

PORT AUTHORITY



Comprehensive Annual Financial Report

A Component Unit of

MANATEE COUNTY FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30, 2016

Port Manatee is one of the largest fourteen Florida deepwater seaports. Governed by the seven-member Manatee County Port Authority, Port Manatee is our community's largest gateway to international trade and commerce.

Located on over 1,100 acres with 5,000 acres of contiguous land available, Port Manatee is the hub for a wide variety of agricultural and industrial products. It hosts shipments of orange juice and other citrus juices and beverages, forestry products, bananas, melons, aluminum, steel, paper products, linerboard, wood pulp, petroleum products, construction-grade aggregate, cement and fertilizer.

Port Manatee boasts the highest capacity of on-dock cold storage for high-value perishables in Florida and is a full-service port facility, including ship repair and fabrication.

Port Manatee plays a key role in fueling Southwest Florida's economy, serving as the gateway for nearly 100 million gallons of gasoline and related fuels on an annual basis. Under a new agreement, Port Manatee is now the fuel hub for a nine-county region, encompassing more than 30 stores of Atlanta-based RaceTrac Petroleum, Inc.

A new comprehensive study projects that the cargo volume through Port Manatee will more than double over the next ten years. The 2016 Port Manatee Master Plan Update, accepted June 16, 2016 by the Manatee County Port Authority, provides a strategic vision and framework for continued diverse growth of the Port of Southwest Florida for the coming decade and beyond.

In fiscal year 2016, the Port saw an increase in operating revenue of approximately 15%. This is due in large part to the petroleum products now flowing through Port Manatee, and also attributable to a considerable demand for various types of cargo storage.

Port Manatee continues to aggressively expand, maintain and invest in capital improvements that not only meet or exceed the needs of port tenants and users, but also address infrastructure needs to support the Port's long-term Master Plan.

On the Cover - Corwin Dock

Until the 1910s, the Manatee River was the main transportation route for Manatee County. People as well as produce and locally manufactured goods moved in and out of the area on boats to ports as far away as Cuba. Navigation was hampered by the shallow water near the shoreline, so docks were built to extend out into deeper water to reach the large drafted sailing vessels and later, the steamboats that traveled up and down the river. In 1890, Samuel Corwin built a dock from the end of Braidentown's Main Street out into the Manatee River. Thirteen years later, a hotel named the Sea Breeze Inn, Hawker's Fish Market and a fruit packinghouse were added to the dock. One night in December of 1915, the Seabreeze Inn, Hawker's Fish Market and 150 feet of the dock burned. Guests at the Inn jumped into the river to escape the flames. Firefighters waded into three to four feet of water as far as 300 feet from shore to save the dock which was later repaired and continued to serve the City for another decade until construction of the Memorial Pier in 1926.

**MANATEE COUNTY PORT AUTHORITY
ANNUAL FINANCIAL REPORT
A COMPONENT UNIT OF
MANATEE COUNTY, FLORIDA**

for the fiscal years ended

September 30, 2016 and 2015

Betsy Benac, Chairman

Vanessa Baugh

Robin DiSabatino

Larry Bustle

Charles Smith

John Chappie

Carol Whitmore

**Clerk of Circuit Court and Comptroller
Angelina “Angel” Colonnese**

**Port Director
Carlos Buqueras**

**Finance Director
Daniel R. Wolfson**

Prepared by the Office of the Clerk of Circuit Court

**Manatee County Port Authority
Comprehensive Annual Financial Report
Fiscal Years Ended September 30, 2016 and 2015**

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INTRODUCTORY SECTION



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

1115 Manatee Avenue West, Bradenton, Florida 34205 - Phone (941) 749-1800 – Fax (941) 741-4082
P.O. Box 25400, Bradenton, Florida 34206 - www.manateeclerk.com

February 28, 2017

To the citizens of Manatee County:

We are pleased to present to you, the citizens of Manatee County, the Comprehensive Annual Financial Report of the Manatee County Port Authority for the fiscal years ended September 30, 2016 and 2015. This report was prepared by the Finance Department of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Clerk of the Circuit Court and Comptroller as Chief Financial Officer of the Manatee County Port Authority (www.manateeclerk.com).

The Manatee County Port Authority (the "Port Authority") was established under the provisions of Chapter 315, Florida Statutes and Chapter 67-1681, Laws of Florida and began operations in 1970. When conducting business as a port authority, the Manatee County Board of County Commissioners employs the name Manatee County Port Authority. Although the Port Authority is a legally separate entity, it shares the same governing board as Manatee County and there is a specific benefit or burden relationship between the Port Authority and Manatee County. As such, the Port Authority is reported as a blended component unit (enterprise fund) of Manatee County. These financial statements include all operations and activities of the Manatee County Port Authority as defined above.

The Clerk of the Circuit Court and Comptroller, through the Finance Department, is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Port Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Port Authority as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a comprehensive understanding of the Port's financial activity have been included.

Chapter 218.39 of the Florida Statutes requires a financial audit of local government entities in the State by an independent certified public accountant. This requirement has been met for the fiscal years ended September 30, 2016 and 2015. The reports of the independent auditor have been included in this report.

Governmental accounting and auditing principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Port Authority's MD&A can be found immediately following the auditor's report.

Port information. Port Manatee is located in the northwestern corner of Manatee County. It fronts Tampa Bay and borders the Manatee-Hillsborough county line. An access channel from the Port connects with the federal channel in Tampa Bay only ten miles from the Gulf of Mexico. Port Manatee is one of the largest fourteen Florida deepwater seaports. As the major shipping gateway to our community, the Port Authority manages the importing and exporting of many agricultural and industrial products. The Port is a leading venue for shipments of citrus juices and beverages and operates in Foreign Trade Zone #169.

Port Manatee employs formal budgetary integration as a management control device during the year. The Port follows the laws of Florida regarding the control, adoption and amendment of the budget during the fiscal year; however, the Port Authority increases the level of budgetary control because all budgetary increases or decreases are approved by resolution.

Local economy. Located in the central part of Florida's west coast, Manatee County has historically been one of the fastest-growing regions in the nation. The county has experienced an average growth rate of 1.27% per year during the last decade. The 4.31% increase experienced in the current year is evidence that the local economy is once again seeing growth.

Long-term financial planning. Through the cooperation of Port Manatee and Manatee County government, Port Manatee continues to promote its Florida International Gateway (the "FIG") which incorporates 3,700 acres of privately-held land directly adjacent to the Port that is available for intermodal distribution development opportunities. Port-

“Pride in Service with a Vision to the Future”

Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

related development and the creation of quality jobs are encouraged in the FIG through the reduction or elimination of impact fees and other incentives.

Long-range plans include a capital expansion program designed to maximize the advantage of Port Manatee's location as one of the closest deepwater seaports to the Panama Canal and to provide available infrastructure needed to support distribution activities created by the FIG.

Relevant financial policies. The Port Authority has an "equity in pooled cash and investments" account with Manatee County that is increased for every cash receipt and decreased for every cash disbursement attributable to its operations.

The Treasury Management Division of the Finance Department monitors the daily cash needs of the County and invests the County's portfolio, maximizing investment returns, in accordance with the County's written investment policy.

Major Initiatives. Port Manatee continues with infrastructure capital improvements. Rehabilitation of Berth 9 is ongoing with completion expected in December of 2017.

Improvements to Port Manatee's south gate entrance are underway. The single-lane configuration will permit remote operations from the Port's access control offices located at the north gate. A wide bypass road will facilitate the access of large project cargoes such as liquefied natural gas heat exchangers. Improvements also include surveillance technology and a new modular kiosk.

A new emergency command center is now operational and prepared to serve Southwest Florida in the event of a security-related incident. The facility will also be used as a training center to enhance port security and the capabilities of the region's first responders.

A five-acre cargo pad near Port Manatee's north entrance is approaching completion. The cargo pad expands the Port's capability for storage of cargo that requires a foundation.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Manatee County Clerk of the Circuit Court for its Comprehensive Annual Financial Report for the Manatee County Port Authority for the fiscal year ended September 30, 2015. This was the 23rd year that we have earned this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Port received the Award of Excellence by the American Association of Port Authorities for the Port Manatee 2016 Official Directory.

Acknowledgments. This report is a product of the dedication of the Finance Department of the Clerk of the Circuit Court of Manatee County as Auditor and Comptroller to the Port Authority. We would like to thank the staff of the Finance Department who worked on this report.

We would also like to express our appreciation and thanks to the firm of Shinn & Company, LLC, CPAs, who helped us with their comments and advice, and to Denise Stufflebeam, Director of Business Administration and Finance and her staff at the Port Authority for the assistance they provided.

Sincerely,



Angelina "Angel" Colonneso
Clerk of Circuit Court and Comptroller



Daniel R. Wolfson, CPA
Senior Director, Finance

AC:DRW:jh



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

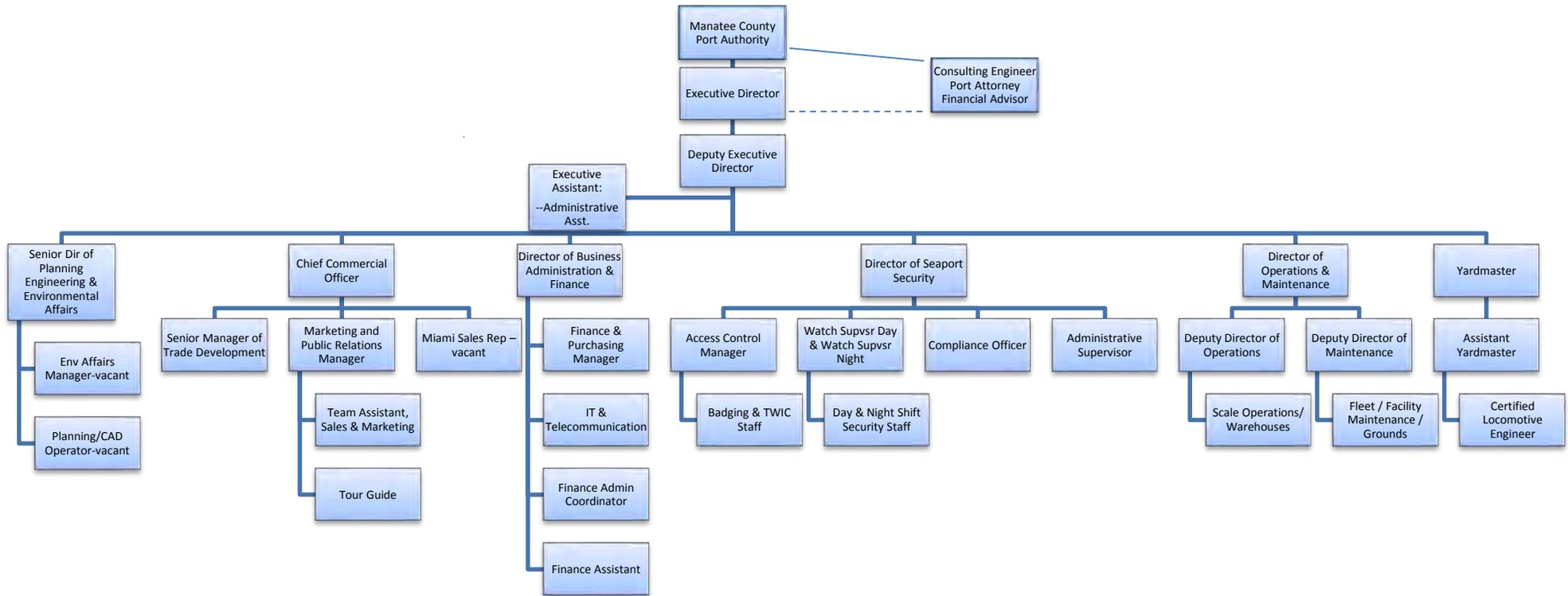
Manatee County Port Authority
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

MANATEE COUNTY PORT AUTHORITY ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of County Commissioners
in their capacity as Members of the Manatee County Port Authority
Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Manatee County, Florida, Port Authority (the "Port"), a component unit of Manatee County, Florida, as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of September 30, 2016 and 2015, and the changes in its financial position, and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2016, the Port adopted new accounting guidance, GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and No. 82, *Pension Issues*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of Manatee County, Florida, as of September 30, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-6, the schedule of funding progress and the schedule of employer contributions on page 33, the schedule of the Port's proportionate share of net pension liability for the FRS and HIS pension plans, and schedule of the Port's contributions to the FRS and HIS pension plans on pages 34-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The introductory section, statistical section, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, statistical section, and the other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, 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* in considering the Port's internal control over financial reporting and compliance.



SHINN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, FL
February 28, 2017

Management's Discussion and Analysis

As Clerk of the Circuit Court and Comptroller for the Manatee County Port Authority, I offer readers of the Port Authority's financial statements this narrative overview and analysis of the financial activities of Port Manatee for the fiscal years ended September 30, 2016 and 2015. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The Port's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at September 30, 2016 and 2015 by \$96,343 and \$91,389, respectively. At September 30, 2016, there was a deficit of \$3,124 in unrestricted net position and a deficit of \$3,906, for 2015.
- The Port's total net position increased \$4,954 in fiscal year 2016 and decreased \$2,351 for fiscal year 2015.
- Total bonded debt of the Port Authority amounts to \$36,910, a decrease of \$910 over fiscal year 2015.
- Port Authority notes and loans payable had a net decrease in fiscal year 2016 of \$580 from \$5,692 to \$5,112. In fiscal year 2015, notes and loans payable decreased from \$6,262 to \$5,692, a net decrease of \$570.

Overview of the Financial Statements

The Statements of Net Position show the Port's assets plus deferred outflows of resources less its liabilities plus deferred inflows of resources at September 30, 2016 and 2015. The difference between these assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. The net position presentation shows additional breakdowns, which may help the reader's understanding of the available resources of the Port versus those that are restricted. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position. The Statements of Net Position appear on page 7.

The Statements of Revenues, Expenses and Changes in Fund Net Position, provided on page 8, present the revenues and expenses of the current and previous fiscal years. The net of operating revenues less expenses when combined with other non-operating items such as interest income, interest expense, grants and contributions results in the net income (loss) the Port generated for the fiscal year and increases or decreases the net position presented on the Statements of Net Position. A review of this statement for both fiscal years 2016 and 2015 can indicate the ongoing health of a business operation.

The Port Authority's Statements of Cash Flows, presented on page 9, show those items which resulted in additions and subtractions to the Port Authority's cash balance for the fiscal year. A reconciliation of these cash changes to the operating loss as reported on the Port's Statements of Revenues, Expenses and Changes in Fund Net Position is included.

The Notes to the Financial Statements for the Port Authority provide background information that meets stringent governmental accounting reporting requirements and gives the reader additional information that may not be readily seen on the actual statements. Examples of such information include: a breakdown of assets owned by the Port, contingent liabilities, debt requirements and capitalization of interest, retirement information, and leases. The notes can be found on pages 10 to 32 and are an integral part of the financial statements.

This report presents certain required supplementary information on pages 33 to 35 concerning progress in funding of Manatee County's obligation to provide other post-employment benefits to its employees as well as information related to the County's participation in the Florida Retirement System pension plans. Additional information about the Port, which may be of interest to the reader, is found under the Statistical and Other Information sections of this report, beginning on page 36.

Analysis of Financial Statements

My discussion of the Port Authority's financial statements includes an analysis of major changes in the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for fiscal years 2016 and 2015, as well as a look at changes in revenues and expenses as presented in the accompanying statements.

Comparative data as of September 30, 2016 and 2015 are shown below:

	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Assets:			
Current and other assets	\$ 9,345	\$ 6,110	\$ 6,336
Capital assets	<u>136,601</u>	<u>133,658</u>	<u>137,765</u>
Total assets	<u>145,946</u>	<u>139,768</u>	<u>144,101</u>
Deferred outflows of resources:	<u>1,915</u>	<u>967</u>	<u>432</u>
Liabilities:			
Long-term liabilities	46,928	47,015	47,897
Other liabilities	<u>3,697</u>	<u>1,130</u>	<u>1,520</u>
Total liabilities	<u>50,625</u>	<u>48,145</u>	<u>49,417</u>
Deferred inflow of resources:	<u>893</u>	<u>1,201</u>	<u>1,376</u>
Net position:			
Net investment in capital assets	97,216	93,045	95,767
Restricted for debt service	2,251	2,250	2,250
Unrestricted	<u>(3,124)</u>	<u>(3,906)</u>	<u>(4,277)</u>
Total net position	<u>\$ 96,343</u>	<u>\$ 91,389</u>	<u>\$ 93,740</u>

(1) Certain balance sheet items have been restated due to the implementation of GASB 68.

Changes in net position over time can be one of the best and most useful indicators of the Port's financial position. In fiscal year 2016, the Port Authority saw an increase in net position of \$4,954. This increase in net position in fiscal year 2016 is largely attributable to the significant capital grants and contributions received for the rehabilitation of berth 9, improvements to the south gate entrance, and construction of a 5-acre cargo pad. The growth in commodities has led to a significant improvement in revenues derived from storage this year as well.

At September 30, 2016, of the Port's \$96,343 in net position, \$97,216 (101%) reflects its net investment in capital assets. An additional 2% of the Port's net position, \$2,251, represents resources that are subject to bond and loan debt covenants. The deficit balance of \$3,124 (-3%) in unrestricted net position is a reflection of pension expenses related to the adjustments made for the Florida Retirement System pension plan liabilities, along with the Port's commitment to expanding its ability to serve its customers through investment in capital assets.

At September 30, 2015, \$93,045 (102%) of the \$91,389 in net position reflected the Port's net investment in capital assets; \$2,250 (2%) represented net position restricted by bond and loan covenants, and a deficit of \$3,906 (-4%) unrestricted net position.

The Port continues to be aggressive in expanding its customer base and in providing additional service opportunities. At the end of the current fiscal year, the Port Authority is able to report positive balances in the capital assets and restricted assets categories of net position but not in unrestricted net position.

Port Current Assets

The Port's cash and cash equivalents as of September 30, 2016 totaled \$4,501, an increase of \$397 from the fiscal year 2015 balance of \$4,104. Accounts receivable are up \$478 due to increases in leased warehouses, storage of various cargoes and monitoring services for those users who do not possess a Transportation Worker's Identification Credential (TWIC) badge. There was an increase in due from other governmental units of \$2,353 from fiscal year 2015 for grant reimbursements related to construction projects.

Change in Net Position

The key elements of the Port's increased net position are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Operating revenues:			
Dock operations	\$ 6,273	\$ 5,178	\$ 4,837
Land operations	5,244	4,559	4,157
Miscellaneous	432	477	433
Total operating revenues	<u>11,949</u>	<u>10,214</u>	<u>9,427</u>
Operating expenses:			
Personal services	4,392	3,955	4,032
Administration and marketing	1,393	1,264	989
Engineering and maintenance	456	312	390
Port operations	1,220	1,250	2,802
Depreciation and amortization	4,932	5,205	5,200
Total operating expenses	<u>12,393</u>	<u>11,986</u>	<u>13,413</u>
Operating loss	<u>(444)</u>	<u>(1,772)</u>	<u>(3,986)</u>
Nonoperating revenues (expenses):			
Operating grants and contributions	710	447	2,055
Interest income	72	73	30
Interest expense	(1,541)	(1,579)	(1,798)
Debt issue cost	-	-	(34)
Loss on disposition of assets	-	(123)	(37)
Grant administration fee	-	(26)	(42)
Master plan	(195)	(104)	-
Total nonoperating revenues (expenses)	<u>(954)</u>	<u>(1,312)</u>	<u>174</u>
Loss before capital grants and contributions	<u>(1,398)</u>	<u>(3,084)</u>	<u>(3,812)</u>
Capital grants and contributions	<u>6,352</u>	<u>733</u>	<u>4,550</u>
Change in net position	<u>4,954</u>	<u>(2,351)</u>	<u>738</u>
Total net position - beginning as previously stated	<u>91,389</u>	<u>93,740</u>	<u>96,117</u>
Restatement of net position due to the implementation of GASB 68	<u>-</u>	<u>-</u>	<u>(3,115)</u>
Total net position - beginning, restated	<u>91,389</u>	<u>93,740</u>	<u>93,002</u>
Total net position - ending	<u>\$ 96,343</u>	<u>\$ 91,389</u>	<u>\$ 93,740</u>

(1) Fiscal year 2014 expenses have been restated due to the implementation of GASB 68.

Port Operations

A look at the Statements of Revenues, Expenses and Changes in Fund Net Position for fiscal year 2016 shows operating revenues increased by \$1,735 (17%) from the \$787 increase reported at September 30, 2015. Port Manatee experienced an increase in operating revenue in fiscal year 2016 due in part to significant increases in storage. Port Manatee experienced growth in commodities such as fly ash, slag and project cargo that are stored throughout the port for extended periods of time. Petroleum products that were largely non-existent in 2015 now play a key role in fueling Southwest Florida's economy, serving as the gateway for nearly 100 million gallons of gasoline and related fuels on an annual basis. Under a new agreement, Port Manatee is now the fuel hub for a nine-county region encompassing more than 30 stores of Atlanta-based RaceTrac Petroleum Inc. Personal services expense continues to show an increase in fiscal year 2016 primarily due to expenses related to the net pension liability changes of the Florida Retirement System and also to salary increases. Operating grants and contributions showed an increase of \$263 in fiscal year 2016 as a result of the Port's updates to its master plan, and repair and maintenance to the intermodal building that were reimbursable under operating grants. In fiscal year 2015, no project activity was reimbursable under operating grants.

In fiscal year 2016, capital grants and contributions were \$6,352. This represents a significant increase of \$5,619 from the 2015 amount of \$733. This rise in capital grants and contributions is attributed mainly to the rehabilitation of berth 9, cathodic protection to various berths, improvements to the south gate and a construction of a 5-acre cargo pad, compared to the minimal construction activity in the prior year related to capital grants. Additionally, the Port received \$200 as its first contribution from the Port Manatee Improvement District, used to offset its local match for the berth 9 rehab.

Port Capital Assets

Manatee County's Port Authority is one of the largest fourteen deepwater seaports in Florida. As an enterprise operation, the Port's continuing investment in capital assets can give the reader a strong indication of the Port's ongoing expansion and efforts to increase business. Capital assets for the Port include such items as land, roads, utilities, warehouses, refrigerated and non-refrigerated storage, rail service, storage yards, harbor facilities including berths and docks and all the requisite equipment and machinery needed to run and maintain such a large operation. These assets are not available for future spending needs and cannot be used to liquidate liabilities; other resources will be needed to repay any associated debt. They are, therefore, separately presented in net position and are net of any accumulated depreciation and associated debt.

Major additions of capital assets in fiscal year 2016 include the following:

\$5,773 for berth improvements
\$2,503 for security enhancements and other facility improvements

Major additions of capital assets in fiscal year 2015 include the following:

\$1,004 for dredging of the Manatee Harbor and related improvements
\$798 for berth improvements
\$125 for security enhancements and other facility improvements

Additional information on the Manatee County Port Authority's capital assets can be found in Note 5 on page 16 of this report.

Administration of Debt

The Port's debt can be summarized as follows:

Debt:	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue Bonds	\$ 36,910	\$ 37,820	\$ 38,705
Revenue Note, Series 2014A	277	367	453
Revenue Note, Series 2014B	2,468	2,735	3,000
Florida Department of Transportation State Infrastructure Bank Loan	2,367	2,590	2,809
Total	<u>\$ 42,022</u>	<u>\$ 43,512</u>	<u>\$ 44,967</u>

The Port Authority had total bonded debt outstanding of \$36,910 and \$37,820 at September 30, 2016 and 2015, respectively.

During fiscal year 2016 and 2015, the Port Authority's total bonded debt decreased by \$910 and \$885, respectively. These amounts represent the annual debt service payment on these bonds. The Port Authority continued to make principal payments on the State Infrastructure Bank loan in the amount of \$223 and \$219 for fiscal years 2016 and 2015, respectively. During fiscal years 2016 and 2015, debt service payments were made on the Revenue Note, Series 2014A in the amount of \$90 and \$86, respectively and on the Revenue Note, Series 2014B in the amount of \$267 and \$265 respectively. In fiscal year 2016, the Port Authority executed a \$4,000 agreement with the Florida Department of Transportation under a state-funded infrastructure bank (SIB) loan to provide funding for the costs to reconstruct and rehabilitate berth 9 and cathodic protection of berths 4,5,12 and 14. At September 30, 2016, no draws had been made on this loan.

The Constitution of the State of Florida, Florida Statute 200.181 and Manatee County set no legal debt limit. The Port Authority has a bond rating from Fitch, Inc. of AA+ and Aa2 from Moody's. Additional information on the Port Authority's long-term debt can be found in Note 6 on pages 17 to 19 of this report.

Economic Factors and Year 2017 Budgets and Rates

- The unemployment rate for Manatee County of 4.7% is currently less than the national average of 4.9%.
- The Port has approved an across-the-board general rate increase of approximately 4% for Port Manatee's Tariff Number 3 with an effective date of January 1, 2017.
- The Port Authority entered into a Joint Participation Agreement with the Florida Department of Transportation in November 2016 and December 2016 for railroad crossing improvements and cold storage warehouse improvements, respectively.

- Additional refrigerated plugs in the intermodal container yard are expected to be installed by June 2017.
- All of these factors were considered in preparing the Port Authority's budget for the 2017 fiscal year.

Requests for Information:

This financial report is designed to provide a general overview of Port Manatee's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Clerk of Circuit Court and Comptroller, Manatee County, P.O. Box 25400, Bradenton, Florida 34206-5400. I also suggest you visit our website, www.manateeclerk.com for further financial information.

Manatee County Port Authority
Statements of Net Position
September 30, 2016 and 2015
(Amounts expressed in thousands)

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities</u>	<u>2016</u>	<u>2015</u>
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 2,253	\$ 1,856	Accounts payable	1,368	321
Accounts receivable (net allowance of \$182 for 2016 and \$119 for 2015)	1,987	1,509	Wages and benefits payable	146	242
Interest receivable	3	1	Contracts and retainages payable	1,258	-
Due from other governmental units	2,568	215	Compensated absences	37	39
Prepaid items	<u>283</u>	<u>279</u>	Unearned revenue	612	261
Total current unrestricted assets	<u>7,094</u>	<u>3,860</u>	Notes payable	<u>276</u>	<u>267</u>
			Total current liabilities	<u>3,697</u>	<u>1,130</u>
Current restricted assets:			Noncurrent liabilities:		
Cash and cash equivalents	2,248	2,248	Net pension liability	3,514	2,133
Interest receivable	<u>3</u>	<u>2</u>	Compensated absences	653	609
Total current restricted assets	<u>2,251</u>	<u>2,250</u>	Other post-employment benefits	1,476	1,515
			Loans and notes payable	4,836	5,425
Total current unrestricted and restricted assets	<u>9,345</u>	<u>6,110</u>	Revenue bonds payable (net of unamortized discount and premium)	<u>36,449</u>	<u>37,333</u>
			Total noncurrent liabilities	<u>46,928</u>	<u>47,015</u>
Noncurrent assets:			Total liabilities	<u>50,625</u>	<u>48,145</u>
Land and other nondepreciable assets	57,737	50,099			
Capital assets, net of accumulated depreciation	<u>78,864</u>	<u>83,559</u>	<u>Deferred Inflows of Resources</u>		
Total noncurrent assets	<u>136,601</u>	<u>133,658</u>	Deferred pension inflows	<u>893</u>	<u>1,201</u>
Total assets	<u>145,946</u>	<u>139,768</u>	Total deferred inflows of resources	<u>893</u>	<u>1,201</u>
			<u>Net Position</u>		
<u>Deferred Outflows of Resources</u>			Net investment in capital assets	97,216	93,045
Deferred charge on refunding	125	164	Restricted for debt service	2,251	2,250
Deferred pension outflows	<u>1,790</u>	<u>803</u>	Unrestricted	<u>(3,124)</u>	<u>(3,906)</u>
Total deferred outflows of resources	<u>1,915</u>	<u>967</u>	Total net position	<u>\$ 96,343</u>	<u>\$ 91,389</u>

The notes to the financial statements are an integral part of these statements.

Manatee County Port Authority
Statements of Revenues, Expenses and
Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2016 and 2015
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Dock operations	\$ 6,273	\$ 5,178
Land operations	5,244	4,559
Miscellaneous	432	477
Total operating revenues	<u>11,949</u>	<u>10,214</u>
Operating expenses:		
Personal services	4,392	3,955
Administration and marketing	1,393	1,264
Engineering and maintenance	456	312
Port operations	1,220	1,250
Depreciation	4,932	5,205
Total operating expenses	<u>12,393</u>	<u>11,986</u>
Operating loss	<u>(444)</u>	<u>(1,772)</u>
Nonoperating revenues (expenses):		
Operating grants and contributions	710	447
Interest income	72	73
Interest expense	(1,541)	(1,579)
Loss on disposition of assets	-	(123)
Grant administration fee	-	(26)
Master plan	(195)	(104)
Total nonoperating revenues (expenses)	<u>(954)</u>	<u>(1,312)</u>
Loss before capital grants and contributions	(1,398)	(3,084)
Capital grants and contributions	<u>6,352</u>	<u>733</u>
Change in net position	4,954	(2,351)
Total net position - beginning as previously stated	<u>91,389</u>	<u>96,661</u>
Restatement of net position due to the implementation of GASB 68	<u>-</u>	<u>(2,921)</u>
Total net position - beginning, restated	<u>91,389</u>	<u>93,740</u>
Total net position - ending	<u>\$ 96,343</u>	<u>\$ 91,389</u>

The notes to the financial statements are an integral part of these statements.

Manatee County Port Authority
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2016 and 2015
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Cash flows from operating activities:			Reconciliation of operating loss to net cash provided by operating activities:		
Cash received from customers	\$ 11,471	\$ 9,813	Operating loss	\$ (444)	\$ (1,772)
Cash payments to vendors for goods and services	(3,014)	(2,904)	Adjustments to reconcile operating loss to net cash provided by operating activities:		
Cash payments to employees for services	(3,897)	(3,602)	Depreciation	4,932	5,205
Cash payments to the County	(724)	(703)	Master Plan	(195)	(104)
Net cash provided by operating activities	<u>3,836</u>	<u>2,604</u>	Provision for uncollectibles	(63)	215
Cash flows from noncapital financing activities:			Changes in assets, deferred outflows, liabilities and deferred inflows:		
Operating grants	264	(32)	(Increase) decrease in:		
State sales tax	447	447	Accounts receivable	(415)	(605)
Net cash provided by noncapital financing activities	<u>711</u>	<u>415</u>	Prepaid items	(4)	(65)
Cash flows from capital and related financing activities:			Deferred pension outflows	(987)	(579)
Acquisition and construction of capital assets	(5,602)	(1,387)	Increase (decrease) in:		
Principal payments on debt	(1,491)	(1,477)	Accounts payable	32	(87)
Interest payments on debt	(1,475)	(1,516)	Wages and benefits payable	(96)	26
Grant administration fee	-	(26)	Unearned revenue	-	(11)
Receipt of contributed capital	4,349	1,405	Compensated absences	42	43
Proceeds from sale of assets	-	70	Other post-employment benefits	(39)	149
Net cash used by capital and related financing activities	<u>(4,219)</u>	<u>(2,931)</u>	Net pension liability	1,381	364
Cash flows from investing activities:			Deferred pension inflows	(308)	(175)
Interest on investments	69	74	Total adjustments	<u>4,280</u>	<u>4,376</u>
Net cash provided by investing activities	<u>69</u>	<u>74</u>	Net cash provided by operating activities	\$ <u>3,836</u>	\$ <u>2,604</u>
Net increase in cash and cash equivalents	397	162	Non-cash investing, capital and financing activities:		
Cash and cash equivalents, October 1	4,104	3,942	Loss on disposition of assets	\$ -	\$ 123
Cash and cash equivalents, September 30	<u>\$ 4,501</u>	<u>\$ 4,104</u>			
Classified as:					
Current assets	\$ 2,253	\$ 1,856			
Restricted assets	2,248	2,248			
Cash and cash equivalents, September 30	<u>\$ 4,501</u>	<u>\$ 4,104</u>			

The notes to the financial statements are an integral part of these statements.

Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)

Note 1 Summary of Significant Accounting Policies

The accounting policies and the presentation of the financial report of the Manatee County Port Authority have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB).

The following is a summary of the significant accounting policies:

A. Reporting Entity

Manatee County Port Authority (the "Port" or "Port Authority") was established by and under the provisions of Chapter 315 and Chapter 67.1681, Florida Statutes, ("Port Authority Special Act"). When conducting business as a port authority, the Manatee County Board of County Commissioners ("BOCC") employs the name Manatee County Port Authority. Although the Port Authority is a legally separate entity, it shares the same governing board as Manatee County and there is a specific benefit or burden relationship between the Port Authority and Manatee County. As such, the Port Authority is reported as a blended component unit (enterprise fund) of Manatee County.

The financial statements include all operations and activities of the Manatee County Port Authority as defined above.

B. Basis of Presentation

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or change in net position is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fund structures, where applicable, have been designed to comply with all requirements of bond resolutions and regulatory provisions or administrative action. The operations are accounted for with a set of self-balancing accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses as appropriate for an enterprise operation.

C. Basis of Accounting

Governmental proprietary operations are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Operating revenues generally result from providing goods and services such as dockage, wharfage, line handling and storage. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses or other expenses directly related to costs of services. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents are cash on hand as well as demand deposits and investments included in pooled cash with original maturities of three months or less. Investments include securities with original maturities of three months or greater.

E. Prepaid Items

Prepaid insurance and similar items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

F. Restricted Assets

The use of certain assets is restricted by debt indentures and other agreements. Assets so designated are identified as restricted assets on the Statements of Net Position. The Port's policy when both restricted and unrestricted resources are available to be used for a certain purpose is to use restricted resources first, then use unrestricted resources as needed.

G. Capital Assets

Capital assets, which include property, plant and equipment, are stated at cost when purchased or constructed. Donated property, plant and equipment are recorded at their acquisition value on the date received.

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 1 Summary of Significant Accounting Policies - Continued

G. Capital Assets - Continued

The Port Authority maintains a \$1,000 threshold for additions to equipment (this and following threshold amounts are not expressed in thousands). Buildings are capitalized when the value is \$15,000 or greater. Additions and improvements to port facilities are capitalized when the cost amounts to \$150,000. Software purchases and internally generated additions to software are capitalized as intangible assets when their cost equals or exceeds \$75,000 and are amortized over 7 years.

Depreciation has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Life-Years</u>
Buildings	15-75
Equipment	5-10
Autos and trucks	3-12
Port facilities	20-40
Improvements	7-15

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Two types of items qualify for reporting in this category. The first type is deferred charges on refunded debt reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second type of item is related to various actuarial assumption changes and valuations related to the Port's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy annual valuations, and retirement contribution payments made by the Port after the valuation date of the Florida Retirement System's latest valuation but before the end of the Port's fiscal year.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Only one item qualifies for reporting in this category. It is comprised of various actuarial assumption changes and valuations related to the Port's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy annual valuations. These amounts are recognized as inflows of resources in the period that they become available.

I. Unamortized Bond Discount and Premium on Revenue Bonds Payable

Unamortized bond discount and premium on revenue bonds are amortized by using the outstanding principal method. Each is amortized over the life of its respective debt. Bonds payable are reported net of the applicable bond discount or premium.

J. Compensated Absences

The Port Authority permits employees to accumulate a limited amount of annual and sick leave, which will be paid to employees upon termination of employment. Annual and sick leave pay is accrued and reflected in the financial statements as a liability.

K. Capitalized Interest

Interest costs incurred during the construction period, net of income from proceeds of related tax-exempt bonds, are capitalized as part of the cost of the related assets.

Total interest costs and the amount capitalized during the years ended September 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Total interest cost incurred	\$ 1,547	\$ 1,579
Interest costs capitalized	6	-
Net interest expense	<u>\$ 1,541</u>	<u>\$ 1,579</u>

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 1 Summary of Significant Accounting Policies - Continued

L. Pensions

The Port Authority participates in the Florida Retirement System's pension plans. For purposes of measuring the Port's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information is included from the *Florida Retirement System Pension Plan and Other State Administered Systems' Comprehensive Annual Financial Reports* about the Port's proportion of the fiduciary net position of the Florida Retirement System's pension plans, which include the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) plans. Additions to and deductions from the FRS' and HIS' fiduciary net positions have been determined on the same basis as they are reported by the State. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. The FRS and HIS plans report investments in accordance with GASB Codification Section 150, Investments.

M. Implementation of Governmental Accounting Standards Statements

The Port implemented the following GASB Statements during the fiscal year ended September 30, 2016:

- 1) Statement No. 72, "Fair Value Measurement and Application." This Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement and for applying fair value to certain investments and related disclosures. Statement No. 72 supersedes GASB Statement No. 10 and No. 31.
- 2) Statement No. 76, "The Hierarchy of Generally Accepted Principles for State and Local Governments." This Statement identifies and streamlines the hierarchy of generally accepted accounting principles in the context of the current governmental financial reporting environment. Statement No. 76 supersedes GASB Statement No. 55.
- 3) Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement addresses accounting and financial reporting for certain external investments pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is an amendment to GASB Statement No. 31 and No. 72.
- 4) Statement No. 82, "Pension Issues." This statement amends GASB Statement No. 67, 68 as well as 73 to require the presentation of payroll-related measures in Required Supplementary Information to use covered payroll defined as payroll on which contributions to pension plan are based.

Note 2 Pooled Cash and Investments

The Port Authority participates in the County's "pooled cash" program for investments. The County, on November 1, 1981, began the practice of pooling cash and investments of the County, excluding those funds held and accounted for by the separate Constitutional Officers and those funds requiring or benefiting by separate investment. This gives the County the ability to maximize its yield on the short-term investment of cash, increasing its interest income accordingly. Interest earned on pooled investments is allocated to the participating funds based on their average daily cash balance. Individual fund deficits are ignored in the allocation of interest.

The Port Authority has an "equity in pooled cash and investments" account with the County that is increased for every cash receipt and decreased for every cash disbursement attributable to its operations.

Note 3 Investments

The Port Authority participates in the Manatee County Government investment program. Florida Statute 218 and Manatee County's investment policy authorize the County to invest surplus funds in the following:

- 1) the Local Government Surplus Funds Trust Fund Investment Pool under the management of the State Board of Administration
- 2) the Florida Local Government Investment Trust Fund, an investment pool, under the sponsorship of the Florida Association of Counties and the Florida Association of Court Clerks and Comptrollers
- 3) negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by, the U.S. Government
- 4) interest bearing time deposits or savings accounts in banks and savings and loans organized under state laws or doing business in and situated in the state, provided collateral requirements are met
- 5) securities of U.S. instrumentalities, the government sponsored enterprises that include, but are not limited to: Federal Farm Credit Systems Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association
- 6) commercial paper of U.S. corporations having a rating of at least two of the following three ratings: A-1, P-1 and F-1, as rated by Standard & Poor's, Moody's, and Fitch Investors Service rating services
- 7) bankers' acceptances that are eligible for purchase by the Federal Reserve Banks and have a letter of credit rating of AA or better
- 8) tax-exempt obligations of the State of Florida and its various local governments, including Manatee County. Tax-exempt obligations with a rating of A or less must be an insured issue through MBIA, or an equivalent company. Issues rated A+ or higher may or may not carry an insurance backing.

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 3 Investments - Continued

County investments are valued in accordance with GASB 72. Certain investments are stated at fair value while County investments in external investment pools are stated at amortized cost when the pool has qualified and made this election. Interest earned on pooled investments is allocated to the participating funds based on their average daily balance. Individual fund deficits are ignored in the allocation of interest.

The following is the full disclosure of the Manatee County investment pool.

On September 30, 2016, the County's Pooled Cash Investment Fund (the "Pooled Fund") had \$376,649 invested in the Prime account, a 2a-7 like pool which is carried at amortized cost, which approximates market with the State Board of Administration (the "SBA"). A 2a7-like pool (external investment pool) is not registered with the SEC as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, the rules governing money market funds. Thus, the Prime operates essentially as a money market fund, but is classified as an external investment pool. There are potential liquidity limitations on the Prime pool. The executive director of the pool, upon proper notification to Pool participants, Trustees and various other oversight committees may limit contributions or withdrawals from the Prime pool for 48 hours if an event occurs which has a material impact on liquidity or operations of the pool. Upon a subsequent vote of the Trustees, the initial restriction can be extended up to, but not exceed, 15 days. The Prime's weighted average days to maturity was 50 days. Throughout the year, the SBA contained certain floating and variable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments were purchased to add relative value to the portfolio. There is risk of loss of interest on the investments if there are changes in the underlying indexed base. These investments represented 28% of the SBA's Prime account. At September 30, 2016, the Prime pool was rated AAAM principal stability fund rating by Standard and Poor's rating agency.

On September 30, 2015, the County's Pooled Cash Investment Fund (the "Pooled Fund") had \$303,598 invested in the Prime account. There were no liquidity restrictions on this pool, and Prime's weighted average days to maturity was 29 days. At September 30, 2015, the Prime pool was rated AAAM principal stability fund rating by Standard and Poor's rating agency.

The County also invests throughout the year in the FLGIT, a public entity investment trust organized under the laws of the State of Florida. The Florida Local Government Investment Trust (the "FLGIT") reports all share information at Net Asset Value (NAV) and reflects fair value in its share value in accordance with GASB 72. At September 30, 2016 and 2015, the FLGIT portfolio included certain asset-backed securities, corporate securities and mortgage-backed securities. At September 30, 2016, these securities amounted to 21%, 26% and 2% of the FLGIT Investment Trust portfolio. At September 30, 2015, these securities amounted to 18%, 27%, and 5% respectively of the FLGIT Investment Trust portfolio. The Day to Day Fund is a short term liquidity fund, and at September 30, 2016 had 32% and 1% respectively invested in corporate securities and asset backed securities while September 30, 2015 had 26% and 2% invested. Both funds' average credit quality is AAAs and AAAs respectively, as rated by Standard and Poor's at September 30, 2016 and 2015.

In accordance with GASB 72 & 79, new guidelines have been established to measure the valuation of investments and external investment pools. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets. Level 2 are inputs other than quoted prices included within level 1 that are observable directly or indirectly and level 3 are unobservable inputs.

At September 30, 2016, in accordance with GASB 72 and 79, the County's pooled investments are valued as follows:

<u>Type of Investments</u>	<u>Fair Value Method</u>	<u>Principal Value</u>	<u>9/30/2016 Value</u>	<u>Value Hierarchy</u>	<u>Cash Equivalents</u>
Local Government Surplus Funds Trust, PRIME account	Amortized cost	\$ 376,649	\$ 376,649	-	\$ 376,649
Institutional Cash Fund	Cost	4,957	4,957	-	4,957
Florida Local Government Investment Trust	Current NAV share value	38,457	38,450	-	38,450
Florida Local Government Day to Day Fund	Amortized cost	15,187	15,187	-	15,187
U.S. Treasury Notes	Quoted market	128,009	128,027	Level 2	-
Federal Home Loan Bank	Quoted market	37,950	38,051	Level 2	-
Federal Home Loan Mortgage Corporation	Quoted market	39,500	39,503	Level 2	-
Federal National Mortgage Association	Quoted market	51,000	51,024	Level 2	-
Federal Farm Credit Bank	Quoted market	67,359	67,316	Level 2	-
Total		<u>\$ 759,068</u>	<u>\$ 759,164</u>		<u>\$ 435,243</u>

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 3 Investments – Continued

At September 30, 2015, the County’s pooled investments are valued in accordance with GASB 31 as follows:

<u>Type of Investments</u>	<u>Fair Value Method</u>	<u>Fair Value 2015</u>
Local Government Surplus Funds Trust, PRIME account	Cost	\$ 303,598
Public Funds NOW account	Cost	1,000
Institutional Cash Fund	Cost	62,107
Certificates of Deposit	Cost	8,000
Florida Local Government Investment Trust	Current NAV share value	38,458
Florida Local Government Day to Day Fund	Cost	15,127
U.S. Treasury Notes	Quoted market	40,048
Federal Home Loan Bank	Quoted market	46,058
Federal Home Loan Mortgage Corporation	Quoted market	92,573
Federal National Mortgage Association	Quoted market	59,151
Federal Farm Credit Bank	Quoted market	32,024
Total		<u>\$ 698,144</u>

Custodial Credit Risk of Pooled Investments 2016

At year-end, the pool had demand deposits of \$7,707. All balances in excess of the Federal Depository Insurance Corporation insurance for demand and time deposits are fully collateralized by the multiple financial institutions’ collateral pool in accordance with Florida Statutes Section 280. U.S. Treasury notes, U.S. Treasury bills and all U.S. government agency and instrumentality securities are held by the County’s agent in the County’s name, in accordance with the County’s investment policy requiring third party custody and safekeeping.

Credit quality risk results from potential default of investments that are not financially sound. The Prime account was rated AAAM by Standard & Poor’s at September 30, 2016. The SBA’s investment policies related to the Prime fund are disclosed at <https://www.sbafla.com/prime>. The FLGIT account and the Florida Trust Day to Day Fund were rated as AA Af and AAAM, respectively, by Standard and Poor’s.

Custodial Credit Risk of Pooled Investments 2015

At year-end, the pool had demand deposits of \$66,271 and non-negotiable certificates of deposit of \$8,000. All balances in excess of the Federal Depository Insurance Corporation insurance for demand and time deposits are fully collateralized by the multiple financial institutions’ collateral pool in accordance with Florida Statutes Section 280. U.S. Treasury notes, U.S. Treasury bills and all U.S. government agency and instrumentality securities are held by the County’s agent in the County’s name in accordance with the County’s investment policy requiring third party custody and safekeeping.

Credit quality risk results from potential default of investments that are not financially sound. Certificates of deposit are not individually rated, but all balances in excess of the Federal Depository Insurance Corporation insurance for time deposits are fully collateralized by the multiple financial institutions’ collateral pool, in accordance with Florida Statutes, Section 280. The Prime account was rated AAAM by Standard & Poor’s at September 30, 2015. The SBA’s investment policies related to the Prime fund are disclosed at <https://www.sbafla.com/prime>. The FLGIT account and the Florida Trust Day to Day Fund were rated as AA Af and AAAM, respectively, by Standard & Poor’s.

Credit Risk of Pooled Investments

Concentration of credit risk is the risk of loss attributable to the quantity of the government’s investment in a single issuer. To limit concentration of credit risk, the County’s investment policy requires diversification of the portfolio with maximum limits that can be invested per investment type. Investments in single issuers that equal or exceed 5% of the pool assets have a reportable concentration of credit risk. At September 30, 2016, the below investments have a reportable concentration of credit risk.

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Federal Home Loan Bank	AA+	\$ 38,051	5.00%
Federal Home Loan Mortgage Corporation	AA+	39,503	5.20%
Federal National Mortgage Association	AA+	51,024	6.70%
Federal Farm Credit Bank	AA+	67,316	8.90%
Total with concentration risk		<u>\$ 195,894</u>	<u>25.80%</u>

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 3 Investments - Continued

Credit Risk of Pooled Investments - Continued

At September 30, 2015, the below investments have a reportable concentration of credit risk.

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Institutional and Public Funds in Banks	No rating	\$ 62,107	8.90%
Federal Home Loan Bank	AA+	46,058	6.60%
Federal Home Loan Mortgage Corporation	AA+	92,573	13.26%
Federal National Mortgage Association	AA+	59,151	8.47%
Total with concentration risk		<u>\$ 259,889</u>	<u>37.23%</u>

The pool also held \$32,024 of Federal Farm Credit Bank, not subject to concentration risk, but with a credit rating of AA+.

Interest Rate Risk of Pooled Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's investment policy recognizes that the longer the maturity of an investment, the greater its price volatility. The County's policy limits risk for pooled investments by requiring all investments to have a maturity of three years or less from date of purchase, with a weighted average to maturity of less than two years. At September 30, 2016, the County's weighted average to maturity was .56 years. At September 30, 2016, none of the Pooled Investments have a maturity greater than three years.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities</u>		
		<u>0-1 Year</u>	<u>1-2 Years</u>	<u>Greater Than 2 Years</u>
Local Government Surplus Funds				
Trust, PRIME account	\$ 376,649	\$ 376,649	\$ -	\$ -
Institutional Cash Fund	4,957	4,957	-	-
Florida Local Government				
Investment (Trust and Day to Day)	53,637	53,637	-	-
U.S. Treasury Notes	128,027	56,005	64,037	7,985
Government Sponsored Enterprises	195,894	43,068	136,840	15,986
Total	<u>\$ 759,164</u>	<u>\$ 534,316</u>	<u>\$ 200,877</u>	<u>\$ 23,971</u>

At September 30, 2015, the County's weighted average to maturity was .72 years. At September 30, 2015, none of the Pooled Investments have a maturity greater than three years.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities</u>		
		<u>0-1 Year</u>	<u>1-2 Years</u>	<u>Greater Than 2 Years</u>
Local Government Surplus Funds				
Trust, PRIME account	\$ 303,598	\$ 303,598	\$ -	\$ -
Institutional Cash Fund	62,107	62,107	-	-
Certificates of Deposit	8,000	8,000	-	-
Florida Local Government				
Investment (Trust and Day to Day)	53,585	53,585	-	-
Public Funds NOW	1,000	1,000	-	-
U.S. Treasury Notes	40,048	16,026	24,022	-
Government Sponsored Enterprises	229,806	28,018	99,108	102,680
Total	<u>\$ 698,144</u>	<u>\$ 472,334</u>	<u>\$ 123,130</u>	<u>\$ 102,680</u>

**Manatee County Port Authority
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Note 4 Restricted Assets

Restricted assets, as provided for by resolution adopted by the Port Authority Board for the issuance of the Port Authority Revenue Refunding Bonds, are as follows at September 30:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents:		
Debt service reserve	\$ <u>2,248</u>	\$ <u>2,248</u>
Interest receivable:		
Debt service reserve	3	2
Total restricted assets	\$ <u><u>2,251</u></u>	\$ <u><u>2,250</u></u>

Note 5 Capital Assets

Depreciation expense was \$4,932 and \$5,205 for fiscal years ending September 30, 2016 and 2015, respectively.

	<u>October 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30</u>
As of September 30, 2015				
Capital assets not depreciated:				
Land	\$ 4,590	\$ -	\$ -	\$ 4,590
Land improvements	43,228	550	-	43,778
Construction in progress	1,486	1,267	1,022	1,731
Total assets not depreciated	<u>49,304</u>	<u>1,817</u>	<u>1,022</u>	<u>50,099</u>
Capital assets depreciated:				
Buildings	55,505	-	-	55,505
Port facilities	107,213	472	19	107,666
Machinery and equipment	15,692	24	270	15,446
Total assets depreciated	<u>178,410</u>	<u>496</u>	<u>289</u>	<u>178,617</u>
Less accumulated depreciation:				
Buildings	22,381	1,771	-	24,152
Port facilities	62,225	2,511	15	64,721
Machinery and equipment	5,343	923	81	6,185
Total accumulated depreciation	<u>89,949</u>	<u>5,205</u>	<u>96</u>	<u>95,058</u>
Total depreciable capital assets, net	<u>88,461</u>	<u>(4,709)</u>	<u>193</u>	<u>83,559</u>
Total capital assets, net	<u>\$ 137,765</u>	<u>\$ (2,892)</u>	<u>\$ 1,215</u>	<u>\$ 133,658</u>
As of September 30, 2016				
Capital assets not depreciated:				
Land	\$ 4,590	\$ -	\$ -	\$ 4,590
Land improvements	43,778	-	-	43,778
Construction in progress	1,731	7,807	169	9,369
Total assets not depreciated	<u>50,099</u>	<u>7,807</u>	<u>169</u>	<u>57,737</u>
Capital assets depreciated:				
Buildings	55,505	6	-	55,511
Port facilities	107,666	-	-	107,666
Machinery and equipment	15,446	231	-	15,677
Total assets depreciated	<u>178,617</u>	<u>237</u>	<u>-</u>	<u>178,854</u>
Less accumulated depreciation:				
Buildings	24,152	1,766	-	25,918
Port facilities	64,721	2,356	-	67,077
Machinery and equipment	6,185	810	-	6,995
Total accumulated depreciation	<u>95,058</u>	<u>4,932</u>	<u>-</u>	<u>99,990</u>
Total depreciable capital assets, net	<u>83,559</u>	<u>(4,695)</u>	<u>-</u>	<u>78,864</u>
Total capital assets, net	<u>\$ 133,658</u>	<u>\$ 3,112</u>	<u>\$ 169</u>	<u>\$ 136,601</u>

**Manatee County Port Authority
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Note 6 Long-Term Liabilities

A. The following is long-term liability activity for the fiscal years 2016 and 2015:

	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Loans Payable</u>	<u>Compensated Absences</u>	<u>OPEB Liability</u>	<u>Pension Liability</u>	<u>Total</u>
Balance at:							
October 1, 2014	\$ 38,705	\$ 3,453	\$ 2,809	\$ 605	\$ 1,366	\$ 1,769	\$ 48,707
Additions	-	-	-	256	149	1,011	1,416
Deductions	<u>885</u>	<u>351</u>	<u>219</u>	<u>213</u>	<u>-</u>	<u>647</u>	<u>2,315</u>
September 30, 2015	37,820	3,102	2,590	648	1,515	2,133	47,808
Additions	-	-	-	251	-	1,659	1,910
Deductions	<u>910</u>	<u>357</u>	<u>223</u>	<u>209</u>	<u>39</u>	<u>278</u>	<u>2,016</u>
September 30, 2016	<u>\$ 36,910</u>	<u>\$ 2,745</u>	<u>\$ 2,367</u>	<u>\$ 690</u>	<u>\$ 1,476</u>	<u>\$ 3,514</u>	<u>\$ 47,702</u>
Due within one year at:							
September 30, 2015	\$ -	\$ 267	\$ -	\$ 39	\$ -	\$ -	\$ 306
September 30, 2016	-	276	-	37	-	-	313

B. Revenue bonds, notes, and loans payable consisted of the following at September 30:

<u>Revenue Bonds</u>	<u>2016</u>	<u>2015</u>
\$6,605 Series 2012A Port Authority Revenue Refunding Bonds		
On November 7, 2012, these bonds were issued for the purpose of defeasing the Revenue Refunding and Improvement Bonds, Series 1993B and paying issue costs; \$280 of principal due October 1, 2017 to \$430 due on October 1, 2032; interest at 2.00% to 4.00%	5,580	5,850
\$33,730 Series 2012B Port Authority Revenue Refunding Bonds		
On November 7, 2012, these bonds were issued to prepay Revenue Notes payable to the Florida Local Government Finance Commission, defeasing the Revenue Refunding Bonds, Series 2002A, and paying issue costs; \$655 of principal due October 1, 2017 to \$2,160 due on October 1, 2042; interest at 2.00% to 4.00%	<u>31,330</u>	<u>31,970</u>
Total revenue bonds	<u>\$ 36,910</u>	<u>\$ 37,820</u>
<u>Notes Payable</u>		
\$453 Series 2014A Revenue Note		
On September 23, 2014, this line of credit was issued to finance the Port's share of a Federal dredging project, with \$277 due on September 23, 2019 with interest due monthly at rates based on 65% of one-month LIBOR plus 1.77%; as of September 30, 2016 the interest rate was 2.07%	277	367
\$3,000 Series 2014B Revenue Note		
On September 23, 2014, this note was issued to refinance two existing harbor crane loans, and is due in monthly installments of \$23 on October 1, 2016 to \$22 on September 1, 2024; interest at 3.15%	<u>2,468</u>	<u>2,735</u>
Total notes payable	<u>\$ 2,745</u>	<u>\$ 3,102</u>
<u>Loans Payable</u>		
\$4,500 Florida Department of Transportation State Infrastructure Bank Loan due		
On February 7, 2007, this loan was used to finance a portion of the cost to construct an intermodal transit warehouse, and is due in annual installments of \$228 on October 1, 2017 to \$146 on October 1, 2026; with a maximum principal of \$267 due October 1, 2025; interest at 2.00%	<u>2,367</u>	<u>2,590</u>
Total loans payable	<u>\$ 2,367</u>	<u>\$ 2,590</u>
Unamortized discount and premium on revenue bonds are as follows:		
Unamortized bond discount	\$ 508	\$ 540
Unamortized bond premium	47	53

**Manatee County Port Authority
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Note 6 Long-Term Liabilities - Continued

C. Debt Requirements to Maturity

The combined annual debt service requirements to amortize the Port Authority Revenue Refunding Bonds, Series 2012A and 2012B, outstanding as of September 30, 2016 and 2015, are listed below. Although principal payments are due on October 1, the Port Authority makes its payments on September 30. Accordingly, the principal amounts on this amortization schedule are not due until the first day following the fiscal year indicated and no amount is reported as the current portion of revenue bonds payable on the Statements of Net Position.

<u>Fiscal year ending September 30, 2016:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 935	\$ 1,310	\$ 2,245
2018	965	1,282	2,247
2019	990	1,253	2,243
2020	1,015	1,230	2,245
2021	1,045	1,202	2,247
2022-2026	5,665	5,570	11,235
2027-2031	6,620	4,609	11,229
2032-2036	7,905	3,321	11,226
2037-2041	9,610	1,615	11,225
2042	2,160	86	2,246
Total	<u>\$ 36,910</u>	<u>\$ 21,478</u>	<u>\$ 58,388</u>

<u>Fiscal year ending September 30, 2015:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 910	\$ 1,337	\$ 2,247
2017	935	1,310	2,245
2018	965	1,282	2,247
2019	990	1,253	2,243
2020	1,015	1,230	2,245
2021-2025	5,510	5,726	11,236
2026-2030	6,405	4,823	11,228
2031-2035	7,615	3,614	11,229
2036-2040	9,240	1,985	11,225
2041-2042	4,235	255	4,490
Total	<u>\$ 37,820</u>	<u>\$ 22,815</u>	<u>\$ 60,635</u>

The annual debt service requirement for the Revenue Refunding Notes 2014A and 2014B outstanding as of September 30, 2016 and 2015 is as follows:

<u>Fiscal year ending September 30, 2016:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 276	\$ 81	\$ 357
2018	285	72	357
2019	571	62	633
2020	304	47	351
2021	313	38	351
2022-2024	996	50	1,046
Total	<u>\$ 2,745</u>	<u>\$ 350</u>	<u>\$ 3,095</u>

**Manatee County Port Authority
Notes to Financial Statements
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Note 6 Long-Term Liabilities - Continued

C. Debt Requirements to Maturity - Continued

<u>Fiscal year ending September 30, 2015:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 267	\$ 91	\$ 358
2017	276	82	358
2018	285	73	358
2019	661	64	725
2020	304	47	351
2021-2024	<u>1,309</u>	<u>88</u>	<u>1,397</u>
Total	<u>\$ 3,102</u>	<u>\$ 445</u>	<u>\$ 3,547</u>

The annual debt service requirement for the Florida Department of Transportation State Infrastructure Bank Loan outstanding as of September 30, 2016 and 2015 is as follows:

<u>Fiscal year ending September 30, 2016:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 228	\$ 47	\$ 275
2018	232	43	275
2019	237	38	275
2020	242	33	275
2021	246	29	275
2022-2026	<u>1,182</u>	<u>67</u>	<u>1,249</u>
Total	<u>\$ 2,367</u>	<u>\$ 257</u>	<u>\$ 2,624</u>

<u>Fiscal year ending September 30, 2015:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 223	\$ 52	\$ 275
2017	228	47	275
2018	232	43	275
2019	237	38	275
2020	242	33	275
2021-2025	1,282	93	1,375
2026	<u>146</u>	<u>3</u>	<u>149</u>
Total	<u>\$ 2,590</u>	<u>\$ 309</u>	<u>\$ 2,899</u>

D. New Debt Issues

Fiscal Year 2016:

On June 21, 2016, the Manatee County Port Authority adopted resolution PA-16-16 which authorized the borrowing of \$4,000 from the Florida Department of Transportation State Infrastructure Bank Loan program for the purpose of financing a portion of the cost to reconstruct and rehabilitate berth 9 and cathodic protection of berths 4,5,12 and 14. The loan agreement was signed on July 11, 2016. The interest rate is 2.92%. As of September 30, 2016 there was no draw made on this loan.

There was no short-term debt activity for the year ended September 30, 2016.

Fiscal Year 2015:

There was no new debt for the year ended September 30, 2015.

There was no short-term debt activity for the year ended September 30, 2015.

**Manatee County Port Authority
Notes to Financial Statements
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Note 6 Long-Term Liabilities – Continued

E. Non Exchange Financial Guarantees

On October 18, 2012, the Port Authority, a blended component unit of the County, and Manatee County, entered into an Interlocal Agreement under which the County covenanted with the Port Authority to appropriate in its annual budget in each fiscal year and to transfer to the Port Authority within 30 days of the date of withdrawal from debt reserve accounts, non-ad valorem revenues to cure any reserve account deficiency relating to the Port Authority Series 2012A and 2012B bonds (“2012 bonds”). Per this agreement, the County covenanted to appropriate and deposit amounts not greater than the applicable debt service reserve requirements of said bonds for that County fiscal year. The Port Authority has covenanted to repay the County from its surplus net revenues, all non-ad valorem revenues received by the Port Authority from the County under this Interlocal Agreement. The County’s obligations under the Interlocal Agreement with respect to the 2012 bonds terminate and are satisfied upon payment in full of the 2012 bonds.

At September 30, 2016 and 2015, no amounts had been paid in the current period or cumulatively by either party under this agreement.

Note 7 Lease Revenues

The Port Authority leases (as lessor) a portion of its real property to various tenants for storage and processing of their products, which are loaded and unloaded at the Port. The lessees have constructed the storage or processing facilities necessary for their use on the land leased from the Port Authority.

Lease terms vary from 5 to 50 years with renewal options for additional periods ranging from 5 to 50 years. All land held, except for that on which the warehouse and operations and maintenance building are located and land reserved for possible future construction, is available for leasing. Portions of the land are leased periodically on a one-year basis, renewable from year to year, for farming operations. Lease revenues totaled \$1,925 and \$2,722 for the years ended September 30, 2016 and 2015, respectively.

The following is a schedule by years of minimum future rental revenues to be received on non-cancelable operating leases as of September 30, 2016:

<u>Fiscal Year</u>	
2017	\$ 1,494
2018	1,385
2019	1,353
2020	1,157
2021	1,067
2022-2026	4,084
2027-2031	3,999
2032-2036	3,760
2037-2041	3,187
2042-2046	895
2047-2051	575
Total minimum future rental revenues	<u>\$ 22,956</u>

The following is a schedule by years of minimum future rental revenues to be received on non-cancelable operating leases as of September 30, 2015:

<u>Fiscal Year</u>	
2016	\$ 1,623
2017	1,180
2018	1,115
2019	1,091
2020	1,038
2021-2025	4,127
2026-2030	3,824
2031-2035	3,629
2036-2040	3,581
2041-2045	716
2046-2050	603
Total minimum future rental revenues	<u>\$ 22,527</u>

**Manatee County Port Authority
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Note 7 Lease Revenues - Continued

The following is a breakdown of capital assets under lease arrangements by major asset class as of September 30, 2016:

	<u>Cost of Leased Asset</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 421	\$ -	\$ 421
Warehouses	10,149	5,476	4,673
Office Space	1,856	1,047	809
Cranes	7,939	2,981	4,958
Railway & Other Improvements	377	349	28
Other	435	390	45
Total	<u>\$ 21,177</u>	<u>\$ 10,243</u>	<u>\$ 10,934</u>

The following is a breakdown of capital assets under lease arrangements by major asset class as of September 30, 2015:

	<u>Cost of Leased Asset</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 375	\$ -	\$ 375
Warehouses	23,675	10,742	12,933
Office Space	534	245	289
Cranes	7,939	2,584	5,355
Railway & Other Improvements	389	358	31
Total	<u>\$ 32,912</u>	<u>\$ 13,929</u>	<u>\$ 18,983</u>

Note 8 Compensated Absences

Port Authority policy grants annual leave and sick leave to employees in varying amounts. Upon termination of employment, employees can receive payment for accumulated annual leave. In general, sick leave payments are granted upon termination of employment only to employees with five or more years of credited service. The maximum payment is 50% of accumulated sick leave up to 500 hours per employee. The amount recorded represents vested annual and sick leave pay and includes the associated FICA and retirement contribution amounts.

Compensated absences as of September 30, were:

	<u>2016</u>	<u>2015</u>
Annual leave	\$ 423	\$ 409
Sick leave	267	239
	<u>\$ 690</u>	<u>\$ 648</u>

Note 9 Rate Covenants

The Port Authority has outstanding revenue bonds payable, revenue notes, and an outstanding loan payable to the Florida Department of Transportation State Infrastructure Bank loan program with restrictive covenant agreements.

A. Revenue Refunding Bonds

The following is the rate covenant for fiscal years ended September 30, 2016 and 2015:

The Port Authority Revenue Refunding Bonds are payable solely from and secured solely by pledged revenues. Pledged revenues consist of, (i) net revenues, which consist of the Port revenues after deduction of operating expenses, (ii) non-ad valorem revenues deposited by the County with the Port Authority, in an amount sufficient to cure any reserve account deficiency whenever the net revenues are insufficient for such purpose and (iii) investment income received from certain funds and accounts established by the resolution.

The Port Authority has covenanted in the resolution authorizing bonds, among other things, to fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of the Port and the Port Facilities, and revise the same from time to time whenever necessary, as will always provide in each fiscal year, net revenues, which shall be adequate to pay at least one hundred ten percent (110%) of the annual debt service requirement for the bonds; and provided further, that such net revenues shall be sufficient to make all of the payments required by the terms of the resolution.

The Port Authority was in compliance with these covenants for the fiscal years ended September 30, 2016 and 2015.

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Note 9 Rate Covenants - Continued

B. Revenue Notes, 2014A and 2014B

The Port Authority Series 2014A and 2014B Revenue Notes contain a covenant that in each fiscal year, beginning with fiscal year 2015, as the first year in which debt service is required, pledged revenues which are available after the annual debt service on the Port Bonds, Series 2012A and 2012B, and SIB loan, will be equal to or exceed one and five hundredths (1.05) times the annual debt service due in that fiscal year.

The Port Authority was in compliance with these covenants for the fiscal years ended September 30, 2016 and 2015.

C. State of Florida Department of Transportation Infrastructure Bank Loan

In the State of Florida Department of Transportation Infrastructure Bank Loan (SIB) agreement, the Port Authority covenants to maintain revenue rates at a level sufficient to provide, in each fiscal year, pledged revenues equal to or exceeding one hundred percent (100%) of the sum of the loan payments due in such fiscal year.

The Port Authority was in compliance with these covenants for the fiscal years ended September 30, 2016 and 2015.

Note 10 Retirement Plan

The Port Authority is a participant under Manatee County in the Florida Retirement System Pension Plan ("FRS Pension Plan") and the Retiree Health Insurance Subsidy ("HIS"), both of which are cost-sharing multiple employer defined benefit plans managed by the State of Florida, Department of Management Services, Division of Retirement. The Port Authority also participates under Manatee County in the Florida Retirement System Investment Plan ("FRS Investment Plan"), a defined contribution plan administered by the State Board of Administration. All full-time Port employees are required to participate in the Florida Retirement System, as part of either the FRS Pension Plan or the FRS Investment Plan.

The Florida Retirement System ("FRS") was established under the authority of the Florida Legislature in 1970. Statutory authority for plan structure, benefit levels, contribution rates, and the administration of the state-administered retirement funds is detailed in Chapters 112 and 121, Florida Statutes, and plan changes or changes in benefit terms must be made by the Legislature. At September 30, 2016, FRS covered over 630,000 full-time employees of various governmental units within the State of Florida. At September 30, 2015, the FRS covered over 626,000 full-time employees of various governmental units within the State of Florida.

The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the Florida Retirement System Pension Plan and Other State-Administered Systems. The report may be obtained through the Florida Retirement website: www.frs.myflorida.com or by writing to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, FL 32315-9000.

Plan General Information:

A. FRS Pension Plan

The FRS Pension Plan is a defined benefit plan with retirement benefits based upon age, average compensation, and years-of-service credit. Vesting of benefits is based upon date of hire. Employees hired before July 1, 2011 are vested after 6 years of creditable service. For those hired on or after July 1, 2011 vesting of benefits occurs after the completion of 8 years of creditable service. Normal retirement benefits are available for employees hired before July 1, 2011 who retire at age 62 with 6 years of service or after 30 years if under age 62. Normal retirement benefits are available at age 65 with 8 years of service for employees hired on or after July 1, 2011, or after 33 years, if under age 65. Early retirement is available for those vested employees within 20 years of normal retirement age, with a 5% reduction of benefits for each year prior to the normal retirement age. Compensation is computed as the average of an individual's 5 highest years of earnings for employees hired before July 1, 2011 or 8 highest years of earnings for employees hired on or after July 1, 2011.

The Deferred Retirement Option Program ("DROP") is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. All FRS members excluding DROP participants and re-employed retirees are required to contribute 3% of their salaries to the FRS on a pre-tax basis. Members are immediately vested in their own contributions.

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Note 10 Retirement Plan – Continued

Plan General Information - Continued

B. FRS Investment Plan

The Public Employee Optional Retirement Program (the “FRS Investment Plan”) is a defined contribution alternative that is open to regular FRS Pension Plan members in lieu of participation in the FRS Pension Plan, except for those who are in the DROP. Related employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. As with the FRS Pension Plan, participants are required to contribute 3% of their pre-tax salaries for fiscal years ended September 30, 2016 and 2015. Participants direct their own investments, utilizing the various investment options available through the Plan. These investment accounts vest to the employee after 1 year of service and members are immediately vested in their own contributions. Investment Plan funds may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the FRS. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee’s choosing. Service retirement benefits are based solely upon value of the member’s account upon retirement. Costs of administering the plan are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members as of September 30, 2016 and 2015.

C. Retiree Health Insurance Subsidy

The Florida Retirement System Health Insurance Subsidy (“HIS”) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs. All eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive the HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. The HIS plan is funded by required contributions from FRS participating employers, as set by the Legislature. Pursuant to Section 112.363 of the Florida Statutes, required employer contributions are a percentage of gross compensation for all active FRS members. The HIS availability is based on the guidelines set forth by the Legislature on an annual basis. HIS contributions are deposited in a separate trust fund, from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

D. Cost of Living Adjustments

FRS Pension Plan benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment each year. The cost-of-living adjustment for those retired or in DROP prior to August 1, 2011, is 3 percent per year. For retirees with an effective retirement date or DROP begin date on or after August 1, 2011, the cost-of-living adjustment is a percentage: the sum of the pre-July 2011 service credit divided by the total service credit at retirement, multiplied by 3 percent. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

E. Contributions

Participating employer contributions for both the FRS Pension Plan and Investment Plan are based upon statewide rates established by the Legislature of the State of Florida. Employer contribution rates for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively were as follows: Regular class: 7.26% and 7.52%; Special Risk class: 22.04% and 22.57%; Senior Management Service class: 21.43% and 21.77%; Elected Officers’ class: 42.27% and 42.47%; and DROP Participants: 12.88% and 12.99%. These contribution rates include 1.66% HIS plan subsidy contributions for the same periods. Employer contribution rates for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively were as follows: Regular class: 7.37% and 7.26%; Special Risk class: 19.82% and 22.04%; Senior Management Service class: 21.14% and 21.43%; Elected Officers’ class: 43.24% and 42.27%; and DROP Participants: 12.28% and 12.88%. These contribution rates include 1.26% and 1.66% HIS Plan subsidy contributions for the same periods. The Port Authority’s contributions made during the years ended September 30, 2016, 2015 and 2014 were \$254, \$258, and \$239, respectively, equal to the actuarially determined contribution requirements for each year. The employee contributions were \$93, \$89 and \$94 for fiscal years 2016, 2015, and 2014 respectively.

**Manatee County Port Authority
Notes to Financial Statements
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Note 10 Retirement Plan - Continued

Plan General Information - Continued

F. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined by the Florida Retirement System using a forward-looking capital market economic model. This model is applicable for valuation of both the FRS Pension Plan and the HIS plan, unless otherwise noted. The table below shows assumptions for each of the asset classes in which the plan was invested based upon the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below for year ending September 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	3.00%	3.00%
Fixed Income	18.00%	4.70%	4.60%
Global equity	53.00%	8.10%	6.80%
Real estate (property)	10.00%	6.40%	5.80%
Private equity	6.00%	11.50%	7.80%
Strategic investments	12.00%	6.10%	5.60%
Assumed Inflation - Mean			2.60%

(1) As outlined in the Plan's investment policy

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below for year ending September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	3.20%	3.10%
Fixed Income	18.00%	4.80%	4.70%
Global equity	53.00%	8.50%	7.20%
Real estate (property)	10.00%	6.80%	6.20%
Private equity	6.00%	11.90%	8.20%
Strategic investments	12.00%	6.70%	6.10%
Assumed Inflation - Mean			2.60%

(1) As outlined in the Plan's investment policy

FRS Pension Plan

1) Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the Port reported a liability of \$2,338 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Port's proportion of the net pension liability was actuarially determined, based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units. At June 30, 2016, the Port's proportion was 0.009260505%, which was an increase of 0.000282135% from its proportion measured as of June 30, 2015.

**Manatee County Port Authority
Notes to Financial Statements
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Note 10 Retirement Plan - Continued

FRS Pension Plan - Continued

For the year ended September 30, 2016, the Port recognized pension expense of \$367. At September 30, 2016, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 179	\$ 22
Changes of assumptions	142	-
Net difference between projected and actual earnings on pension plan investments	1,076	471
Changes in proportion and differences between Port contributions and proportionate share of contributions	60	180
Port contributions subsequent to the measurement date	<u>69</u>	<u>-</u>
Total	<u>\$ 1,526</u>	<u>\$ 673</u>

At September 30, 2015, the Port reported a liability of \$1,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Port's proportion of the net pension liability was actuarially determined, based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units. At June 30, 2015, the Port's proportion was 0.008978370%, which was a decrease of 0.002071689% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$41. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 122	\$ 27
Changes of assumptions	77	-
Net difference between projected and actual earnings on pension plan investments	409	685
Changes in proportion and differences between Port contributions and proportionate share of contributions	33	228
Port contributions subsequent to the measurement date	<u>49</u>	<u>-</u>
Total	<u>\$ 690</u>	<u>\$ 940</u>

Of the total reported as the deferred outflows of resources related to pensions, \$69 resulted from Port's contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended September 30, 2017. \$49 reported as deferred outflows of resources related to pensions resulting from Port's contributions subsequent to the measurement date was recognized as reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal year ending September 30:</u>	<u>2016</u>	<u>2015</u>
2016	\$ -	\$ (132)
2017	171	(131)
2018	171	(131)
2019	171	90
2020	189	3
2021	57	2
Thereafter	25	-

**Manatee County Port Authority
Notes to Financial Statements
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Note 10 Retirement Plan - Continued

FRS Pension Plan - Continued

2) Other Key Actuarial Assumptions for the FRS Pension Plan

As of September 30, 2016 the actuarial assumptions that determined the total pension liability as of June 30, 2016 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The valuation date is July 1, 2016, and the measurement date is June 30, 2016. Key assumptions include an inflation rate of 2.60%, salary increases including inflation of 3.25%, and an investment rate of return of 7.60%, net of pension plan investment expense, including inflation. The mortality rates are based on the Generational RP-2000 with Projection Scale BB tables, and the actuarial cost method used is the Individual Entry Age method.

As of September 30, 2015 the actuarial assumptions that determined the total pension liability as of June 30, 2015 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The valuation date was July 1, 2015, and the measurement date was June 30, 2015. Key assumptions included an inflation rate of 2.60%, salary increases including inflation of 3.25%, and an investment rate of return of 7.65%, net of pension plan investment expense, including inflation. The reduced investment rate assumption adopted by the FRS Actuarial Assumption Conference of 7.60%, conflicts with the plan's consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice Number 27. The mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, and the actuarial cost method used was the Individual Entry Age method.

3) Discount Rate

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. At September 30, 2016 and 2015 the related discount rate used to measure the total pension liability was 7.60% and 7.65%, respectively.

4) Sensitivity Analysis

The following presents the Port's proportionate share of the net pension liability of the FRS Pension Plan as of September 30, 2016 and 2015, calculated using the discount rate of 7.60% for 2016 and 7.65% for 2015, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Fiscal year ending September 30:	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
2016	\$ 4,305	\$ 2,338	\$ 701
	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
2015	\$ 3,005	\$ 1,160	\$ (376)

Retiree Health Insurance Subsidy

1) Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the Port reported a liability of \$1,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Port's proportion of the net pension liability was actuarially determined, based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units. At June 30, 2016, the Port's proportion was 0.010087937%, which was an increase of 0.000545075% from its proportion measured as of June 30, 2015.

**Manatee County Port Authority
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Note 10 Retirement Plan - Continued

Retiree Health Insurance Subsidy - Continued

1) Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended September 30, 2016, the Port recognized pension expense of \$107. At September 30, 2016, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3
Changes of assumptions	184	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	66	217
Port contributions subsequent to the measurement date	14	-
Total	<u>\$ 264</u>	<u>\$ 220</u>

At September 30, 2015, the Port reported a liability of \$973 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Port's proportion of the net pension liability was actuarially determined, based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units. At June 30, 2015, the Port's proportion was 0.009542862%, which was a decrease of 0.002168541% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Port recognized pension expense of \$32. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	77	-
Net difference between projected and actual earnings on pension plan investments	1	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	24	261
Port contributions subsequent to the measurement date	11	-
Total	<u>\$ 113</u>	<u>\$ 261</u>

Of the total reported as deferred outflows of resources, \$14 related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended September 30, 2017. \$11 reported as deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date was recognized as reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal year ending September 30:</u>	<u>2016</u>	<u>2015</u>
2016	\$ -	\$ (27)
2017	(3)	(27)
2018	(3)	(27)
2019	(3)	(27)
2020	(3)	(27)
2021	6	(21)
Thereafter	36	(3)

**Manatee County Port Authority
Notes to Financial Statements
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Note 10 Retirement Plan – Continued

Retiree Health Insurance Subsidy - Continued

2) Other Key Actuarial Assumptions

As of September 30, 2016 the actuarial assumptions that determined the total pension liability for the HIS program as of June 30, 2016 were based on certain results of the most recent experience study for the FRS plan, which was for the period July 1, 2008 through June 30, 2013. Because the HIS program is funded on a pay-as-you-go basis, no separate experience study has been completed by FRS for that plan. The HIS program valuation is updated biannually, and the most recent valuation date is July 1, 2016. This valuation is updated by FRS for GASB reporting in the year that a valuation is not performed. Key assumptions include an inflation rate of 2.60%, salary increases including inflation of 3.25%, and a discount rate of 2.85% (municipal bond rate), net of pension plan investment expense, including inflation. The asset valuation method is fair market value. The mortality rates are based on the Generational RP-2000 with Projection Scale BB tables, and the actuarial cost method used is the Individual Entry Age method.

As of September 30, 2015 the actuarial assumptions that determined the total pension liability for the HIS plan as of June 30, 2015 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. Because the HIS program is funded on a pay-as-you-go basis, no separate experience study has been completed by FRS for that plan. The HIS program valuation is updated biannually, and the most recent valuation date was July 1, 2014. This valuation is updated by FRS for GASB reporting in the year that a valuation is not performed, which applies to the July 1, 2015 valuation. Key assumptions include an inflation rate of 2.60%, salary increases including inflation of 3.25%, and a discount rate of 3.80% (municipal bond rate), net of pension plan investment expense, including inflation. The asset valuation method is fair market value. The mortality rates are based on the Generational RP-2000 with Projection Scale BB tables, and the actuarial cost method used is the Individual Entry Age method.

3) Discount Rate

In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The related discount rate used to measure the total pension liability was 2.85% (Bond Buyer General Obligation 20-Bond Municipal Bond Index), as of September 30, 2016. The related discount rate used to measure the total pension liability was 3.80% (Bond Buyer General Obligation 20-Bond Municipal Bond Index), as of September 30, 2015.

4) Sensitivity Analysis

The following presents the Port’s proportionate share of the net pension liability of the HIS as of September 30, 2016 and 2015, calculated using the discount rate of 2.85% for 2016 and 3.80% for 2015, as well as what the HIS’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Fiscal year ending <u>September 30:</u>	1% Decrease <u>1.85%</u>	Current Discount Rate <u>2.85%</u>	1% Increase <u>3.85%</u>
2016	\$ 1,349	\$ 1,176	\$ 1,032
	1% Decrease <u>2.80%</u>	Current Discount Rate <u>3.80%</u>	1% Increase <u>4.80%</u>
2015	\$ 1,109	\$ 973	\$ 860

**Manatee County Port Authority
Notes to Financial Statements
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Note 11 Post Employment Benefits Other Than Pension

The Port Authority participates in a single-employer defined benefit healthcare plan as administered by Manatee County. The Port Authority recognized other post employment benefits (OPEB) liabilities for the years ended September 30, 2016, 2015, 2014, and 2013 of \$1,476, \$1,515, \$1,366 and \$1,225, respectively.

The following table shows under the current plan provisions, the actuarially determined components of the Port Authority's unfunded annual OPEB cost, the contributions to the plan net of retiree payments, and the changes in the Port Authority's net OPEB obligation (NOO) to the plan for the prior three and current fiscal years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$ 62	\$ 233	\$ 217	\$ 295
Interest on net OPEB contribution	60	54	48	44
Less NOO Amortization	<u>(85)</u>	<u>(73)</u>	<u>(63)</u>	<u>(48)</u>
Annual OPEB cost (AOC)	37	214	202	291
Contributions made, net	<u>(76)</u>	<u>(65)</u>	<u>(61)</u>	<u>(46)</u>
Increase in net OPEB obligation	(39)	149	141	245
Net OPEB obligation - beginning of year	<u>1,515</u>	<u>1,366</u>	<u>1,225</u>	<u>980</u>
Net OPEB obligation - end of year	<u>\$ 1,476</u>	<u>\$ 1,515</u>	<u>\$ 1,366</u>	<u>\$ 1,225</u>
Percentage of AOC contributed	<u>205.41%</u>	<u>30.37%</u>	<u>30.20%</u>	<u>15.81%</u>

The following is the full disclosure of the plan description and funding status for Manatee County:

Plan Description - The Manatee County Board of County Commissioners (BOCC) administers a single-employer defined benefit healthcare plan (the "Plan"). In accordance with Section 112.0801 of the Florida Statutes, because Manatee County provides a medical plan to active employees of the County and their eligible dependents, the County is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides health care benefits including medical coverage, prescription drug benefits, dental benefits and life insurance coverage to both active and eligible retired employees. The Plan does not issue a publicly available financial report.

The BOCC may amend the plan design, with changes to the benefits, premiums and/or levels of participant contribution at any time, by providing thirty days written notice to participants. In an open session, on at least an annual basis and prior to the annual enrollment process, the BOCC approves the rates for the coming calendar year for the retiree and County contributions.

Eligibility for participation in the Plan is limited to full time employees of the County and of the Constitutional Officers, employees who are active participants in the Plan at the time of retirement, who retire and are either vested with the Florida Retirement System (FRS), are vested in the FRS and are age 62, have 30 years of creditable service before age 62, or meet alternative criteria if disabled or a member of a Special Risk Class. Surviving spouses or dependents of participating retirees may continue in the plan if eligibility criteria specific to those classes are met.

At September 30, 2016 and 2015, there were no terminated employees entitled to benefits but not yet receiving them. The membership (expressed in whole numbers) of the County's medical plan consisted of:

	<u>2016</u>	<u>2015</u>
Active employees	2,885	2,848
Retirees and beneficiaries currently receiving benefits	<u>808</u>	<u>756</u>
Total membership	<u>3,693</u>	<u>3,604</u>

Funding Policy - Contribution rates are determined on an annual basis by the BOCC, for employees retiring after ten years of service. An additional contribution is provided to participants aged 65 and over that enroll in Medicare Part B. Retirees and spouses over age 65 and enrolled in Medicare Part A and B may elect to remain in the County's Plan, or enroll in a Medicare Supplement and Part D Prescription Drug program through an outside provider. The contribution amount can be changed by the County at any time, with 30 days written notice to participating retirees. Under the current Plan, for employees hired after September 30, 2005, participation by retirees and their dependents in the county health plan and subsidization of the premium rate for retirees will be limited to that required by law. The retirees pay the entire cost for dental coverage. Term life insurance in the amount of one thousand dollars for retirees is fully paid by the County. Retirees electing additional coverage pay the entire cost at age graded rates.

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Note 11 Post Employment Benefits Other Than Pension - Continued

The 2016 premium contributions for medical coverage and retiree counts (expressed in whole numbers) at September 30, 2016 were:

<u>Class of Employees</u>	<u>County Provided Contribution Range</u>	<u>Retiree Count</u>
Retirees with more than 10 years of service	23%	258
Spouses, survivors, or children of retirees with more than 10 years of service	0% - 19%	62
Retirees with more than 6 years, up to 10 years of service	0%	6
Spouses, survivors, or children of retirees with more than 6 years, up to 10 years of service	0%	2
Retirees in Senior Care Plan with private insurers	20% - 60%	434
Spouses or survivors of retirees in Senior Care Plans with private insurers	0%	46
		<u>808</u>

The 2015 premium contributions for medical coverage and retiree counts (expressed in whole numbers) at September 30, 2015 were:

<u>Class of Employees</u>	<u>County Provided Contribution Range</u>	<u>Retiree Count</u>
Retirees with more than 10 years of service	25%	236
Spouses or survivors of retirees with more than 10 years of service	0% - 16%	78
Retirees with more than 6 years, up to 10 years of service	0%	7
Spouses or survivors of retirees with more than 6 years, up to 10 years of service	0%	4
Retirees in Senior Care Plan with private insurers	23% - 62%	388
Spouses or survivors of retirees in Senior Care Plans with private insurers	0%	43
		<u>756</u>

For fiscal year 2016 and 2015, the County contributed \$2,939 and \$2,795 respectively, to the plan via claims paid by its health self insurance internal service fund on a pay-as-you-go basis, and allocations of both administrative expenses, stop-loss coverage premiums, and a decrease in the incurred but not recorded (IBNR) costs, net of retiree payments of \$3,216 and \$3,003 respectively. The County purchased individual stop-loss coverage for its health insurance plan in 2016 and 2015. Payments received from the federal government under Medicare Part D are recognized as revenue, rather than as a reduction of the OPEB cost. Although the County did not transfer any amounts into the health self insurance internal service fund in fiscal year 2016 or 2015, as additional internal funding for future period post-retirement costs, the \$10,070 transferred in prior fiscal years, and related interest earnings, is considered a County asset and is not accounted for as an OPEB contribution. A qualifying trust or agency fund has not been authorized by the County.

Annual OPEB Costs and Net OPEB Obligation - The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of thirty years, the maximum allowed.

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Note 11 Post Employment Benefits Other Than Pension - Continued

The following table shows under the current plan provisions, the actuarially determined components of the County's unfunded annual OPEB cost, the contributions to the plan net of retiree payments, and the changes in the County's net OPEB obligation (NOO) to the plan for the prior three and current fiscal years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$ 3,120	\$ 12,063	\$ 11,230	\$ 15,889
Interest on net OPEB contribution	3,029	2,798	2,515	2,371
Less NOO Amortization	<u>(4,281)</u>	<u>(3,790)</u>	<u>(3,276)</u>	<u>(2,611)</u>
Annual OPEB cost (AOC)	1,868	11,071	10,469	15,649
Contributions made, net	<u>(2,939)</u>	<u>(2,795)</u>	<u>(2,631)</u>	<u>(2,206)</u>
Increase in net OPEB obligation	<u>(1,071)</u>	<u>8,276</u>	<u>7,838</u>	<u>13,443</u>
Net OPEB obligation - beginning of year	<u>86,535</u>	<u>78,259</u>	<u>70,421</u>	<u>56,978</u>
Net OPEB obligation - end of year	<u>\$ 85,464</u>	<u>\$ 86,535</u>	<u>\$ 78,259</u>	<u>\$ 70,421</u>
Percentage of AOC contributed	<u>157.33%</u>	<u>25.25%</u>	<u>25.13%</u>	<u>14.10%</u>

No trust or agency fund has been established for the plan. There were no adjustments to the annual required contribution or interest earnings.

Funded Status and Funding Progress - At September 30, 2016, the accrued actuarial liability for benefits was \$38.8 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$156.4 million and the ratio of the unfunded actuarial liability to covered payroll was 24.80%. The schedule of Required Supplemental Information (RSI) immediately following the financial statement notes presents multi-year trend information relative to the actuarial accrued liability and funding progress. At September 30, 2015, the accrued actuarial liability for benefits was \$119.7 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$148.6 million and the ratio of the unfunded actuarial liability to covered payroll was 80.57%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective, and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

Actuarial Methods and Assumptions - Fiscal year 2016 plan expenses are calculated from the valuation dated November 4, 2016 for fiscal year 2016. That report was prepared using generally accepted actuarial principles and practices, and relied on unaudited census data as of June 1, 2016, and medical claims data reported by the County. The valuation used the projected unit credit actuarial method, with linear pro-ration to assumed benefit commencement. Actual coverage, cost sharing and benefits at the time of the valuation were used with coverage assumed to continue into retirement. Demographic assumptions mirror those used for the various Florida Retirement System pension funds. The actuarial economic assumptions include:

Rate of inflation	2.8%
Investment return	3.5%
Projected salary increases per annum	3.0%
Post retirement benefit decreases	(2.0%)

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September 30, 2016 and 2015
(Amounts expressed in thousands)**

Note 11 Post Employment Benefits Other Than Pension - Continued

Fiscal year 2015 plan expenses are calculated from the valuation dated August 28, 2013 for fiscal year 2015. That report was prepared using generally accepted actuarial principles and practices, and relied on unaudited census data as of July 1, 2013, and medical claims data reported by the County. The valuation used the projected unit credit actuarial method, with linear pro-ration to assumed benefit commencement. Actual coverage, cost sharing and benefits at the time of the valuation were used with coverage assumed to continue into retirement. Demographic assumptions mirror those used for the various Florida Retirement System pension funds. The actuarial economic assumptions include:

Rate of inflation	2.8%
Investment return	3.5%
Projected salary increases per annum	3.5%
Post retirement benefit decreases	(2.0%)

For fiscal years 2016 and 2015, healthcare cost trend is based on the Society of Actuaries Long Term Medical Trend Model. Their 2013 rate of 6.0% decreases gradually. The Pre-Medicare rate in 2050 is 5.29%. The Post-Medicare rate in 2050 is 4.86%. The ultimate rate is attained in 2080. The ultimate Pre-Medicare rate is 4.51%. The ultimate Post-Medicare rate is 4.34%.

The assumptions for an unfunded plan are that the benefits continue to be funded on a pay-as-you-go basis. The unfunded accrued actuarial liability is amortized over thirty years on a closed basis, as a level percentage of the projected payroll.

Note 12 Commitments and Contingencies

A. Grant Programs

The Port Authority participates in several Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives.

B. Litigation

The Port Authority is involved in certain litigation, as a defendant or plaintiff, arising in the ordinary course of operations. In the opinion of management and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Port Authority.

C. Arbitrage Rebate

In accordance with the Tax Reform Act of 1986, any interest earnings on borrowed construction funds in excess of the interest costs are required to be rebated to the federal government. During the year, there was no arbitrage rebate liability.

Note 13 Risk Management

The Port Authority is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Port purchases various types of primary insurance coverage, including health, real & personal property, boiler and machinery, workers' compensation, vehicle liability, general liability, umbrella, railroad liability, inland marine and hull coverage, and public officials. There have been no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 14 Subsequent Events

On November 23, 2016 the Port Authority took their first draw of \$869 against the \$4,000 Florida Department of Transportation State Infrastructure Bank Loan.

REQUIRED SUPPLEMENTARY INFORMATION

Manatee County, Florida
Required Supplementary Information for the Current and Eight Preceding Years
for the Other Post Employment Benefits (OPEB) Other Than Pension
(Amounts expressed in thousands)

Schedule of Funding Progress

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2008	10/1/2007	\$ -	\$ 150,496	\$ 150,496	0.00%	\$ 147,974	101.70% ⁽¹⁾
2009	10/1/2008	-	162,625	162,625	0.00%	145,790	111.55%
2010	10/1/2009	-	141,138	141,138	0.00%	135,059	104.50%
2011	10/1/2010	-	151,612	151,612	0.00%	130,868	115.85%
2012	10/1/2011	-	147,042	147,042	0.00%	129,554	113.50%
2013	10/1/2012	-	159,882	159,882	0.00%	134,873	118.54%
2014	10/1/2013	-	112,179	112,179	0.00%	140,779	79.68%
2015	10/1/2014	-	119,693	119,693	0.00%	148,562	80.57%
2016	10/1/2015	-	38,778	38,778	0.00%	156,352	24.80%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Annual OPEB Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
9/30/2008	\$ 2,566	\$ 14,346	17.89%
9/30/2009	3,304	15,427	21.42%
9/30/2010	2,533	13,624	18.59%
9/30/2011	2,894	14,611	19.81%
9/30/2012	3,847	14,234	27.03%
9/30/2013	2,206	15,889	13.88%
9/30/2014	2,631	11,230	23.43%
9/30/2015	2,795	12,063	23.17%
9/30/2016	2,939	3,120	94.20%

(1) Initial year of plan disclosure; no prior data available.

Manatee County Port Authority
Required Supplementary Information for the Current and Two Preceding Years
Schedule of the Port's Proportionate Share of The Net Pension Liability
for the FRS and HIS Pension Plans
(Amounts expressed in thousands)

FRS Pension Plan	June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Port's proportion of the net pension liability (asset)	0.009260505%	0.008978370%	0.011050059%
Port's proportionate share of the net pension liability (asset)	\$ 2,338	\$ 1,160	\$ 674
Port's covered-employee payroll ⁽²⁾	\$ 2,697	\$ 2,504	\$ 3,049
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.69%	46.33%	22.11%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

HIS Pension Plan	June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Port's proportion of the net pension liability (asset)	0.010087937%	0.009542862%	0.011711403%
Port's proportionate share of the net pension liability (asset)	\$ 1,176	\$ 973	\$ 1,095
Port's covered-employee payroll ⁽²⁾	\$ 2,656	\$ 2,513	\$ 3,054
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.28%	38.72%	35.86%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

(1) Information is not available for years prior to 2014.

(2) Covered-employee payroll for the FRS pension plan and the HIS pension plan may differ for certain reemployed retirees.

Manatee County Port Authority
Required Supplementary Information for the Current and Preceding Year
Schedule of the Port's Contributions to the FRS and HIS Pension Plans
(Amounts expressed in thousands)

FRS Pension Plan	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>⁽¹⁾
Contractually required contribution	\$ 246	\$ 219
Contributions in relation to the contractually required contribution	<u>(246)</u>	<u>(219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Port's covered-employee payroll ⁽²⁾	\$ 2,807	\$ 2,526
Contributions as a percentage of covered-employee payroll	8.76%	8.67%

HIS Pension Plan	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>⁽¹⁾
Contractually required contribution	\$ 55	\$ 40
Contributions in relation to the contractually required contribution	<u>(55)</u>	<u>(40)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Port's covered-employee payroll ⁽²⁾	\$ 2,855	\$ 2,539
Contributions as a percentage of covered-employee payroll	1.93%	1.58%

(1) Information is not available for years prior to 2015.

(2) Covered-employee payroll for the FRS pension plan and the HIS pension plan may differ for certain reemployed retirees.

STATISTICAL SECTION

**Manatee County Port Authority
Net Position by Component
Last Ten Fiscal Years
(Amounts expressed in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net investment in capital assets	\$ 97,216	\$ 93,045	\$ 95,767	\$ 95,214	\$ 87,493	\$ 85,075	\$ 68,653	\$ 65,466	\$ 64,865	\$ 57,352
Restricted	2,251	2,250	2,250	2,250	3,436	3,529	3,470	3,470	3,524	3,582
Unrestricted	<u>(3,124)</u>	<u>(3,906)</u>	<u>(4,277)</u>	<u>(1,347)</u>	<u>(891)</u>	<u>(1,649)</u>	<u>4,920</u>	<u>6,655</u>	<u>6,691</u>	<u>9,493</u>
Total primary government net position	<u>\$ 96,343</u>	<u>\$ 91,389</u>	<u>\$ 93,740</u>	<u>\$ 96,117</u>	<u>\$ 90,038</u>	<u>\$ 86,955</u>	<u>\$ 77,043</u>	<u>\$ 75,591</u>	<u>\$ 75,080</u>	<u>\$ 70,427</u>

(1) Fiscal year 2014 unrestricted net position has been restated due to the implementation of GASB Statement 68. Fiscal years prior to fiscal year 2014 have not been restated.

Manatee County Port Authority
Changes in Net Position
Last Ten Fiscal Years
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁰⁾	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues:										
Dock operations	\$ 6,273	\$ 5,178	\$ 4,837	\$ 5,289	\$ 5,530	\$ 4,839	\$ 6,064	\$ 5,963	\$ 5,635	\$ 7,595
Land operations	5,244	4,559	4,157	4,348	4,068	4,623	4,840	4,281	4,317	3,959
Miscellaneous	432	477	433	314	506	509	1,024	635	787	261
Total operating revenues ⁽¹⁾	<u>11,949</u>	<u>10,214</u>	<u>9,427</u>	<u>9,951</u>	<u>10,104</u>	<u>9,971</u>	<u>11,928</u>	<u>10,879</u>	<u>10,739</u>	<u>11,815</u>
Operating expenses:										
Personal services	4,392	3,955	4,032	4,541	4,536	4,827	4,962	5,032	5,351	5,144
Administration and marketing ⁽²⁾	1,393	1,264	989	1,343	1,386	1,810	2,845	1,383	1,590	1,591
Engineering and maintenance	456	312	390	446	560	546	632	457	517	696
Port operations ⁽³⁾	1,220	1,250	2,802	1,749	1,929	1,404	1,563	1,515	1,541	1,547
Depreciation and amortization	4,932	5,205	5,200	5,135	5,204	4,995	4,691	4,295	4,073	4,076
Total operating expenses	<u>12,393</u>	<u>11,986</u>	<u>13,413</u>	<u>13,214</u>	<u>13,615</u>	<u>13,582</u>	<u>14,693</u>	<u>12,682</u>	<u>13,072</u>	<u>13,054</u>
Net operating revenues (loss)	<u>(444)</u>	<u>(1,772)</u>	<u>(3,986)</u>	<u>(3,263)</u>	<u>(3,511)</u>	<u>(3,611)</u>	<u>(2,765)</u>	<u>(1,803)</u>	<u>(2,333)</u>	<u>(1,239)</u>
Nonoperating revenues (expenses):										
Operating grants and contributions ⁽³⁾	710	447	2,055	781	1,189	549	464	446	456	446
Interest income ⁽⁴⁾	72	73	30	433	174	200	337	429	608	843
Interest expense ⁽⁵⁾	(1,541)	(1,579)	(1,798)	(1,680)	(1,383)	(1,452)	(1,420)	(1,676)	(1,702)	(1,328)
Debt issue cost	-	-	(34)	(461)	(8)	(15)	(22)	-	-	-
Gain (loss) on disposition of assets	-	(123)	(37)	(1)	3	(13)	2	(45)	(1)	3
Grant administration fee	-	(26)	(42)	(8)	(100)	-	-	-	-	-
Gain (loss) on asset impairment ⁽⁶⁾	-	-	-	-	1,051	(188)	-	-	-	-
Master plan ⁽⁷⁾	(195)	(104)	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>(954)</u>	<u>(1,312)</u>	<u>174</u>	<u>(936)</u>	<u>926</u>	<u>(919)</u>	<u>(639)</u>	<u>(846)</u>	<u>(639)</u>	<u>(36)</u>
Income (loss) before contributions and extraordinary item	(1,398)	(3,084)	(3,812)	(4,199)	(2,585)	(4,530)	(3,404)	(2,649)	(2,972)	(1,275)
Capital grants and contributions ⁽⁸⁾	6,352	733	4,550	10,278	5,668	14,442	4,964	3,160	7,077	3,169
Extraordinary item - debt forgiveness ⁽⁹⁾	-	-	-	-	-	-	-	-	547	-
Change in net position	<u>\$ 4,954</u>	<u>\$ (2,351)</u>	<u>\$ 738</u>	<u>\$ 6,079</u>	<u>\$ 3,083</u>	<u>\$ 9,912</u>	<u>\$ 1,560</u>	<u>\$ 511</u>	<u>\$ 4,652</u>	<u>\$ 1,894</u>

- (1) In fiscal year 2011, the dockage and wharfage declined related to shipping activity across most cargo types. In fiscal year 2012, wharfage increased due to negotiated minimum guarantees. In fiscal year 2014, the dockage revenue declined due to an agent's loss of fertilizer cargo and non-recurring corn and grain imports during fiscal year 2013. In fiscal year 2016, dockage and wharfage increased due to the increase of importing petroleum products.
- (2) In 2010, administration and marketing expenses increased significantly due to a negotiated settlement agreement for \$165 and the increase in allowance for bad debt of \$546. In 2011, the allowance for bad debt decreased by \$586. In fiscal year 2014, there were no payments to Logistec for cost sharing in the crane operating agreement that ended in fiscal year 2013.
- (3) In 2014, Port operations expenses and operating grants and contributions have increased due to Port's role as the fiduciary agent of the 2011 Port Security Grant Program. As a fiduciary agent, Port reimburses sub-grantee expenses after reimbursement is received from the grantor agency.
- (4) In fiscal year 2013, interest income increased due to a one time termination fee of \$550 which was part of the bond refunding and closing an account that held the Port's debt service reserve money offset by \$133 in arbitrage rebates for the refunded bonds.
- (5) In 2013, bonds and loans payable increased by \$910 due to the issuance of the Port Authority Revenue and Refunding Bonds, Series 2012A and 2012B, which refunded the Port Authority Revenue Refunding Bonds, Series 2002A and 2002B, and the Florida Local Government Finance Commission loans. In 2008, loans payable increased by \$1,978 for the Logistec USA Inc. Equipment Loan. Also, in 2008 interest rates started to decline due to the economic downturn, causing the reduction in interest expense through 2012.
- (6) In fiscal year 2011, the dry storage area of Warehouse #2 was damaged and not cost-effective to repair. In fiscal year 2012, the pipeline for Berth 12 was temporarily rendered inoperable due to errors in the design.
- (7) In fiscal year 2016, the Port Authority completed its Master Plan consistent with the requirements of Chapter 163, Florida Statutes (F.S.), and Rule 9J-5, Florida Administrative Code.
- (8) In 2008, capital grants increased \$3.9 million related to reimbursements from the Florida Department of Transportation for a warehouse construction project and the purchase of a mobile harbor crane. In 2009, capital grants decreased \$3.9 million from fiscal year 2008 related to the completion of various projects that were eligible for reimbursement from the Florida Department of Transportation for a warehouse construction project and a few berth dredging projects. In 2010, capital grants increased by \$1.9 million due to the purchase of a second mobile harbor crane. In 2011, the significant increase of \$9,478 was due to the dredging of Berth 12 and the pipeline crossing. In 2012, capital grants decreased by \$8,774 as the projects from the prior year were completed. In 2013, reimbursements for the costs to extend Berth 12 and construct an intermodal container yard increased capital grants by \$4,610. In fiscal year 2014, the large reduction is attributed to the decrease in capital grant reimbursable projects compared to the prior year. In fiscal year 2016, the large increase in capital grants is due to \$777 for the South Gate project, \$1,059 for the Intermodal container yard, and \$4,192 for the renovation of Berth 9.
- (9) In fiscal year 2008, the Port Authority negotiated a lease modification for a lessee who the Port owed for leasehold improvements previously made by the lessee. The lease modification resulted in a reduction in the amounts owed by the Port for those leasehold improvements in the amount of \$547.
- (10) Certain fiscal year 2014 expenses have been restated due to the implementation of GASB Statement 68. Fiscal years prior to fiscal year 2014 have not been restated.

**Manatee County Port Authority
Port Operations
Revenue by Type and Related Averages
Last Ten Fiscal Years
(Amounts expressed in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Wharfage	\$ 3,546	\$ 3,204	\$ 2,836	\$ 2,668	\$ 3,147	\$ 2,336	3,109	\$ 3,137	\$ 3,243	\$ 3,876
Dockage	2,310	1,656	1,758	2,317	2,080	2,206	2,566	2,484	1,999	3,285
Other	417	318	243	304	303	297	389	342	393	434
Total	<u>\$ 6,273</u>	<u>\$ 5,178</u>	<u>\$ 4,837</u>	<u>\$ 5,289</u>	<u>\$ 5,530</u>	<u>\$ 4,839</u>	<u>6,064</u>	<u>\$ 5,963</u>	<u>\$ 5,635</u>	<u>\$ 7,595</u>
Cargo tonnage	2,339	1,977	2,028	2,648	2,288	2,689	3,370	3,176	3,396	4,418
Average wharfage revenue per cargo ton (not in thousands)	\$ 1.52	\$ 1.62	\$ 1.40	\$ 1.01	\$ 1.38	\$ 0.87	0.92	\$ 0.99	\$ 0.95	\$ 0.88
Berth linear feet	7.243	7.243	7.243	6.899	6.899	6.899	6.702	6.702	6.702	6.702
Average dockage revenue per berth linear foot (not in thousands)	\$ 319	\$ 229	\$ 243	\$ 336	\$ 301	\$ 320	383	\$ 371	\$ 298	\$ 490

Source: Manatee County Port Authority

**Dock Operations
Major Revenues and Related Customers
Current Year and Nine Years Ago
(Amounts expressed in thousands)**

Customer:	Wharfage Revenue						Customer:	Dockage Revenue					
	2016			2007				2016			2007		
	Revenue	Rank	Percentage	Revenue	Rank	Percentage		Revenue	Rank	Percentage	Revenue	Rank	Percentage
Del Monte Fresh Produce	\$ 949	1	27%	\$ 950	1	25%	Transmontaigne	\$ 355	1	15%	\$ -	-	-
Martin Marietta Aggregate ⁽¹⁾	588	2	16%	-	-	-	Gulf Coast Bulk Equipment	256	2	11%	-	-	-
Transmontaigne	429	3	12%	-	-	-	Citrosuco	231	3	10%	-	-	-
Gearbulk	237	4	7%	494	2	13%	Gearbulk	229	4	10%	523	3	16%
Vulcan Distribution ⁽²⁾	212	5	6%	-	-	-	Kinder Morgan	204	5	9%	665	2	20%
Kinder Morgan	-	-	-	353	3	9%	Eastern Cement Company	-	-	-	797	1	24%
Florida Power and Light	-	-	-	319	4	8%	Coastal Fuels	-	-	-	317	4	10%
Coastal Fuels	-	-	-	287	5	7%	Federal Marine Terminal	-	-	-	189	5	6%
Total	<u>2,415</u>		<u>68%</u>	<u>2,403</u>		<u>62%</u>	Total	<u>1,275</u>		<u>55%</u>	<u>2,491</u>		<u>76%</u>
Total wharfage revenue	<u>\$ 3,546</u>		<u>100%</u>	<u>\$ 3,876</u>		<u>100%</u>	Total dockage revenue	<u>\$ 2,310</u>		<u>100%</u>	<u>\$ 3,285</u>		<u>100%</u>

Source: Manatee County Port Authority

(1) 2016 revenue includes a minimum annual guarantee of \$314.

(2) 2016 revenue includes a minimum annual guarantee of \$212.

**Manatee County Port Authority
Revenue Rates
Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Dockage Rates (GRT) ⁽¹⁾										
Motor vessels	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
Barges	0.26	0.25	0.24	0.23	0.23	0.22	0.22	0.22	0.22	0.20
Dockage Rates (LOA)										
Length (feet)										
0-199	2.69	2.61	2.51	2.44	2.30	2.15	2.15	2.15	2.15	1.94
200-299	3.45	3.35	3.22	3.13	2.95	2.80	2.80	2.80	2.80	2.15
300-349	3.45	3.35	3.22	3.13	2.95	2.80	2.80	2.80	2.80	2.35
350-399	3.45	3.35	3.22	3.13	2.95	2.80	2.80	2.80	2.80	2.65
400-499	4.55	4.42	4.25	4.13	3.90	3.82	3.82	3.82	3.82	3.50
500-599	6.17	5.99	5.76	5.59	5.27	5.10	5.10	5.10	5.10	4.80
600-699	7.16	6.95	6.68	6.49	6.12	5.86	5.86	5.86	5.86	5.59
700-799	9.13	8.86	8.52	8.27	7.80	7.65	7.65	7.65	7.65	7.24
800-899	10.98	10.66	10.25	9.95	9.39	9.25	9.25	9.25	9.25	8.79
900-over	13.65	13.25	13.12	12.74	12.02	11.90	11.90	11.90	11.90	10.50
Wharfage Rates (per ton)										
Animals - per animal based upon size ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3.00-5.00
Articles - general	2.37	2.37	2.37	2.30	2.30	2.30	2.30	2.30	2.30	2.17
Automobiles/light trucks										
new - all weights ⁽³⁾	3.70	3.70	3.70	-	-	-	-	-	-	-
used - less than 10,000 lbs. each	5.14	4.94	4.94	4.80	4.80	4.80	4.80	4.80	4.80	4.40
used - greater than 10,000 lbs. each	7.38	7.10	7.10	7.28	7.28	7.28	7.28	7.28	7.28	6.62
Bagged goods USDA PUBLIC LAW 480	0.44	0.42	0.40	0.39	0.39	0.37	0.37	0.37	0.37	0.37
Bulk commodities	.32-1.23	.31-1.18	.30-1.13	.29-1.10	.29-1.10	.28-1.10	.28-1.10	.28-1.10	.28-1.10	.265-.97
Citrus, fruit juices, related beverages	1.79	1.72	1.65	1.60	1.60	1.60	1.60	1.60	1.60	1.45
Construction materials	1.25-2.62	.85-2.08	.82-2.00	.80-1.94	.80-1.94	.80-1.94	.80-1.94	.80-1.94	.80-1.94	.80-1.80
Containerized cargo	2.02	1.96	1.96	1.90	1.90	1.90	1.90	1.90	1.90	1.83
Fertilizer, bagged	1.79	1.72	1.72	1.67	1.62	1.60	1.60	1.60	1.60	1.44
Flour, sugar, rice bagged	1.36	1.31	1.26	1.22	1.22	1.22	1.22	1.22	1.22	1.11
Glass (in crates or containers)	1.96	1.88	1.81	1.76	1.76	1.60	1.60	1.60	1.60	1.45
Fruits/vegetables	1.78	1.71	1.64	1.84	1.80	1.80	1.80	1.80	1.80	1.60
Limestone in super sacks	0.96	0.92	0.88	0.85	0.85	0.85	0.85	0.85	0.85	0.80
Melons	1.87	1.80	1.73	1.68	1.60	1.60	1.60	1.60	1.60	1.40
Paper products	1.31-2.16	1.31-2.08	1.26-2.00	1.22-1.94	1.22-1.94	1.20-1.90	1.20-1.90	1.20-1.90	1.20-1.90	1.15-1.75
Petroleum products in barrels or cases	1.73	1.66	1.60	1.55	1.55	1.55	1.55	1.55	1.55	1.40
Products, chilled or frozen USDA products	2.07	1.99	1.91	1.85	1.85	1.77	1.77	1.77	1.77	1.47

(1) Vessel or barge dockage rate application is based on gross registered ton (GRT) or vessel length overall (LOA), whichever results in the greater revenue.

(2) Beginning in 2008, animals no longer permitted.

(3) Beginning in 2014, new cars and trucks have separate revenue rates.

Source: Manatee County Port Authority

**Manatee County Port Authority
Top Ten Customers ⁽¹⁾
Current Year and Nine Years Ago
(Amounts expressed in thousands)**

2016

	<u>Type of Business</u>	<u>Billings</u>	<u>% of Total Billings</u>
Del Monte Fresh Produce N.A., Inc./Network Shipping	Imports/exports containerized cargo	\$ 1,148	11.18%
Martin Marietta Aggregate	Imports aggregate	971	9.46%
Arrow Terminals, Inc.	Imports lumber & steel products	881	8.57%
A.R. Savage & Son	Agent	752	7.31%
TransMontaigne	Petroleum products	661	6.43%
Federal Marine Terminal	Stevedore	636	6.19%
Logistec USA	Stevedore	586	5.71%
Fillette Green	Agent	470	4.58%
Kinder Morgan	Imports/exports dry bulk	465	4.52%
American Cement	Cement products	401	3.91%
			<u>67.86%</u>

2007

<u>Customer</u>	<u>Type of Business</u>	<u>Billings</u>	<u>% of Total Billings</u>
Del Monte Fresh Produce N.A., Inc./Network Shipping	Imports/exports containerized cargo	\$ 1,086	10.01%
Arrow Terminals, Inc.	Imports lumber products	1,015	9.36%
ISS Riomar	Agent for various ships at Port Manatee	902	8.32%
A.R. Savage and Son	Agent for various ships at Port Manatee	901	8.31%
Federal Marine Terminal	Imports/exports general bulk products	901	8.31%
WSI of the Southeast	General stevedore and agent for various ships	657	6.06%
Eastern Cement	Imports cement	593	5.46%
Kinder Morgan	Exports fertilizer	419	3.86%
TransMontaigne	Imports petroleum products	379	3.49%
Florida Power and Light Company	Imports residual fuel oil	367	3.38%
			<u>66.56%</u>

Source: Manatee County Port Authority

(1) Shipper and agent billings are reported individually.

**Manatee County Port Authority
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Loans Payable</u>	<u>Capital Leases</u>	<u>Total</u>	<u>Percentage of Personal Income</u> ⁽³⁾	<u>Per Capita</u> ⁽³⁾
2007 ⁽¹⁾	\$ 26,060	\$ -	\$ 25,225	\$ 676	\$ 51,961	0.44%	\$ 164
2008 ⁽¹⁾	24,788	-	26,959	59	51,806	0.38%	160
2009 ⁽¹⁾	23,465	-	26,690	-	50,155	0.35%	152
2010 ⁽²⁾	22,032	-	28,375	-	50,407	0.38%	158
2011 ⁽²⁾	20,636	-	28,007	-	48,643	0.38%	150
2012 ⁽¹⁾	19,178	-	28,443	-	47,621	0.39%	144
2013 ⁽¹⁾	39,031	499	6,246	-	45,776	0.34%	137
2014 ⁽¹⁾	38,192	3,453	2,809	-	44,454	0.28%	132
2015 ⁽¹⁾	37,333	3,102	2,590	-	43,025	0.29%	126
2016 ⁽¹⁾⁽⁴⁾	36,449	2,745	2,367	-	41,561	0.26%	117

(1) Revenue bonds payable net of unamortized discounts and premiums

(2) Revenue bonds payable net of unamortized discounts, premiums, and loss on refunding

(3) Refer to page 46 for detail of population and per capita personal income.

(4) Details regarding the Port Authority's outstanding debt can be found in Note 6 of the financial statements.

Computation of Legal Debt Margin

The Constitution of the State of Florida, Florida Statute 200.181 and Manatee County set no legal debt limit.

Manatee County Port Authority
Schedule of Pledged Revenue Coverage ⁽¹⁾
Last Ten Fiscal Years
(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Gross Revenue</u> ⁽²⁾	<u>Expenses</u> ⁽³⁾	<u>Net Revenue Available Debt Service</u>	<u>Debt Service Requirement</u>			<u>Annual Debt Service Requirements</u> ⁽⁴⁾	<u>Coverage</u> ⁽⁵⁾
				<u>Principal</u>	<u>Interest</u>	<u>Maximum Annual Debt Service Requirements</u>		
2007	\$ 13,058	\$ 8,978	\$ 4,080	\$ 1,775	\$ 684	\$ 2,459	\$ -	1.66
2008	11,793	8,999	2,794	1,775	684	2,459	-	1.14
2009	11,754	8,387	3,367	1,775	684	2,459	-	1.37
2010	12,711	10,002	2,709	1,775	684	2,459	-	1.10
2011	10,720	8,587	2,133	1,775	684	2,459	-	0.87
2012	11,458	8,411	3,047	1,775	684	2,459	-	1.24
2013	11,165	8,079	3,086	765	1,255	-	2,020	1.53
2014 ⁽⁶⁾	11,512	8,213	3,299	865	1,379	-	2,244	1.47
2015	10,734	6,781	3,953	885	1,362	-	2,247	1.76
2016	12,633	7,461	5,172	910	1,337	-	2,247	2.30

- (1) All debt for the Port Authority is revenue refunding bonds. Details regarding the Port Authority's outstanding revenue refunding bonds can be found in Note 6 of the financial statements.
- (2) "Gross Revenue" shall include all rates, fees, charges, assessments or other income received by the Authority or accrued to the Authority or any agency thereof in control of the management and operation of said Port Authority.
- (3) "Expenses" exclude depreciation of capital assets and amortization of deferred charges which are reflected as expenses in the financial statements.
- (4) The Port Authority Revenue Refunding Bonds, Series 2012A and 2012B changed the coverage test to "Annual Debt Service" beginning with fiscal year 2013.
- (5) The Port Authority has covenanted in the current resolution authorizing bonds that net revenues are required to be at least equal to one hundred ten percent of the annual debt service requirement for the bonds. Prior to fiscal year 2013, the Port Authority had covenanted in the resolutions authorizing the bonds that net revenues were required to be at least equal to one hundred thirty percent of the maximum annual debt service requirements for the bonds.
- (6) Certain fiscal year 2014 balances have been restated due to the implementation of GASB Statement 68. Fiscal years prior to fiscal year 2014 have not been restated.

Manatee County Port Authority
Schedule of State Infrastructure Bank (SIB) Loan Coverage
Last Nine Fiscal Years ⁽⁴⁾
(Amounts expressed in thousands)

Fiscal Year	Net Revenue Available Debt Service ⁽¹⁾	Debt Service Requirements Senior Debt ⁽²⁾	Excess (Deficit) Revenue Available Debt Service	Debt Service Requirements SIB Loan	Coverage ⁽³⁾
2008	\$ 2,348	\$ 2,935	\$ (587)	\$ 275	(2.13)
2009	2,921	2,751	170	275	0.62
2010	2,281	2,545	(264)	275	(0.96)
2011	1,687	2,516	(829)	275	(3.01)
2012	2,599	2,488	111	275	0.40
2013	2,639	2,020	619	275	2.25
2014 ⁽⁵⁾	2,852	2,244	608	275	2.21
2015	3,506	2,247	1,259	275	4.58
2016	4,725	2,247	2,478	275	9.01

- (1) "Net Revenue Available Debt Service" shall include all rates, fees, charges, or other income received or accrued by the Port Authority from the operation thereof, but shall not include (a) sales tax funds, (b) non-ad valorem revenues, (c) restricted grants or donations, (d) revenues received from or in connection with Special Purpose Facilities financed with Special Purpose Bonds, and (e) capital contributions. "Net Revenue Available Debt Service" is reduced for "Operating Expenses" which includes the current expenses, paid or accrued, of operation, maintenance and ordinary repairs of the Port and the Port Facilities but shall not include any allowance for depreciation.
- (2) Beginning in fiscal year 2013, "Senior Debt" includes Manatee County Port Authority Revenue Refunding Bonds, Series 2012A and 2012B. Prior to fiscal year 2013, "Senior Debt" included the Manatee County Port Authority Revenue Refunding Bonds, Series 1993B, 2002A and 2002B and various loans with the Florida Local Government Finance Commission.
- (3) The Port Authority has covenanted in the SIB loan agreement that net revenues available after payment of all senior and parity debt be at least equal to one hundred percent of the sum of the SIB loan payments due in each fiscal year.
- (4) There was no debt service requirement for this loan prior to fiscal year 2008.
- (5) Certain fiscal year 2014 balances have been restated due to the implementation of GASB Statement 68. Fiscal years prior to fiscal year 2014 have not been restated.

Manatee County Port Authority
Schedule of 2014A and 2014B Revenue Note Loan Coverage
Last Two Fiscal Years ⁽⁴⁾
(Amounts expressed in thousands)

Fiscal Year	Net Revenue Available Debt Service ⁽¹⁾	Debt Service Requirements Senior Debt ⁽²⁾	Debt Service Requirements SIB Loan	Debt Service Requirements 2014A and 2014B Revenue Notes	Total Annual Debt Service Requirement	Coverage ⁽³⁾
2015	\$ 3,953	\$ 2,247	\$ 275	\$ 357	\$ 2,879	1.37
2016	5,172	2,247	275	360	2,882	1.79

(1) "Net Revenue Available Debt Service" shall include all rates, fees, charges, or other income received or accrued by the Port Authority from the operation thereof, but shall not include (a) sales tax funds, (b) non-ad valorem revenues, (c) restricted grants or donations, (d) revenues received from or in connection with Special Purpose Facilities financed with Special Purpose Bonds, and (e) capital contributions. "Net Revenue Available Debt Service" is reduced for "Operating Expenses" which includes the current expenses, paid or accrued, of operation maintenance and ordinary repairs of the Port and the Port Facilities but shall not include any allowance for depreciation.

(2) "Senior Debt" includes Manatee County Port Authority Revenue Refunding Bonds, Series 2012A and 2012B.

(3) The Port Authority has covenanted in the 2014A and 2014B Revenue Note loan agreement that net revenues available after payment of all senior debt, SIB loan, the subordinate parity debt and the notes be at least equal to one hundred and five percent of the annual debt service.

(4) No coverage test for fiscal year 2014 was required.

Manatee County Port Authority
Summary of Historical Operating Data
Last Ten Fiscal Years
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽⁶⁾	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues:										
Dock operations	\$ 6,273	\$ 5,178	\$ 4,837	\$ 5,289	\$ 5,530	\$ 4,839	\$ 6,064	\$ 5,963	\$ 5,635	\$ 7,595
Land operations	5,244	4,559	4,157	4,348	4,068	4,623	4,840	4,281	4,317	3,959
Miscellaneous	<u>432</u>	<u>477</u>	<u>433</u>	<u>314</u>	<u>506</u>	<u>509</u>	<u>1,024</u>	<u>635</u>	<u>787</u>	<u>261</u>
Total operating revenues	<u>11,949</u>	<u>10,214</u>	<u>9,427</u>	<u>9,951</u>	<u>10,104</u>	<u>9,971</u>	<u>11,928</u>	<u>10,879</u>	<u>10,739</u>	<u>11,815</u>
Operating expenses: ⁽¹⁾										
Personal services	4,392	3,955	4,032	4,541	4,536	4,827	4,962	5,032	5,351	5,144
Administration and marketing	1,393	1,264	989	1,343	1,386	1,810	2,845	1,383	1,590	1,591
Engineering and maintenance	456	312	390	446	560	546	632	457	517	696
Port operations	<u>1,220</u>	<u>1,250</u>	<u>2,802</u>	<u>1,749</u>	<u>1,929</u>	<u>1,404</u>	<u>1,563</u>	<u>1,515</u>	<u>1,541</u>	<u>1,547</u>
Total operating expenses	<u>7,461</u>	<u>6,781</u>	<u>8,213</u>	<u>8,079</u>	<u>8,411</u>	<u>8,587</u>	<u>10,002</u>	<u>8,387</u>	<u>8,999</u>	<u>8,978</u>
Net revenues	<u>4,488</u>	<u>3,433</u>	<u>1,214</u>	<u>1,872</u>	<u>1,693</u>	<u>1,384</u>	<u>1,926</u>	<u>2,492</u>	<u>1,740</u>	<u>2,837</u>
Nonoperating revenues:										
Operating grants	263	-	1,608	334	743	103	18	-	10	-
State funding ⁽²⁾	447	447	447	447	446	446	446	446	446	446
Interest income ⁽³⁾	<u>72</u>	<u>73</u>	<u>30</u>	<u>433</u>	<u>163</u>	<u>200</u>	<u>337</u>	<u>429</u>	<u>608</u>	<u>797</u>
Total nonoperating revenues	<u>782</u>	<u>520</u>	<u>2,085</u>	<u>1,214</u>	<u>1,352</u>	<u>749</u>	<u>801</u>	<u>875</u>	<u>1,064</u>	<u>1,243</u>
Net revenue available for payment of senior debt service	5,270	3,953	3,299	3,086	3,045	2,133	2,727	3,367	2,804	4,080
Less: Annual debt service requirement on senior debt ⁽⁴⁾	<u>2,247</u>	<u>2,247</u>	<u>2,244</u>	<u>2,020</u>	<u>2,452</u>	<u>2,450</u>	<u>2,455</u>	<u>2,456</u>	<u>2,452</u>	<u>2,454</u>
Surplus Port revenues ⁽⁵⁾	<u>\$ 3,023</u>	<u>\$ 1,706</u>	<u>\$ 1,055</u>	<u>\$ 1,066</u>	<u>\$ 593</u>	<u>\$ (317)</u>	<u>\$ 272</u>	<u>\$ 911</u>	<u>\$ 352</u>	<u>\$ 1,626</u>

(1) Operating expenses before depreciation and amortization.

(2) Prior to fiscal year 2013, state funding was pledged to senior lien debt, but was not an underlying pledge on subordinate debt. Beginning in fiscal year 2013, state funding is no longer pledged.

(3) Does not include interest income not available for debt service.

(4) Beginning in fiscal year 2013, this amount represents annual debt service requirements on Manatee County Port Authority Revenue Refunding Bonds, Series 2012A and 2012B. The series 2012A and 2012B bonds refunded Series 2002A and 2002B, defeased \$445 of the 1993B bonds, and paid off \$21,000 of loans payable to the Florida Local Government Finance Commission. Fiscal years 2012 through 2007 amounts represent annual debt service requirements on Manatee County Port Authority Revenue Refunding Bonds, Series 1993B, 2002A and 2002B. The Series 2002A and 2002B bonds refunded Series 1993A bonds and paid off \$15,000 of loans payable to the Florida Local Government Finance Commission.

(5) Surplus Port revenues represent excess Port revenues and state funding. Prior to fiscal year 2013, the state funding was not pledged to the payment of the loans from the Florida Local Government Finance Commission or the State of Florida Department of Transportation Infrastructure Bank but was available to pay senior debt.

(6) Certain fiscal year 2014 balances have been restated due to the implementation of GASB Statement 68. Fiscal years prior to fiscal year 2014 have not been restated.

**Manatee County Port Authority
Demographic and Economic Statistics in Primary Trade Area
Last Ten Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Personal Income (in thousands) ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾	Unemployment Rate ⁽⁶⁾
2007	315,890	\$ 37,298	\$ 11,782,065	43	42,500	4.2%
2008	323,374	42,294	13,676,780	43	42,500	7.4%
2009	330,201	43,245	14,279,542	43	42,500	12.7%
2010	318,176	41,967	13,352,892	43	43,000	12.6%
2011	324,168	39,239	12,719,935	46	44,175	10.9%
2012	330,862	37,200	12,308,066	46	45,050	9.0%
2013	333,687	40,500	13,514,324	46	45,800	7.2%
2014	337,546	46,700	15,763,398	46	46,800	6.1%
2015	341,405	43,800	14,953,539	46	47,700	5.1%
2016	356,133	44,800	15,954,758	46	48,600	4.7%

Sources:

- (1) Bradenton Area Economic Development Corporation.
- (2) Information from U.S. Bureau of Economic Analysis and estimated 2007 through 2016 based upon historical growth.
- (3) Personal income is a calculated amount based on population and per capita personal income.
- (4) U.S. Census - new median age is only reported every ten years.
- (5) School Board of Manatee County
- (6) US Department of Labor, Bureau of Labor Statistics

**Manatee County Port Authority
Principal Employers in Primary Trade Area
Current and Nine Years Ago**

Employer	2016			2007		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Manatee County School Board	5,448	1	3.43%	7,000	1	4.64%
Manatee County Government	1,835	2	1.15%	1,730	3	1.15%
Beall's Inc.	1,694	3	1.07%	2,100	2	1.39%
Manatee Memorial Hospital	1,150	4	0.72%	1,500	5	0.99%
Manatee County Sheriff's Department	1,146	5	0.72%	1,146	6	0.76%
Tropicana Products, Inc.	1,000	6	0.63%	1,600	4	1.06%
Blake Medical Center	849	7	0.53%	1,100	7	0.73%
IMG Academies	640	8	0.40%	-	-	-
Publix	639	9	0.40%	-	-	-
Feld Entertainment	563	10	0.35%	-	-	-
Sysco Food	-	-	-	695	8	0.46%
Hoverround	-	-	-	637	9	0.42%
City of Bradenton	-	-	-	588	10	0.39%
Total number of individuals employed within Manatee County ⁽²⁾	159,044			150,940		

Sources:

- 1) Manatee Chamber of Commerce: Economic Development Council, Manatee County Government and Manatee County Sheriff's Department
- 2) US Department of Labor, Bureau of Labor Statistics

Manatee County Port Authority
Schedule of Comparative Revenue by Activity
Last Ten Fiscal Years
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cargo ships ⁽¹⁾	\$ 5,436	\$ 4,804	\$ 4,302	\$ 4,733	\$ 4,705	\$ 4,124	\$ 5,022	\$ 4,824	\$ 4,870	\$ 6,751
Other ships/barges ⁽¹⁾	837	374	535	556	825	715	1,042	1,139	765	844
Total ship related operating revenues	<u>6,273</u>	<u>5,178</u>	<u>4,837</u>	<u>5,289</u>	<u>5,530</u>	<u>4,839</u>	<u>6,064</u>	<u>5,963</u>	<u>5,635</u>	<u>7,595</u>
Land leases ⁽²⁾	1,925	2,722	2,367	2,350	2,625	3,062	2,763	2,844	3,051	2,692
Rail ⁽³⁾	194	171	309	625	468	395	456	393	446	252
Storage ⁽⁴⁾	1,804	443	306	258	142	207	114	61	123	270
Miscellaneous ⁽⁵⁾	1,753	1,700	1,608	1,429	1,339	1,468	2,531	1,618	1,484	1,006
Total non-ship related operating revenues	<u>5,676</u>	<u>5,036</u>	<u>4,590</u>	<u>4,662</u>	<u>4,574</u>	<u>5,132</u>	<u>5,864</u>	<u>4,916</u>	<u>5,104</u>	<u>4,220</u>
Total operating revenues	<u>\$ 11,949</u>	<u>\$ 10,214</u>	<u>\$ 9,427</u>	<u>\$ 9,951</u>	<u>\$ 10,104</u>	<u>\$ 9,971</u>	<u>\$ 11,928</u>	<u>\$ 10,879</u>	<u>\$ 10,739</u>	<u>\$ 11,815</u>

- (1) The ship related operating revenue reduction in 2008 was largely caused by a reduction in dockage and wharfage due to reduced imports of construction-related materials caused by the depressed housing and construction industries. In fiscal year 2011, the dockage and wharfage continued to decline related to shipping activity across most cargo types. In fiscal year 2012 ship related operating revenue increased due to negotiated minimum guarantees. The ship related operating revenue reduction in 2013 was due to the decline in wharfage from the loss in exports of fertilizer and importation of not from concentrate juice. In fiscal year 2014, the dockage revenue declined due an agent's loss of fertilizer cargo and non-recurring corn and grain imports. In fiscal year 2015, waterborne revenue increased due to a new service importing perishable products, sugar, and other containerized cargoes from Mexico. Due to the rise in importation of petroleum products, waterborne revenue increased in fiscal year 2016.
- (2) In 2013, the Port's land lease revenue decreased due to multiple tenants reducing their square footage leased and one tenant vacating space in a warehouse. In 2015, lease revenue increased due to a settlement agreement reached with a tenant. In 2016, certain lease revenues were reclassified as storage and one tenant did not return, leaving a six month vacancy.
- (3) The increase in rail revenues in 2013 is due to 154 unanticipated tons of Brazilian-produced corn imported to offset drought-stricken U.S. production shortfalls. This corn was used for animal feed. The large decrease in rail revenues in 2014 is due to an agent's loss of fertilizer cargo, which was brought in by rail and loaded on vessels for export. In 2015, rail revenue continued to decline due to the loss of the fertilizer cargo.
- (4) In 2015, storage increased in commodities such as fly ash, aluminum, lumber, empty containers, and Seaforce IX boats. In 2016, lease revenue was reclassified as storage; previous years have been restated.
- (5) In 2010, the Port received non-recurring lease option fees of \$400 along with two non-refundable license option fees totaling \$548 related to tenant agreements. In 2013, the Port received \$200 in non-recurring lease option fees. In 2014, TWIC escort fees increased due to the increase of drivers who did not possess a TWIC card and had to be monitored by port personnel. In 2015, TWIC continued to increase due to fewer drivers having the security card. The scales showed an increase due to the increase in fly ash and juice. In 2016, not only was lease revenue reclassified as storage, but the demand for storage rose significantly.

**Manatee County Port Authority
Annual Cargo Tonnage
Last Ten Fiscal Years
(Amounts expressed in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Liquid Bulk Cargoes										
Ethanol	32	2	-	-	-	-	-	-	-	-
Gasoline	386	141	24	137	5	40	25	7	8	10
Other petroleum products ⁽¹⁾	206	43	217	265	363	547	1,099	887	934	1,299
Other	123	163	154	113	156	275	243	266	176	216
	<u>747</u>	<u>349</u>	<u>395</u>	<u>515</u>	<u>524</u>	<u>862</u>	<u>1,367</u>	<u>1,160</u>	<u>1,118</u>	<u>1,525</u>
Dry Bulk Cargoes										
Fertilizers	147	123	422	817	808	864	858	769	571	1,060
Cement/clinkers/fly ash	117	154	-	-	-	-	4	72	258	538
Aggregate	390	397	384	477	129	321	350	332	503	269
Other	156	132	171	325	285	131	153	167	218	20
	<u>810</u>	<u>806</u>	<u>977</u>	<u>1,619</u>	<u>1,222</u>	<u>1,316</u>	<u>1,365</u>	<u>1,340</u>	<u>1,550</u>	<u>1,887</u>
General Cargoes										
Food products	431	499	424	351	397	378	391	361	341	379
Paper and lumber	124	132	112	68	65	53	87	163	234	421
Water sales	11	9	8	8	8	8	12	22	18	23
Construction products	145	125	104	77	54	48	67	87	95	162
Other	71	57	8	10	18	24	81	43	40	21
	<u>782</u>	<u>822</u>	<u>656</u>	<u>514</u>	<u>542</u>	<u>511</u>	<u>638</u>	<u>676</u>	<u>728</u>	<u>1,006</u>
Total cargo tonnage	<u>2,339</u>	<u>1,977</u>	<u>2,028</u>	<u>2,648</u>	<u>2,288</u>	<u>2,689</u>	<u>3,370</u>	<u>3,176</u>	<u>3,396</u>	<u>4,418</u>
Imports	2,135	1,809	1,471	1,678	1,235	1,516	2,098	2,331	2,556	3,027
Exports	204	168	557	970	1,053	1,173	1,272	845	840	1,391
Total cargo tonnage	<u>2,339</u>	<u>1,977</u>	<u>2,028</u>	<u>2,648</u>	<u>2,288</u>	<u>2,689</u>	<u>3,370</u>	<u>3,176</u>	<u>3,396</u>	<u>4,418</u>

Source: Manatee County Port Authority

(1) Certain types of cargo have been combined for consistent presentation. Prior year amounts may have been reclassified to conform to the current categories.

**Manatee County Port Authority
Capital Assets
Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Land (acres)	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Channel width (feet)	400	400	400	400	400	400	400	400	400	400
Channel depth (feet)	40	40	40	40	40	40	40	40	40	40
Hard surfaced open storage (acres)	40	40	40	30	30	30	30	30	30	30
Covered storage (sq. ft.)	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515	1,109,515
Refrigerated storage (sq. ft.)	207,000	207,000	207,000	207,000	207,000	207,000	202,000	202,000	202,000	202,000
Fuel oil storage (barrel capacity)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Railroad track (miles) ⁽¹⁾	7	7	7	7	8	8	8	8	8	8
Berthing space (linear feet)	7,243	7,243	7,243	6,899	6,899	6,899	6,702	6,702	6,702	6,702
Number of berths	10	10	10	9	9	9	9	8	8	8
Refrigerated container hookups	208	208	208	208	208	208	168	168	168	168
Mobile harbor container cranes	2	2	2	2	2	2	2	1	1	-

(1) 2013 was verified by yardmaster, all other years are estimates.

Source: Manatee County Port Authority

**Manatee County Port Authority
Employees by Function
Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Administration	9	8	8	10	10	10	9	9	10	10
Administration - scales	2	2	2	2	2	2	2	2	3	3
Engineering	1	1	1	2	2	2	3	3	3	4
Sales and marketing	4	5	3	2	3	5	4	4	4	4
Operations - yard/general	2	2	3	3	3	5	6	6	6	7
Operations - safety/security	19	19	19	17	17	17	18	18	18	19
Operations - railroad	2	2	3	7	7	7	6	6	6	6
Maintenance	13	13	13	11	12	13	12	12	13	13
Total employees by function	<u>52</u>	<u>52</u>	<u>52</u>	<u>54</u>	<u>56</u>	<u>61</u>	<u>60</u>	<u>60</u>	<u>63</u>	<u>66</u>

Source: Manatee County Port Authority

OTHER INFORMATION

**Manatee County Port Authority
Bond Issues - Description
September 30, 2016
(Amounts expressed in thousands)**

Port Authority Bonds

	Revenue Refunding Series 2012A	Revenue Refunding Series 2012B
Original authorization	\$ 6,605	\$ 33,730
Unissued	-	-
Issued	<u>6,605</u>	<u>33,730</u>
Retirements	<u>1,025</u>	<u>2,400</u>
Balance outstanding	<u>\$ 5,580</u>	<u>\$ 31,330</u>
Date of issue	November 7, 2012	November 7, 2012
Principal payment date	October 1	October 1
Interest payment dates	April-October	April-October
Denominations (amounts not rounded)	\$5,000	\$5,000
Interest rates	3.00% Maturity 2017-2019 4.00% Maturity 2020 2.00% Maturity 2021 2.25% Maturity 2022 3.00% Maturity 2023 2.50% Maturity 2024 3.00% Maturity 2025-2029 3.125% Maturity 2030-2031 3.25% Maturity 2032	3.00% Maturity 2017-2018 2.00% Maturity 2019 2.25% Maturity 2020 2.50% Maturity 2021 3.00% Maturity 2022-2024 3.25% Maturity 2025-2026 3.50% Maturity 2027-2029 3.625% Maturity 2030 3.75% Maturity 2031-2032 4.00% Maturity 2033-2042
Effective interest cost rate	3.7898%	3.8786%
Call feature	N/A	N/A
Paying agent	Regions Bank Orlando, FL	Regions Bank Orlando, FL

**Manatee County Port Authority
Schedules of Debt Service Requirements
September 30, 2016
(Amounts expressed in thousands)**

Port Authority Revenue Refunding Bonds

Fiscal Year	\$6,605 Series 2012A Bonds			\$33,730 Series 2012B Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 280	\$ 165	\$ 445	\$ 655	\$ 1,145	\$ 1,800
2018	285	157	442	680	1,125	1,805
2019	295	148	443	695	1,105	1,800
2020	305	139	444	710	1,091	1,801
2021	315	127	442	730	1,075	1,805
2022	325	121	446	745	1,057	1,802
2023	330	114	444	770	1,034	1,804
2024	340	104	444	790	1,011	1,801
2025	350	95	445	815	988	1,803
2026	360	85	445	840	961	1,801
2027	370	74	444	870	934	1,804
2028	380	63	443	900	903	1,803
2029	395	51	446	925	872	1,797
2030	405	40	445	960	840	1,800
2031	415	27	442	1,000	805	1,805
2032	430	14	444	1,035	767	1,802
2033	-	-	-	1,515	728	2,243
2034	-	-	-	1,580	668	2,248
2035	-	-	-	1,640	605	2,245
2036	-	-	-	1,705	539	2,244
2037	-	-	-	1,775	471	2,246
2038	-	-	-	1,845	400	2,245
2039	-	-	-	1,920	326	2,246
2040	-	-	-	1,995	249	2,244
2041	-	-	-	2,075	169	2,244
2042	-	-	-	2,160	86	2,246
	<u>\$ 5,580</u>	<u>\$ 1,524</u>	<u>\$ 7,104</u>	<u>\$ 31,330</u>	<u>\$ 19,954</u>	<u>\$ 51,284</u>

**Manatee County Port Authority
Schedules of Debt Service Requirements
September 30, 2016
(Amounts expressed in thousands)**

Revenue Notes

Fiscal Year	Series 2014A Notes			Series 2014B Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 6	\$ 6	\$ 276	\$ 75	\$ 351
2018	-	6	6	285	66	351
2019	277	5	282	294	57	351
2020	-	-	-	304	47	351
2021	-	-	-	313	38	351
2022	-	-	-	324	27	351
2023	-	-	-	334	17	351
2024	-	-	-	338	6	344
	\$ <u>277</u>	\$ <u>17</u>	\$ <u>294</u>	\$ <u>2,468</u>	\$ <u>333</u>	\$ <u>2,801</u>

Interest is calculated at 2.07%.

Interest is calculated at 3.15%.

**Florida Department of Transportation
State Infrastructure Bank Loan**

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 228	\$ 47	\$ 275
2018	232	43	275
2019	237	38	275
2020	242	33	275
2021	246	29	275
2022	251	24	275
2023	256	19	275
2024	262	13	275
2025	267	8	275
2026	146	3	149
	\$ <u>2,367</u>	\$ <u>257</u>	\$ <u>2,624</u>

Interest is calculated at 2.00% per annum on the unpaid principal.

Manatee County, Florida
Schedule of Debt Service
Payable from Non-Ad Valorem Revenue Sources
September 30, 2016
(Amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Revenue Refunding Bonds, Series 2010</u>	<u>Revenue Refunding and Improvement Bonds, Series 2013</u>	<u>Revenue Improvement Note 2013</u>	<u>Revenue Improvement Bonds, Series 2014</u>	<u>Revenue Improvement Bonds, Series 2016</u>	<u>Revenue Improvement Note 2016</u>	<u>Total Annual Debt Service</u> ⁽¹⁾
2017	\$ 1,719	\$ 12,778	\$ 368	\$ 481	\$ 5,059	\$ 146	\$ 20,551
2018	-	12,581	380	444	5,061	18,678	37,144
2019	-	12,604	392	502	5,061	-	18,559
2020	-	12,782	403	518	5,056	-	18,759
2021	-	8,865	415	395	2,783	-	12,458
2022	-	3,177	428	407	2,784	-	6,796
2023	-	3,179	443	419	2,785	-	6,826
2024	-	3,181	456	432	2,784	-	6,853
2025	-	3,176	469	445	4,253	-	8,343
2026	-	2,911	484	449	-	-	3,844
2027	-	2,907	499	464	-	-	3,870
2028	-	3,172	515	477	-	-	4,164
2029	-	3,178	376	492	-	-	4,046
2030	-	-	546	445	-	-	991
2031	-	-	563	523	-	-	1,086
2032	-	-	581	539	-	-	1,120
2033	-	-	599	555	-	-	1,154
2034	-	-	-	553	-	-	553
Total	\$ <u>1,719</u>	\$ <u>84,491</u>	\$ <u>7,917</u>	\$ <u>8,540</u>	\$ <u>35,626</u>	\$ <u>18,824</u>	\$ <u>157,117</u>

(1) The County has a contingent obligation to pay the Port Authority Revenue Refunding Bonds, Series 2012A and 2012B which arises if the Port Authority fails to pay the principal and/or interest on such bonds. The debt service on the Port Authority Bonds is not included in this table.

Manatee County Port Authority
Schedules of Debt Service Coverage
For the Fiscal Years Ended September 30, 2016 and 2015
(Amounts expressed in thousands)

	<u>Revenue Bonds, Series 2012A and 2012B</u>		<u>State Infrastructure Bank Loan</u>		<u>Revenue Note 2014A and 2014B</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 11,949	\$ 10,214	\$ 11,949	\$ 10,214	\$ 11,949	\$ 10,214
Add revenue available for debt service coverage not included as operating revenues in financial statements:						
Operating grants	165	-	165	-	165	-
Interest earned	72	73	72	73	72	73
State sales tax ⁽¹⁾	447	447	-	-	447	447
Total revenue available for debt service coverage	<u>12,633</u>	<u>10,734</u>	<u>12,186</u>	<u>10,287</u>	<u>12,633</u>	<u>10,734</u>
Less: Operating expenses (excluding depreciation and amortization)	<u>7,461</u>	<u>6,781</u>	<u>7,461</u>	<u>6,781</u>	<u>7,461</u>	<u>6,781</u>
Net revenues available for debt service before deductions debt service on senior and parity debt	5,172	3,953	4,725	3,506	5,172	3,953
Debt service requirement on senior and parity debt ⁽²⁾	<u>NA</u>	<u>NA</u>	<u>(2,247)</u>	<u>(2,247)</u>	<u>NA</u>	<u>NA</u>
Net revenues available for debt service	<u>\$ 5,172</u>	<u>\$ 3,953</u>	<u>\$ 2,478</u>	<u>\$ 1,259</u>	<u>\$ 5,172</u>	<u>\$ 3,953</u>
Annual debt service requirement ⁽²⁾	\$ 2,247	\$ 2,247	\$ 275	\$ 275	\$ 2,882	\$ 2,879
Debt service coverage	230%	176%	901%	458%	179%	137%

(1) State sales tax revenues are not pledged as revenue for the State Infrastructure Bank Loan ("SIB Loan").

(2) For the SIB Loan, "Senior Debt" includes the Manatee County Port Authority Revenue Refunding Bonds, Series 2012A and 2012B. For the "Senior Debt" includes the Manatee County Port Authority Revenue Refunding Bonds, Series 2012A and 2012B and the State Infrastructure Bank Loan; however, when calculating the debt service coverage for the notes "Annual debt service requirement" is used which includes the Revenue Bonds Series 2014A and 2014B, SIB Loan, and the 2014A and 2014B Notes.

Manatee County, Florida
Non-Ad Valorem Revenues Legally Available to Pay
Debt Service on Certain Bonds and Other Indebtedness
Last Five Fiscal Years
(Amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Permit fees	\$ 781	\$ 720	\$ 484	\$ 561	\$ 442
State revenue sharing ⁽¹⁾	8,884	8,543	7,797	7,249	6,801
Sheriff program reimbursements	105	105	97	97	559
Mobile home licenses	281	272	276	258	273
Communication service tax	3,307	3,316	3,817	3,457	3,508
1/2 Cent sales tax	24,445	23,250	23,671	18,722	18,984
Planning and zoning fees	3,354	3,319	2,970	2,014	1,702
Elected officials excess fees	6,298	5,910	6,099	5,585	7,116
Interest	905	678	446	413	469
Charges for services	20,420	19,513	17,090	17,608	13,770
Payments in lieu of taxes & franchise fees	10,594	10,039	9,685	3,340	3,340
Tax increment refund	-	1,162	1,064	1,088	1,146
Road assessments	51	59	72	61	65
Indirect cost recovery	11,863	11,284	9,963	8,720	10,424
Miscellaneous	3,879	5,486	3,819	4,376	3,790
Non-revenue interfund transfers	6,096	9,464	6,175	9,860	5,767
Subtotal	<u>101,263</u>	<u>103,120</u>	<u>93,525</u>	<u>83,409</u>	<u>78,156</u>
Fines & forfeitures ⁽²⁾	1,572	1,502	2,358	1,305	661
Gas taxes ⁽³⁾	20,855	19,776	18,333	17,867	17,987
Net income (loss) - Manatee County Golf Course	-	-	-	-	23
Net income (loss) - Buffalo Creek Golf Course	-	-	-	-	(548)
Legally available revenues before General Operating & Maintenance Expense (O&M)	<u>123,690</u>	<u>124,398</u>	<u>114,216</u>	<u>102,581</u>	<u>96,279</u>
Less General O&M not supported by Ad Valorem taxes ⁽⁴⁾	<u>101,714</u>	<u>102,884</u>	<u>95,046</u>	<u>86,324</u>	<u>81,919</u>
Net legally available revenues for debt service	<u>21,976</u>	<u>21,514</u>	<u>19,170</u>	<u>16,257</u>	<u>14,360</u>
Beginning fund balances: ⁽⁵⁾					
General fund	66,252	69,810	74,194	93,062	97,607
Transportation trust fund	22,690	24,624	26,014	24,916	20,936
Beginning cash balances - Golf Course Funds:					
Manatee County Golf Course	-	-	-	-	18
Total net legally available funds available for non-ad valorem commitments	<u>110,918</u>	<u>115,948</u>	<u>119,378</u>	<u>134,235</u>	<u>132,921</u>
Less non-ad valorem commitments: ⁽⁶⁾					
2004 Transportation Revenue Refunding and Improvement Bonds	-	-	2,940	2,944	4,933
2004 Revenue Improvement Bonds	-	-	1,651	1,655	3,180
2006 Revenue Improvement Bonds	4,463	4,465	4,463	4,467	5,682
2010 Revenue Refunding Bonds	1,720	1,712	2,568	2,579	2,817
2013 Revenue Refunding and Improvement Bonds	8,126	8,123	3,719	3,716	-
2013 Revenue Improvement Note	357	345	220	18	-
2014 Revenue Improvement Bond	472	287	-	-	-
2016 Revenue Improvement Bond	2,631	-	-	-	-
2016 Revenue Improvement Note	68	-	-	-	-
Total net legally available funds for debt service and net position ⁽⁷⁾	<u>\$ 93,081</u>	<u>\$ 101,016</u>	<u>\$ 103,817</u>	<u>\$ 118,856</u>	<u>\$ 116,309</u>

1) Includes guaranteed entitlements.

2) Used primarily for criminal fees and costs.

3) Gas taxes may be used only for certain transportation expenditures.

4) General and municipal services fund expenditures times ratio of available revenue to total revenue.

5) The County implemented GASB Statement 54 on Fund Balance Reporting in fiscal year 2011. Only the Unassigned Fund Balance portion of the General fund and the Assigned Fund Balance of the Transportation Trust Fund are in the Beginning Balances, effective fiscal year 2012.

6) Includes all debt of the County payable in such years from non-ad valorem revenues with the exception of the County's Public Utilities System. Does not include debt which has been incurred subsequent to such years.

7) Prior to fiscal year 2013, the County had a contingent obligation to pay the Port Authority Revenue Refunding and Improvement Bonds, Series 1993B, Revenue Refunding Series 2002A, 2002B and the Florida Local Government Finance Commission Loan which arises if the Port Authority fails to pay principal and/or interest on such bonds. In fiscal year 2013, the County has a contingent obligation to pay the Port Authority Revenue Refunding Bonds, Series 2012A and 2012B which arises if the Port Authority fails to pay principal and/or interest on such bonds.

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

Honorable Members of the Board of County Commissioners
in their capacity as Members of the Manatee County Port Authority
Manatee County, Florida

We have audited, in accordance with the 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, the financial statements of the Manatee County, Florida Port Authority (the "Port"), as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated February 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SHINN & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
February 28, 2017