cash & 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 fiscal years ended September 30, 2012, 2011, and 2010 is shown below:

Condensed Statements of Cash Flows
(Dollars in Thousands)

	FY 2012	FY 2011	FY 2010
Cash flows from operating activities	$ 73,580	$ 66,842	$ 44,588
Cash flows from non-capital financing activities	282	113	120
Cash flows from capital and related financing activities	(52,511)	(46,640)	(70,257)
Cash flows from investing activities	(20,004)	(35,606)	19,463
Net increase / (decrease) in cash & cash equivalents	1,347	(15,291)	(6,086)
Cash & cash equivalents			
Beginning of year	30,723	46,014	52,100
End of year	$ 32,070	$ 30,723	$ 46,014

The Port's available cash & cash equivalents increased by $1.3 million, from $30.7 million at the end of FY 2011 to $32.1 million at the end of FY 2012. This was due to an increased flow of funds provided by operating activities and capital contributions, which was offset by the increased use of funds for investing activities.

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 upon 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 2012, the Port put into use approximately $18.5 million of new and improved capital assets. The major new additions were a fire truck and mounted foam pumps for the on-port fire station, improvements to Terminal 18, Northport garage ramps, and a trolley rail support system for the Southport cranes.

During FY 2011, the Port put into use approximately $25.0 million of new capital assets. The major capital additions were for the Southport Container Yard development, refurbishment of an existing container gantry crane in Midport, and upgrades to revenue management and harbormaster computer software.

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 $26.1 million as of September 30, 2012. Additional information on the Port's capital assets and commitments can be found in Note E – Capital Assets and Note K – Commitments and Contingencies.

Overview of Upcoming Projects

On March 1, 2011, the Broward County Board of County Commissioners unanimously approved an update of the Port's 20-Year Master/Vision Plan that includes new market projections and plans for increased berth space. The updated Port Master/Vision Plan was formally incorporated into the Broward County Comprehensive Plan, Coastal Management Element, Deepwater Port Component, consistent with the Laws of Florida requirements of Chapter 163 on December 2, 2011.

As part of the Master/Vision Plan, the Port is moving forward with implementing three critical expansion projects that are projected to create 7,000 new jobs regionally and support 135,000 jobs statewide over the next 15 years.

These key expansion projects are expected to be completed over the next five years and will add five berths, widen and deepen the channel to 50 feet, and bring an Intermodal Container Transfer Facility (ICTF) for freight rail into the port.

Southport Turning Notch Extension (Berth Additions)

The Southport Turning Notch (STN) extension project will lengthen the existing deepwater turn-around area for cargo ships from 900 feet to 2,400 feet, which will allow for five new cargo berths. This project is projected to provide a $10.7 billion annual increase in economic activity related to the Port and create 2,227 construction jobs in the near term and 5,529 regional jobs by the year 2027. The design and permitting contract for this project with DeRose Design Consultants was awarded on March 27, 2012. Design and permitting for various elements of the project are underway.

Westward extension of the existing STN is essential to increasing berthing capacity at the Port. 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 have begun, with construction expected to begin in FY 2014 for the enhancement and FY 2016 for the STN extension. Port officials worked closely with Port users, the environmental community, and the FDEP to develop the plan for the new mangrove habitat. In addition, the plan supports completing a number of environmental improvements in West Lake Park, part of an overall initiative covering more than 70 acres of creation.

U.S. Army Corps of Engineers Deepening and Widening Project

The Port must deepen its channel to 50 feet and widen it in certain areas to remain competitive with seaports in the southeastern United States that are already gearing up for the Panama Canal expansion. The Port already handles post-Panamax ships, those too large to fit through the Panama Canal at its current size. However, the ships must be lightly loaded, which is inefficient and may drive ocean shipping companies to use other ports that are dredging to 50 feet. The Port of Miami and the Port are the 13th and 12th busiest container cargo ports in the United States for international trade, but deeper channels are required at both ports to meet the needs of South Florida's growing population.

The project calls for deepening and widening the Outer Entrance Channel from an existing 45-foot project depth over a 500-foot channel width to a 57-foot depth with an 800-foot channel width, deepening the Inner Entrance Channel, Southport Access Channel, and Main Turning Basin from 42 feet to 50 feet and widening the channels within the Port to increase the margin of safety for ships transiting to berth.

Overview of Upcoming Projects - U.S. Army Corps of Engineers Deepening and Widening Project (Continued)

The total cost is estimated to be $320 million, including a $131 million investment by the Port. A preliminary benefit/cost analysis by the U.S. Army Corps of Engineers determined that there will be a $1.56 return for every dollar invested. Deepening and widening the channel at the Port is projected to create 4,659 construction jobs in the near term and 1,491 direct regional jobs by FY 2027.

Port harbor deepening is a long-term project that would result in deeper and wider waterways for the future, larger generations of cruise, containerized cargo, and petroleum vessels. The U.S. Army Corps of Engineers is nearing completion of a draft Deepening and Widening Feasibility Study and Environmental Impact Statement, with completion of the final Study estimated in FY 2014.

Intermodal Container Transfer Facility (ICTF)

The Port has completed negotiations with the Florida East Coast Railway, L.L.C. (FEC) for a public/private partnership to build and operate an ICTF on Port property and a 30-Year Intermodal Container Transfer Facility Lease and Operating Agreement, which were approved by the Broward County Board of County Commissioners on March 20, 2012. The ICTF in Southport will provide a near-dock facility to facilitate the transfer of waterborne containerized cargo between ship and rail via a rail spur connecting to the FEC main line. This will replace the current practice of having trucks haul the containers to and from off-port rail terminals, either at Andrews Avenue in Fort Lauderdale or in Hialeah in Miami-Dade County. The FEC also plans to relocate its existing domestic intermodal service from Andrews Avenue to the ICTF at the Port. Once completed, the ICTF is expected to reduce congestion on interstate highways and local roadways and reduce harmful air emissions by diverting an estimated 180,000 trucks from the roads annually by the fiscal year 2027. The County contributed 42.5 acres of Port property, valued at $20 million, for the ICTF. The ICTF is expected to be operational in FY 2014 and create 767 construction jobs (including the separate Eller Drive Overpass project discussed below). The Florida Department of Transportation recently finalized a $30 million Florida State Infrastructure Bank (SIB) loan to finance a portion of the development of the ICTF at the Port. The FEC is managing this construction project.

Eller Drive Overpass

The Eller Drive Overpass project is currently underway and consists of the construction of a new overpass bridge from the I-595/US 1 interchange to McIntosh Road, installation of new railroad tracks and crossing signals, reconstruction of several ramps in the I-595/US 1/Eller Drive interchange, major utility relocations, reconstruction of Eller Drive at three intersections, construction of retention ponds and swales, and new highway lighting and landscaping. FDOT is the lead agency, managing the construction of and funding the Overpass project, which is expected to be completed in early FY 2015 at a cost of $42.5 million. The Eller Drive Overpass will elevate I-595/Eller Drive to allow FEC trains to access the ICTF at ground level without interrupting vehicle flow or blocking traffic.

Southport Improvements

The McIntosh Road realignment project is currently underway. It will create a loop road with ample right-hand turning radii for trucks to directly enter the container terminals in Southport, while eliminating crossing traffic lanes. It is estimated that this project will be completed in early FY 2014.

Overview of Upcoming Projects - Cruise Terminal Improvements - Cruise Facility Upgrades (Continued)

Cruise Terminal Improvements - Cruise Facility Upgrades

As previously discussed, $54 million of renovations to Cruise Terminals 2, 19, 21, and 26 were substantially completed in FY 2012, with a portion of the work continuing into FY 2013.

The Port will also begin the second phase of its cruise facility upgrades by renovating Cruise Terminal 4 in Northport in FY 2014. This project consists of relocating the existing entrance/exit point of the terminal from the east side to the west side of the building. In addition, the project will encompass the construction of an intermodal area, including surface parking and passenger/baggage drop-off and pick-up areas. A separate-but-related project will also lengthen berth 4 to the west by approximately 250 feet in order to accommodate a larger cruise vessel.

These improvements are in accordance with the Port's Master/Vision Plan to improve the passenger experience at the Port by modernizing these existing terminals. The key objectives in the terminal planning process are as follows:

Flexibility - The goal is to provide the utmost flexibility for each terminal facility to accommodate different brands that may use the terminal and also multiple classes of cruise vessels with varying passenger capacities.

Two-way terminals - The concept is to expand simultaneous passenger embarkation and debarkation processing. Providing two separate facilities within the terminal creates a separation between the two processes, whereby the disembarkation process does not impact the check-in process.

Ground Transportation Area (GTA) improvements - Improved traffic flow outside of the terminal facilities.

Foreign-Trade Zone (FTZ)

The County (and its predecessor, the Port Everglades Authority) has operated a foreign-trade zone at the Port since 1978, when the Port's Foreign-Trade Zone No. 25 became Florida's first such facility offering businesses duty-related advantages for import and export goods. Under the Port's Master/Vision Plan, the existing 21.87-acre FTZ site #1, containing four warehouse buildings and totaling approximately 390,000 square feet, would be converted to container yard area to replace existing container yards displaced by the STN. The Port intends to relocate the FTZ and construct new warehouses on undeveloped Port land west of the current location. Initiation of a real estate study has begun to analyze this proposed relocation of the FTZ. It is envisioned that this project will commence in FY 2014 as a public-private partnership.

Northport Bypass Road

This project will construct a bypass road that will allow traffic to move through the Port without entering secure areas and remove the Broward County Convention Center from the secure area of the Port. Construction for the first phase of the bypass road, which will move the security checkpoint further south on Eisenhower Boulevard, is estimated to be completed by the end of FY 2014. 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 secure access to the Port's operational areas.

Overview of Upcoming Projects (Continued)

Slip 1 New Bulkheads at Berths 9 and 10

This project will replace the existing bulkheads at berths 9 and 10 in a new location approximately 125 feet south of their current location, which will widen Slip 1. The design of this project will commence in late FY 2013.

Legal

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 of 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 majority of common areas on which petroleum contamination is known to exist have been accepted for state funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having a material financial liability for petroleum contamination costs not covered by the State of Florida or the oil industry is remote.

Liquidity Outlook

The Port believes that, based upon 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.

The Port's strategy for growth includes terminal expansion and new Port facilities in the near future. Cash on hand, investments, and cash generated from operations should enable the Port to support this strategy. There are plans to seek additional financing through the issuance of revenue bonds in the future, and there is excess borrowing capacity beyond the Port's current obligations. However, there can be no assurance that such financing would be available or, if so, at terms that would be acceptable.

The Port is exposed to various market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. Additionally, there is exposure from various market risks associated with an interest rate swap agreement, which is more fully discussed in Note F – Long-term Obligations.

Long-term Debt

As of September 30, 2012, the outstanding balance of revenue bonds payable was $279.3 million. Detailed information regarding the bonds is contained in Note F – Long-term Obligations.

Series 1989A Bonds

During FY 1989, the Port issued $117,455,000 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 $37,875,000 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 Series 1989A Bonds. The defeased bonds included approximately $6,811,000 of original principal amount and $6,072,000 of accretion on the capital appreciation bonds, which matured on September 1, 2010, and $22,150,000 of principal on the current interest bonds, which matured on September 1, 2012.

Long-term Debt – Series 1989A Bonds (Continued)

Refer to Series 2011 Bonds disclosure for details related to the November 2011 refunding and defeasance of all of the Series 1989A Bonds.

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 Series 1998A and 1998B Bonds 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.

Refer to Series 2011 Bonds disclosure for details related to the November 2011 refunding and defeasance of all of the Series 1998B and 1998C Bonds. The Series 1998A Bonds were excluded from the November 2011 refunding. In September 2012, the final principal payment was made on the Series 1998A Bonds.

Series 2008 Subordinate Bonds

During FY 2008, the Port issued $46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008. 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 County entered into an interest rate swap agreement for $46,145,000 of its variable rate Series 2008 Subordinate 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%.

Series 2009A Bonds

During FY 2009, the Port issued $83,235,000 of Port Revenue Bonds Series 2009A 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 bonds.

Series 2011A, B, and C Bonds

On November 22, 2011, the Port issued Series 2011A, Series 2011B, and Series 2011C in the aggregate principal amount of $167,260,000. The proceeds of the issue were used to advance refund all of the outstanding Series 1989A Bonds, Series 1998B Bonds, and Series 1998C Bonds having a principal balance of $171,875,000, and to pay related issue costs. The Series 2011A, 2011B, and 2011C Bonds were issued as fixed rate bonds, with an average life of 8.19 years and a true interest cost of 4.10%, resulting in present value saving of $7,159,000 or total gross savings of $7,483,000 over the life of the bonds. They are secured by a pledge of certain net revenues of the Port.

Long-term Debt (Continued)

Bond Insurance and Credit Ratings

The Port's most recent bond ratings on revenue bond outstanding as of September 30, 2012 are as follows:

Issue	Insured	Fitch, Inc.	Moody's Investor Services	Standard & Poor's
1998A Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
2008 Subordinate Port Facilities Refunding Revenue	Scotia Bank Letter of Credit	AA-/F1+	-	AA-/A-1+
2009A Port Facilities Revenue	No	A	A2	A-
2011A Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-
2011B Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-
2011C Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-

There were no changes in these ratings from FY 2010 to FY 2011 or from FY 2011 to FY 2012.

Contacting the Port Department's Financial Management

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

Basic Financial Statements

For the Fiscal Years Ended September 30, 2012 and 2011

Prepared by the Finance Division - Port Everglades Department of Broward County, Florida

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Assets
As of September 30, 2012 and 2011
(Dollars in Thousands)

	2012	2011
ASSETS		
Current assets		
Cash & cash equivalents (Note B)	$ 2,025	$ 13,734
Investments (Note B)	224,030	192,508
Restricted assets (Notes B, C)		
Cash & cash equivalents	30,045	16,989
Investments	3,357	13,966
Accounts receivable, trade (less estimated uncollectible accounts of $1 in 2012 and $310 in 2011)	5,397	5,207
Accounts receivable, other (less estimated uncollectible accounts and unamortized discounts of $59 in 2012 and $70 in 2011)	144	143
Due from other governments (Note D)	3,956	744
Due from other County funds (Note D)	388	-
Inventories	5,889	5,384
Prepaid expenses	2,921	3,062
Total current assets	278,152	251,737
Non-current assets		
Bond issue costs	3,424	3,040
Deferred swap outflow (Note F)	6,800	5,752
Capital assets (Note E)		
Land and land improvements	56,756	56,754
Construction in progress and pending equipment	63,877	29,426
Buildings, piers, and other improvements	424,009	412,188
Equipment and vehicles	164,261	158,642
Property held for leasing	256,613	256,071
Total capital assets	965,516	913,081
Less accumulated depreciation	(365,251)	(339,792)
Total capital assets, net	600,265	573,289
Total non-current assets	610,489	582,081
Total assets	888,641	833,818

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Assets (Continued)
As of September 30, 2012 and 2011
(Dollars in Thousands)

LIABILITIES	**2012**	**2011**
Current liabilities		
Accounts payable	$ 31,558	$ 9,117
Accrued liabilities	590	569
Due to other governments (Note D)	1,042	977
Due to other County funds (Note D)	1,191	297
Compensated absences, current portion (Note F)	1,138	1,129
Payable from restricted assets		
Security deposits	3,056	582
Accrued interest payable	1,006	1,196
Unearned grant revenue, capital contributions	151	211
Revenue bonds payable, current portion (Note F)	19,985	17,700
Total current liabilities	59,717	31,778
Non-current liabilities		
Revenue bonds payable, long-term portion, net of discounts, premiums, and deferred amounts on refundings (Note F)	256,479	267,807
Compensated absences, long-term portion (Note F)	1,262	1,301
Other post-employment benefits (Note F)	463	409
Fair value of interest rate swap (Note F)	6,800	5,752
Total non-current liabilities	265,004	275,269
Total liabilities	324,721	307,047
Commitments and contingencies (Notes F and K)		
NET ASSETS		
Invested in capital assets, net of related debt	323,801	287,782
Restricted for		
Debt service	12,031	11,824
Capital projects	-	176
Renewal and replacement, operating and maintenance	17,010	16,966
Federal grants	148	-
Unrestricted	210,930	210,023
Total net assets	$ 563,920	$ 526,771

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Years Ended September 30, 2012 and 2011
(Dollars in Thousands)

	2012	2011
Operating revenues		
Vessel, cargo, and passenger services (Note H)	$ 122,615	$ 118,453
Leasing of facilities (Note I)	11,311	10,409
Vehicle parking	7,325	8,173
Other	1,680	2,142
Total operating revenues	142,931	139,177
Operating expenses		
Salaries and wages	13,515	13,270
Benefits (Notes F, G)	4,144	4,673
Total personal services expenses	17,659	17,943
Law enforcement and fire rescue	25,447	27,755
Contractual services	14,346	14,495
Insurance	5,825	4,873
Utilities	3,763	3,224
Maintenance, equipment, and supplies	3,081	3,249
General and administrative	2,483	2,643
Total non-personal expenses	54,945	56,239
Total operating expenses before depreciation	72,604	74,182
Depreciation	25,947	25,363
Total operating expenses	98,551	99,545
Operating income	44,380	39,632
Non-operating revenues (expenses)		
Interest income	909	830
Interest expense	(14,154)	(15,778)
Gain on disposal of capital assets	30	27
Discontinued projects costs	(3,319)	(217)
Other expense, net	(510)	(765)
Amortization of bond issue costs	(350)	(240)
Non-capital grant revenue	382	113
Total non-operating (expenses), net	(17,012)	(16,030)
Income before capital contributions	27,368	23,602
Capital contributions (Note J)	9,781	3,423
Increase in net assets	37,149	27,025
Net assets, beginning of year	526,771	499,746
Net assets, end of year	$ 563,920	$ 526,771

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PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2012 and 2011
(Dollars in Thousands)

	2012	2011
Cash flows from operating activities		
Cash received from customers	$ 145,025	$ 141,348
Payments to suppliers for goods and services	(54,182)	(56,686)
Payments to employees for services	(17,614)	(17,820)
Other cash receipts	351	-
Net cash provided by operating activities	73,580	66,842
Cash flows from non-capital financing activities		
Cash from non-capital grants	382	113
Payment for contribution to other government agency	(100)	-
Net cash provided by non-capital financing activities	282	113
Cash flows from capital and related financing activities		
Proceeds from bond refunding	1,366	-
Payments to refunded bond escrow agent	(5,435)	-
Principal payments on bonds	(8,985)	(16,855)
Interest and fiscal charges paid	(11,067)	(15,028)
Payment of debt service costs	(471)	(456)
Acquisitions of capital assets	(34,458)	(18,020)
Proceeds from sales of capital assets	30	27
Capital contributions	6,509	3,692
Net cash used for capital and related financing activities	(52,511)	(46,640)
Cash flows from investing activities		
Purchases of investments	(315,154)	(404,404)
Proceeds from sales and maturities of investments	294,241	367,968
Interest on investments	909	830
Net cash used for investing activities	(20,004)	(35,606)
Net Increase / (decrease) in cash & cash equivalents	1,347	(15,291)
Cash & cash equivalents, beginning of year	30,723	46,014
Cash & cash equivalents, end of year	$ 32,070	$ 30,723
Cash & cash equivalents - unrestricted assets	$ 2,025	$ 13,734
Cash & cash equivalents - restricted assets	30,045	16,989
	$ 32,070	$ 30,723

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows (Continued)
For the Fiscal Years Ended September 30, 2012 and 2011
(Dollars in Thousands)

	2012	2011
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 44,380	$ 39,632
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	25,947	25,363
Miscellaneous non-operating revenue	351	-
Decrease (increase) in assets		
Accounts receivable, trade	(3)	2,027
Accounts receivable, other	(1)	(1)
Due from other county funds	(388)	-
Inventories	(505)	313
Prepaid expenses	(336)	308
Increase (decrease) in liabilities		
Accounts payable	657	485
Accrued liabilities	21	30
Due to other governments	65	(941)
Due to other county funds	894	(484)
Compensated absences	(30)	(4)
Security deposits	2,474	17
Other post-employment benefits	54	97
Net adjustments	29,200	27,210
Net cash provided by operating activities	$ 73,580	$ 66,842
Supplemental information		
Non-cash investing, capital, and financing activities		
Refunding bond transactions through escrow agent (excluding cash payments reflected on prior page)	$ 169,126	$ -
Capital assets acquired through current accounts payable	$ 27,207	$ 5,423
Amortization of bond discounts and premiums	$ 1,185	$ 821
Change in fair value of interest rate swap	$ 1,048	$ 770
Amortization of bond issue costs	$ 350	$ 240
Change in fair value of investments	$ 222	$ 3

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
NOTES TO FINANCIAL STATEMENTS — INDEX
September 30, 2012 and 2011

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") of Broward County, Florida (the "County") and not the County as a whole. The Port is a department of the County and operates as an enterprise fund thereof. The County owns Port Everglades, which is operated by the County's Board of County Commissioners (the "County Commission"). The Port, formerly known as Port Everglades Authority ("PEA") is located within the geographic boundaries of the County 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's 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 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 PEA and transfer control to the County Commission. The Port remained independent until November 22, 1994. Laws of Florida, Chapter 91-346 (Resolution 92-1734) provided for dissolution and required the 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 the Port as being used for Port purposes to the same extent as such revenues could have been used by PEA prior to its dissolution and the transfer of its assets to the County.

Basis of Presentation and Accounting: The Port is a major enterprise 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.

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 or use of facilities. Operating expenses include the cost of services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses.

Application of FASB Pronouncements to Proprietary Funds: Governmental Accounting Standards Board ("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 the option of 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: GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions,* clarifies the circumstances in which hedge accounting continues to be applied when a swap counterparty or a swap counterparty's credit support provider is replaced. The requirements of GASB Statement No. 64 are effective for periods beginning after June 15, 2011. This statement does not have an impact on the Port's financial statements.

A. Summary of Significant Accounting Policies (Continued)

Deposits and Investments: Cash & cash equivalents consist of demand deposits with banks and investments with original maturities at time of purchase of three months or less.

The Port participates in the cash and investment pool maintained by the County. All investments are stated at fair value, which is based on quoted market prices. Each fund's portion of the pool is presented as "cash & cash equivalents," "investments," or "restricted assets," as appropriate. Earnings are allocated to County funds based on their average daily cash and investment balances. The Port also maintains cash and investments outside the County pool for the purpose of funding debt service payments and bond reserve requirements and for investment purposes.

Accounts Receivable: The Port invoices customers for vessel, cargo, and passenger services and leasing of facilities. The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable are shown net of estimated uncollectible accounts and unamortized discounts, as determined by management policies.

Due from Other Governments and Other County Funds: The amounts due from other governments represent grants receivable from federal and state governments for their share of amounts expended on various capital projects. The amounts due from other County funds represent lending arrangements outstanding at the end of the fiscal year.

Inventories and Prepaid Expenses: Crane spare parts inventory and supplies inventory are carried at the lower of average cost or market. Fire retardant chemical inventory is recorded using the lower of cost (first-in, first-out method) or market.

Prepaid expenses consist primarily of insurance and master plan costs that will benefit future periods.

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 assets 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 reflected in the change in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings (including buildings held for leasing)	30 – 50 years
Piers	20 – 50 years
Other improvements	10 – 30 years
Equipment and vehicles	3 – 20 years
Cranes	30 years

***Unearned Grant Revenue, Capital Contributions*:** Inflows that do not yet meet the criteria for revenue recognition are recorded as unearned grant revenue.

***Compensated Absences*:** It is the Port's policy to permit employees to accumulate vacation and sick leave. The cost of earned-but-unused vacation pay is accrued when earned. Liabilities for earned but unused sick leave are accrued only to the extent that the leave will result in cash payments at termination.

A. Summary of Significant Accounting Policies (Continued)

Long-term Obligations**:** Long-term debt and other long-term obligations are reported as liabilities in the statements of net assets. Bond premiums and discounts, deferred amounts on refundings, and issue costs, are deferred and amortized on a straight-line basis over the life of the bonds. Revenue bonds payable are reported net of the applicable bond premiums or discounts and deferred amounts on refundings. Bond issue 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, net of accumulated depreciation 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 is 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.

- Restricted – This component of net assets consists of external constraints placed on net assets use by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The amounts restricted 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 “invested in capital assets, net of related debt” or “restricted.”

Application of Restricted and Unrestricted Resources: When an expense is incurred for a purpose for which both unrestricted and restricted net assets are available, restricted net assets are fully utilized before unrestricted resources are applied.

Capital Contributions: Capital contributions consist mainly of grants from federal and state governments. These capital contributions are recognized as earned as related project costs are incurred.

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation. The reclassifications had no effect on net assets or the change in net assets.

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.

B. Deposits and Investments

Deposits: All cash deposits are held in qualified public depositories pursuant to Florida Statutes.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County mitigates custodial credit risk by requiring public funds to be deposited in a qualified public depository pursuant to Florida Statutes. Under the Florida Statutes, each qualified public depository is 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 depository's collateral pledging level. The pledging level may range from 25% to 200%, depending upon the depository's 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.

As of September 30, 2012, $15,915,000 of County deposits was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department, but not in the County's name.

Investments: The County invests Port funds following the County's formal investment policy that, in the opinion of management, is designed to ensure conformity with Florida Statutes and seeks to limit exposure to investment risks. The investment policy specifies the types, issuer, maturity, and performance measurement of investment securities that are permissible. Securities are held to maturity, with limited exceptions outlined in the investment policy. Qualified institutions utilized for investment transactions are also addressed within the policy, as well as diversification requirements for the investment portfolio.

Under Florida 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, certain money market funds and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101% of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions and, in the opinion of County management, no types of investments during the period other than those permitted as enumerated above. The County does not have any direct exposure to subprime-backed securities.

Interest Rate Risk: In accordance with its investment policy, the County manages its exposure to interest rate volatility by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 to 91 days	80%
91 days to 1 year	70%
1 year to 2 years	40%
2 years to 3 years	20%
3 years to 4 years	15%
4 years to 5 years	10%

As of September 30, 2012, the County portfolio's weighted average maturity was 665 days.

B. Deposits and Investments – Investments (Continued)

Credit Risk: The County's investment policy contains specific rating criteria for certain investments. The policy states that commercial paper, bonds, notes, or obligations of the State of Florida, any municipality or political subdivision, or any agency or authority of the state, if such obligations are rated, must be rated in one of the two highest rating categories by at least two nationally recognized rating agencies. Commercial paper that is not rated must be backed by a letter of credit or line of credit rated in one of the two highest rating categories. Any investments in World Bank notes, bonds, and discount notes must be rated AAA or equivalent by Moody's Investor Services and/or Standard & Poor's.

The County's investments in U.S. Treasuries and U.S. Agencies are rated AA+ by Standard & Poor's, AAA by Fitch Ratings, and Aaa by Moody's Investor Services. The County's investments in commercial paper are rated P-1 by Moody's Investor Services and A-1 or higher by Standard & Poor's.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U. S. Government and agencies thereof or in government-sponsored corporation securities. The County requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. GASB Statement No. 40, *Deposit and Investment Disclosures,* requires disclosure when the percent is 5% or more invested in any one issuer. As of September 30, 2012, the County's investment in the Federal Home Loan Bank was 19.17%; the Federal Home Loan Mortgage Corporation was 15.21%; and the Federal National Mortgage Association was 18.33%.

B. Deposits and Investments (Continued)

As of September 30, 2012, the Port's deposits and investments consisted of the following (dollars in thousands):

		Carrying Value
As of September 30, 2012		
Deposits	$	32,070
Investments		
Equity in pooled investments		
Commercial paper		
Bank of Nova Scotia		484
BNP Paribas		725
General Electric Capital Corporation		605
Nordea North America		605
SwedBank		363
Total commercial paper		2,782
U.S. Government Agencies and U.S. Treasury		
Federal Farm Credit Bank		1,965
Federal Home Loan Bank		7,542
Federal Home Loan Mortgage Corporation		7,207
Federal National Mortgage Association		8,847
U.S. Treasury		3,895
World Bank		727
Total U.S. Government Agencies and U.S. Treasury		30,183
Total equity in pooled investments		32,965
Non-pooled investments - U.S. Government Agencies and U.S. Treasury		
Farmer Mac		19,995
Federal Home Loan Bank		23,116
Federal Home Loan Mortgage Corporation		47,143
Federal National Mortgage Association		45,234
U.S. Treasury		47,935
World Bank International		10,999
Total non-pooled investments - U.S. Government Agencies and U.S.Treasury		194,422
Total investments		227,387
Total deposits and investments	$	259,457

B. Deposits and Investments (Continued)

As of September 30, 2011, the Port's deposits and investments consisted of the following (dollars in thousands):

	Carrying Value
As of September 30, 2011	
Deposits	$ 30,723
Investments (non-pooled)	
Commercial paper	
Nordea North America	25,993
General Electric Capital Services	11,995
Total commercial paper	37,988
U.S. Government Agencies and U.S. Treasury	
Farmer Mac	20,058
Federal Farm Credit Bank	46,749
Federal Home Loan Mortgage Corporation	57,686
Federal National Mortgage Association	17,000
U.S. Treasury	26,993
Total U.S. Government Agencies and U.S. Treasury	168,486
Total investments (non-pooled)	206,474
Total deposits and investments	$ 237,197

Cash & cash equivalents and investments include restricted and unrestricted current assets. These amounts are reconciled as follows (dollars in thousands):

	Unrestricted	Restricted	Total
Cash & cash equivalents	$ 2,025	$ 30,045	$ 32,070
Investments	224,030	3,357	227,387
Total as of September 30, 2012	$ 226,055	$ 33,402	$ 259,457

	Unrestricted	Restricted	Total
Cash & cash equivalents	$ 13,734	$ 16,989	$ 30,723
Investments	192,508	13,966	206,474
Total as of September 30, 2011	$ 206,242	$ 30,955	$ 237,197

C. *Restricted Assets*

Restricted assets of the Port as of September 30, 2012 and 2011 represent amounts restricted for debt service, required reserves for maintenance and improvements under the terms of outstanding bond agreements and regulatory requirements, amounts restricted for investment in capital assets, refundable customer security deposits, and grants. The debt service accounts contain the principal and interest amounts required for bond payments due on the scheduled dates. The bond reserve accounts contain the maximum amount of the required reserves for renewal and replacement and operating and maintenance. The capital projects and federal grants accounts include proceeds restricted per bond or grant requirements to purchase capital assets.

As of September 30, 2012 and 2011, assets were restricted for the following purposes (dollars in thousands):

	September 30,	
	2012	2011
Debt service accounts	$ 13,037	$ 13,020
Bond reserve accounts	17,010	16,966
Capital projects	-	176
Security deposits	3,056	582
Federal grants	299	211
	$ 33,402	$ 30,955

As of September 30, 2012 and 2011, restricted assets were classified in current assets on the statement of net assets as follows (dollars in thousands):

	September 30,	
	2012	2011
Restricted assets		
Cash & cash equivalents	$ 30,045	$ 16,989
Investments	3,357	13,966
	$ 33,402	$ 30,955

D. Due from/to Other Governments and Other County Funds

As of September 30, 2012 and 2011, amounts due from other governments and other County funds consisted of the following (dollars in thousands):

Due from Other Governments

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Funds Available Balance of Grant as of September 30, 2012	Amount Due September 30, 2012	Amount Due September 30, 2011
Terminals 2, 19, 21, and 26 Improvements	FDOT	1/26/2012	50.00	$ 8,493	$ 5,395	$ -	$ 3,097	$ 206
Southport Container Yard, Phase VIII	FDOT	11/15/2005	50.00	5,869	5,866	3	-	53
McIntosh Road Realignment	FDOT	6/24/2011	50.00	5,751	79	4,813	859	11
Port Security - Round 9 - Federal	DHS	6/1/2009	75.00	4,439	22	4,417	-	-
Port Security - Round 8 - Federal	DHS	8/1/2008	75.00	4,435	527	3,908	-	-
Port Security - Round 10 - Federal	DHS	6/1/2010	100.00	2,231	-	2,231	-	-
Port Security - Round 11 - Federal	DHS	9/1/2011	100.00	1,242	-	1,242	-	-
Berth 33 Bulkhead Repair and Replacement	FDOT	7/27/2009	50.00	1,200	1,200		-	351
Diesel Emission Reduction	FDEP	4/8/2010	75.00	750	750		-	123
Total due from other governments							$ 3,956	$ 744

* FDOT - Florida Department of Transportation
DHS - Department of Homeland Security
FDEP - Florida Department of Environmental Protection

Due from Other County Funds

Description	Amount Due September 30, 2012	Amount Due September 30, 2011
Due from Broward County General Fund - Emergency Management Division for grant reimbursement	$ 388	$ -

As of September 30, 2012 and 2011, amounts due to other governments and other county funds consisted of the following (dollars in thousands):

Due to Other Governments

Description	Agency	Amount Due September 30, 2012	Amount Due September 30, 2011
Payments in lieu of taxes	Municipalities	$ 967	$ 615
Utilities	Municipalities	70	347
Sales taxes	State of Florida	4	13
Water sales taxes	Municipalities	1	2
Total due to other governments		$ 1,042	$ 977

Due to Other County Funds

Description	Agency	Amount Due September 30, 2012	Amount Due September 30, 2011
County overhead costs	Broward County General Fund	$ 32	$ 142
Security services	Broward Sheriff's Office	1,159	155
Total due to other County funds		$ 1,191	$ 297

E. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2012 was as follows (dollars in thousands):

	Balance October 1, 2011	Additions	Deletions/ Adjustments/ Reclassifications	Balance September 30, 2012
Capital assets not being depreciated				
Land and land improvements	$ 56,754	$ 2	$ -	$ 56,756
Property held for leasing - land and land improvements	151,324	-	-	151,324
Construction in progress and pending equipment				
Construction in progress	26,287	50,861	(15,043)	62,105
Pending equipment	3,139	6,987	(8,354)	1,772
Total construction in progress and pending equipment	29,426	57,848	(23,397)	63,877
Total non-depreciable capital assets	237,504	57,850	(23,397)	271,957
Capital assets being depreciated				
Buildings, piers, and other improvements	412,188	11,821	-	424,009
Property held for leasing - buildings, piers, and other improvements	104,747	542	-	105,289
Equipment and vehicles	158,642	6,107	(488)	164,261
Total depreciable capital assets	675,577	18,470	(488)	693,559
Total capital assets	913,081	76,320	(23,885)	965,516
Less accumulated depreciation				
Buildings, piers, and other improvements	(205,954)	(14,705)	-	(220,659)
Property held for leasing - buildings, piers, and other improvements	(60,102)	(3,036)	-	(63,138)
Equipment and vehicles	(73,736)	(8,206)	488	(81,454)
Total accumulated depreciation	(339,792)	(25,947)	488	(365,251)
Total capital assets, net	$ 573,289	$ 50,373	$ (23,397)	$ 600,265

As of September 30, 2012, property held for leasing included both non-depreciable capital assets (land and land improvements of $151,324,000) and depreciable capital assets (buildings, piers, and other improvements of $105,289,000), totaling $256,613,000, less accumulated depreciation.

E. *Capital Assets (Continued)*

Capital asset activity for the fiscal year ended September 30, 2011 was as follows (dollars in thousands):

	Balance October 1, 2010	Additions	Deletions/ Adjustments/ Reclassifications	Balance September 30, 2011
Capital assets not being depreciated				
Land and land improvements	$ 56,716	$ 38	$ -	$ 56,754
Property held for leasing - land and land improvements	151,324	-	-	151,324
Construction in progress and pending equipment				
Construction in progress	30,324	15,436	(19,473)	26,287
Pending equipment	4,312	4,111	(5,284)	3,139
Total construction in progress and pending equipment	34,636	19,547	(24,757)	29,426
Total non-depreciable capital assets	242,676	19,585	(24,757)	237,504
Capital assets being depreciated				
Buildings, piers, and other improvements	410,491	1,697	-	412,188
Property held for leasing - buildings, piers, and other improvements	89,881	14,866	-	104,747
Equipment and vehicles	150,545	8,433	(336)	158,642
Total depreciable capital assets	650,917	24,996	(336)	675,577
Total capital assets	893,593	44,581	(25,093)	913,081
Less accumulated depreciation				
Buildings, piers, and other improvements	(190,888)	(15,066)	-	(205,954)
Property held for leasing - buildings, piers, and other improvements	(57,266)	(2,836)	-	(60,102)
Equipment and vehicles	(66,610)	(7,461)	335	(73,736)
Total accumulated depreciation	(314,764)	(25,363)	335	(339,792)
Total capital assets, net	$ 578,829	$ 19,218	$ (24,758)	$ 573,289

As of September 30, 2011, property held for leasing included both non-depreciable capital assets (land and land improvements of $151,324,000) and depreciable capital assets (buildings, piers, and other improvements of $104,747,000), totaling $256,071,000, less accumulated depreciation.

Capitalization of Interest Costs: Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The Port incurred interest of $14,504,000 and $15,945,000 for the fiscal year ended September 30, 2012 and 2011, respectively, and, of this, $350,000 and $167,000, respectively, was included as part of the cost of construction in progress.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2012 and 2011

F. Long-term Obligations

Changes in long-term obligations for the fiscal year ended September 30, 2012 were as follows (dollars in thousands):

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due within One Year
Revenue bonds payable					
1989A Port Facilities, Refunding	$ 53,185	$ -	$ (53,185)	$ -	$ -
1998A Port Facilities, Refunding	2,855	-	(2,855)	-	-
1998B Port Facilities, Refunding	79,825	-	(79,825)	-	-
1998C Port Facilities, Serial	10,220	-	(10,220)	-	-
1998C Port Facilities, Term	28,645	-	(28,645)	-	-
2008 Subordinate Port Facilities, Refunding	39,525	-	(1,860)	37,665	1,930
2009A Port Facilities	78,660	-	(2,765)	75,895	2,900
2011A Port Facilities, Refunding	-	12,370	-	12,370	-
2011B Port Facilities, Refunding, Serial	-	69,055	-	69,055	-
2011B Port Facilities, Refunding, Term	-	31,640	-	31,640	-
2011C Port Facilities, Refunding	-	54,195	(1,505)	52,690	15,155
Total face amount of revenue bonds payable	292,915	167,260	(180,860)	279,315	19,985
Unamortized bond discounts	(8,177)	-	6,752	(1,425)	-
Unamortized bond premiums	1,073	5,242	(355)	5,960	-
Unamortized deferred amounts on bond refundings	(304)	(7,994)	912	(7,386)	-
Total net revenue bonds payable	285,507	164,508	(173,551)	276,464	19,985
Compensated absences payable	2,430	1,101	(1,131)	2,400	1,138
Other post-employment benefits	409	101	(47)	463	-
Total	$ 288,346	$ 165,710	$ (174,729)	$ 279,327	$ 21,123

Changes in long-term obligations for the fiscal year ended September 30, 2011 were as follows (dollars in thousands):

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due within One Year
Revenue bonds payable					
1989A Port Facilities, Refunding	$ 53,185	$ -	$ -	$ 53,185	$ -
1998A Port Facilities, Refunding	5,580	-	(2,725)	2,855	2,855
1998B Port Facilities, Refunding	79,825	-	-	79,825	-
1998C Port Facilities, Serial	19,920	-	(9,700)	10,220	10,220
1998C Port Facilities, Term	28,645	-	-	28,645	-
2008 Subordinate Port Facilities, Refunding	41,320	-	(1,795)	39,525	1,860
2009A Port Facilities	81,295	-	(2,635)	78,660	2,765
Total face amount of revenue bonds payable	309,770	-	(16,855)	292,915	17,700
Unamortized bond discounts	(9,223)	-	1,046	(8,177)	-
Unamortized bond premiums	1,332	-	(259)	1,073	-
Unamortized deferred amounts on bond refundings	(339)	-	35	(304)	-
Total net revenue bonds payable	301,540	-	(16,033)	285,507	17,700
Compensated absences payable, long-term portion	2,434	897	(901)	2,430	1,129
Other post-employment benefits	312	144	(47)	409	-
Total	$ 304,286	$ 1,041	$ (16,981)	$ 288,346	$ 18,829

F. Long-term Obligations (Continued)

Revenue Bonds Payable: The following is a summary of the major provisions and significant debt service requirements for bonds outstanding as of September 30, 2012 and 2011 (dollars in thousands):

			Interest Payment		Optional (O) or Mandatory (M) Redemption					Outstanding September 30,	
Bond Issue	Primary Purpose	Type	Rate (%)	Dates	Redemption	Year	Final Maturity Date	Original Amount Issued	Retired/ Refunded	2012	2011
1989A Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	O	1999	9-1-2016	$ 79,580	$ (79,580)	$ -	$ 53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.75 - 4.8	3-1 9-1	O	2009	9-1-2012	$ 13,195	$ (13,195)	-	2,855
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	O	2009	9-1-2027	$ 80,440	$ (80,440)	-	79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	O	2009	9-1-2012	$ 43,795	$ (43,795)	-	10,220
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	O	2009	9-1-2027	$ 28,645	$ (28,645)	-	28,645
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	3.642 *	Monthly	O	2009	9-1-2027	$ 46,145	$ (8,480)	37,665	39,525
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	O	2019	9-1-2025	$ 48,085	$ (7,340)	40,745	43,510
2009A Port Facilities	Capital Improvements	Term	5.25 - 5.5	3-1 9-1	M	2023	9-1-2029	$ 35,150	$ -	35,150	35,150
2011A Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	O	2021	9-1-2025	$ 12,370	$ -	12,370	-
2011B Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	O	2021	9-1-2023	$ 69,055	$ -	69,055	-
2011B Port Facilities	Refunding Issue	Term	4.625	3-1 9-1	M	2025	9-1-2027	$ 31,640	$ -	31,640	-
2011C Port Facilities	Refunding Issue	Serial	1.098 - 3.0	3-1 9-1	N/A	N/A	9-1-2016	$ 54,195	$ (1,505)	52,690	-
Total face amount of revenue bonds payable										$ 279,315	$ 292,915

* Synthetic fixed rate per swap agreement.

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, 2012 and 2011.

The annual debt service requirements for all bonds outstanding as of September 30, 2012 are as follows (dollars in thousands):

Fiscal Year(s)	Principal	Interest	Total
2013	$ 19,985	$ 12,057	$ 32,042
2014	20,425	11,621	32,046
2015	20,945	11,103	32,048
2016	21,815	10,235	32,050
2017	13,020	9,497	22,517
2018-2022	75,185	37,432	112,617
2023-2027	95,175	17,454	112,629
2028-2029	12,765	1,063	13,828

F. Long-term Obligations – Revenue Bonds Payable (Continued)

Details of the Port's bonds outstanding as of September 30, 2012 and 2011 are provided in the following sections. Capitalized terms not defined in these Notes to Financial Statements are defined in the underlying agreements.

Series 1989A Bonds: In August, 1989, the Port issued $117,455,000 of Port Facilities Refunding Revenue Bonds, Series 1989A (the "Series 1989A Bonds") to refund and defease certain of the County's outstanding revenue bonds. The Series 1989A Bonds consisted of $79,580,000 issued in the form of current interest bonds and $37,875,000 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 Series 1989A Bonds. The defeased bonds included approximately $6,811,000 of original principal and $6,072,000 of accretion on the capital appreciation bonds, which matured on September 1, 2010, and $22,150,000 of principal on the current interest bonds, which matured on September 1, 2012.

Refer to Series 2011 Bonds disclosure for details related to the November 2011 refunding and defeasance of all of the Series 1989A Bonds.

Series 1998 Bonds: In June, 1998, the Port issued $13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A (the "Series 1998A Bonds"); $80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B (the "Series 1998B Bonds"); and $72,440,000 of Port Facilities Revenue Bonds Series 1998C (the "Series 1998C Bonds" or, together with the Series 1998A Bonds and the Series 1998B bonds, the "Series 1998 Bonds"). 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.

Refer to Series 2011 Bonds disclosure for details related to the November 2011 refunding and defeasance of all of the Series 1998B and 1998C Bonds. The Series 1998A Bonds were excluded from the November 2011 refunding. In September 2012, the final principal payment was made on the Series 1998A Bonds.

Series 2008 Bonds: In July, 2008, the County issued $46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008 (the "Series 2008 Bonds"). The Series 2008 Bonds were issued to refund $43,160,000 of outstanding Series 1998 Bonds. The Series 2008 Bonds bear interest at a weekly variable rate. The variable rate as of September 30, 2012 and 2011 was 0.18% and 0.14%, respectively.

2008 interest rate swap agreement. The County entered into an interest rate swap agreement for $46,145,000 of its variable rate Series 2008 Bonds for the outstanding period of the bonds. The agreement with Goldman Sachs Bank USA was to fix the rate of interest on certain variable-rate debt. Interest rate swaps are considered to be derivative instruments and are carried on the statements of net assets at fair value. The County does not enter into financial instruments for trading or speculative purposes.

Objective of the interest rate swap — The interest rate swap agreement was a means to lower the Port's true borrowing costs when compared against fixed-rate bonds at the time of issuance. The

F. *Long-term Obligations – Revenue Bonds Payable – Series 2008 Bonds* – 2008 interest rate swap agreement *(Continued)*

Terms — The Series 2008 Bonds and the related swap agreement mature on September 1, 2027, and the swap's initial notional amount of $46,145,000 equaled the original principal amount of the Series 2008 Bonds. The swap was entered into at the same time that the Series 2008 Bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt decline beginning in fiscal year 2008. The Series 2008 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 Series 2008 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, 2012 and 2011, the swap had a negative fair value of $6,800,000 and $5,752,000, respectively. The swap's fair value is reported as "Deferred Swap Outflow" and "Fair Value of Interest Rate Swap" in the accompanying statements of net assets. The swap's notional amount as of September 30, 2012 and 2011, which equaled the principal outstanding on the Series 2008 Bonds as of those dates, was $37,665,000 and $39,525,000, respectively. The fair value is developed by a pricing service that considers the significant assumptions to be proprietary.

Credit risk — As of September 30, 2012 and 2011, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change 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.

An irrevocable transferable direct-pay Letter of Credit (the "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 Series 2008 Bonds, plus 56 days' interest thereon at the rate of 15% per annum. The Trustee, complying with the terms of the 2008 Letter of Credit, is authorized to draw an amount sufficient to pay principal and interest when due and to pay the portion of the purchase price of Series 2008 Bonds and accrued interest when delivered for purchase pursuant to a demand for purchase by an owner or a mandatory tender for purchase and not remarketed. A First Amendment to the Letter of Credit was executed on May 26, 2011. The Letter of Credit will terminate upon the earlier to occur of BONS' close of business on (a) July 8, 2014 (as extended from time to time, the "Stated Expiration Date") or (b) earlier dates as defined in the 2008 Letter of Credit agreement.

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 counterparty 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.

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.

F. *Long-term Obligations – Revenue Bonds Payable – Series 2008 Bonds* – 2008 interest rate swap agreement *(Continued)*

Termination risk — Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the County would be exposed to variability in the amount of its debt service payments resulting from changes in the variable interest rate on the Series 2008 Bonds. While this could increase the County's total debt service, 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. The debt service requirements to maturity of the variable-rate bonds as of September 30, 2012, assuming the synthetic fixed rate of 3.642%, were as follows (dollars in thousands):

Year(s)	Principal	Interest	Total
2013	1,930	$ 1,358	$ 3,288
2014	2,000	1,288	3,288
2015	2,075	1,216	3,291
2016	2,145	1,143	3,288
2017	2,230	1,062	3,292
2018-2022	12,425	4,038	16,463
2023-2027	14,860	1,609	16,469
Total	$ 37,665	$ 11,714	$ 49,379

Optional redemption of Series 2008 Bonds. The Series 2008 Bonds are subject to optional redemption prior to their stated maturity upon request of the County, as described below:

(A) Those bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual, or Extended Rates (but only if the Extended Rate Period is one year) - at any time; at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.

(B) Those bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates - 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 Bonds Series 2009A (the "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. 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%.

F. Long-term Obligations – Revenue Bonds Payable – Series 2009A Bonds (Continued)

The County has established a separate subaccount in the Reserve Account for the Series 2009A Bonds. Upon the deposit of $6,916,000 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.

Optional redemption of Series 2009A Bonds. 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.

Series 2011 Bonds: On November 22, 2011, the Port issued Port Facilities Refunding Bonds Series 2011A in the amount of $12,370,000; Port Facilities Refunding Bonds Series 2011B in the amount of $100,695,000; and Port Facilities Refunding Bonds Series 2011C in the amount of $54,195,000 (collectively, the “Series 2011 Bonds”), with interest rates ranging from 1.098% to 5% (true interest rate of 4.107%). The proceeds of the issue were used to advance refund $53,185,000 of Series 1989A Bonds, $79,825,000 of Series 1998B Bonds, and $38,865,000 of Series 1998C Bonds (Serial and Term), with the interest rates ranging from 5% to 5.375%. The net proceeds of $174,560,534 (consisting of the par amount of $167,260,000, plus the original issue premium of $5,242,874, plus $4,713,018 accumulated in the Debt Service Fund relating to the refunded bonds and after the payment of underwriting fees and other issuance costs of $2,655,358) were deposited into an irrevocable trust with an escrow agent to provide funds for the debt service payment on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statements of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by $7,994,000. The amount is being netted against the new debt and amortized over the remaining life of the refunding bonds using the straight-line method. The County completed the current refunding to reduce its total debt service payments over the next 16 years by $7,483,000 and to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $7,159,000.

Optional redemption of Series 2011 Bonds. The Series 2011A Bonds 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, 2021, at par, plus accrued interest to the redemption date.

The Series 2011B Bonds maturing on or prior to September 1, 2021 are not subject to optional redemption prior to maturity. The Series 2011B Bonds maturing on or after September 1, 2022 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, 2021, at par, plus accrued interest to the redemption date.

The Series 2011C Bonds are not subject to optional redemption prior to maturity.

***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 deposited or invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the bond issues being refunded.

F. *Long-term Obligations – Revenue Bonds Payable – Defeased Bonds (Continued)*

The following is a summary of the Port's defeasance transactions from advance refundings (dollars in thousands):

Year of Defeasance	Bond Issue Defeased	Principal Outstanding September 30, 2012	Principal Outstanding September 30, 2011
1989	Port Facilities Revenue Bonds Series 1986	$ 34,720	$ 40,340

Bond Covenants: The Series 1989A, 1998, 2009A, and 2011 bond covenants require the Port to do the following:

1. 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;

2. 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 reduced will produce sufficient Gross Revenue to comply with the following paragraph; and

3. 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 the following:

    a) 100% of the current expenses;

    b) 125% of the current bond principal and interest requirements;

    c) 100% of the bond reserve requirement; and

    d) 100% of the required current deposits to the Renewal & Replacement Fund.

The 2008 Subordinate bond covenants 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, furthermore, 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 & Replacement Fund 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.

F. *Long-term Obligations – Revenue Bonds Payable – Bond Covenants (Continued)*

Schedule of Revenues, Expenses, Debt Service, and Debt Service Coverage
For the Fiscal Year Ended September 30, 2012 and 2011
(Dollars in Thousands)

	2012	2011
Operating revenues		
Vessel, cargo, and passenger services	$ 122,615	$ 118,453
Leasing of facilities	11,311	10,409
Vehicle parking	7,325	8,173
Other	1,680	2,142
Total operating revenues	142,931	139,177
Non-operating revenues (eligible interest income, plus gain on disposal of capital assets)	1,287	855
Total revenues	144,218	140,032
Operating expenses	(72,604)	(74,182)
Non-operating expenses (eligible debt service fee payments)	(469)	(458)
Total expenses	(73,073)	(74,640)
Net income available for debt service — senior lien bonds and subordinate bonds	$ 71,145	$ 65,392
Debt service requirements — senior lien bonds	$ 16,608	$ 28,757
Actual coverage	4.28	2.27
Required coverage	1.25	1.25
Composite debt service requirements — senior lien bonds and subordinate bonds	$ 19,897	$ 32,043
Actual coverage	3.58	2.04
Required coverage	1.10	1.10

The Port was in compliance with bond indenture requirements as of September 30, 2012 and 2011.

The Port's issued bonds are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds payable as of September 30, 2012 and 2011 were as follows (dollars in thousands):

	September 30, 2012	September 30, 2011
Current pledged revenues	$ 71,145	$ 65,392
Current debt service	$ 19,897	$ 32,043
Total future pledged revenues	$ 389,777	$ 421,870

Current pledged revenues are equivalent to "Net income available for debt service — senior lien bonds and subordinate bonds," as shown in the table above. Current debt service is the "Composite debt service requirements – senior lien bonds and subordinate bonds," as shown in the table above. Total current debt service and future pledged revenues reflect principal and interest payment requirements on a cash basis. Total future pledged revenues are through the fiscal year ending September 30, 2029.

F. Long-term Obligations – Revenue Bonds Payable – Bond Covenants (Continued)

All of the bonds are payable from the net revenues 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 1989A, 1998, and 2009A bonds is insured by a non-cancelable Financial Guaranty Insurance Policy issued by Municipal Bond Insurance Assurance Corporation (MBIA). Payment of principal and interest on the Series 2011 bonds is guaranteed under a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation (AGMC). These policies unconditionally guarantee 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.

The Series 1989A, 1998, 2008, 2009A, and 2011 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 $21,854,000 to meet this requirement. The reserve account requirement applicable to the 2008 Subordinate Bonds is fulfilled by U.S. Treasury obligations and money market funds collateralized by U.S. Treasury obligations in amounts totaling $3,411,000 as of September 30, 2012 and 2011. 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 amounts totaling $6,949,000 and $6,936,000 as of September 30, 2012 and 2011, respectively. Concurrent with the issuance of the Series 2011 Bonds, AGMC issued the 2011 Reserve Account Credit Facility in the amount of $17,250,000 to meet this requirement.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds that exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability as of September 30, 2012. The next rebate computation period is September 2013 for all outstanding bonds.

Other Post-employment Benefits (OPEB): The Port, as a department of the County, participates in the County's single-employer, defined-benefit healthcare plan.

Plan Description: The plan allows employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: The Port makes no direct contribution to the defined-benefit healthcare plan. Retirees and their beneficiaries pay the same group rates as are charged to the Port for active employees. However, the County's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits, which is described below, and is called the Employer Contribution.

The Port's annual OPEB cost for the plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

F. Long-term Obligations – Other Post-employment Benefits (OPEB) – Funding Policy and Annual OPEB Cost (Continued)

The annual OPEB cost for the Port as of September 30, 2012 and 2011 and the related information for the plan are as follows (dollars in thousands):

	September 30, 2012	September 30, 2011
Required contribution rates:		
Employer	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 101	$ 144
Interest on net OPEB obligation	17	13
Adjustment to annual required contribution	(17)	(13)
Annual OPEB cost	101	144
Contributions made	(47)	(47)
Increase in net OPEB obligation	54	97
Net OPEB obligation, beginning of year	409	312
Net OPEB obligation, end of year	$ 463	$ 409

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2012, 2011, and 2010 for the Port were as follows (dollars in thousands):

	September 30, 2012	2011	2010
Annual OPEB cost	$ 101	$ 144	$ 138
Percentage of Annual OPEB cost contributed	46.88 %	32.41 %	28.60 %
Net OPEB obligation	$ 463	$ 409	$ 312

Funded Status and Funding Progress: The funded status of the plan as of October 1, 2011, the date of the most recent actuarial valuation, was as follows (dollars in thousands):

Actuarial accrued liability	$ 24,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$ 24,800
Funded ratio	- %
Covered payroll	$231,302
Unfunded actuarial accrued liability as a percentage of covered payroll	10.72 %

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.

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 evaluation date and the pattern of sharing benefit costs between the Port 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

F. Long-term Obligations - Other Post-employment Benefits (OPEB) - Actuarial Methods and Assumptions (Continued)

Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2011
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	26 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	3.75%
Projected salary increases*	4.00% - 8.38%
Healthcare inflation rate*	9.00% initial, 4.92% ultimate

*Includes general inflation at 3.00%

G. Pension Plan

The Port, as a department of the County, participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer public employment retirement system, which covers substantially all permanent, full- and part-time employees. The FRS provides retirement, death and disability benefits to plan members and beneficiaries. FRS offers a defined benefit plan (the "Pension Plan") or a defined contribution plan (the "Investment Plan"). Benefits for both Plans are established by Florida Statutes and may only be amended by the Florida Legislature.

The FRS issues an annual financial report. A copy can be obtained by sending a written request to the Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or by visiting their website at http://dms.myflorida.com.

Pension Plan benefits are computed on the basis of age, average final compensation and service credit. For employees initially enrolled in the Pension Plan on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of earnings compared with the average of the five highest years of earnings for those enrolled prior to July 1, 2011. The Pension Plan provides vesting of benefits after eight years of creditable service for employees initially enrolled in the Pension Plan on or after July 1, 2011 compared with a vesting period of six years for those enrolled prior to July 1, 2011. Members initially enrolled in the Pension Plan on or after July 1, 2011 are eligible for normal retirement if they are vested and age 65 or if they have 33 years of service, regardless of age. Members initially enrolled in the Pension Plan prior to July 1, 2011 are eligible for normal retirement if they are vested and age 62 or have 30 years of creditable service, regardless of age. 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.

The Port's required contribution rate to the Pension Plan is established by Florida Statutes, and, as of September 30, 2012, ranged from 4.13% to 14.05% of covered payroll, based on employee risk groups. Effective July 1, 2011, the state legislature mandated a 3% employee contribution for all employees participating in the Pension Plan. Employees who were enrolled in the Deferred Retirement Option Program ("DROP") before July 1, 2011 were not subject to the contribution. A summary of the covered payroll, contributions, and percentage of covered payroll is as follows (dollars in thousands):

	2012	2011	2010
Covered Payroll	$ 12,307	$ 13,295	$ 12,486
Employer Contributions	$ 624	$ 1,243	$ 1,272
Employer Contributions % of Covered Payroll	5.07 %	9.35 %	10.19 %

G. Pension Plan (Continued)

The Port's contribution for the current and two preceding years were equal to the required contributions for each year.

The Investment Plan is a participant directed program selected by employees in lieu of participation in the defined benefit option of the Pension Plan. Benefits are accrued in individual accounts that are participant directed, portable and funded by employer/employee contributions. The Investment Plan offers a diversified mix of investment options that span the risk-return spectrum and give participants an opportunity to accumulate retirement benefits. The members are vested after one year of service. Benefits are based on the total value of the account at distribution. This amount is based on contributions, earnings or losses on those contributions, less expenses.

The Port's required contribution to the Investment Plan is established by Florida Statutes, and as of September 30, 2012, ranged from 3.55% to 12.33% of covered payroll, based on employee risk groups. Effective July 1, 2011, the State legislature mandated a 3% employee contribution for all employees participating in the Investment Plan. For the year ended September 30, 2012, the Port contributed $59,060 and employees contributed $34,947 to the Investment Plan.

H. Major Customers

A significant portion of the Port's earnings and revenues are directly or indirectly attributed to the activity of two major customers operating out of the Port. The Port's earnings and revenues could be materially and adversely affected, should either of these major customers discontinue operations at the Port and not be replaced with comparable activity. The following tables present major customers contributing to the Port's total operating revenues and accounts receivable, respectively, for the fiscal years ended September 30, 2012 and 2011:

	Percent of Operating Revenues September 30,	
Customer	**2012**	**2011**
Royal Caribbean Cruises Ltd. and its affiliates	25.0%	22.3%
Carnival Corporation and its affiliates	15.2%	16.1%
	40.2%	38.4%

	Percent of Accounts Receivable September 30,	
Customer	**2012**	**2011**
Royal Caribbean Cruises Ltd. and its affiliates	25.6%	23.1%
Carnival Corporation and its affiliates	6.4%	3.3%
	32.0%	26.4%

I. Lease Agreements

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 (dollars in thousands):

Fiscal Year(s)	Amount
2013	$ 9,479
2014	7,498
2015	6,073
2016	4,775
2017	4,838
2018-2022	16,055
2023-2027	6,244
2028-2032	5,931
2033-2037	2,918
2038-2042	3,550
2043-2047	4,320
2048-2052	5,256
2053-2057	6,394
2058-2062	7,780
2063-2067	9,465
2068-2072	11,516
2073-2077	14,011
2078-2082	17,046
2083-2087	20,738
2088-2092	25,232
2093-2097	459
Total:	$ 189,578

J. Capital Contributions

For the fiscal years ended September 30, 2012 and 2011, capital contributions were as follows (dollars in thousands):

Contributor - Purpose	September 30, 2012	2011
State of Florida - Terminals 2, 19, 21, and 26 Improvements	$ 8,441	$ 466
State of Florida - McIntosh Road Realignment	927	56
State of Florida - Southport Container Yard (Phase VIII)	-	1,246
State of Florida - Berth 33 Bulkhead Repair and Replacement	-	1,200
State of Florida - Diesel Emission Reduction	-	329
Federal - Port Security Improvements	413	58
Federal - Port Security - TWIC	-	68
Total capital contributions	$ 9,781	$ 3,423

K. Commitments and Contingencies

Any owner or operator of real estate may be adversely affected by legislative, regulatory, administrative and enforcement actions involving environmental controls. For example, if any of the property on which Port facilities are located or other property operated by the County is determined to be contaminated, the County could be liable for significant clean-up costs, even if it is not responsible for the contamination. The costs of decontamination or clean-up could be significant and the incurrence of such costs could have a material adverse impact on the Port's financial position and change in net assets.

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 of 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 majority of common areas on which petroleum contamination is known to exist have been accepted for state funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having a material financial liability for petroleum contamination costs not covered by the State of Florida or the oil industry is remote.

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

Major Capital Contracts: As of September 30, 2012, contracts entered into by the Port in excess of half a million dollars and with unexpended balances were as follows (dollars in thousands):

Contract	Contract Amount	Unexpended Balance
Carnival Terminals Expansion — Moss & Associates	$ 52,979	$ 14,120
McIntosh Road Improvements — Weekley Asphalt Paving	7,006	4,948
Southport Turning Notch — DeRose Design Consultants	3,600	3,172
Gantry Crane Painting — Groome Industrial	1,693	570
Terminal 19 Improvements — Bermello Ajamil	1,685	166
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,489	113
Spangler Blvd Bypass Road — Craven Thompson	1,417	360
Terminal 26 Improvements — Bermello Ajamil	1,308	134
Northport Parking Garage IV — Shiff Construction	1,150	961
Gantry Crane Elevator — Alimak Hek	1,136	908
Terminal 21 Improvements — Bermello Ajamil	1,116	85
McIntosh Loop Road Realignment — Craven Thompson	990	296
Terminal 2 Improvements — Bermello Ajamil	758	75
Terminal 4 Concrete Floor Polishing West Side — Shotblast Floors, Inc.	520	14
Terminal 29 Canopy instalation - Shiff Construction	509	172
Total	$ 77,356	$ 26,094

L. Risk Management

The Port is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port participates in the County's self-insurance program which 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 self-insured retention limit. Mass transit liability, auto liability, medical malpractice, and general liability are entirely self-insured, with the County providing coverage up to the statutory limits of $200,000 per person and $300,000 per occurrence. The County (through the Risk Management Fund) purchases commercial insurance for life, disability, port liability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. Settled claims have not exceeded this commercial coverage in the past three years.

The Port makes payments for the self-insurance program to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish reserves for all losses. The actuarial estimates include the effects of specific, incremental claim adjustment expenses, salvage, subrogation and other allocated claim adjustments. The reserves for the self-insurance program are reported as a liability of the County's Self-Insurance Fund.

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M. Related Party Transactions

The County allocates certain support department costs which include administration, legal, fiscal, purchasing, personnel, audit, and communication costs to other County departments. Certain funds are also charged for the cost of the services provided by the Self-Insurance, Fleet Services, and Print Shop funds. Costs of approximately $8,500,000 and $8,000,000 for these services were allocated to the Port during the fiscal years ended September 30, 2012 and 2011, respectively.

The Port contracts directly with Broward Sheriff's Office for security services at Port Everglades. The cost of these services from the Sheriff's Office was approximately $13,900,000 and $17,400,000 for the fiscal years ended September 30, 2012 and 2011, respectively. The Port also contracts with the Broward Sheriff's Office Department of Fire Rescue and Emergency Services for fire rescue and emergency medical services at the Port. The cost of these services was approximately $7,700,000 and $8,100,000 for the fiscal years ended September 30, 2012 and 2011, respectively.

The Port reimburses the Broward County Aviation Department for allocated maintenance costs for the landscaping of U.S. 1 at Fort Lauderdale International Airport. The cost of these services from the Aviation Department was approximately $19,000 and $21,000 for the fiscal years ended September 30, 2012 and 2011, respectively.

Required Supplementary Information

Schedule of Funding Progress – Other Post-employment Benefits

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2012

Schedule of Funding Progress – Other Post-employment Benefits

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2007	$ -	$ 48,755	$ 48,755	- %	$ 272,383	17.90%
10/1/2009	-	43,582	43,582	- %	270,612	16.10%
10/1/2011	-	24,800	24,800	- %	231,302	10.72%

This schedule shows the County's actuarial accrued liability (AAL). An estimated 4.00% of this liability can be attributed to Port Everglades for the 10/1/2011 valuation.

Port Everglades was the host site for the naming of MST's new bulk ship *M/V Nina Marie*.

Broward County Board of County Commissioners:
Seated: Kristin Jacobs, Mayor, District 2 (right) and Barbara Sharief, Vice Mayor, District 8.
Standing: (left to right)Tim Ryan, District 7; Chip LaMarca, District 4; Lois Wexler, District 5; Stacy Ritter, District 3; Dale V.C. Holness, District 9; Sue Gunzburger, District 6; Martin D. Kiar, District 1.

BROWARD COUNTY FLORIDA

A service of the Broward County Board of County Commissioners

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

For more information, please contact:
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Fort Lauderdale, FL 33316
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porteverglades.net

This publication can be available in alternate formats by request. Broward County is an equal opportunity employer and provider of services. This publication was promulgated at a cost of $12,306.00 or $3.52 per copy to inform the public about Port Everglades' financial position.

FPO

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