

MAKING AN IMPACT

economy community environment





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impacting our neighborhoods

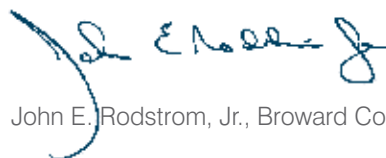
Dear Neighbors,

As your Broward County Mayor and a County Commissioner since 1992, my priority has been to make Broward County a great place to live, work or retire. I have spent nearly my entire life in this community, and consider Broward County home for me and my wife, Charlotte, and our three sons, Travis, Wade and John III. Because my roots run so deep and wide, I really care about the future of our neighborhoods and about the economic stability of our region. Managing the growth ahead of us is paramount to maintain the quality of life that we enjoy in South Florida.

The impact that Port Everglades has in our community as an economic engine is essential to sustaining our way of life here in Broward County. For this reason, your Broward County Commissioners strongly support the Port's 20-year Master/Vision Plan and remain committed to seeing its three priority projects through to completion.

Port Everglades and Fort Lauderdale-Hollywood International Airport are enterprise funds in Broward County that are self-supporting and do not rely on local tax dollars for their operations and capital improvements. Both are success stories that help bring new dollars to our community. In fact, the Airport's new runway is expected to attract more flights, including those of international origin, which will in turn bring more cruise guests to our shores. Those guests will sleep in our hotels, shop in our retail stores, dine in our restaurants and, in doing so, leave money in our coffers to make improvements in our community.

Port Everglades generates nearly \$571 million in state and local taxes annually that are used to improve the community we live in. The total value of economic activity at Port Everglades reaches approximately \$15.3 billion each year. More than 160,000 Florida jobs are impacted by the Port, including 11,400 people who work for companies that provide direct services at Port Everglades. So you can see why it is essential that we continue supporting Port Everglades in its expansion efforts that will help to increase business in Broward County to sustain our way of life.



John E. Rodstrom, Jr., Broward County Mayor

economy, community and environment create vital impact

Dear Broward County Residents,

County Government provides services in many areas that dramatically impact the quality of life we enjoy. They include enhancing our local economy, improving environmental protection and public infrastructure, providing a social safety-net for residents and fostering cultural arts, learning and recreation. Port Everglades impacts many of these areas directly and indirectly.

Through job creation and retention, the Port enhances our local economy. Those who work for businesses at the Port and for companies that support the cruise and cargo lines spend their earnings in our community. This spending supports our local businesses and generates the tax dollars that impact our quality of life.

Port Everglades is also a dedicated environmental steward. This past year, the Port aggressively competed for, received, and supplemented a \$750,000 diesel emissions reduction grant from the Florida Department of Environmental Protection. This grant, plus contributions from the Port Everglades Pilots Association and Port Everglades, has resulted in the replacement of heavy equipment and service vehicles, and pilot boats being repowered with clean diesel technology that is translating into an estimated \$17 million in environmental and health benefits for the community.

Through community outreach programs such as speaking engagements and group tours, Port Everglades has educated our residents about the importance of international trade and tourism to our economic stability. The Port's impact in our community has fostered a grassroots coalition of Broward-based business organizations dedicated to promoting the Port's growth. We expect this coalition to help us spread the message of Port Everglades' economic impact to our state and federal leaders, and throughout our community.

2011 was a particularly challenging time for local governments around the country, Broward County included. Through self-supporting enterprise funds such as Port Everglades, our community was in better financial shape than communities that lack this type of economic engine. We are fortunate that our Broward County's community leaders in the 1920s recognized the impact that a seaport would have in sustaining our County's economy.



Bertha Henry, Broward County Administrator





taking the helm

Broward County welcomes Steven M. Cernak as the new Chief Executive and Port Director for the Department of Port Everglades.

Prior to joining the Port Everglades team in March 2012, Cernak served as the Port Director and CEO for the Port of Galveston, TX, since 1999. During this time period, the Port of Galveston's revenues doubled and it became the top cruise home port in the Gulf of Mexico. Among his notable accomplishments, Cernak initiated a proactive response to severe damage at the port from Hurricane Ike in 2008 so that cargo operations were able to resume in just eight days and cruise operations in 50 days. He also negotiated a Project Cooperation Agreement with the U.S. Army Corps of Engineers to deepen Galveston Channel from 40 feet and 45 feet and secured federal funding for maintenance and new construction dredging to complete the project.

In the cruise sector, Cernak negotiated public/private development agreements with Royal Caribbean Cruise Line and Carnival Corporation to build two new cruise terminals. Carnival's 1,004-foot *Carnival Magic* began sailing out of Galveston in November, and Disney Cruise Line and Princess Cruises have agreed to homeport ships later in 2012.

Prior to moving to Texas, Cernak was the Manager of Port Development for The Port Authority of New York and New Jersey. He also held engineering positions with several private engineering consultancies in New Jersey. Cernak has a bachelor's degree in Civil Engineering from Colorado State University and M.B.A. from Dowling College in Oakdale, NY. He is currently an active participant in the American Association of Port Authorities and has served on the Cruise Committee, Curriculum Committee, Harbors and Navigation Committee and has served on its Board of Directors.

Cernak was selected for the Chief Executive and Port Director position after a national search. He replaces Phillip Allen, who retired after six years at Port Everglades and 26 years with Broward County.

positive impacts

Dear Port Partners and Friends,

I want to thank you all for contributing to the success that is Port Everglades. The past six years as your Port Director have allowed me to put my 40-year public-sector career into perspective as I was able to apply my financial background to real life. I am proud of what we have accomplished and believe that Port Everglades will continue to thrive and provide a strong backbone for our local economy.

As you read the pages in this *Annual Commerce Report*, you will see that in the past year, for example, operating revenue at Port Everglades reached a record high of \$139.2 million, which is 11.6 percent higher than the Port's previous record high of \$124.7 million achieved in FY2010, while the Port's gross operating margin increased by 26.6 percent. This was accomplished by holding expenses flat in spite of increased volumes.

Cruise travel also celebrated a banner year and containerized cargo climbed to its highest level since the global economic downturn in 2009. Total waterborne commerce, as measured in short tons (2,000 pounds) and including all cargo that crosses the docks, reached 22,087,515 tons, which is a 2.1 percent increase over the 21,640,144 tons recorded in FY2010.

One of my proudest accomplishments was the development of our 20-Year Master/Vision Plan. Your insight helped provide this roadmap that will lead to the Port's growth in the future. To better understand our commitment to planning, I hope you will read the letter that I originally wrote for the *Sun-Sentinel* on Pages 6-9.

As you can see, I am retiring on a high note. I am looking forward to the next stage of my life, spending more time with my wife Sally and my family, and doing a bit of traveling. I plan to remain active in the community and continue to support Port Everglades, so don't be surprised to see me at upcoming events.

It has been my pleasure to serve and work with you.



Phil Allen, retired Port Everglades Chief Executive and Port Director



port everglades expansion creates jobs



**Written by
Phillip C. Allen,
Former
Chief
Executive and
Port Director**

**Originally
published
in the
Sun-Sentinel
and updated**

When school groups come to tour the Port, we always start by asking the children: “Who here ate a banana for breakfast?” And, “Who is wearing sneakers?” They are always startled to find out that their breakfast bananas and sneakers arrive by ship to Port Everglades before landing on the shelves at Publix or Walmart. For adult tours, we replace sneakers with flat-screen televisions and laptop computers, and get the same startled responses.

Goods such as bananas, sneakers and electronics only tell one side of the economic impact story about Port Everglades – the story that everyone can relate to as consumers. The other side of the story is about the jobs that are created and supported by Port Everglades, and the resulting personal income, tax dollars and economic activity

that these jobs generate. In fact, exported goods from Port Everglades last year totaled \$13.3 billion, which the U.S. Department of Commerce equates to supporting 79,800 U.S. jobs.

This past March, the Broward County Board of County Commissioners adopted a 20-year Master/Vision Plan for Port Everglades that is actually an update of the original Plan approved in 2007. The Plan is a roadmap for capital improvements at the Port. It is updated regularly to take into account how trends and changes in the marketplace, and in our lifestyles, create demands on existing facilities that in turn necessitate physical changes at the Port such as longer docks and deeper channels. These infrastructure improvements are critical to keeping Port Everglades vibrant and competitive.

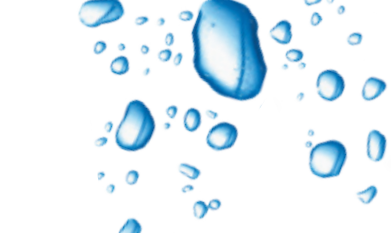
Broward County and the surrounding region are dependent upon Port Everglades for almost \$15.3 billion in economic activity that supports jobs, tax dollars, tourism, food, gasoline, and other resources in our community. As an Enterprise Fund, Port Everglades is self-supporting and does not use local tax dollars to operate. So it shouldn't come as a surprise that our County Commissioners are planning for the Port's future with capital improvements that will make our port more efficient, sustainable and competitive.

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Containerized cargo activity at Port Everglades accounts for more than 148,000 jobs statewide.



Florida Governor Rick Scott, center, helped Broward County Commissioners Chip La Marca and Dale V.C. Holness, Florida Representative Lake Ray, Port Everglades Chief Executive and Port Director Phil Allen and Florida Department of Transportation Secretary Ananth Prasad break ground on the Eller Drive Overpass.



What may be surprising however, are the detrimental consequences that could impact our region if these Master/Vision Plan projects do not move forward. Consider the impact and what is at stake with the Port's current three key capital projects:

The Southport Turning Notch berth expansion, slated for completion in 2017, will add five new ship berths at Port Everglades and create 16.5 acres of new mangrove habitat. This project will create 2,227 temporary construction jobs in the near term and 5,529 new regional, permanent jobs and \$252.2 million annually in state and local taxes by the year 2027.

Deepening and widening the Port's ship channels, which is expected to be complete by 2017, will create 5,862 construction jobs in the near term and 1,491 new ongoing regional jobs and \$69.2 million annually in state and local taxes by the year 2027.

The Intermodal Container Transfer Facility (ICTF), bringing freight rail into the Port, will create 767 construction

jobs. Ground was broken for the first stage of this project, the Eller Drive Overpass, in July 2011 and the project is expected to be completed during the first half of 2014. Broward County Commissioners approved an agreement that will allow the Florida East Coast Railroad to finance and construct the ICTF on 42.5 acres of existing Port property. Completion of this facility will reduce truck traffic over local roads and improve air quality.

Without berths and channels capable of handling larger ships with heavier cargo loads, and convenient rail to move the cargo to its destinations, ocean shipping companies will simply go elsewhere, along with the jobs they support and dollars they inject into our economy.

This is especially important to consider as the Panama Canal, the direct artery for cargo ships to carry goods from Asia and the Pacific to the U.S. East Coast, is being widened to accommodate larger ships and a larger number of ships by the year 2014. This means that goods coming from China, Japan and Korea can be

shipped via an all-water route directly to Florida ports and other seaports on the Eastern seaboard instead of transported across the country by rail to the East Coast from California and other Pacific state ports before being trucked into Florida. This is a win-win for consumers and the environment.

Additionally, South Florida trade with South America, Central America and the Caribbean continues to increase. Exports from the United States to these regions are growing as these Latin American economies become stronger and their populations increase spending. Port Everglades is the top seaport in Florida for international export trade, most of which is conducted with Latin America.

We cannot afford to lose these jobs to other states that are already investing in additional berths, deeper channels, and transportation connections.

According to a recent study by the Florida Chamber Foundation, approximately 547,000 TEU (20-foot equivalent unit, a shipping industry

measurement term for a standard 20-foot container) originate in other parts of the United States and are exported to markets such as Latin America and the Caribbean using Florida seaports. Similarly, about 240,000 TEU are imported from other nations through Florida seaports and ultimately consumed in other states. These 787,000 TEU currently support nearly 6,000 direct and spinoff jobs. We have the potential to increase these flows along trade lanes where Florida has a cost advantage or a historically dominant role, particularly between the eastern United States and Latin America and the Caribbean. Doubling these flows would double the economic impacts, and also create greater economies of scale for distribution centers and related value-added activities. If all discretionary imports were processed through Florida distribution centers, an additional 22,300 jobs in distribution, final assembly, value added manufacturing, and other elements of the supply chain could be created, along with an additional \$430 million in personal income and \$40 million in tax revenue annually.

Port Everglades already supports 160,000 jobs in Florida annually that account for \$5.9 billion in personal income and nearly \$540 million in state and local taxes. The Port's three immediate, critical expansion projects will infuse another 7,000 permanent new jobs into our region in the long term.

The Port of Miami and Port Everglades are the 11th and 12th busiest international container cargo ports in the United States respectively,

but deeper channels are required at both ports to meet the needs of South Florida's growing consumer population. While the Port of Miami's dredging project is shovel ready with completion slated for 2014, the U.S. Army Corps of Engineers is nearing completion of a comprehensive, long-term study, sponsored by Port Everglades, to assess environmental impacts of deepening and widening the Port's channels and exploring options for mitigation and minimizing potential environmental damage. We worked successfully with environmental organizations to develop a program that will replace 8.7 acres of existing mangroves with 16.5 acres of a new mangrove habitat that will in turn allow Port Everglades to build five additional, much needed, cargo berths. We will continue to include environmental concerns at the forefront of our planning efforts because we believe that open

dialog leads to creative solutions. Port Everglades is committed to acting as an environmental steward for our community and continues to stress a sustainable port environment.

The Port's three priority projects are moving forward, but need further community support to help secure state and federal funding. It is not enough for Port Everglades to tell the story of our accomplishments and impact. We need third-party endorsements from you, our community and business leaders, so this message is heard even louder in Tallahassee and Washington. I implore you to talk to or write to your elected officials to let them know that you value Port Everglades and the quality of life that it supports in our community.

Please feel free to contact us at Port Everglades if you would like further information and/or would like to schedule a speaking engagement. Port Everglades is an economic engine for our community, and we need our community to keep the engine running. 🚢



cruising soars

Cruise travel is on the rise at Port Everglades as multi-day cruise passengers, those sailing on cruise ships that go out for more than one night, climbed to a record 3,664,103 in FY2011, a 10.6 percent increase from 3,314,208 in FY2010. The total number of passengers, including single-day and multi-day, was 3,952,843 in FY2011, up 7.6 percent from 3,674,226 passengers in FY2010. Cruise traffic generated a record \$56.7 million in revenue for FY2011, which is 24.1 percent higher than in FY2010. Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$8,173,025 in FY2011, compared to \$8,758,514 in FY2010.

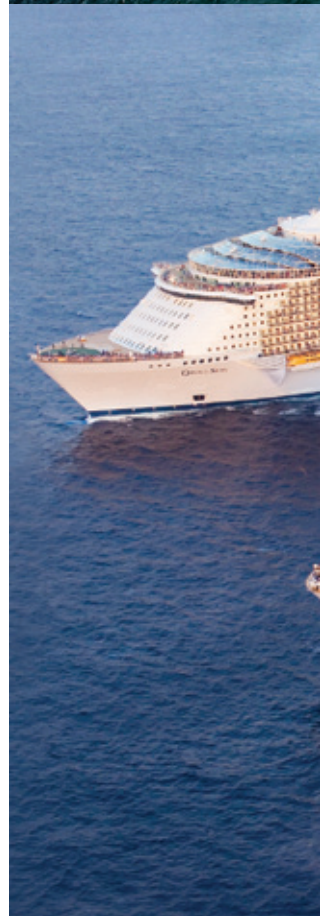
The number of cruise passengers is expected to remain steady over the next few years as the Port has entered into long-term agreements with Carnival Corporation and Royal Caribbean Cruises Ltd. that guarantee a steady flow of cruise guests in return for guaranteed berth space. Carnival owns seven cruise lines, most of which call at Port Everglades, and Royal Caribbean Cruises Ltd. owns three cruise lines, Royal Caribbean International and Celebrity Cruises, that currently call at the Port, and Azamara.

Thirteen cruise lines offered services at the Port in FY2011 via a 55-ship cruise fleet, including Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Cunard Line, Discovery Cruise Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises.

During the FY2011 cruise season, *Allure of the Seas*, Royal Caribbean International's second Oasis class cruise ship, was named at her

homeport, Port Everglades, and began sailing every Sunday year-round on December 5, 2010. The year-round schedule contributed significantly to the Port's multi-day passenger increase this fiscal year. In addition to *Allure of the Seas*, four other newly built cruise ships debuted at Port Everglades during FY2011. Holland America Line's *Nieuw Amsterdam* homeported at Port Everglades through the winter. Seabourn Cruise Line celebrated its United States' debut of the *Seabourn Sojourn*. Cunard Line's new *Queen Elizabeth* called at Port Everglades as a part of her world cruise. And, P&O Cruises had three cruise ships calling at Port Everglades for the first time, including the line's new *Azura*. The other P&O Cruise ships that came to Port Everglades for the first time were *Aurora* and *Ventura*.

The Port's cruise facilities also received a number of accolades. Seatrade Insider named Port Everglades its "Port of the Year" during its annual Seatrade Insider Cruise Awards ceremony at the historic l'Opera House in Nice, France. This distinction by one of the world's foremost cruise industry trade publications is given to a port authority or port management company that has made significant improvements to its handling facilities and cruise-tourism infrastructure over the past 12 months. Port Everglades, which was cited for building Cruise Terminal 18 to accommodate Royal Caribbean International's Oasis class of cruise ships, competed for the award against the ports of ABP Southampton and Le Havre, France. Port Everglades was also selected for the third consecutive year as the Best U.S. Homeport by *Porthole Cruise Magazine*, a world-class leading cruise travel magazine, and received a reader-selected award from *Dreamworld Cruise*, a European-based cruise magazine. 🏆





Both Royal Caribbean International's *Oasis of the Seas* and *Allure of the Seas*, and Carnival Cruises' *Carnival Freedom* sail year-round from Port Everglades, which contribute greatly to the increased number of passengers sailing annually from the Port.





Port Everglades welcomed the largest cargo ships in the Port's history – *MSC Maeva*, *MSC Lucy* and *MSC Charleston*. Each ship is 1,066 feet long, 140 feet wide, 89,954 gross registered tons, and when fully loaded can carry 8,089 TEUs. Previously, the largest ship to call at Port Everglades was a MSC vessel class of 997 feet long, 73,819 gross registered tons, and had a 6,402 TEU capacity.



containerized cargo strengthens

Moving towards a rebound from the global economic downturn in 2009, containerized cargo activity increased approximately 11 percent in FY2011 to 5,787,961 tons and 880,999 TEUs (20-foot equivalent units which is the standard measuring tool for containerized cargo), up from 5,216,831 tons and 793,227 TEUs in FY2010. Revenue from containerized cargo increased by 7.4 percent in FY2011 to \$31.7 million from \$29.5 million in FY2010.

In FY2011, export activity exceeded imports at Port Everglades, accounting for 57.9 percent of the loaded TEU activity.

The Port's primary trade lanes are in the regional Caribbean, Central American and South American markets, representing 84 percent of the Port's cargo movements. Much of this regional trade, 39.4 percent, was destined for Central America where Port Everglades dominated all U.S. seaports, with 18 percent of the entire Central American market.

There are 20 container shipping lines that maintain regular service at Port Everglades, providing service to over 200 ports in 138 countries.

During FY2011, SeaFreight Agencies, a longtime Port Everglades customer,

entered into a 10-year lease for a new 25-acre facility at Port Everglades. SeaFreight's terminal is a new facility on a 41-acre containerized cargo area that was completed during the year and created 15 percent more capacity for containerized cargo at the Port. SeaFreight operates eight container ships at Port Everglades with twice weekly fixed-day sailings to and from the Caribbean region, which is a key market for the Port. An almost 20-year customer of Port Everglades that previously handled cargo through other terminal operators at the Port, SeaFreight's business activity is now expected to

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Port Everglades provides service to 138 countries. The top 10 trading partners for containerized cargo (reported in tons) are Honduras, Guatemala, Costa Rica, People's Republic of China, Colombia, Brazil, Venezuela, Bahamas, Dominican Republic and India.

grow from \$2,410,000 to \$4,129,163 annually, including rent, over the life of the agreement. Volume guarantees are expected to grow 23 percent higher than current cargo levels within the first six years.

Crowley Liner Services signed a new 10-year terminal lease with Port Everglades

that calls for additional acreage and increased container guarantees. The terms of the new lease call for increasing Crowley's terminal from 68.2 to 80 acres. The additional acreage is part of the new 41-acre terminal yard completed this year with the balance leased by SeaFreight Agencies. Crowley's

guaranteed container moves will begin at 110,000 in 2011, and increase to 129,730 by the end of the 10-year agreement. Under the new agreement Crowley's first-year guarantee represents nearly 96 percent of their FY2010 container volumes. Crowley also developed and put into use its first Highly Mobile Actionable Pest (HMAP) Refrigerated Chamber at Port Everglades. The chamber allows for perishable cargo coming into South Florida with highly mobile, non-indigenous pests to be contained and prepared for fumigation while retaining refrigerated temperatures.

To better serve cargo customers, Port Everglades received delivery and put into operation in Midport a new 100-ton-capacity Gottwald mobile harbor crane designed for maximum mobility, maneuverability and versatility to handle all types of cargo (containers, bulk, general, heavy lift, and project cargoes). In addition, the new mobile harbor



Cutting the ribbon to open the U.S. Export Assistance Center at Port Everglades are, from left: Broward County Commissioner Dale V.C. Holness; former Broward County Mayor Sue Gunzburger; Port Everglades Chief Executive and Port Director Phil Allen; Under Secretary of International Trade for the U.S. Department of Commerce Francisco J. Sánchez; U.S. Congressman Allen West; and, Broward County Commissioner Lois Wexler.



Jeff Weidner, Florida Department of Transportation Strategic Development Manager for the District 4 Seaport Program, former Port Everglades Chief Executive Phil Allen and SeaFreight Agencies President Roland Malins-Smith, cut the ribbon to open the new SeaFreight terminal.

crane is capable of operating on biodiesel fuel, replacing an older harbor crane with a cleaner-burning unit to provide greater cargo-lifting efficiencies with reduced air emissions. Also during FY2011, rail-mounted container gantry crane P2, manufactured by Paceco, was fully renovated and upgraded at a cost of \$2.5 million. Upgrades to P2 included installing a Tier-3 diesel generator that qualified for grant monies from the U.S. Environmental Protection Agency through the Diesel Emissions Reduction Act. This renovation extended the life of the P2 crane by an estimated 15 to 20 years. Hyde Shipping Corporation and Sea Star Line relocated within the Midport area of the Port so that

both ocean shipping companies can take advantage of the new and newly refurbished cranes. Sea Star's relocation placed idle acres in Midport into use, and Hyde's relocation allowed for improved shore staff parking and cruise operations.

The U.S. Commercial Service relocated its Broward-based Export Assistance Center to Port Everglades as part of the federal government's National Export Initiative (NEI) which calls for doubling exports from the United States by the middle of the decade and in turn supporting two-million American jobs. Seaports are considered key components of this initiative because of their expertise in foreign trade.

Chilean line Compañía Sud Americana de Vapores (CSAV) started its first vehicle carrier service at Broward County's Port Everglades. CSAV's new Pure Car Carrier (PCC)/ Pure Truck Carrier service sails every other week from Port Everglades using Florida International Terminal, LLC, (FIT) for cargo handling.

The Panama Canal Authority (Autoridad del Canal de Panamá) and Port Everglades also renewed their strategic alliance with the signing of a Memorandum of Understanding (MOU). First signed in August 2009, the MOU, which is renewable for five years, solidifies both entities' dedication to growth and best customer practices. 🌐

The Port Everglades Administration on Eller Drive offers office space in a secure location.



real estate climbing

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 their specific leases. Real estate is the fourth highest revenue-producing source at Port Everglades, generating about 8 percent of total Port revenue.

In FY2011, revenue from Port real estate leased climbed 8.8 percent for a total \$11,148,630 compared to \$10,294,606 in FY2010.

Of the total available land area for lease of 505 acres, 292 acres are occupied, or 57.8 percent. Excluding undeveloped land of 188 acres, this occupancy increases to 92.1 percent. Total leasable warehouse

area is approximately 969,000 square feet of which 908,000 square feet is occupied, or 89 percent. Total leasable office area is approximately 242,000 square feet of which 229,000 square feet is occupied, or 94.6 percent. Through September 30, 2011, a total of 39 of 48 leases have been renewed for FY2011, an 81 percent retention rate. Two large land leases totaling 105 acres were

signed with Crowley, who renewed and expanded their operations, and with SeaFreight, a new leaseholder at the Port. Both leases are for 10 years.

Part of the real estate property managed by Port Everglades includes Foreign-Trade Zone (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 business can take advantage of duty-free, duty-deferred and/or CBP 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. FTZ No. 25 is Florida's first such zone for redistribution. Approximately 110 firms of Florida's total 242 FTZ-served firms enjoy the economic benefits of their relationship to FTZ No. 25.

FTZ No. 25 continued to expand to property outside of the Port's jurisdictional area in 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 11 sites.

Florida ranks as the seventh largest state for export commodities through FTZs and the 14th highest ranked in terms of dollar value at \$5.7 billion.

A new state-by-state report released by the National Association of Foreign-Trade Zones (NAFTZ) in

FY2011, found that FTZ No. 25 at Port Everglades leads Florida in the value of international goods handled through its facilities. Sixty-three percent of all Florida FTZ exports were handled through Port Everglades' FTZ No. 25, valued at more than \$1.107 billion. When combined with another \$928 million of imports, total goods valued at more than \$2.025 billion were handled through the Port's FTZ. This represented 35 percent of all FTZ commodities in Florida.

New Leases/Renewals

- H.T. Shipping, Inc. and Hybur LTD., a ship agent and long-time Port tenant, relocated their operations to seven acres within Midport and signed a new ten-year lease agreement.

Tenant Expansions

- R. O. White & Company, a stevedoring and cargo handler firm that has been in the Port since 1995, expanded their office

adding a second location for their corporate office. They have leased an additional 1,542 square feet of space in the Port Administration Building as well as renewed their lease in the Amman Building.

- Holland America Line N.V. expanded their office lease and relocated from Cruise Terminal 26 into 3,095 square feet of space in the Port Administration Building. Holland America is one of the numerous cruise line brands that Carnival Corporation operates in Port Everglades.

Additional lease agreements totaling 258,060 square feet were renewed with existing tenants in Port Everglades during Fiscal Year 2011. Of this total, seven leases totaling 156,907 square feet were for warehouse tenants, 23 leases totaling 20,059 square feet were office tenants, and six leases totaling 81,058 square feet were small land tenants. 🇵🇸



Foreign-Trade Zone No. 25 designation is attractive for companies that ship and redistribute to the Caribbean.

the navy honors a hero

Port Everglades had the honor of hosting the commissioning ceremony for the *USS Jason Dunham (DDG 109)*, the Navy's most advanced Arleigh Burke Class, Aegis Guided Missile Destroyer, on Saturday, November 13, 2010. The event drew thousands to the Port following a week of events and activities for the crew and their families.

The ship was named for Marine Corporal Jason Dunham, 22, who died eight days after sustaining massive injuries after throwing himself on a live grenade to save fellow Marines during Operation Iraqi Freedom in Karabilah, Iraq. His selfless and heroic act was honored posthumously with the Medal of Honor in 2006 and the naming of this impressive Navy warship.

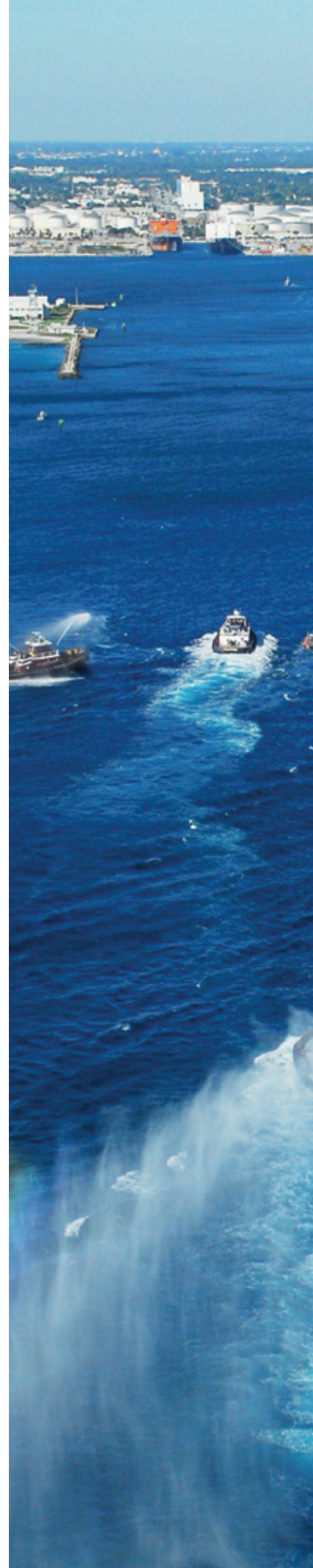
The last time a ship was commissioned in Port Everglades was in 2005 and drew a crowd of 5,000. Port Everglades has had the honor of hosting the commissioning of four other U.S. Navy ships—the *USS Leyete Gulf (1987)*, *USS Cole (1996)*, *USS Higgins (1999)* and *USS Bainbridge (2005)*. In addition, Port Everglades also hosted the decommissioning of the *USS John C. Calhoun submarine (1993)*. Port Everglades is also frequently the port of choice for official Change of Command ceremonies.

The Port also hosted the Broward Navy Days' Fleet Week in Broward County, a national celebration of our sea-going military forces. In FY2011, nearly 2,500 men and women of the U.S. Navy, Marine Corps and Coast Guard participated in South Florida's annual celebration of the maritime services, Fleet Week Port Everglades.

The participant ships and units for Fleet Week 2011 at Port Everglades were:

- Multi-purpose Amphibious Assault Ship *USS Iwo Jima (LHD 7)* from Norfolk, VA
- *USS Ross (DDG-71)* guided-missile destroyer from Norfolk, VA
- *USS Annapolis (SSN-760)* Submarine from Groton, CT
- *USS Normandy (CG-60)* guided missile cruiser from Norfolk, VA
- *USCGC Diamondback (WPB-87370)* Coast Guard cutter from Miami Beach, FL
- *USCGC Gannet (WPB-87334)* Coast Guard cutter from Fort Lauderdale, FL

The 2011 Fleet Week event generated economic impact through ship provisions and money that sailors and their families spent on food, retail shopping and entertainment. 🍷





USS Jason Dunham (DDG 109) arriving to Port Everglades for the commissioning ceremony.



petroleum steady



Petroleum activity, the third largest source of revenue for Port Everglades, decreased by 1.0 percent in FY2011 to 108,262,845 barrels from 109,380,437 barrels in FY2010 due to a decline in consumer demand. (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 of southern 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 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.



creating jobs through development



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

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

These key expansion projects are expected to be completed over the next six years and will add five berths, widen and deepen the channel to 50 feet, and bring freight rail into the Port.

Southport Turning Notch Extension

The Southport Turning Notch Extension project will lengthen the existing deep-water 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.



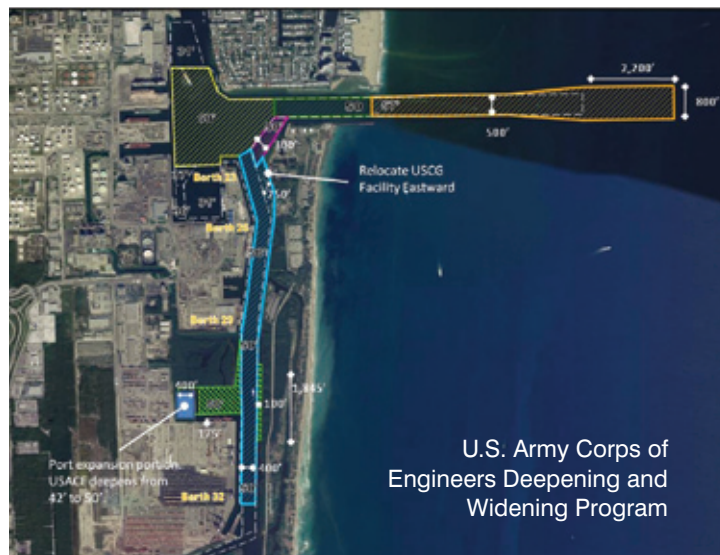
A critical part of the Southport Turning Notch Extension includes replacing 8.7 acres of an existing mangrove conservation easement with a 16.5-acre upland enhancement of approximately 50,000 new mangroves, plants and seeds as well as completing a number of environmental improvements in West Lake Park. 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.

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

Port Everglades is working with the U.S. Army Corps of Engineers in finalizing a plan to deepen its channel and berth areas to 50 feet to accommodate the increase in ships size and cargo volumes projected

after the Panama Canal expansion. The Port already handles Post-Panamax ships, those too large to fit through the Panama Canal at its current size. But the ships must be lightly loaded, which is inefficient and will drive ocean shipping companies to use other ports that are dredging to 50 feet. The Port of Miami and Port Everglades are the 11th 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 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. 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. Widening and deepening the channel at Port Everglades is projected to create 5,862 construction jobs in the near term and 1,491 regional jobs by the year 2027.



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

Intermodal Container Transfer Facility (ICTF)

Port Everglades has taken the first step to develop a near-dock Intermodal Container Transfer Facility (ICTF) on Port property by breaking ground on the Eller Drive Overpass in July 2011. The Eller Drive Overpass will elevate I-595/Eller Drive to allow the trains to access the Port at ground level to the ICTF. The Port has reached an agreement with the Florida East Coast Railway (FEC) to build and operate the ICTF. The ICTF will be used to transfer international containers between ship and rail instead 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 Port Everglades. 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



Southport Turning Notch Expansion

CONTINUED



wthe roads by the year 2027. The ICTF is expected to be completed during the first half of 2014 and create 767 construction jobs (including the Overpass).



Intermodal Container Transfer Facility

Governor Rick Scott attended the groundbreaking ceremony for the Eller Drive Overpass, a \$42.5 million Florida Department of Transportation (FDOT) project in Broward County that is a critical link to improving the movement of people and goods in the area. The Eller Drive Overpass project consists of the construction of a new bridge from the I-595/US 1 interchange over Eller Drive and the Port Everglades Railroad, 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. Construction is expected to be completed mid-2014. Others who participated in the groundbreaking ceremony included Representative Lake Ray, Broward County Commissioner Chip LaMarca, Broward County Commissioner Dale Holness, Florida Secretary of Transportation Ananth Prasad, and FDOT District 4 Secretary Jim Wolfe.

Phase VIIA and VIII

In addition, the Port completed a 41-acre container terminal year in the Southport area, at a cost of \$12.3 million, with approximately half of the funds coming from a state grant. SeaFreight is operating a new 25-acre container cargo terminal on the property and Crowley Maritime Corp. expanded its current 68-acres terminal to include an additional 12 acres on the site.

Cruise Terminal Improvements

In conjunction with its new agreement with Carnival Corporation, Cruise Terminals 2, 19, 21 and 26 will be getting a makeover in accordance with the Port's Master/Vision Plan to improve the passenger experience at Port Everglades by modernizing these terminals. The key objectives in the terminal planning process are flexibility to accommodate different class of cruise vessels, passenger capacity and brands that may use the terminal, two-way terminals that allow for simultaneous embarkation and debarkation processing, and ground transportation area improvements to improve traffic flow outside of the terminal facilities.

The Port Everglades Master/Vision Plan also includes lengthening Berth 4 and renovating Cruise Terminal 4 to accommodate larger cruise ships. The Berth 4 expansion is included in the Port's five-year Capital Improvement Plan.

Environmental Assessment

Maintaining and sustaining the environment is an important leg of the three-legged stool that stabilizes our community.

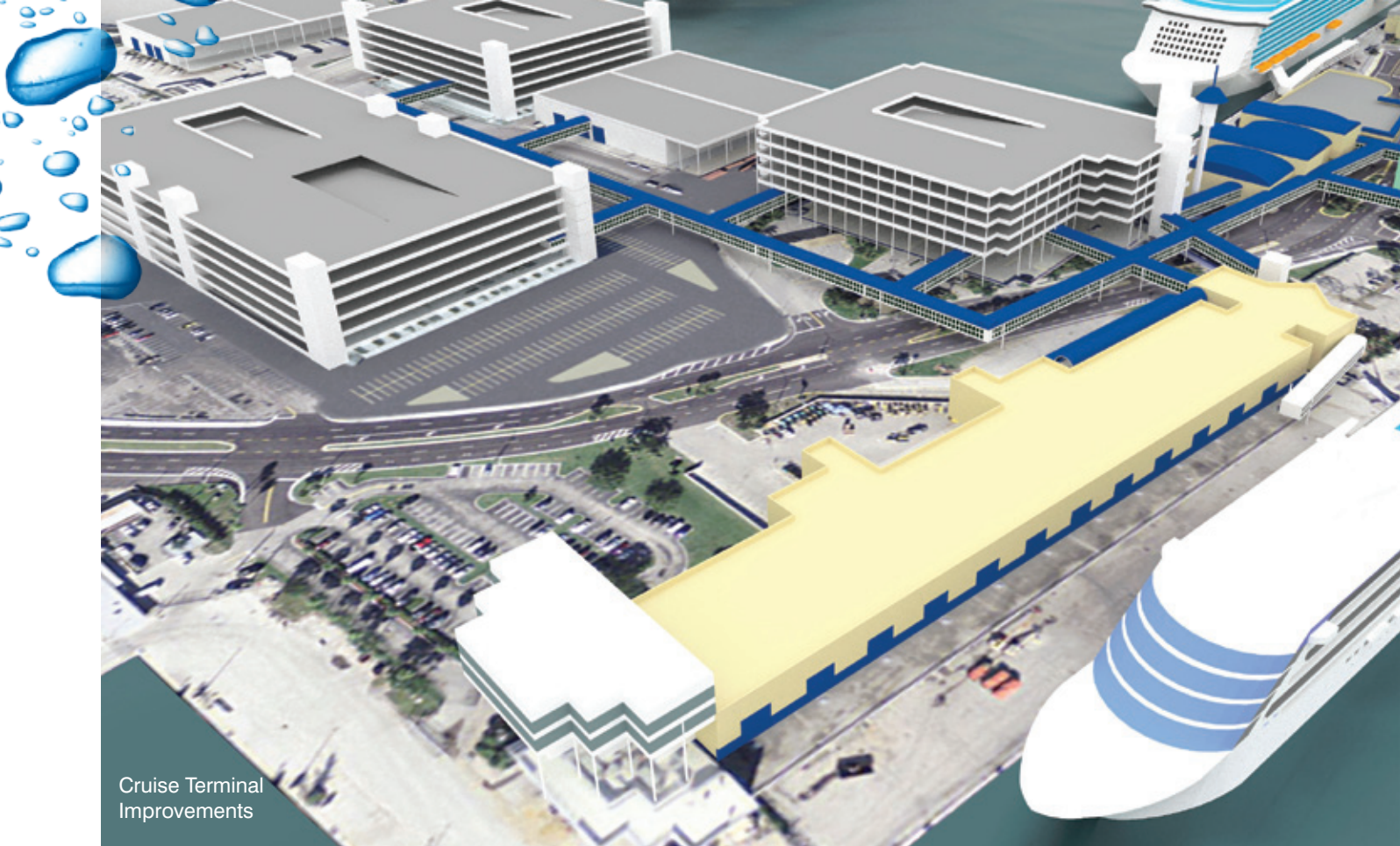
To improve upon and expand the Port's environmental initiatives, the Port retained an independent contractor to conduct a comprehensive survey to assess the Port's current practices and infrastructure. The assessment, which was advanced during FY2011, is designed to also assist Port businesses with implementing "green" best practices and complying with county, state and federal environmental regulations. The survey includes improvements to nighttime lighting to reduce impacts on nesting sea turtles. Other initiatives are aimed at improving the Port's existing recycling and manatee protection programs.

Diesel Grant

Older equipment was retrofitted with clean diesel engines thanks to a Florida Department of Environmental Protection (FDEP) grant.

A \$1.32 million investment, stemming from a diesel emissions reduction grant awarded to Port Everglades from the FDEP, has resulted in the replacement of heavy equipment and service vehicles, and pilot boats





Cruise Terminal Improvements

being repowered with clean diesel technology that is translating into an up to \$17 million environmental and health benefit for the community.

FDEP awarded a \$750,000 grant to Broward County's Port Everglades last year for diesel emissions reduction through the EPA's National Clean Diesel Campaign. The majority of the grant, \$637,508, was used for equipment purchases. The Port contributed an additional \$542,038 and the Port Everglades Pilots Association contributed

\$143,620 to supplement the grant to increase the number of vehicles, heavy equipment and pilot boats that could be retrofitted, repowered or replaced with clean diesel engines that reduce emissions. This \$1.32 million paid for eight pre-2007 forklifts and tractors that were retrofitted with Diesel Oxidation Catalyst exhaust filters, 13 old diesel on- and off-road vehicles and one gantry crane generator were completely replaced, and four pilot boats were repowered with Tier 2 marine engines.

returns a minimum of \$13 for every \$1 invested, and by some estimates as high as \$20 for every \$1, invested through environmental and public health benefits." This means, at minimum, the \$1.32 million that Port Everglades invested in verified technologies to produce significant diesel emissions reductions will realize a return of \$17 million through environmental and public health benefits.

In addition to the environmental and health benefits, over the course of one year the clean diesel investment in more efficient engines will save the pilots an estimated 20,250 gallons of fuel worth approximately \$78,772 to power their boats. Estimated fuel saving for the Port Everglades equipment is 22,403 gallons of fuel valued at about \$87,147. 🌞



Newly retrofitted heavy equipment and vehicles now operate with clean diesel engines.

As of 2011, grants resulting from the Diesel Emissions Reduction Act (DERA) have helped to fund the replacement or retrofit of approximately 50,000 engines throughout the United States. The U.S. Environmental Protection Agency (EPA) states: "DERA

statistics: fiscal year 2011

Port Everglades Waterborne Commerce Chart FY 2011-2002 Unaudited

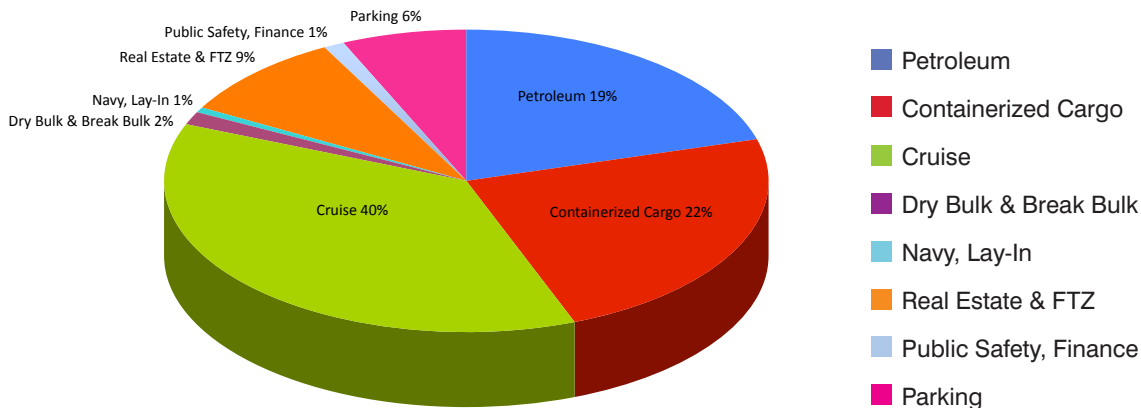
FISCAL YEAR	2011	2010	2009	2008
Operating Revenue	\$ 139,177,090	\$ 124,653,452	\$ 114,441,818	\$ 121,169,061
Expenses	\$ 74,182,360	\$ 73,950,966	\$ 73,235,677	\$ 73,093,351
Gross Margin	\$ 64,994,730	\$ 50,702,486	\$ 41,206,141	\$ 48,075,710
TOTAL SHIP CALLS	4183	4079	4,251	5,226
Container Ships	1861	1830	1,980	2,197
Cargo Ships	180	113	105	157
Petrol. Tanker/Barge	630	661	683	727
Cruise Ships	969	1015	1,007	1,676
Navy/USCG	26	29	34	22
Other bunkers/tugs	517	431	442	447
CRUISE PASSENGERS	3,952,843	3,674,226	3,139,820	3,227,770
Single Day	288,740	360,018	302,866	591,059
Multi-Day	3,664,103	3,314,208	2,836,954	2,636,711
Cruise Revenue	\$ 56,754,102	\$ 45,724,190	\$ 37,428,549	\$ 35,217,120
CONTAINER CARGO (tons)	5,787,961	5,216,831	5,204,103	6,584,747
TEUS loaded	621,632	552,781	551,862	697,808
TEUS Total	880,999	793,227	796,160	985,095
Container Revenue	\$ 31,669,031	\$ 29,473,963	\$ 28,711,223	\$ 33,867,064
TOTAL PETROLEUM (tons)	15,325,199	15,483,856	15,337,063	16,143,971
Barrels	108,262,845	109,380,437	108,356,216	113,941,485
Petroleum Revenue	\$ 25,771,885	\$ 25,486,535	\$ 23,537,174	\$ 23,620,073
TOTAL BULK (tons)	531,572	511,467	566,820	895,147
Aggregate	19,284	129,965	138,189	278,497
Cement/Clinkers	375,050	264,211	306,727	494,054
Tallow	15,333	13,188	13,105	13,710
Gypsum	109,536	104,103	55,061	108,886
Bulk Revenue	\$ 1,378,516	\$ 925,567	\$ 1,090,407	\$ 1,599,476
TOTAL BREAK BULK (tons)	94,921	69,960	67,462	91,007
Steel/Coils/Rebar	27,180	15,192	15,523	17,660
Lumber	233	78	176	1,473
Board Feet	0	58	130	1,091
Plywood	0	0	0	133
Break Bulk Revenue	\$ 1,283,503	\$ 872,967	\$ 886,826	\$ 1,670,354
TOTAL RO/RO-FLO/FLO (tons)	180,986	181,169	172,361	240,129
Trucks/Trailers	28,112	34,105	40,903	69,712
Tractors	83,337	79,210	65,255	69,552
Yachts/Boats	60,812	54,396	53,871	75,729
Autos	7,253	12,972	11,314	23,845
Buses	1,472	485	1,018	1,291
NAVY REVENUE	\$ 358,551	\$ 360,961	\$ 275,564	\$ 291,499
WATERBORNE COMMERCE (tons)	22,087,515	21,640,144	21,503,720	24,227,435

* FY2008 operating revenue includes a one-time \$3.8 million payment from APM/Universal Terminal for early termination of the company's agreement and lease.
 * FY2004 operating revenue includes a one-time \$8.4 million lease termination settlement with PE Land Holdings, LLC.

2007	2006	2005	2004	2003	2002
\$ 112,500,017	\$ 107,577,863	\$ 105,858,262	\$ 112,476,658	\$ 89,386,458	\$ 88,916,308
\$ 72,111,017	\$ 69,117,148	\$ 65,232,415	\$ 56,488,710	\$ 53,817,229	\$ 49,176,240
\$ 40,389,000	\$ 38,460,715	\$ 40,625,847	\$ 55,987,948	\$ 35,569,229	\$ 39,740,068
5,496	5,510	5,901	6,389	5,853	5,484
2,270	2,185	1,988	1,890	1,880	1,859
202	268	247	231	213	196
732	744	751	763	798	748
1,852	1,763	2,362	2,854	2,215	1,963
39	29	18	25	17	22
401	521	535	626	730	696
3,409,946	3,239,154	3,801,464	4,075,406	3,375,671	3,485,857
719,888	779,470	1,113,101	1,400,110	1,050,174	1,030,395
2,690,058	2,459,684	2,688,363	2,675,296	2,325,497	2,455,462
\$ 31,483,362	\$ 28,146,431	\$ 30,000,619	\$ 30,601,167	\$ 25,223,188	\$ 25,613,224
6,060,149	5,688,442	5,076,403	4,145,394	3,633,610	3,425,269
665,729	624,524	572,342	486,598	415,186	394,966
948,680	864,030	797,238	653,628	569,743	554,041
\$ 28,556,927	\$ 25,393,178	\$ 24,192,949	\$ 20,487,292	\$ 18,106,809	\$ 18,021,927
17,486,726	17,566,394	18,338,378	17,585,603	16,958,171	16,005,275
122,979,685	123,479,901	128,842,410	123,734,414	119,100,503	112,416,933
\$ 23,756,489	\$ 22,946,933	\$ 22,945,117	\$ 22,734,391	\$ 19,803,802	\$ 18,721,965
1,752,974	2,954,310	2,848,333	2,854,588	2,535,057	2,395,950
304,456	475,083	607,016	491,834	343,421	326,053
1,432,837	2,465,753	2,222,492	2,333,142	2,164,610	1,829,240
12,312	13,473	18,778	11,555	16,003	15,873
50,437	0	0	18,056	11,023	137,194
\$ 3,251,766	\$ 5,661,670	\$ 4,836,366	\$ 4,595,168	\$ 3,986,867	\$ 3,774,584
302,301	376,535	279,139	297,678	161,195	189,785
175,361	256,271	159,353	150,951	76,471	139,091
22,071	48,143	36,871	43,778	40,539	30,792
16,349	34,388	21,477	32,429	30,029	22,809
2,719	38,895	25,339	47,445	22,289	11,591
\$ 2,803,198	\$ 2,798,064	\$ 2,228,132	\$ 2,147,521	\$ 1,318,299	\$ 1,616,911
196,014	152,549	125,166	104,167	87,862	101,046
57,390	28,729	23,400	18,536	17,454	23,595
52,089	45,462	26,630	18,812	14,160	14,553
63,999	57,668	32,866	42,940	37,310	36,121
20,184	16,983	23,491	22,104	14,393	23,713
1,720	3,708	1,917	1,775	2,223	3,034
\$ 501,215	\$ 436,146	\$ 236,337	\$ 415,837	\$ 108,235	\$ 76,408
26,400,271	27,114,362	27,159,194	25,462,798	23,870,023	22,732,854

statistics: fiscal year 2011

Port Revenue Center Contributions



Source: Port Everglades Department

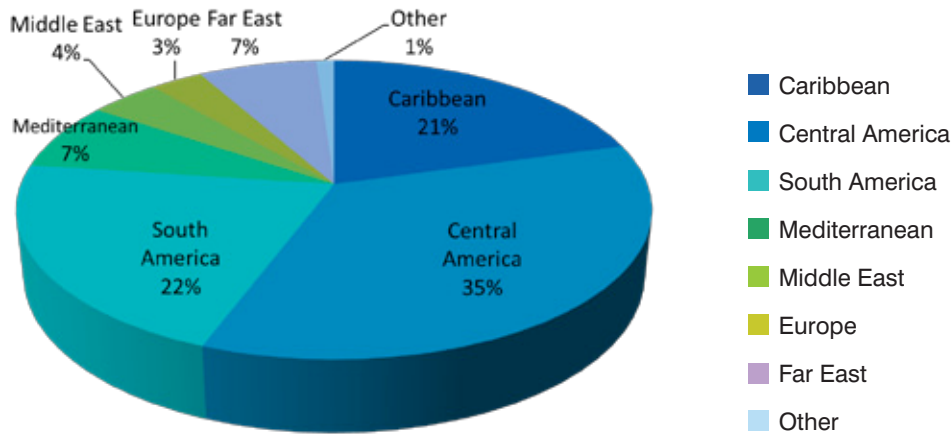
Economic Impact

CATEGORY	CARGO	CRUISE	TOTAL
JOBS			
DIRECT	6,061	5,344	11,404
INDUCED	4,625	2,894	7,519
INDIRECT	4,295	3,745	8,040
RELATED USER JOBS	133,710	NA	133,710
TOTAL JOBS	148,691	11,982	160,673
PERSONAL INCOME (1,000)			
DIRECT	\$274,574	\$160,721	\$435,296
INDUCED	\$616,749	\$306,325	\$923,074
INDIRECT	\$200,978	\$118,952	\$319,930
RELATED USER INCOME	\$4,210,361	NA	\$4,210,361
TOTAL PERSONAL INCOME	\$5,302,663	\$585,998	\$5,888,660
VALUE OF ECONOMIC ACTIVITY (1,000)			
BUSINESS SERVICES REVENUE	\$999,635	\$1,829,293	\$2,828,928
RELATED USER OUTPUT	\$12,458,063	NA	\$12,458,063
TOTAL VALUE OF ECONOMIC ACTIVITY	\$13,457,698	\$1,829,293	\$15,286,991
			0
LOCAL PURCHASES (1,000)	\$406,826	\$164,372	\$571,198
			0
STATE & LOCAL TAXES (1,000)			0
DIRECT, INDUCED AND INDIRECT	\$100,492	\$53,912	\$154,404
RELATED USER TAXES	\$387,353	NA	\$387,353
TOTAL STATE AND LOCAL TAXES	\$487,845	\$53,912	\$541,757

Totals may be rounded

Source: Martin Associates

Percentage of Containerized Cargo Activity by Trade Lane FY2011 in Tons



Source: PIERs

Containerized Cargo Market Performance FY2011

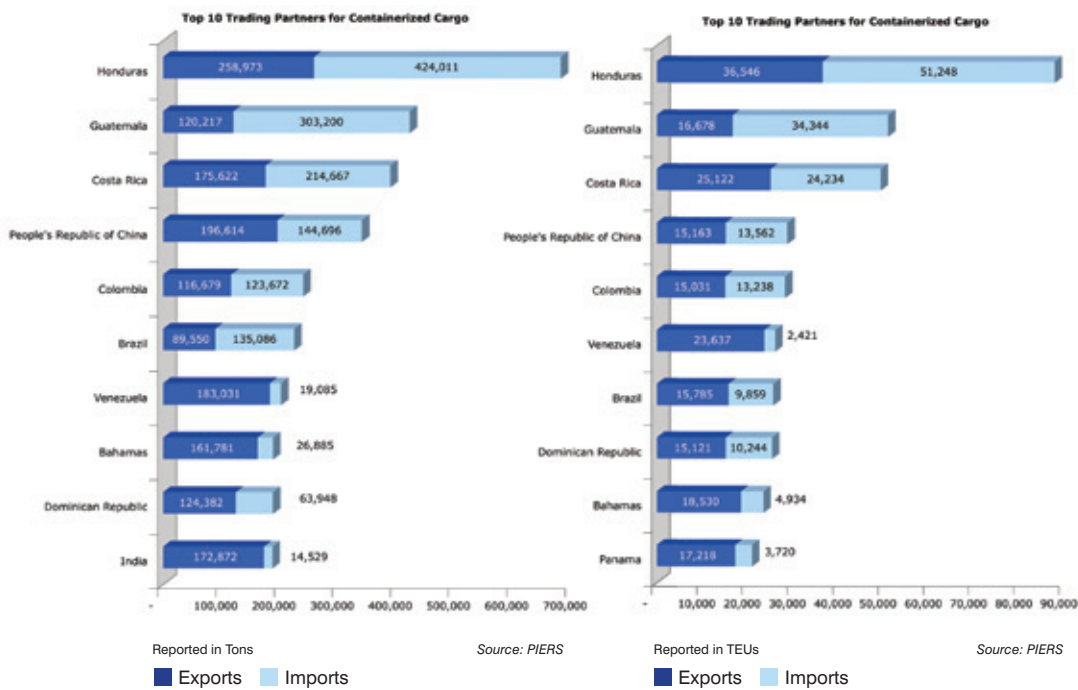
VOLUME IN TONS								
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV
CARIBBEAN	62,031	3,650,875	1,396,866	1,165,999	220,344	1,052,265	7,548,380	15.45%
CENTRAL AMERICA	165,801	42,389	1,442,522	1,990,588	295,234	526	3,937,060	50.56%
EAST COAST SOUTH AMERICA	726,138	533,850	144,104	336,562	794,517	1,567	2,536,738	13.27%
MEDITERRANEAN	475,775	13,237	116,704	415,029	2,153,371	304	3,174,420	13.07%
MIDDLE EAST	1,591,412	89,623	142,177	236,375	2,499,576	0	4,559,163	5.18%
NORTH COAST SOUTH AMERICA	160,529	229,707	299,082	485,061	198,986	15,529	1,388,894	34.92%
NORTHERN EUROPE	3,417,100	191,025	530,467	181,173	2,201,340	3,823	6,524,928	2.78%
NORTHERN FAR EAST	2,436,644	653,867	1,591,904	363,852	9,604,903	382	14,651,551	2.48%
OTHERS	470,830	38,948	68,786	60,185	1,492,121	120,909	2,251,779	2.67%
SOUTHEAST ASIA	614,572	196,690	259,602	39,022	2,227,237	105	3,337,227	1.17%
WEST COAST SOUTH AMERICA	444,280	83,021	299,543	389,345	404,607	635	1,621,430	24.01%
GRAND TOTAL	10,565,110	5,723,231	6,291,759	5,663,190	22,092,235	1,196,045	51,531,569	10.99%
% of TOTAL CARGO	21%	11%	12%	11%	43%	2%		
REGIONAL TOTAL	1,558,779	4,539,841	3,582,118	4,367,555	1,913,687	1,070,521	17,032,501	
% of REGIONAL CARGO	9%	27%	21%	26%	11%	6%		

TOTAL TRAFFIC TEUs								
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV
CARIBBEAN	5,473	486,511	173,144	139,828	23,440	127,636	956,032	14.63%
CENTRAL AMERICA	15,940	3,969	193,425	253,244	33,184	84	499,846	50.66%
EAST COAST SOUTH AMERICA	62,026	56,275	14,001	40,570	73,331	120	246,323	16.47%
MEDITERRANEAN	40,379	994	10,133	32,307	199,570	40	283,422	11.40%
MIDDLE EAST	165,445	8,132	11,449	14,391	253,529	0	452,946	3.18%
NORTH COAST SOUTH AMERICA	16,117	32,466	35,280	59,578	18,003	1,877	163,320	36.48%
NORTHERN EUROPE	398,911	17,233	64,203	18,480	228,441	444	727,712	2.54%
NORTHERN FAR EAST	264,764	83,928	173,236	30,675	1,073,645	51	1,626,300	1.89%
OTHERS	42,882	3,696	5,749	4,830	140,742	10,657	208,555	2.32%
SOUTHEAST ASIA	61,269	21,012	28,779	2,869	218,425	13	332,367	0.86%
WEST COAST SOUTH AMERICA	39,031	7,294	31,471	45,417	33,064	40	156,317	29.05%
GRAND TOTAL	1,112,236	721,510	740,869	642,190	2,295,372	140,962	5,653,139	11.36%
% of TOTAL CARGO	20%	13%	13%	11%	41%	2%		
REGIONAL TOTAL	138,586	586,515	447,321	538,637	181,022	129,757	2,021,838	
% of REGIONAL CARGO	7%	29%	22%	27%	9%	6%		

Source: PIERs

statistics: fiscal year 2011

Top 10 Trading Partners for Containerized Cargo



Top 10 Imported Containerized Commodities*

RANK	COMMODITY	TONS	TEUS	VALUE
1	FRUITS, MISC.	371,869	36,384	\$111,328,532
2	BANANAS	256,971	24,774	\$70,835,145
3	CERAMIC & MOSAIC TILES	163,232	6,842	\$94,081,302
4	VEGETABLES	161,878	15,348	\$104,936,616
5	NON-ALCOHOLIC BEVERAGES	156,733	11,370	\$124,438,853
6	BEER & ALE	71,156	5,551	\$47,799,505
7	MARBLE, ONYX	67,528	2,940	\$116,064,366
8	UNDERWEAR, T-SHIRTS	65,943	8,796	\$813,096,350
9	STILL WINES	54,177	4,675	\$124,868,926
10	MENSWEAR	50,512	8,988	\$649,296,256

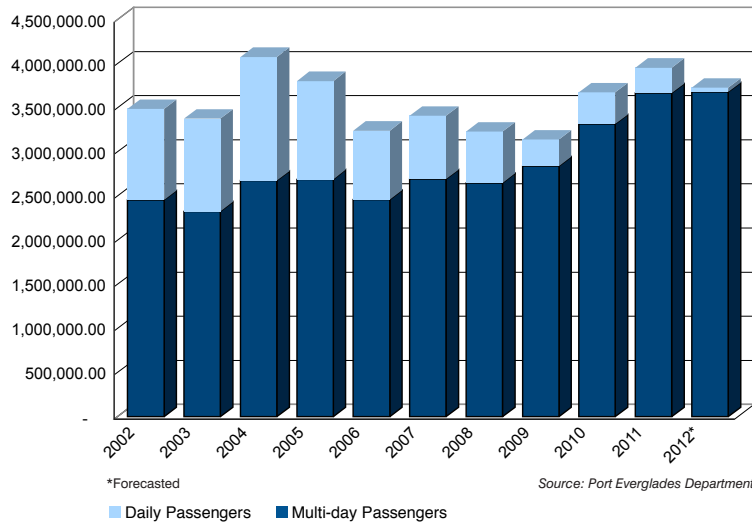
Source: PIERs

Top 10 Exported Containerized Commodities*

RANK	COMMODITY	TONS	TEUS	VALUE
1	PAPER & PAPERBOARD, INCL WASTE	404,259	33,431.6	\$273,879,229
2	GROCERY PRODS, MISC.	293,355	32,123	\$777,367,373
3	GENERAL CARGO, MISC.	167,058	23,199	\$614,260,139
4	METAL SCRAP, FERROUS, PIG IRON	150,543	6,477	\$55,729,260
5	AUTO PARTS	121,355	15,737	\$599,907,084
6	BUILDING MATERIALS	98,318	9,278	\$207,206,100
7	YARNS, MISC.	81,780	8,884	\$193,744,267
8	APPARELS, MISC.	74,383	8,676	\$697,308,001
9	ELECTRONIC PRODUCTS	70,954	11,219	\$721,950,967
10	POULTRY, CHIEFLY FRESH & FROZEN	69,470	5,538	\$65,109,048

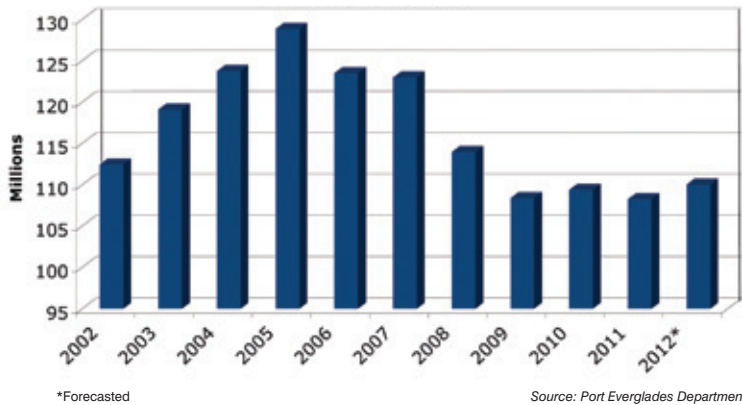
Source: PIERs

Cruise Passenger Activity FY2002 - Forecasted 2012



Historical Petroleum Activity FY2002 - Forecasted 2012

Measured in Barrels



Petroleum Product Throughput

FY2010 vs. FY2011

Measured in Barrels

	FY2010	FY2011	Change	Percentage Change
Revenue	\$25,486,535	\$25,771,885	\$285,350	1%
Total Barrels	109,380,437	108,262,845	(1,117,592)	-1%
Asphalt	629,705	481,049	(148,656)	-24%
Aviation Gasoline	303,292	272,193	(31,099)	-10%
Diesel Fuel	13,264,231	13,725,312	461,081	3%
Fuel Oil	5,546,899	4,776,406	(770,493)	-14%
Gasoline	56,050,145	55,587,326	(462,819)	-1%
Jet Fuel	26,950,240	27,628,909	678,669	3%
Propane	523,547	408,276	(115,271)	-22%
Crude Oil Loaded	735,063	825,139	90,076	12%
Ethanol	5,336,057	4,658,235	(677,822)	-13%
Bio-diesel	41,260	0	(41,260)	-100%

Source: Port Everglades Department

port everglades annual financial report

September 30, 2011

Department of Broward County, Florida

An Enterprise Fund of the Broward County Board of County Commissioners

INTRODUCTORY SECTION

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FINANCIAL SECTION

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FS.3-FS.19 Management's Discussion and Analysis

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and Changes in Fund Net Assets

FS.23-FS.24 Statements of Cash Flows

FS.25-FS.54 Notes to Financial Statements





PORT EVERGLADES DEPARTMENT - Port Director's Office
1850 Eller Drive - Fort Lauderdale, Florida 33316
954-523-3404 FAX 954-523-8713

February 23, 2012

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

Ladies and Gentleman:

We are pleased to provide Broward County's Port Everglades Department's (the "Port") annual financial report which include audited financial statements for the fiscal year ended September 30, 2011. This is the second separately audited financial statement that the Port has produced since Broward County assumed operating control of the Port in 1994. This is a significant undertaking with several benefits to both the County and the Port:

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

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

February 23, 2012
Page Two

We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Finance Division who were 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 in the preparation of this report.

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

Sincerely,



Glenn Wiltshire
Deputy Port Director



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

REPORT OF INDEPENDENT AUDITORS

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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, and the changes in its financial position and its cash flows 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 February 23, 2012 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.

(Continued)

The management's discussion and analysis on pages FS.3-FS.19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The transmittal letter on pages 1-2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The transmittal letter has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Fort Lauderdale, Florida
February 23, 2012

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

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, 2011, 2010 and 2009. 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. 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 Port Everglades. 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 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, which address activities, events or developments that the Port expects or anticipates will or may occur in the future, contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions.

Financial Position

The Port's performance measures during the fiscal year ended September 30, 2011 and the two preceding years were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total operating revenues (dollars in thousands)	\$ 139,177	\$ 124,654	\$ 114,442
Total waterborne commerce (in short tons/2,000 pounds)	22,087,514	21,640,144	21,503,720
Total ship calls	4,183	4,079	4,251
Container cargo (tons)	5,787,961	5,216,831	5,204,103
Total TEUs (equivalent number of 20' container units)	880,999	793,227	796,160
Petroleum (tons)	15,325,199	15,483,856	15,337,063
Bulk (tons)	531,572	511,467	566,820
Breakbulk (tons)	94,921	69,960	67,462
Yachts/boats (tons)	60,812	54,396	53,871

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Financial Position (continued)

Operating revenues at Port Everglades reached its record high in FY 2011 after a downturn in FY 2009. In FY 2011, operating revenues reached \$139.2 million, which is 11.7% higher than the Port's previous record high of \$124.7 million achieved in FY 2010, and 21.7% higher than in FY 2009, when operating revenues were \$114.4 million. Net operating expenses before depreciation increased to \$74.2 million from \$74.0 million in FY 2010, for operating income before depreciation of \$65.0 million in FY 2011. The increase in net assets of \$27.0 million increased over the previous year due principally to an increase in vessel, cargo and passenger revenue.

Total waterborne commerce, which is measured in short tons (2,000 pounds), reached 22,087,514 tons, which is a 2.1% increase over the 21,640,144 tons recorded in FY 2010 and an increase of 2.7% from 21,503,720 tons in FY 2009. In FY 2011 and FY 2010, the Port hosted 4,183 and 4,079 ship calls, respectively, from vessels ranging from naval warships and mega cruise ships to container ships and tankers of all sizes. For FY 2012, the Port forecasts 4,171 ship calls at Port Everglades, as cruise and cargo lines strive to reduce operating costs by utilizing fewer, but larger ships.

Cruise-related activity for the Port, including parking, accounted for nearly 46.6% of the operating revenues for FY 2011. The largest increase in revenue was generated in the cruise sector, where Port Everglades celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record \$56.7 million in revenue for FY 2011, which is 24.1% higher than in FY 2010. Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$8.2 million in FY 2011 compared to \$8.8 million in FY 2010 and \$8.6 million in FY 2009. This reduction was attributed to an increase in international cruise passengers as well as competition from nearby commercial parking lots. The number of multi-day passengers increased to 3,664,103 in FY 2011 or a 10.6% increase from 3,314,208 in FY 2010. The total number of passengers—including single-day and multi-day—was 3,952,843 in FY 2011 and was up 7.6% from 3,674,226 passengers in FY 2010. Thirteen cruise lines offered services at the Port via a 55-ship cruise fleet, including Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Cunard Line, Discovery Cruise Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises. Cruise ships calling at the Port range in size from the 9,961 gross registered tons (GRT) *Seabourn Legend*, with a berth capacity of 204, to the 225,282 GRT *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 approximately 22.75% of operating revenue in FY 2011. The Port ranks second in Florida in international container cargo activity, based on total loaded TEUs. Port Everglades also ranks twelfth among U.S. seaports for international containerized cargo trade. Containerized cargo activity increased in FY 2011 to 5,787,961 tons and 880,999 TEUs (20-foot equivalent units which is the standard measuring tool for containerized cargo), an increase of approximately 10.9% and 11.1%, respectively, from FY 2010 levels. From FY 2002 to FY 2011, the volume of containerized cargo billed at Port Everglades increased from 3,425,269 tons to 5,787,961 tons, representing growth of 69.0% and from 554,041 TEUs to 880,999 TEUs, representing growth of 59.0%. Revenue from containerized cargo increased 7.5% in FY 2011 to \$31.7 million from \$29.5 million in FY 2010. In FY 2011, 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 129 countries. The Port handles 26% of the U.S. South Atlantic regional market for international containerized trade versus its closest rival, the Port of Jacksonville, which handles 27%. The Port is particularly dominant in Central America, where it not only is first in the South Atlantic region, with 50.56% of the market, but also first among all U.S. seaports, with a projected 18.4% of the entire Central American market in 2011.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

FY 2011 Cruise Highlights

- Port Everglades again made international headlines when it welcomed the second of the world's largest cruise ships. *Allure of the Seas*, Royal Caribbean International's second Oasis-class cruise ship, was named at her homeport, Port Everglades, and began sailing every Sunday year-round on December 5, 2010. Royal Caribbean Cruises, Ltd., the parent company for Royal Caribbean International as well as Celebrity Cruises and Azamara Cruises, has a 10-year agreement with renewal options with Port Everglades with guarantees based on 2.3 million passenger movements annually from all three of the company's cruise line brands.
- In addition to *Allure of the Seas*, four other newly built cruise ships debuted at Port Everglades during Fiscal Year 2011. Holland America Line's *Nieuw Amsterdam* homeported at Port Everglades through the winter. Seabourn Cruise Line celebrated its United States debut of the *Seabourn Sojourn*. Cunard Line's new *Queen Elizabeth* called at Port Everglades as a part of her world cruise. P&O Cruises had three cruise ships calling at Port Everglades for the first time, including the line's new *Azura*. The other P&O Cruise ships that called at Port Everglades for the first time were *Aurora* and *Ventura*.
- Seatrade Insider, one of the world's foremost cruise industry trade publications, named Port Everglades "Port of the Year" during its annual Seatrade Insider Cruise Awards ceremony at the historic l' Opera House in Nice, France. The accolade is awarded to a port authority or port management company that has made significant improvements to its handling facilities and cruise-tourism infrastructure over the past 12 months. Port Everglades, which was cited for building Cruise Terminal 18 to accommodate Royal Caribbean International's Oasis class of cruise ships, competed for the award against the ports of ABP Southampton, England and Le Havre, France.
- Port Everglades was selected for the third consecutive year as "Best U.S. Homeport" by *Porthole Cruise Magazine*, a world-class leading cruise travel magazine.
- Long-term daily cruise operator, Discovery, ceased operating on September 7, 2011.

FY 2011 Containerized Cargo Highlights

- Port Everglades received delivery and put into operation in Midport a new 100-ton-capacity Gottwald mobile harbor crane designed for maximum mobility, maneuverability and versatility to handle all types of cargo (containers, bulk, general, heavy lift, and project cargoes). In addition, the new mobile harbor crane is capable of operating on biodiesel fuel, replacing an older container gantry crane with a cleaner-burning unit to provide greater cargo-lifting efficiencies with reduced air emissions.
- The rail-mounted container gantry crane P2 located in Midport, manufactured by Paceco, was fully renovated and upgraded at a cost of \$2.5 million and has been returned to service with numerous upgrades including a Tier-3 diesel generator that reduces air emissions.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

FY 2011 Containerized Cargo Highlights (continued)

- H.T. Shipping, Inc. and Hybur LTD. (Hyde) and Sea Star Line, LLC. relocated within the Port so that both ocean shipping companies can take advantage of the new mobile harbor crane and a newly refurbished rail mounted container gantry crane in the Midport area of Port Everglades. Sea Star's relocation placed seven idle acres in Midport into use and Hyde's relocation allows for improved shore staff parking and cruise operations.
- The U.S. Commercial Service relocated its Broward-based Export Assistance Center to Port Everglades as part of the federal government's National Export Initiative (NEI) which calls for doubling exports from the United States by the middle of the decade and in turn supporting two million American jobs.
- The County Commission unanimously approved a Memorandum of Understanding (MOU) with the Florida East Coast Railway, L.L.C providing the framework for negotiation of a definitive agreement for the development of an intermodal container transfer facility (ICTF) on Port property to be completed by the end of 2013 and will be taking the proposed agreement before the County Commission in FY 2012 for consideration. The Florida Department of Transportation (FDOT) provided the Florida East Coast Railway with conditional approval for a \$30 million Florida State Infrastructure Bank loan in November 2011 to finance the development of the ICTF at Port Everglades subject to meeting the required FDOT terms and conditions.
- Port Everglades welcomed the largest cargo ships in the Port's history from Mediterranean Shipping Company, S.A. (MSC) - *MSC Maeva*, *MSC Lucy* and *MSC Charleston*. Each ship is 1,066 feet long, 140 feet wide, 89,954-gross-registered-tons, and when fully loaded to a 47.5 foot draft can carry 8,089 TEUs (20-foot equivalent units, which is the standard measurement for cargo containers). Previously, the largest ships to call at Port Everglades were an MSC vessel class of 997 feet long, 73,819 gross registered tons, and had a 6,402 TEU capacity. Because of channel depth limitations at Port Everglades, the vessels arrive only partially loaded.
- Seafreight Agencies (USA), Inc. entered into a 10-year lease for a new 25-acre facility at Port Everglades. The guaranteed value of this agreement to Port Everglades, including rent, over the 10-year lease period, will grow from \$2.4 million annually to \$4.1 million annually. Volume guarantees are expected to grow 23 percent higher than current cargo levels within the first six years.
- Chilean line Compañía Sud Americana de Vapores (CSAV) started its first vehicle carrier service at Port Everglades. CSAV's new Pure Car Carrier (PCC)/Pure Truck Carrier service sails every other week from Port Everglades using Florida International Terminal, LLC, (FIT) for cargo handling.
- Crowley Liner Services, Inc. developed and put into use its first highly mobile actionable pest refrigerated chamber at Port Everglades. The chamber allows for perishable cargo coming into South Florida with highly mobile, non-indigenous pests to be contained and prepared for fumigation while retaining refrigerated temperatures.
- Southport Phases VIIA and VIII container terminal yard construction was completed and delivered in July, 2011 to the Port by the Seaport Engineering and Construction Division. This new 41-acre terminal yard is the home to Seafreight Agencies (USA), Inc. along with Crowley Liner Services, Inc.
- The Port successfully negotiated an amendment to the long-term lease with Crowley Liner Services, Inc. to increase Crowley's terminal acreage from 68.2 acres to 80 acres, along with increased ship movements and container guarantees.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

FY 2011 Petroleum Highlights

A consumer-demand based commodity, petroleum throughput decreased by 1.0% in FY 2011 to 15,325,199 tons from 15,483,856 in FY 2010. The petroleum sector at Port Everglades accounts for approximately 18.5% of total Port revenues. The Port is the second largest storage and distribution center for petroleum products in Florida. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, Venezuela, Europe and throughout the Caribbean. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port jurisdictional area. Most of the petroleum products imported to the Port are transported via tanker truck to retail outlets in the twelve counties of southern Florida and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil and alternative fuels such as ethanol and biodiesel.

FY 2011 Other Highlights

In FY 2010, the Port underwent its first financial statement audit in conformity with Government Auditing Standards issued by the Comptroller General of the United States, since becoming an enterprise fund of the County in 1994.

Nearly two dozen County business leaders and government officials joined together at Port Everglades, a driving force for business expansion in South Florida, for a White House Business Council Roundtable to connect local business owners with President Barack Obama's administration. Port Everglades hosted the roundtable for invited local business owners to share their experiences with Joseph C. Szabo, Administrator of the Federal Railroad Administration, U.S. Department of Transportation. Szabo's role was to listen to business leaders about the challenges they are facing and then bring their voices to Washington D.C.

The Panama Canal Authority (ACP) and Port Everglades renewed their strategic alliance with the signing of a Memorandum of Understanding (MOU). First signed in August 2009, the MOU, which is renewable for five years, solidifies both entities' dedication to growth and best customer practices.

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. In FY 2011, dry bulk tonnage increased by 3.9% to 531,572 tons. The volume of breakbulk steel imports was also affected by the level of activity of the construction industry in the southern Florida region, dropping from a peak of 256,000 tons in FY 2006 to 27,000 tons in FY 2011, although the tonnage in FY 2011 was 79% higher than FY 2010 levels. Yacht activity peaked in FY 2008 at 76,000 cargo tons and has declined to 61,000 tons in FY 2011, although the tonnage in FY 2011 was almost 12% higher than FY 2010 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 7.8% in FY 2011 at \$11.1 million compared to \$10.3 million in FY 2010.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Required Financial Statements

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

The statement of net assets (balance sheet) 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 long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Port and assessing the liquidity and financial flexibility of the Port.

The current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in fund net assets. 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 resulting from operations, investing and financing activities and provide answers to such questions as where did cash come from, what was it used for, and what was the change in cash balance during the reporting period.

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 a way that will help answer this question. One can think of the Port's net assets—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the Port's net assets are one indicator of whether its financial health is improving or deteriorating. However, 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. It distinguishes assets and liabilities as to their expected use for current operations or internally designated use for capital projects. The Port's assets exceeded liabilities by \$526.8 million and \$499.7 million at September 30, 2011 and 2010, respectively, a \$27.0 million increase from September 30, 2010. A condensed summary of the Port's balance sheets as of September 30, 2011, 2010 and 2009 is shown below:

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Statements of Net Assets (Balance Sheets) (continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets			
Current assets	\$ 220,993	\$ 203,349	\$ 187,420
Restricted assets	30,744	30,257	69,387
Other assets	8,792	8,261	3,517
Capital assets, net of depreciation	377,320	394,890	380,445
Capital assets held for leasing, net of depreciation	195,969	183,939	186,477
	<hr/>		
Total assets	<u>\$ 833,818</u>	<u>\$ 820,696</u>	<u>\$ 827,246</u>
Liabilities			
Current liabilities	\$ 12,089	\$ 11,006	\$ 27,557
Current liabilities payable from restricted assets	19,689	18,687	18,380
Long-term obligations	275,269	291,257	302,206
Total liabilities	<u>307,047</u>	<u>320,950</u>	<u>348,143</u>
Net assets			
Invested in capital assets, net of debt	287,782	278,612	271,262
Restricted for:			
Capital projects	176	304	18,004
Debt service	11,824	10,333	11,056
Renewal and replacement, and operating and maintenance	16,966	16,465	17,205
Unrestricted	<u>210,023</u>	<u>194,032</u>	<u>161,576</u>
Total net assets	<u>526,771</u>	<u>499,746</u>	<u>479,103</u>
	<hr/>		
Total liabilities and net assets	<u>\$ 833,818</u>	<u>\$ 820,696</u>	<u>\$ 827,246</u>

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

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

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Statements of Revenues, Expenses and Changes in Fund Net Assets

A condensed comparative summary of the Port's revenues, expenses and changes in net assets for each of the fiscal years ended September 30, 2011, 2010 and 2009 is shown below:

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 139,177	\$ 124,654	\$ 114,442
Operating expenses (including depreciation)	99,545	96,821	93,486
Income from operations	39,632	27,833	20,956
Non-operating revenues (expenses)	(16,030)	(15,783)	(10,509)
Capital contributions	3,423	8,593	10,628
Increase in net assets	<u>\$ 27,025</u>	<u>\$ 20,643</u>	<u>\$ 21,075</u>

The following table breaks down operating revenues by revenue center for each of those fiscal years:

Schedules of Operating Revenues by Revenue Center
(Dollars In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues			
Cruise	\$ 56,754	\$ 45,724	\$ 37,429
Container	31,669	29,474	28,711
Petroleum	25,772	25,487	23,538
Real estate	11,149	10,295	10,383
Parking	8,173	8,759	8,579
Other	2,998	3,117	3,826
Bulk	1,379	926	1,090
Breakbulk/neobulk	1,283	872	886
Total operating revenues	<u>\$ 139,177</u>	<u>\$ 124,654</u>	<u>\$ 114,442</u>

In 2011, operating revenues increased 11.7% from \$124.7 million in 2010 to \$139.2 million. The increase can be attributed to an \$11 million or a 24.1% increase in cruise revenue and a \$2.2 million or a 7.4% increase in container revenue. The economic downturn created volume declines in bulk and breakbulk, containerized cargo and other services, which recovered in FY 2011.

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

The following tables break down operating expenses by function for each of the fiscal years ended September 30, 2011, 2010 and 2009:

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

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

Schedules of Operating Expenses by Function
(Dollars In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating expenses			
Contractual services	\$ 42,250	\$ 42,436	\$ 39,571
Personal services	17,943	17,950	18,739
Insurance	4,873	5,419	5,551
Utilities	3,224	4,066	3,967
General & administrative	2,643	2,097	2,651
Maintenance	3,249	1,984	2,757
Total operating expenses before depreciation	<u>74,182</u>	<u>73,952</u>	<u>73,236</u>
Depreciation	<u>25,363</u>	<u>22,869</u>	<u>20,250</u>
Total operating expenses	<u>\$ 99,545</u>	<u>\$ 96,821</u>	<u>\$ 93,486</u>

In 2011, personal services expense and contractual services approximated the FY 2010 amounts. General and administrative expenses increased by \$.55 million over FY 2010 primarily due to increased supplies expense (\$.03 million), reduced overhead allocation to capital assets (\$.39 million), increased promotional expenses (\$.06 million), increased informational technology expense (\$.09 million), reduced telephone expense (\$.04 million) and reduced dues and membership expenses (\$.07 million). Utilities expenses decreased approximately \$.84 million from FY 2010. Depreciation expense increased by \$2.5 million over FY 2010 due to a full year of depreciation on new capital assets placed in service in FY 2010 of \$11.9 million. Outlays for crane repairs and infrastructure repairs increased in FY 2011 over FY 2010 by \$1.3 million.

In 2010, personal services expense decreased by 4.2% from \$18.7 million in FY 2009 to \$18.0million. The decline is primarily due to a continuing reduction in overtime and an approximately 10% reduction in staffing through attrition. Contractual services in FY 2010 increased over FY 2009 principally due to increased security expenses related to the opening of the new Terminal 18 facility, security contractual increases and security for the hosting of the SuperBowl and ProBowl Media Headquarters and related events. Security costs are expected to decline in FY 2011 and beyond as a result of County Commission approval in December, 2010 to transition certain non-sworn security functions from the Broward Sheriff's Office (BSO) to a private security company, with projected annualized savings of \$2.2 million, and to begin a new security contract with BSO that adjusts staffing levels to reflect current needs. Utilities increased due to water consumption increases relative to new (larger) cruise ships with a partial offset in electrical costs due to the implementation of an energy reduction performance project. The Port placed in service the newly renovated Terminal 18 in FY 2010 along with other asset acquisitions resulting in an increase in depreciation expense in FY 2010 over FY 2009. Outlays for crane repairs and infrastructure repairs were significantly reduced in FY 2010 over FY 2009.

In 2011, income from operations increased by \$11.8 million or 42.4% for the reasons stated above. In 2010, income from operations increased by \$6.9 million or 32.8% from 2009 due to the reasons discussed above.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
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Statements of Revenues, Expenses and Changes in Fund Net Assets (continued)

In 2011, non-operating revenues (expenses) decreased \$.2 million from a net expense of \$15.8 million in 2010 to net expense of \$16.0 million. This decrease was due principally to increases in discontinued project costs of \$.2 million and in deferred charges, amortization, and debt service expenses of \$.2 million, and a decrease resulting from a non-recurring refund of \$.3 million received in the prior year. These changes were offset by increases in interest income and non-capital grant revenue of \$.4 million and \$.1 million, respectively.

In 2010, non-operating income (expense) decreased from a net expense of \$10.5 million in 2009 to net expense of \$15.8 million. This decrease was due principally to a decline in interest income of \$3.7 million, and increased interest expense of \$3.1 million. These changes were offset by an increase in the gain on disposal of assets of \$.7 million and a reduction in deferred charges, amortization and debt service expenses of \$.8 million.

During the years ended September 30, 2011, 2010 and 2009, the Port received approximately \$3.4 million, \$8.6 million, and \$10.6 million, respectively, in state and federal grant money to be used for capital expenditures.

In summary, net assets during fiscal years 2011, 2010 and 2009 increased \$27.0 million, \$20.6 million, and \$21.1 million, respectively.

Statements of Cash Flows

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents include highly liquid investments, generally with a maturity at time of purchase of three months or less. A condensed comparative summary of the statements of cash flows for the years ended September 30, 2011, 2010 and 2009 is shown below:

Condensed Statements of Cash Flows
(Dollars In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities	\$ 66,761	\$ 44,588	\$ 43,798
Cash flows from noncapital financing activities	(253)	120	(1,040)
Cash flows from capital and related financing activities	(46,184)	(70,257)	(9,475)
Cash flows from investing activities	(35,615)	19,463	(9,908)
Change in cash and cash equivalents	(15,291)	(6,086)	23,375
 Cash and cash equivalents			
Beginning of year	46,014	52,100	28,725
 End of year	<u>\$ 30,723</u>	<u>\$ 46,014</u>	<u>\$ 52,100</u>

The Port's available cash and cash equivalents decreased by \$15.3 million from \$46.0 million at the end of 2010 to \$30.7 million at the end of 2011 due to an increased flow of funds provided by operating activities, which was offset by the increased use of funds for investing activities and a reduction in capital contributions.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
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Capital Improvement Plan

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

Capital Acquisitions and Construction Activities

During FY 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.

During FY 2010, the Port put into use approximately \$118.8 million for new capital assets. The major capital additions were the Cruise Terminal 18 expansion, purchase of a new mobile harbor crane, and completion of the new bridge over the Florida Power and Light (FPL) Discharge Canal.

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 \$10.3 million as of September 30, 2011. Additional information on the Port's capital assets and commitments can be found in Note E – Capital Assets.

Overview of Upcoming Projects

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

As part of the Master/Vision Plan, the Port is embarking on three critical expansion projects that are projected to create 7,000 new direct 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 six years and will add five berths, widen and deepen the channel to 50 feet and bring freight rail into the port.

Southport Turning Notch Extension (berth additions)

The Southport Turning Notch (TN) 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 direct regional jobs by the year 2027, with a goal to award a contract for the design and permitting of this project by March 2012. Broward County staff is currently negotiating with the selected firm, DeRose Design Consultants.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
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Overview of Upcoming Projects (continued)

Westward expansion of the existing Southport Turning Notch (TN) is essential to increasing berthing capacity in 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 will begin in FY 2012 with construction expected in FY 2013 for the enhancement and FY 2014 for the TN extension. 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. 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 Program

Port Everglades must widen and deepen its channel to 50 feet 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. But 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 Port Everglades are the 11th 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 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. 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. Widening and deepening the channel at Port Everglades is projected to create 4,659 construction jobs in the near term and 1,491 direct regional jobs by the year 2027.

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

(Continued)

Overview of Upcoming Projects (continued)

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 will be taking the proposed agreement before the Broward County Board of County Commissioners in January 2012 for consideration. 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 Port Everglades. 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 by the year 2027. The ICTF is expected to be completed by late 2013 and create 767 construction jobs (including the separate Eller Drive Overpass project discussed below). The Florida Department of Transportation (FDOT) recently provided the Florida East Coast Railway with conditional approval for a \$30 million Florida State Infrastructure Bank loan to finance the development of the ICTF at Port Everglades subject to meeting the required FDOT terms and conditions.

Southport Improvements

The Port completed a 41-acre terminal yard in the Southport area, at a cost of \$12.3 million, with approximately half reimbursed from a state grant, most of which have been leased by Crowley Liner Services, Inc. and Seafreight Agencies (USA), Inc. In addition, McIntosh Road will undergo a re-alignment to create a loop road with ample right-hand turning radii for trucks to directly enter container terminals while eliminating crossing traffic lanes.

Cruise Terminal Improvements

Cruise Facility Upgrades

The Port's new fifteen year agreement with Carnival Corporation calls for the renovation of four existing terminals (2, 19, 21, and 26) which will create an estimated 620 new construction jobs over the next three years. These improvements consist of reconfiguration and relocation of existing terminal spaces and infrastructure to obtain improved functional efficiencies. Planned improvements include re-orienting the main entry to allow for more efficient indoor queuing; addition of baggage x-ray and walk-thru processing portals; improvements and expansion of the terminals' Ticket Check-in and waiting areas; new U.S. Custom and Border Protection facilities, new escalators and elevators and passenger loading bridge; installation of covered sidewalks; and improved walkway spaces to facilitate passenger loading and unloading.

(Continued)

Overview of Upcoming Projects (continued)

These improvements are in accordance with the Port's Master/Vision Plan to improve the passenger experience at Port Everglades 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 classes of cruise vessels, passenger capacity and brands that may use the terminal.

Two way terminals - The concept is to expand simultaneous embarkation and debarkation. 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.

Eller Drive Overpass

Florida Governor Rick Scott attended the groundbreaking ceremony for the Eller Drive Overpass on July 12, 2011, a \$42.5 million project in Broward County that is a critical link to improving the movement of people and goods in the area. The Eller Drive Overpass project consists of the construction of a new bridge from the I-595/US 1 interchange over Eller Drive and the Port Everglades Railroad, 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 and funded the Overpass project, which is expected to be completed by late 2013 at a cost of \$42.5 million. Others who participated in the groundbreaking ceremony included State Representative Lake Ray, Broward County Commissioner Chip LaMarca, Broward County Commissioner Dale Holness, Florida Secretary of Transportation Ananth Prasad and FDOT District 4 Secretary Jim Wolfe. The Eller Drive Overpass will elevate I-595/Eller Drive to allow the trains to access the ICTF at ground level.

Northport Bypass Road

This project will construct a bypass road that will allow traffic to move through the port without entering security 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 begin in the Summer of 2012. The second phase will allow unrestricted traffic access through the Port separated from the secure Port areas for vehicles traveling to and from the Broward County Convention Center or to the 17th Street Causeway from US-1 or State Road 84 while maintaining secured access to the Port's operational areas.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
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Overview of Upcoming Projects (continued)

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 Port Everglades' Foreign-Trade Zone No. 25 ("FTZ #25" or the "Foreign-Trade Zone") 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 24.7-acre FTZ Site #1 containing five warehouse buildings totaling 388,600 square feet (9.7 million cubic feet) would be converted to container yard area to replace existing container yards displaced by the Turning Notch Extension. The port intends to relocate the FTZ and construct new warehouses on undeveloped port land west of the current location. This project is planned to be a public/private partnership, with construction completed prior to the start of the Turning Notch project in 2014.

Legal

Through voluntary agreement, several petroleum companies having operations located within the Port jurisdictional area 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

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

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

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

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Long-Term Debt

On November 22, 2011, Broward County (Port Everglades) issued the Series 2011A, Series 2011B, and Series 2011C Bonds (the "2011 Bonds") in the aggregate principal amount of \$167,260,000. The proceeds of the issue were used to refund, on a current basis, all of the outstanding Series 1989A, Series 1998B, and Series 1998C bonds, having a par value of \$171,875,000 and to pay related issue costs. The 2011 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 savings of \$7,158,851 or total gross savings of \$7,482,550 over the life of the bonds. The 2011 Bonds are secured by a pledge of certain net revenues of the Port Everglades Department.

At September 30, 2011, the outstanding balance of bonds payable was \$292.9 million. Detailed information regarding the bonds is contained in Note F of the Port Financial Statements.

Series 1989A Bonds

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

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

Series 1998A, B and C Bonds

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

Series 2008 Subordinate Bonds

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

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2011 and 2010
(Unaudited)

Long-Term Debt (continued)

Series 2009A

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

Bond Insurance and Credit Ratings

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

Issue	Insured	Fitch, Inc.	Moody's Investor Services	Standard & Poor's
1989A Port Everglades Refunding	No	A	A2	A-
1998 A Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 B Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 C Port Facilities Revenue	MBIA Insurance Corporation	A	A2	A-
2008 Subordinate Port Facilities 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-

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.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Assets
As of September 30, 2011 and 2010
(Dollars in Thousands)

	2011	2010
<u>ASSETS</u>		
Current assets		
Cash & cash equivalents (Note B)	\$ 13,945	\$ 29,222
Investments (Note B)	192,508	156,573
Accounts receivable - trade (less estimated uncollectible accounts of \$310 in 2011 and 2010)	5,207	7,131
Accounts receivable - other (less estimated uncollectible accounts and unamortized discounts of \$70 in 2011 and \$81 in 2010)	143	142
Due from other governments (Note D)	744	802
Inventories	5,384	5,697
Prepaid expenses & insurance	3,062	3,782
Total current assets	220,993	203,349
Restricted assets		
Cash & cash equivalents (Note B)	16,778	16,792
Investments (Note B)	13,966	13,465
Total restricted assets	30,744	30,257
Non-current assets		
Bond issue costs and other deferred charges	3,040	3,279
Deferred swap outflow (Note F)	5,752	4,982
Capital assets, less accumulated depreciation (Note E)	377,320	394,890
Capital assets held for leasing, less accumulated depreciation (Note E)	195,969	183,939
Total non-current assets	582,081	587,090
Total assets	833,818	820,696

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Assets
As of September 30, 2011 and 2010
(Dollars in Thousands)

	2011	2010
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 3,694	\$ 3,209
Contracts payable	5,423	3,403
Salaries and benefits payable	569	539
Compensated absences (Note I)	1,129	1,156
Due to governments (Note D)	1,274	2,699
Total current liabilities	12,089	11,006
Current liabilities payable from restricted assets		
Security deposits	582	565
Accrued interest	1,196	1,267
Unearned grant revenue, capital contributions	211	-
Bonds payable - current portion (Note F)	17,700	16,855
Total current liabilities payable from restricted assets	19,689	18,687
Non-current liabilities		
Compensated absences (Note I)	1,301	1,278
Other post employment benefits liability (Note I)	409	312
Bonds payable, net of discounts and premiums (Note F)	267,807	284,685
Fair value of interest rate swap (Note F)	5,752	4,982
Total non-current liabilities	275,269	291,257
Total liabilities	307,047	320,950
Commitments and contingencies (Notes D, E, F, H, I and L)		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	287,782	278,612
Restricted for		
Capital projects	176	304
Debt service	11,824	10,333
Renewal and replacement, and operating and maintenance	16,966	16,465
Unrestricted	210,023	194,032
Total net assets	\$ 526,771	\$ 499,746

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Years Ended September 30, 2011 and 2010
(Dollars in Thousands)

	<u>2011</u>	<u>2010</u>
Operating revenues		
Vessel, cargo, and passenger services (Note K)	\$ 118,453	\$ 103,519
Lease of facilities	10,409	9,687
Vehicle parking	8,173	8,757
Other	2,142	2,691
Total operating revenues	<u>139,177</u>	<u>124,654</u>
Operating expenses		
Salaries & wages	13,270	13,315
Benefits	4,673	4,635
Total personal services	<u>17,943</u>	<u>17,950</u>
Contractual services	42,250	42,436
Insurance	4,873	5,419
Utilities	3,224	4,066
General & administrative	2,643	2,097
Maintenance	3,249	1,984
Total general operating	<u>56,239</u>	<u>56,002</u>
Total operating expenses before depreciation	<u>74,182</u>	<u>73,952</u>
Income from operations before depreciation	64,995	50,702
Depreciation	<u>25,363</u>	<u>22,869</u>
Income from operations	<u>39,632</u>	<u>27,833</u>
Non-operating revenues (expenses)		
Interest income - other	830	385
Interest income - from bond proceeds	-	10
Interest expense	(15,778)	(15,789)
Gain (loss) on disposal of assets	27	123
Discontinued project costs	(217)	-
Other expense, net	(1,005)	(512)
Non-capital grant revenue	113	-
Total non-operating revenues (expenses)	<u>(16,030)</u>	<u>(15,783)</u>
Income before capital contributions	23,602	12,050
Capital contributions (Note J)	<u>3,423</u>	<u>8,593</u>
Change in net assets	27,025	20,643
Net assets, beginning of period	<u>499,746</u>	<u>479,103</u>
Net assets, end of period	<u>\$ 526,771</u>	<u>\$ 499,746</u>

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2011 and 2010
(Dollars in Thousands)

	2011	2010
Cash flows from operating activities		
Cash received from customers	\$ 141,138	\$ 123,921
Payments to suppliers for goods and services	(56,557)	(61,709)
Payments to employees for services	(17,820)	(17,624)
Net cash provided by operating activities	66,761	44,588
Cash flows from non-capital financing activity		
Other non-operating cash (expended) or received, net	(253)	120
Net cash provided by (used in) non-capital financing activity	(253)	120
Cash flows from capital and related financing activities		
Capital contributions	3,692	10,074
Principal payments on bonds	(16,855)	(15,480)
Interest and fiscal charges paid	(15,195)	(16,570)
Acquisitions of capital assets	(17,853)	(48,404)
Proceeds from sales of capital assets	27	123
Net cash used in capital and related financing activities	(46,184)	(70,257)
Cash flows from investing activities		
Purchases of investments	(358,602)	(220,826)
Proceeds from sales and maturities of investments	322,105	240,047
Interest on investments	882	242
Net cash provided by (used in) investing activities	(35,615)	19,463
Decrease in cash & cash equivalents	(15,291)	(6,086)
Cash & cash equivalents, beginning of period	46,014	52,100
Cash & cash equivalents, end of period	\$ 30,723	\$ 46,014
Classified as		
Current assets	\$ 13,945	\$ 29,222
Restricted assets	16,778	16,792
Cash & cash equivalents, end of period	\$ 30,723	\$ 46,014

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2011 and 2010
(Dollars in Thousands)

	2011	2010
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	\$ 39,632	\$ 27,833
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	25,363	22,869
Decrease (increase) in operating assets		
Accounts receivable - trade	1,924	(789)
Accounts receivable - other	20	26
Inventories	314	(1,950)
Prepaid expenses & insurance	308	(1,155)
Increase (decrease) in operating liabilities		
Accounts payable	485	(3,080)
Salaries and benefits payable	30	57
Compensated absences	(4)	169
Due to governments	(1,425)	478
Security deposits	17	31
Other post employment benefits liability	97	99
Net cash provided by operating activities	\$ 66,761	\$ 44,588
Supplemental Information		
Non-cash capital and related financing activities		
Amortization of bond issue costs, premiums and discounts	\$ 1,061	\$ 986
Amortization of master plan	412	411
Capital assets acquired through contractor agreements	5,423	3,403
Non-cash investing activity (mark to market adjustments on investments)	(130)	141
Total supplemental information	\$ 6,766	\$ 4,941

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
NOTES TO FINANCIAL STATEMENTS – CONTENTS
September 30, 2011

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

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, 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 Port Everglades Authority and transfer control to the County Commission. The Port remained independent until November 22, 1994. Chapter 91-346 (Resolution 92-1734), Laws of Florida, 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 for port purposes; to the same extent as such revenues could have been used prior to its dissolution and transfer of its assets to the County.

Component Units: The Port has no component units.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

New Accounting Pronouncements: The Port has implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which provides guidance on recognition, measurement and disclosure of information regarding derivative instruments entered into by governmental entities. GASB Statement No. 53 was effective for financial statements for periods beginning after June 15, 2009.

The County entered into an interest rate swap agreement with Goldman Sachs Bank USA 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.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

A. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Inventories: 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.

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

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

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

A. Summary of Significant Accounting Policies (Continued)

Capitalization of Interest Costs: As required by accounting principles generally accepted in the United States of America, the Port has capitalized interest costs relating to construction of property and equipment. Interest costs are capitalized on projects during the construction period. The Port capitalized \$167,000 and \$859,000 of interest costs for the years ended September 30, 2011 and 2010, respectively. The Port incurred interest cost of \$15,945,000 and \$16,649,000 for the year ended September 30, 2011 and 2010, respectively. Interest related to the 2008 Series Subordinate Port Facilities Bonds is paid monthly. Interest related to all of the other bond issues is paid semi-annually in March and September.

Risk Management: The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the County's Risk Management Program, the Self-Insurance Fund provides coverage for up to a maximum of \$2,000,000 (self-insured retention limit) for each workers' compensation occurrence. In addition, the County has purchased excess coverage for losses above the \$2,000,000 self-insured retention limit. The Port is charged a fee for the County's self-insurance workers' compensation services.

The County (through the Self-Insurance Fund or purchased insurance program) purchases commercial insurance for group health and life, disability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port has excess port liability insurance with a \$15,000 self-insurance retention with a maximum limit per occurrence of \$50 million. The County is self-insured for all other general liability and auto liability exposures. The Port's liability insurance expense for the years ended September 30, 2011 and 2010 was \$4,873,000 and \$5,419,000, respectively. Settlements did not exceed insurance coverage in either of the past three years.

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

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

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

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

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and debt issuance costs associated with long-term debt and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds 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.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

A. Summary of Significant Accounting Policies (Continued)

- Restricted – This component of net assets consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The amounts restricted for debt service, renewal and replacement, and operating and maintenance are the amounts legally required by bond indentures. When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as needed.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

B. Cash & Cash Equivalents and Investments

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

Custodial Credit Risk: At September 30, 2011 and 2010 the carrying values of the Port's bank deposits were \$5,408,000 and \$622,000, respectively, and the respective bank balances were \$4,820,000 and \$359,000. The differences are attributable to deposits in transit and checks that have not been presented for payment. The Port's share of the County's cash and investment pool as of September 30, 2011 and 2010 was \$9,295,000 and \$9,470,000, respectively. All cash deposits are held in qualified public depositories pursuant to Florida Statutes. Under Florida Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories' collateral pledging level. The pledging level may range from 50% to 125% depending on the depositories' financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

B. Cash & Cash Equivalents and Investments (Continued)

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

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

As of September 30, 2011 and 2010, the portfolio weighted average maturity in days was 678 and 518, respectively.

Credit Risk: 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, the Local Government Surplus Funds Trust Fund, an SEC Rule 2a-7 like fund which has the characteristics of a money market fund, the Florida Tax Collectors Service Corporation and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions, and no types of investments during the period other than those enumerated above.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. The County does limit the amounts that may be invested in repurchase agreements and other investments to 40% and 20% of the countywide portfolio, respectively. These investments, as of September 30, 2011 and 2010, were substantially below the limits on a countywide basis.

Equity in Cash and Investment Pool: As of September 30, 2011 and 2010, the Port's share of the County's cash and investment pool was as follows (dollars in thousands):

	<u>Carrying Value</u>
<u>As of September 30, 2011</u>	
Total pooled cash and investments	<u>\$ 1,327,699</u>
Port's s equity in pooled cash and investments	<u>\$ 9,295</u>
<u>As of September 30, 2010</u>	
Total pooled cash and investments	<u>\$ 1,355,770</u>
Port's s equity in pooled cash and investments	<u>\$ 9,470</u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

B. Cash & Cash Equivalents and Investments (Continued)

As of September 30, 2011 and 2010 the Port's cash & cash equivalents and investments consisted of the following (dollars in thousands):

	<u>Carrying Value</u>	<u>Days to Maturity³</u>	<u>Credit Rating⁴</u>
<u>As of September 30, 2011</u>			
Cash & cash equivalents			
Cash in banks	\$ 5,408		
Equity in pooled cash and investments	9,295		AAAf/s1+
Regions Trust Cash Sweep Premier, .200% yield	<u>16,020</u> ²		
Total cash & cash equivalents	<u>30,723</u>		
Investments			
Commercial paper			
Nordea North America, due 11/21/2011, .200% yield	25,993 ¹	51	A1+
General Electric Capital Services, due 12/12/2011, .190% yield	<u>11,995</u> ¹	72	A1+
Total commercial paper	<u>37,988</u>		
U.S. Government agencies			
Federal National Mtg. Assn, due 10/12/2011, .126% yield	17,000 ¹	11	AA+
Federal Home Loan Mtg Corp., due 10/20/2011, .080% yield	9,000 ¹	19	AA+
U.S. Treasury Bills, due 11/17/2011, .213% yield	13,000 ¹	47	AA+
Federal Home Loan Mortgage Corp., due 2/15/2012, .152% yield	14,699 ¹	137	AA+
Farmer Mac, due 4/3/2012, .182% yield	9,998 ¹	185	AA+
Federal Farm Credit Bank, due 4/08/2013, .180% yield	16,297 ¹	186	AA+
Federal Home Loan Mortgage Corp., due 5/29/2012, .203% yield	13,995 ¹	241	AA+
Federal Home Loan Mortgage Corp., due 6/19/2012, .152% yield	19,991 ¹	262	AA+
U.S. Treasury Bills, due 09/30/2012, .155% yield	13,993 ¹	365	AA+
Federal Farm Credit Bank, due 3/08/2013, .180% yield	30,453 ¹	524	AA+
Farmer Mac, due 2/3/2014, 1.510% yield	<u>10,060</u> ¹	856	AA+
Total U.S. Government agencies	<u>168,486</u>		
Total investments	<u>206,474</u>		
 Total cash & cash equivalents and investments	 <u>\$ 237,197</u>		

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

B. Cash & Cash Equivalents and Investments (Continued)

	<u>Carrying Value</u>	<u>Days to Maturity³</u>	<u>Credit Rating⁴</u>
<u>As of September 30, 2010</u>			
Cash & cash equivalents			
Cash in banks	\$ 622		
Equity in pooled cash and investments	9,470		AAA/S1+
Money market fund			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .01 - .03% yield	15,926 ²		
Commercial paper			
Intesa Funding LLC, due 10/15/2010, .490% yield	<u>19,996</u> ¹	14	A-1
Total cash & cash equivalents	<u>46,014</u>		
Investments			
Commercial paper			
Natexis US Financial, due 12/22/2010, .610% yield	9,991 ¹	82	A-1
Natexis US Financial, due 02/10/2011, .410% yield	9,978 ¹	132	A-1
SwedBank, due 03/04/2011, .590% yield	<u>18,450</u> ¹	164	A-1
Total commercial paper	<u>38,419</u>		
U.S. Government agencies			
U.S. Treasury Bills, due 10/21/2010, .200% yield	7,999 ¹	20	AAA
Federal National Mtg Assn, due 11/08/2010, .300% yield	16,998 ¹	38	AAA
Federal National Mtg Assn, due 12/01/2010, .310% yield	7,998 ¹	61	AAA
Federal National Mtg Assn, due 01/03/2011, .370% yield	9,796 ¹	94	AAA
Federal National Mtg Assn, due 01/18/2011, .380% yield	17,991 ¹	109	AAA
U.S. Treasury Bills, due 02/10/2011, .350% yield	9,995 ¹	132	AAA
U.S. Treasury Bills, due 04/30/2011, .875% yield	15,112 ¹	211	AAA
U.S. Treasury Bills, due 09/30/2011, 1.000% yield	13,595 ¹	336	AAA
Federal Home Loan Bank, due 09/02/2011, .700% yield	21,084 ¹	336	AAA
Federal Home Loan Mtg Corp, due 01/26/2012, 1.250% yield	<u>11,051</u> ¹	482	AAA
Total U.S. Government agencies	<u>131,619</u>		
Total investments	<u>170,038</u>		
 Total cash & cash equivalents and investments	 <u>\$ 216,052</u>		

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

² Market values as reported by Regions Financial Corp. holding the assets as trustee for the County. The Federated Government Obligation Money Market Fund is rated AAAf/S1+ by Standard & Poor's. The Regions Trust Cash Sweep Premier account is a depository account collateralized by government securities, which all carry an AAA rating.

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

⁴ Credit ratings by Standard & Poor's.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

B. Cash & Cash Equivalents and Investments (Continued)

Deposits and investments include restricted and unrestricted assets. These amounts are reconciled as follows (dollars in thousands):

	Unrestricted	Restricted	Total
Cash & cash equivalents	\$ 13,945	\$ 16,778	\$ 30,723
Investments	192,508	13,966	206,474
Total September 30, 2011	\$ 206,453	\$ 30,744	\$ 237,197
	Unrestricted	Restricted	Total
Cash & cash equivalents	\$ 29,222	\$ 16,792	\$ 46,014
Investments	156,573	13,465	170,038
Total September 30, 2010	\$ 185,795	\$ 30,257	\$ 216,052

C. Restricted Assets

Restricted assets of the Port at September 30, 2011 and 2010 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, and refundable customer security deposits. 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 operating and maintenance and renewal and replacement. The capital projects accounts include proceeds restricted per bond or grant requirements to purchase capital assets.

As of September 30, 2011 and 2010, assets were restricted for the following purposes (dollars in thousands):

	September 30,	
	2011	2010
Debt service accounts	\$ 13,020	\$ 12,923
Bond reserve accounts	16,966	16,465
Capital projects	176	304
Security deposits	582	565
Total restricted assets	\$ 30,744	\$ 30,257

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

C. Restricted Assets (Continued)

Restricted assets are classified in the statements of net assets as follows (dollars in thousands):

	September 30,	
	2011	2010
Current restricted assets		
Cash & cash equivalents	16,778	16,792
Investments	13,966	13,465
 Total restricted assets	\$ 30,744	\$ 30,257

D. Due from/to Governments

At September 30, 2011 and 2010, amounts due from other governments consisted of the following (dollars in thousands):

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Funds Available Balance of Grant as of September 30, 2011	Amount Due September 30,		
							2011	2011	2010
Southport Container Yard, Phse VIII	FDOT	11/15/2005	50.00	\$ 5,869	\$ 5,813	\$ 3	\$ 53	\$ 346	
New Bridge over FPL Canal	FDOT	11/14/2005	42.90	5,059	5,059	-	-	431	
Port Security - Round 9 - Federal	DHS	6/1/2009	75.00	4,439	-	4,439	-	-	
Port Security - Round 8 - Federal	DHS	8/1/2008	75.00	4,435	350	4,085	-	-	
McIntosh Road Realignment	FDOT	1/18/2007	50.00	5,860	109	5,740	11	25	
Berth 33 Bulkhead Repair & Replacement	FDOT	7/27/2009	50.00	2,500	849	1,300	351	-	
Port Security - Round 10 - Federal	DHS	6/1/2010	100.00	2,231	-	2,231	-	-	
Terminal 19 Improvements	FDOT	8/27/2010	50.00	1,900	260	1,434	206	-	
Midport Cranes P1 & P2 Replacement	FDOT	7/31/2006	50.00	1,832	1,832	-	-	-	
Midport Roadway Expansion	FDOT	6/15/2006	50.00	587	587	-	-	-	
People Mover	FDOT	2/5/2004	50.00	784	784	-	-	-	
Diesel Emission Reduction	FDEP	4/8/2010	75.00	750	626	1	123	-	
Port Security-Round 7-TWIC - Federal	DHS	9/11/2007	75.00	270	68	202	-	-	
Port Security - (ARRA PSGP) - Federal	DHS	9/1/2009	100.00	190	-	190	-	-	
Port Security-Round 7-Perimeter - Federal	DHS	10/1/2007	75.00	80	80	-	-	-	
 Total due from other governments							\$ 744	\$ 802	

*FDOT - Florida Department of Transportation

USDOT - United States Department of Transportation

DHS - Department of Homeland Security

FDEP - Florida Department of Environmental Protection

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

D. Due from/to Governments (Continued)

At September 30, 2011 and 2010, amounts due to governments consisted of the following (dollars in thousands):

Description	Agency	Amount Due September 30,	
		2011	2010
Payments in lieu of taxes	Municipalities	\$ 615	\$ 567
Sales taxes	State of Florida	13	47
Utilities	Municipalities	347	1,222
Background checks	Florida Department of Law Enforcement	-	75
Water sales taxes	Municipalities	2	7
	Total due to other governments	<u>977</u>	<u>1,918</u>
Security services	Broward Sheriff's Office	\$ 155	781
County overhead costs	Broward County General Funds	142	-
	Total due to other County funds	<u>297</u>	<u>781</u>
	Total due to governments	<u>\$ 1,274</u>	<u>\$ 2,699</u>

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010

E. Capital Assets

Capital asset activity for the fiscal years ended September 30, 2011 and 2010 was as follows (dollars in thousands):

	Balance September 30, 2010	Additions	Deletions/ Adjustments Reclassifications	Balance September 30, 2011
Used in operations				
Buildings, piers and other improvements	\$ 410,491	\$ 1,697	\$ -	\$ 412,188
Equipment and vehicles	150,545	8,433	(336)	158,642
Total depreciable capital assets	561,036	10,130	(336)	570,830
Less accumulated depreciation	(257,498)	(22,527)	335	(279,690)
Depreciable capital assets, net	303,538	(12,397)	(1)	291,140
Non-depreciable capital assets				
Land and land improvements	56,716	38	-	56,754
Construction in progress	34,636	19,547	(24,757)	29,426
Total non-depreciable capital assets	91,352	19,585	(24,757)	86,180
Total capital assets used in operations, net	394,890	7,188	(24,758)	377,320
Held for leasing				
Buildings, piers and other improvements	89,881	14,866	-	104,747
Less accumulated depreciation	(57,266)	(2,836)	-	(60,102)
Depreciable capital assets, net	32,615	12,030	-	44,645
Non-depreciable capital assets				
Land and land improvements	151,324	-	-	151,324
Total capital assets held for leasing, net	183,939	12,030	-	195,969
 Total capital assets, net	 \$ 578,829	 \$ 19,218	 \$ (24,758)	 \$ 573,289

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010

E. Capital Assets (Continued)

	Balance September 30, 2009	Additions	Deletions/ Adjustments Reclassifications	Balance September 30, 2010
Used in operations				
Buildings, piers and other improvements	\$ 313,738	\$ 96,753	\$ -	\$ 410,491
Equipment and vehicles	128,934	21,680	(69)	150,545
Total depreciable capital assets	442,672	118,433	(69)	561,036
Less accumulated depreciation	(237,603)	(19,964)	69	(257,498)
Depreciable capital assets, net	205,069	98,469	-	303,538
Non-depreciable capital assets				
Land and land improvements	56,716	-	-	56,716
Construction in progress	118,662	37,045	(121,071)	34,636
Total non-depreciable capital assets	175,378	37,045	(121,071)	91,352
Total capital assets used in operations, net	380,447	135,514	(121,071)	394,890
Held for leasing				
Buildings, piers and other improvements	89,513	368	-	89,881
Less accumulated depreciation	(54,361)	(2,905)	-	(57,266)
Depreciable capital assets, net	35,152	(2,537)	-	32,615
Non-depreciable capital assets				
Land and land improvements	151,324	-	-	151,324
Total capital assets held for leasing, net	186,476	(2,537)	-	183,939
Total capital assets, net	\$ 566,923	\$ 132,977	\$ (121,071)	\$ 578,829

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

E. Capital Assets (Continued)

As of September 30, 2011 (dollars in thousands), contracts entered into by the Port, in excess of \$500,000, with unexpended balances, were as follows:

Contract	Contract Amount	Unexpended Balance
Cruise Terminal 18 Expansion — Hewett-Kier	\$ 55,351	\$ 2,526
Southport Container Yard Expansion — Tran Construction	13,012	290
Berth 33 Bulkhead repair - Ebsary Foundation	2,975	92
Expand Cargo Handling Facilities at Southport — Craven Thompson	2,761	1,050
Terminal 19 Improvements - Bermello Ajamil	1,685	524
FPL Discharge Canal Bridge — EAC Consulting	1,557	18
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,549	228
Gantry Crane Painting - Groome Industrial	1,458	99
Spangler Blvd Bypass Road — Craven Thompson	1,326	328
Fenders - Sojitz Corporation	1,299	1,299
Terminal 21 Improvements - Bermello Ajamil	1,261	378
McIntosh Loop Road Realignment — Craven Thompson	990	462
Southport Berth No. 34 — Gee and Jenson/CH2M Hill	868	447
Custom Industrial Fire Truck- Ten - 8 Fire	867	868
Rehabilitation of Southport Trolley Support System -	833	280
Terminal 21 Improvements - Bermello Ajamil	1,116	393
Terminal 2 Improvements - Bermello Ajamil	758	167
Terminal 4 Warehouse Conversion - Shiff Construction	690	626
Terminal 4 Expansion — CH2M Hill	533	191
	<hr/>	<hr/>
Total	\$ 90,889	\$ 10,266

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable

The following is a summary of the major provisions and significant debt service requirements for bonds outstanding as of September 30, 2011 and 2010 (dollars in thousands):

Bond Issue	Primary Purpose	Type	Interest Rate %	Payment Dates	Optional Redemption Year	Premium	Final Maturity Date	Original Amount Issued	Retired/Refunded	Outstanding September 30, 2011	Outstanding September 30, 2010
1989A Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	N/A	N/A	9-1-2016	\$ 79,580	\$ (26,395)	\$ 53,185	\$ 53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.75 -4.8	3-1 9-1	2009	N/A	9-1-2012	13,195	(10,340)	2,855	5,580
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	79,825	-	79,825	79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	2009	N/A	9-1-2012	43,795	(33,575)	10,220	19,920
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	28,645	-	28,645	28,645
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	Variable	Monthly	2009	N/A	9-1-2027	46,145	(6,620)	39,525	41,320
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	2019	N/A	9-1-2029	83,235	(4,575)	78,660	81,295
Sub-total										292,915	309,770
Less discounts, plus premiums										(7,408)	(8,229)
Total bonds payable										\$ 285,507	\$ 301,541

Bonds payable activity for the fiscal years ended September 30, 2011 and 2010 was as follows (dollars in thousands):

Bond Issue	Balance September 30, 2010	Additions	Reductions	Balance September 30, 2011	Due within One Year
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	19,920	-	(9,700)	10,220	10,220
1998C Port Facilities	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
Sub-total	309,770	-	(16,855)	292,915	17,700
Less discounts, plus premiums	(8,229)	-	821	(7,408)	-
Total bonds payable	\$ 301,541	\$ -	\$ (16,034)	\$ 285,507	\$ 17,700

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010

F. Bonds Payable (Continued)

Bond Issue	Balance September 30, 2009	Additions	Reductions	Balance September 30, 2010	Due within One Year
1989A Port Facilities Refunding	\$ 53,185	\$ -	\$ -	\$ 53,185	\$ -
1998A Port Facilities Refunding	8,185	-	(2,605)	5,580	2,725
1998B Port Facilities Refunding	79,825	-	-	79,825	-
1998C Port Facilities	29,125	-	(9,205)	19,920	9,700
1998C Port Facilities	28,645	-	-	28,645	-
2008 Subordinate Port Facilities Refunding	43,050	-	(1,730)	41,320	1,795
2009A Port Facilities	83,235	-	(1,940)	81,295	2,635
Sub-total	325,250	-	(15,480)	309,770	16,855
Less discounts, plus premiums	(8,972)	-	743	(8,229)	-
Total bonds payable	\$ 316,278	\$ -	\$ (14,737)	\$ 301,541	\$ 16,855

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, 2011 and 2010.

The annual debt service requirements for all bonds outstanding as of September 30, 2011 are as follows (dollars in thousands):

Year(s)	Principal	Interest	Total
2012	\$ 17,700	\$ 14,346	\$ 32,046
2013	18,590	13,453	32,043
2014	19,495	12,552	32,047
2015	20,445	11,607	32,052
2016	21,435	10,615	32,050
2017-2021	71,335	41,296	112,631
2022-2026	90,340	22,304	112,644
2027-2030	33,575	2,782	36,357
Total	\$ 292,915	\$ 128,955	\$ 421,870

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

Details of the Port's bonds outstanding as of September 30, 2011 and 2010 are provided below. Capitalized terms not defined below or elsewhere in these notes 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 appreciation on the capital appreciation bonds, which matured on September 1, 2010, and \$22,150,000 of principal on the current interest bonds, which will mature on September 1, 2012.

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.

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 the Series 1998 Bonds then outstanding. The Series 2008 Bonds bear interest at a weekly variable rate. The variable rate at September 30, 2011 and 2010 was .14% and .25%, respectively.

2008 Interest Rate Swap Agreement:

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

The County terminated the previous interest rate swap agreement with AMBAC in order to remove AMBAC as the insurer on the refunded Series 1998 Bonds and issue the new Series 2008 Bonds. The cost of the funds swap with AMBAC was terminated at a market value of \$3,390,000 payable by the County to AMBAC. On July 10, 2008, the termination was funded by \$1,663,600 of cash on hand and \$1,726,400 of proceeds from the Series 2008 Bonds.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (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, 2011 and 2010, the swap had a negative fair value of \$5,752,000 and \$4,982,000 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. Fair value is only adjusted annually at September 30. The swap's notional amount as of September 30, 2011 and 2010, which equaled the principal outstanding on the Series 2008 Bonds as of those dates, was \$39,525,000 and \$41,320,000, respectively.

Credit risk – As of September 30, 2011 and 2010, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates changes and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

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

Termination risk - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the Port 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 services if, at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

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, 2011, assuming the synthetic fixed rate of 3.642%, were as follows (dollars in thousands):

Year(s)	Principal	Interest	Total
2012	\$ 1,860	\$ 1,430	\$ 3,290
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
2017-2021	11,990	4,473	16,463
2022-2026	14,340	2,130	16,470
2027-2030	3,185	106	3,291
Total	\$ 39,525	\$ 13,144	\$ 52,669

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

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 the 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 2008 Letter of Credit was executed on May 26, 2011. The 2008 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 earlier dates as defined in the 2008 Letter of Credit agreement.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

Optional Redemption of Series 2008 Bonds:

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

Series 2009A Bonds: In July, 2009, the County issued \$83,235,000 of Port Facilities 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 (see Note K) 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 rates range from 3% to 6%.

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

Redemption of Series 2009A Bonds:

Optional Redemption – The Series 2009A Bonds maturing on or prior to September 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009A Bonds maturing on or after September, 2020 are subject to redemption prior to maturity, at the option of the County, in 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.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

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

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

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

- a) 100% of the aggregate of current expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund 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.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

**Schedules of Revenues, Expenses and Debt Service Coverage
For the Fiscal Years Ended September 30, 2011 and 2010
(Dollars In Thousands)**

	<u>2011</u>	<u>2010</u>
Operating revenues		
Cruise	\$ 56,754	\$ 45,724
Container	31,669	29,474
Petroleum	25,772	25,487
Other	11,911	11,875
Real estate	10,409	10,295
Bulk	1,379	926
Breakbulk/neobulk	1,283	872
Sub-total	<u>139,177</u>	<u>124,653</u>
Non-operating income (eligible interest plus gain on sale of fixed assets)	1,009	581
Total revenues	<u>140,186</u>	<u>125,234</u>
Operating expenses	74,182	73,951
Non-operating expenses (debt service fee payments)	(909)	288
Total expenses	<u>73,273</u>	<u>74,239</u>
Net income available for debt service - senior lien bonds and subordinate bonds	<u>\$ 66,913</u>	<u>\$ 50,995</u>
Debt service requirements - senior lien bonds	<u>\$ 28,757</u>	<u>\$ 28,759</u>
Actual coverage	<u>2.33</u>	<u>1.77</u>
Required coverage	<u>1.25</u>	<u>1.25</u>
Composite debt service requirements - senior lien bonds and subordinate bonds	<u>\$ 32,043</u>	<u>\$ 32,043</u>
Actual coverage	<u>2.09</u>	<u>1.59</u>
Required coverage	<u>1.10</u>	<u>1.10</u>

The Port was in compliance with bond indenture requirements as of September 30, 2011 and 2010.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

The Port issued bonds that are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds as of September 30, 2011 and 2010 was as follows (dollars in thousands):

	September 30,	
	2011	2010
Current pledged revenues	\$ 66,913	\$ 50,995
Current year debt service	\$ 32,043	\$ 32,043
Total future pledged revenues	\$ 421,870	\$ 453,913

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

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

The Series 1989A, 1998, 2008, and 2009A bond covenants require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. Concurrently with the issuance of the Series 1998 bonds, MBIA issued a Debt Service Reserve Surety Bond in the amount of \$21,854,000 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 an amount totaling \$3,411,000 at September 30, 2011 and 2010. The reserve account requirement applicable to the 2009A Bonds is fulfilled by U.S. Treasury obligations and money market funds collateralized by U.S. Treasury obligations in an amount totaling \$6,936,000 and \$6,922,000 at September 30, 2011 and 2010, respectively. The Port was in compliance with bond indenture requirements as of September 30, 2011 and 2010.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability attributable to the Series 1989A, Series 1998, Series 2008, or Series 2009A Bonds at September 30, 2011 or 2010. The next rebate computation period is December 23, 2011 for the Series 1989A Bonds, September 1, 2012 for the Series 1998 Bonds, and September 30, 2012 for the Series 2008 Bonds and the Series 2009A Bonds

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

F. Bonds Payable (Continued)

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

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

Year of Defeasance	Bond Issue Defeased	Principal Outstanding September 30,	
		2011	2010
1989	Port Facilities Revenue Bonds Series 1986	\$ 40,340	\$ 45,590

Series 2011 Bonds: In November 2011, the Port issued Port Facilities Refunding Revenue Bonds, Series 2011A in the amount of \$12,370,000, Port Facilities Refunding Revenue Bonds, Series 2011B in the amount of \$100,695,000, and Port Facilities Refunding Revenue Bonds, Series 2011C in the amount of \$54,195,000 (collectively, the "Series 2011 Bonds"). The proceeds of the issue were used to (i) refund and defease all or a portion of the Series 1998B, Series 1998C, and Series 1989A Bonds, (ii) fund the cost of a municipal bond debt service reserve insurance policy, and (iii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds, including the premium for a municipal bond insurance policy. The bonds were issued as fixed rate bonds, with an average life of 8.19 years and a true interest cost of 4.10%. The bonds are secured by a pledge of certain net revenues of the Port.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

G. Operating Lease Revenue

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

Year(s)	Amount
2012	\$ 8,248
2013	8,326
2014	6,823
2015	5,726
2016	4,401
2017-2021	19,095
2022-2026	5,954
2027-2031	6,605
2032-2036	2,852
2037-2041	3,414
2042-2046	4,154
2047-2051	5,053
2052-2056	6,148
2057-2061	7,480
2062-2066	9,101
2067-2071	11,073
2072-2076	13,472
2077-2081	16,390
2082-2086	19,941
2087-2091	24,262
2091-2096	5,908
Total future minimum rentals	\$ 194,426

H. Pension Plan

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 County employees. There is a defined benefit plan (the "Pension Plan") or a defined contribution plan (the "Investment Plan") available. FRS plans were noncontributory for employees until July 1, 2011 when the Florida Legislature established a 3% contribution rate for covered employees; however, employees who were enrolled in the Deferred Retirement Option Program (DROP) before July 1, 2011 are exempt from that requirement. The Port's covered payroll for employees for the year ended September 30, 2011 and 2010 was approximately \$13,300,000.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

H. Pension Plan (Continued)

The Pension Plan benefits are computed on the basis of age, average final compensation and service credit. For employees enrolling in FRS for the first time 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 for earnings for those already enrolled. FRS provides vesting of benefits after eight years of creditable service for employees enrolling in FRS for the first time after July 1, 2011 compared with a vesting period of six years for those already enrolled. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Florida Statutes.

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

The Port's required contribution rate ranges from 7.91% and 9.27% of covered payroll based on employee risk groups. The required contribution for the Port for the years ended September 30, 2011, 2010 and 2009 was approximately \$1.24 million, \$1.36 million and \$1.40 million, respectively, or 9.35%, 10.19% and 10.10% of covered payroll, respectively. The Port made all required contributions in each of those years. Employee contributions to the Investment Plan were \$750,000 and \$0 for the years ended September 30, 2011 and 2010, respectively.

I. Other Non-current Liabilities

Compensated absences: It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. The liability is only adjusted annually at September 30.

The activity in these accounts for the years ended September 30, 2011 and 2010 was as follows (dollars in thousands):

	Balance			Balance	
	September			September	Due within
	30, 2010	Additions	Reductions	30, 2011	One Year
Accrued vacation pay	\$ 1,069	\$ 897	\$ (842)	\$ 1,124	\$ 1,033
Accrued sick pay	1,365	-	(59)	1,306	96
Total accrued compensated absences	\$ 2,434	\$ 897	\$ (901)	\$ 2,430	\$ 1,129

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

I. Other Non-current Liabilities (Continued)

	Balance September 30, 2009			Balance September 30, 2010			Due within One Year
	Additions	Reductions	Additions	Reductions	Additions	Reductions	
Accrued vacation pay	\$ 966	\$ 980	\$ (877)	\$ 1,069	\$ 1,050		\$ 1,050
Accrued sick pay	1,299	185	(119)	1,365	106		106
Total accrued compensated absences	\$ 2,265	\$ 1,165	\$ (996)	\$ 2,434	\$ 1,156		\$ 1,156

Other post employment benefits (OPEB): The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer defined benefit healthcare plan, and the benefits conform with Florida Statutes, which are the legal authority for the plan. The liability is only adjusted annually at September 30. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries, in their actuarial valuation, calculates the employer contribution based on the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year, net of the retirees' own payments for the year.

The changes in the County's net OPEB obligation during the years ended September 30, 2011 and 2010 were as follows (dollars in thousands):

	September 30,	
	2011	2010
Annual required contribution	\$ 4,399	\$ 4,179
Interest on net OPEB obligation	386	266
Adjustment to annual required contribution	(357)	(237)
Annual OPEB cost	4,428	4,208
Contributions made	(1,435)	(1,219)
Increase in net OPEB obligation	2,993	2,989
Net OPEB obligation, beginning of year	9,646	6,657
Net OPEB obligation, end of year	\$ 12,639	\$ 9,646

The County's net OPEB obligation as of September 30, 2011, 2010 and 2009, and annual OPEB cost and percentage contributed for the years then ended were as follows (dollars in thousands):

	September 30,		
	2011	2010	2009
Annual OPEB cost	\$ 4,428	\$ 4,208	\$ 5,100
Percentage of Annual OPEB cost contributed	32.41%	28.97%	32.08%
Net OPEB obligation	\$ 12,639	\$ 9,646	\$ 6,657

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

I. Other Non-current Liabilities (Continued)

The funded status of the plan as of October 1, 2009, the date of the most recent actuarial valuation, was as follows (dollars in thousands):

Actuarial accrued liability	\$ 43,582
Actuarial value of plan assets	0
Unfunded actuarial accrued liability	\$ 43,582
Funded ratio	0.00%
Covered payroll	\$ 270,612
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%

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 County has not contributed assets to the plan at this time.

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

Actuarial valuation date	October 1, 2009
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	27 years
Asset valuation method	Unfunded
Investment rate of return*	4.00%
Projected salary increases*	4.50% - 9.50%
Health care cost trend rates	9.00% initial, 4.50% ultimate

*Includes general inflation at 3%

The Port's share of the net other post employment benefits liability as of September 30, 2011 and 2010 was \$409,000 and \$312,000, respectively.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2011 and 2010**

J. Capital Contributions

For the year ended September 30, 2011 and 2010, capital contributions were as follows (dollars in thousands):

Contributor - Purpose	2011	2010
State of Florida - Southport New Client - Container Yard (Phase VIII)	\$ 1,246	\$ 2,893
State of Florida - Bulkhead Repair & Replacement	1,200	-
State of Florida - Diesel Emission Reduction	329	-
State of Florida - Terminal 19 Expansion	466	-
Federal - Port Security Improvements	58	39
Federal - Port Security - TWIC	68	-
State of Florida - McIntosh Road Realignment	56	52
State of Florida - FPL Discharge Canal Bridge	-	2,642
Federal - US Army Corp of Engineers - Dredging	-	727
State of Florida - Midport Crane P-1 & P-2	-	1,763
State of Florida - Midport Roadway Expansion	-	324
State of Florida - High Wind Bollards	-	84
State of Florida - People Mover	-	69
	<hr/>	<hr/>
Total capital contributions	\$ 3,423	\$ 8,593

K. Passenger Cruise Terminal and Berth User Agreement

On December 4, 2007, the County Commission approved a Passenger Cruise Terminal and Berth User Agreement (the "Agreement") between Royal Caribbean Cruises, Ltd. ("RCL") and the County. The Agreement included an expansion of Cruise Terminal No. 18 (the "Project") at Port Everglades to accommodate the planned home porting of a new class of cruise ships which can accommodate in excess of 5,000 passengers. The cost of the renovations is shared with RCL. Negotiations continued with RCL as to the Project, and on October 23, 2008, a first amendment to the Agreement was approved. The multi-year agreement requires both minimum annual guaranteed payments based upon passenger movements in lieu of published Port tariff charges and minimum annual guaranteed payments based upon passenger movements to pay RCL's share of terminal renovation costs. These minimum annual guaranteed payments are treated as operating revenues in the financial statements when they become due. For the years ended September 30, 2011 and 2010, the amount recognized was \$30,476,000 and \$20,406,000, respectively.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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September 30, 2011 and 2010**

L. *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 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.

Broward County Board of County Commissioners:

Seated: John E. Rodstrom, Jr., Mayor, District 7 (right) and Kristin Jacobs, Vice Mayor, District 2

Standing: (left to right) Ilene Lieberman, District 1 • Chip LaMarca, District 4 • Lois Wexler, District 5 •

Dale V.C. Holness, District 9 • Barbara Sharief, District 8 • Sue Gunzburger, District 6 • Stacy Ritter, District 3



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.

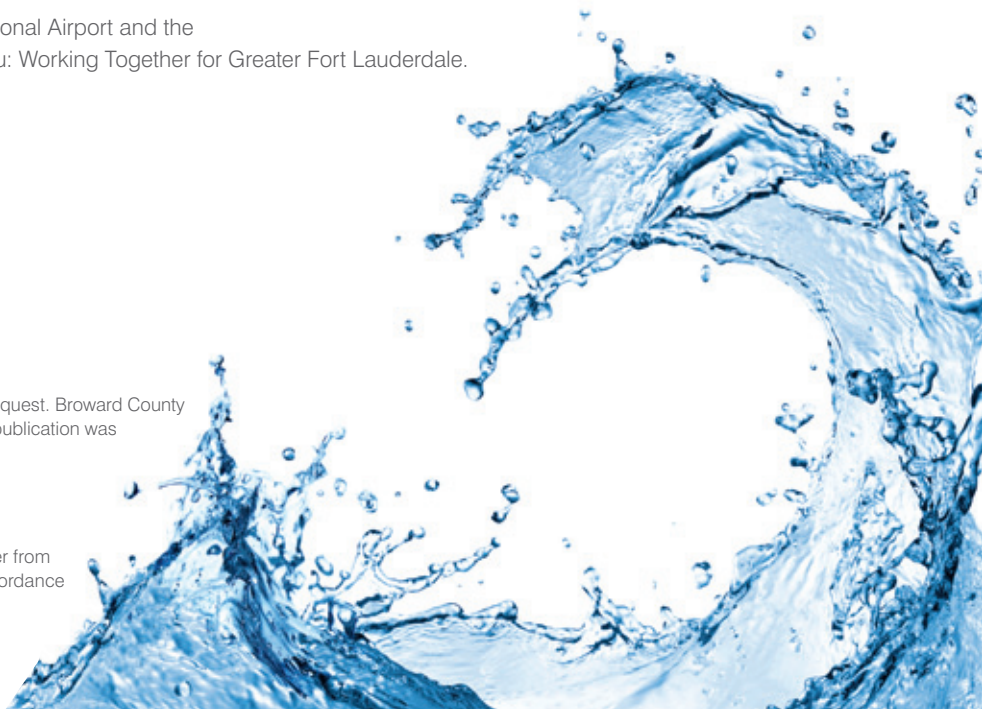
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