

Port Authority



Comprehensive Annual Financial Report

A Component Unit of

Manatee County Florida

Fiscal Years Ended September 30, 2018 and 2017

Although women nationwide did not receive the right to vote until 1920, in Florida, cities began allowing women to vote in municipal elections as early as 1915. By November of 1919, sixteen towns in ten counties including neighboring Pinellas County opened voter registration books to women. The first woman in Florida to be elected to a municipal office was Marian Newhall Horwitz, chosen to lead the City of Moore Haven as mayor in 1917. Women across the State of Florida also served on State Boards and Committees. Manatee's first elected female County Commissioner was Pat Glass. She served from 1978 until 2006. In 1990, Glass encouraged Lari Ann Harris to run for a newly created seat to represent citizens in southern Manatee County, District 4. Glass said, "Lari Ann came to me and asked what I was going to do and asked me what I thought about her running for the district seat. Having worked with her at the Citizens Action Center and seeing that she had done such a great job, I encouraged her to pursue office." Having already been a grassroots voice for residents of that area, Harris was elected that year and served until 2000 when she died of brain cancer. During her time on the Commission, Harris also served six terms as chairwoman of the Manatee County Port Authority. She oversaw the expansion of Port Manatee, helping it to grow into a major Florida seaport. Harris' influence was so strong that port officials dedicated a new Intermodal complex in her honor. Constructed in 1998-99, the 121,000 square foot Lari Ann Harris Intermodal Warehouse Complex, includes chilled and dry storage space along with offices. It stands as a reminder to the daily users of Port Manatee's facilities and Manatee County residents of the impact of one woman, Lari Ann Harris, and the role of all women in our community's development and growth.



Lari Ann Harris, 1956-2000

Photo courtesy of Manatee County Library

On the cover - Lari Ann Harris Intermodal Warehouse Complex
Completed in February, 1999 at a cost of \$3.9 million, the Lari Ann Harris Intermodal Warehouse Complex is a 121,000 square foot structure that houses chilled and dry storage and office spaces.

Cover photo credit: Virginia Zimmerman

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

**for the fiscal years ended
September 30, 2018 and 2017**

Vanessa Baugh, Chairman

Betsy Benac	Charles Smith
Robin DiSabatino	Priscilla Trace
Stephen Jonsson	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, 2018 and 2017**

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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

March 29, 2019

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, 2018 and 2017. 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 Authority'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, 2018 and 2017. 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. Our local port, known as 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 Port Manatee 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. Port Manatee is a leading venue for shipments of citrus juices and beverages and operates in Foreign Trade Zone #169.

The Port Authority employs formal budgetary integration as a management control device during the year. The Port Authority 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 1.40% per year during the last decade. The 2.45% increase experienced in the current year is evidence that the local economy is sustaining the growth experienced in recent years.

Long-term financial planning. Through the cooperation of Port Manatee and Manatee County government, the Port Authority continues to promote its Florida International Gateway (the "FIG") which incorporates 3,700 acres of privately-held land directly adjacent to Port Manatee that is available for intermodal distribution development opportunities. Port-related development and the creation of quality jobs are encouraged in the FIG through the reduction or elimination of impact fees and other incentives.

"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

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. The Port Authority continues with infrastructure capital improvements to support the active growth in cargo activity the Port has seen this year.

The Port Authority has been awarded a federal security grant to assist in the upgrade of the Transportation Workers Identification Credentials (TWIC) Access Control System software. This security upgrade along with additional improvements to the north gate will double the number of outbound lanes.

The completed improvements to Berths 4, 5, 12 and 14 along with the updates and expansion to the main gate entrance allows Port Manatee to keep up with the increased container volume and the demands of safety and security that have come with increased business.

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, 2017. This was the 25th 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.

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 Carr, Riggs & Ingram, LLC, CPAs, who helped us with their comments and advice, and to Denise Stufflebeam, Senior Director of Business Administration and Finance and her staff at the Port Authority for the assistance they provided.

Sincerely,



Angelina "Angel" Colonnese
Clerk of Circuit Court and Comptroller



Daniel R. Wolfson, CPA
Director of Finance

AC:DRW:jh



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Manatee County Port Authority
Florida**

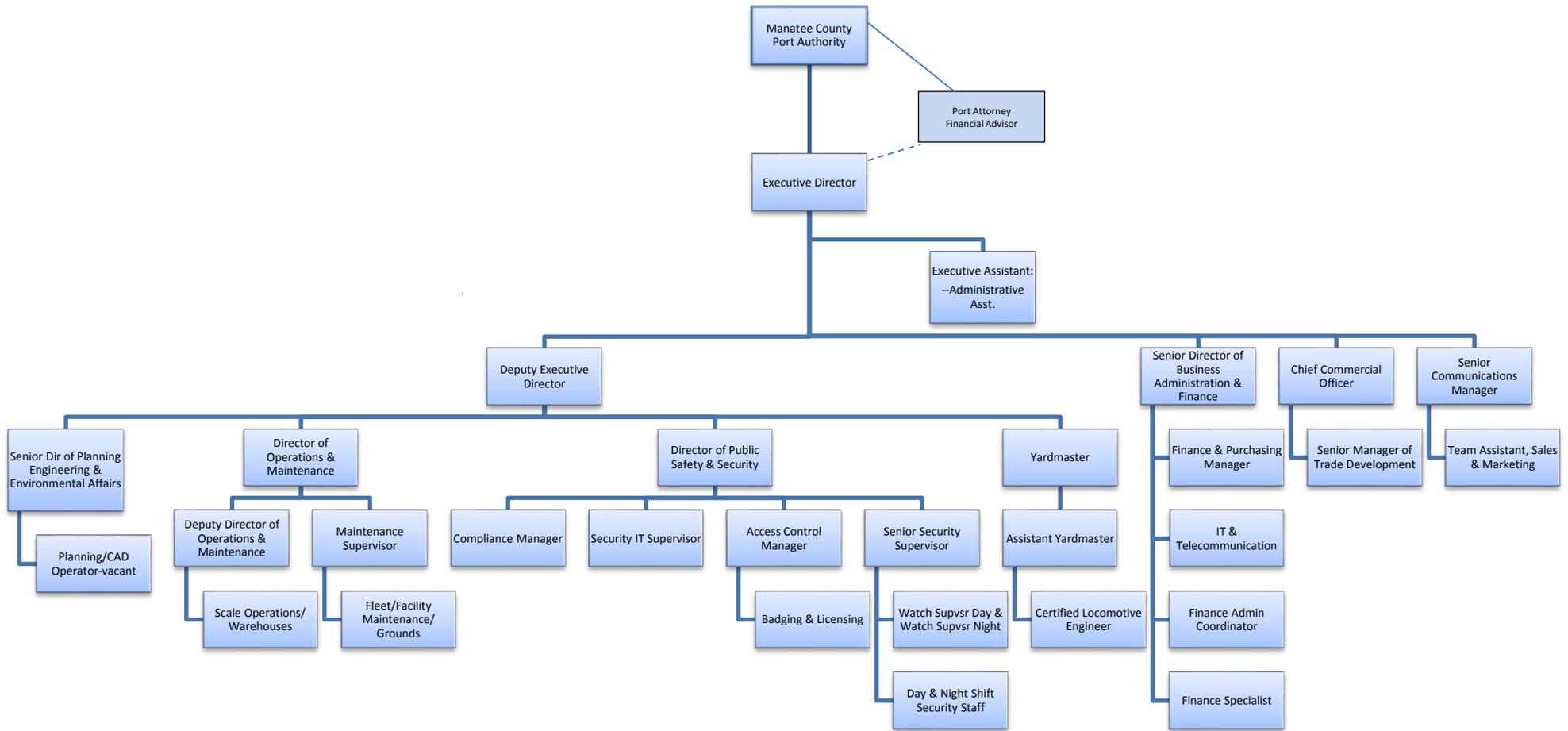
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

MANATEE COUNTY PORT AUTHORITY ORGANIZATION CHART



FINANCIAL SECTION



Carr, Riggs & Ingram, LLC
1001 3rd Avenue West
Suite 500
Bradenton, FL 34205

(941) 747-0500
(941) 746-0202 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

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 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 year ended September 30, 2018, 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.

Auditors' 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 auditors' 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, 2018, 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.

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, 2018, 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. 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 2–5, the schedule of changes in total other post employment benefits (OPEB) other than pension liability and other related ratios, the schedule of the Port's proportionate share of net pension liability for the FRS and HIS pension plans, and the schedule of the Port's contributions to the FRS and HIS pension plans on pages 33-35, 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 is not a required part of the basic financial statements.

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

Prior Period Financial Statements

The financial statements as of September 30, 2017, were audited by Shinn and Company, LLC, who merged with Carr, Riggs & Ingram as of March 1, 2018, and whose report dated February 28, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs, & Ingram, LLC

Bradenton, Florida

March 29, 2019

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 (the "Port") for the fiscal years ended September 30, 2018 and 2017. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- In fiscal year 2018, the Port implemented Governmental Accounting Standards Board Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." Accordingly, certain amounts presented have been restated. The restatements resulted in a \$663 increase to the total beginning net position for fiscal year 2017.
- The Port's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at September 30, 2018 by \$104,631 and \$102,687 in 2017, as restated. At September 30, 2018, the unrestricted net position was \$7,408 while in 2017 the unrestricted net position was \$2,534, as restated.
- The Port's total net position increased \$1,944 in fiscal year 2018 and \$5,681 for fiscal year 2017, as restated.
- Total bonded debt of the Port Authority amounts to \$35,010, a decrease of \$965 from fiscal year 2017.
- In fiscal year 2018, Port Authority notes and loans payable decreased by \$619 from \$7,002 to \$6,383. In fiscal year 2017, Port Authority notes and loans payable increased by \$1,890 from \$5,112 to \$7,002.

Overview of the Financial Statements

The Statements of Net Position show the Port's assets plus deferred outflows of resources less liabilities plus deferred inflows of resources at September 30, 2018 and 2017. 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 6.

The Statements of Revenues, Expenses and Changes in Fund Net Position, provided on page 7, 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 or 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 2018 and 2017 can indicate the ongoing health of a business operation.

The Port Authority's Statements of Cash Flows, presented on page 8, 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 income or 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 9 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 2018 and 2017, as well as a look at changes in revenues and expenses as presented in the accompanying statements.

Comparative data as of September 30, 2018, 2017 and 2016 are shown below:

	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>2016</u>
Assets:			
Current and other assets	\$ 16,829	\$ 11,574	\$ 9,345
Capital assets	<u>133,949</u>	<u>138,354</u>	<u>136,601</u>
Total assets	<u>150,778</u>	<u>149,928</u>	<u>145,946</u>
Deferred outflows of resources:	<u>1,855</u>	<u>1,705</u>	<u>1,915</u>
Liabilities:			
Long-term liabilities	46,139	47,656	46,928
Other liabilities	<u>1,202</u>	<u>780</u>	<u>3,697</u>
Total liabilities	<u>47,341</u>	<u>48,436</u>	<u>50,625</u>
Deferred inflow of resources:	<u>661</u>	<u>510</u>	<u>893</u>
Net position:			
Net investment in capital assets	94,970	97,901	97,216
Restricted for debt service	2,253	2,252	2,251
Unrestricted	<u>7,408</u>	<u>2,534</u>	<u>(3,124)</u>
Total net position	<u>\$ 104,631</u>	<u>\$ 102,687</u>	<u>\$ 96,343</u>

(1) Certain balance sheet items have been restated for FY 2017 due to the implementation of GASB 75. Relevant information was not available for periods prior to 2017.

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 2018, the Port Authority saw an increase in net position of \$1,944. This increase in net position in fiscal year 2018 is largely attributable to a significant increase in operating revenues, specifically waterborne-related revenues.

At September 30, 2018, of the Port's \$104,631 in net position, \$94,970 (91%) reflects its net investment in capital assets. An additional 2% of the Port's net position, \$2,253, represents resources that are subject to bond and loan debt covenants. The balance of \$7,408 (7%) in unrestricted net position is a reflection of an increase in companies doing business at the Port along with the Port's commitment to expanding its ability to serve its customers.

At September 30, 2017, as restated, \$97,901 (95%) of the \$102,687 in net position reflected the Port's net investment in capital assets; \$2,252 (2%) represented net position restricted by bond and loan covenants, and \$2,534 (3%) 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 all three classifications of net position.

Port Current Assets

The Port's cash and cash equivalents as of September 30, 2018 totaled \$14,818, an increase of \$5,904 from the fiscal year 2017 balance of \$8,914. Accounts receivable are down \$585 due to a decrease in minimum annual guaranteed service charges since wharfage increased throughout the year. There was a decrease in due from other governmental units of \$41 from fiscal year 2017. United States Army Corp of Engineers deposits totaled \$65 in fiscal year 2018. Both of these changes are related to the inner harbor dredging project.

Change in Net Position

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

	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>2016</u>
Operating revenues:			
Dock operations	\$ 9,537	\$ 7,167	\$ 6,273
Land operations	5,936	5,507	5,244
Miscellaneous	394	1,055	432
Total operating revenues	<u>15,867</u>	<u>13,729</u>	<u>11,949</u>
Operating expenses:			
Personal services	5,062	4,614	4,392
Administration and marketing	1,231	1,204	1,393
Engineering and maintenance	957	334	456
Port operations	1,280	1,248	1,220
Depreciation and amortization	5,362	5,149	4,932
Total operating expenses	<u>13,892</u>	<u>12,549</u>	<u>12,393</u>
Operating income (loss)	<u>1,975</u>	<u>1,180</u>	<u>(444)</u>
Nonoperating revenues (expenses):			
Operating grants and contributions	620	541	710
Interest income	198	76	72
Interest expense	(1,524)	(1,474)	(1,541)
Gain (loss) on disposition of assets	(7)	27	-
Master plan	-	-	(195)
Total nonoperating revenues (expenses)	<u>(713)</u>	<u>(830)</u>	<u>(954)</u>
Income (loss) before capital grants and contributions	<u>1,262</u>	<u>350</u>	<u>(1,398)</u>
Capital grants and contributions	<u>682</u>	<u>5,331</u>	<u>6,352</u>
Change in net position	<u>1,944</u>	<u>5,681</u>	<u>4,954</u>
Total net position - beginning as previously stated	<u>102,687</u>	<u>96,343</u>	<u>91,389</u>
Restatement of net position due to the implementation of GASB 75	<u>-</u>	<u>663</u>	<u>-</u>
Total net position - beginning	<u>102,687</u>	<u>97,006</u>	<u>91,389</u>
Total net position - ending	<u>\$ 104,631</u>	<u>\$ 102,687</u>	<u>\$ 96,343</u>

(1) Certain expenses have been restated due to the implementation of GASB 75.

Port Operations

A look at the Statements of Revenues, Expenses and Changes in Fund Net Position for fiscal year 2018 shows operating revenues increasing by \$2,138 (16%), an improvement from the \$1,780 increase reported at September 30, 2017. Port Manatee experienced an increase in operating revenue in fiscal year 2018 due in part to significant increases in phosphate exports and petroleum vessel calls. Under a continuing agreement, Port Manatee is 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 2018 primarily due to salary increases and additional security personnel. Capital grants and contributions show a decrease of \$4,649 in fiscal year 2018 as a result of a large grant-reimbursable project, berth 9 improvements, being completed during the prior year. Fiscal year 2018 operating grant reimbursements received increased by \$79 over fiscal year 2017. The operating grant reimbursements were related to the Port's updates to railroad crossings, cold storage warehouse improvements and FEMA reimbursements related to Hurricane Irma.

In fiscal year 2017, capital grants and contributions decreased \$1,021 from the 2016 amount of \$6,352. This decline reflects reduced grantor reimbursements on the berth 9 improvement project as it neared completion.

Port Capital Assets

Manatee County's Port Authority is one of the largest of the 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 2018 include the following:

\$247 for berth improvements
\$101 for maintenance equipment

Major additions of capital assets in fiscal year 2017 include the following:

\$10,383 for berth improvements
\$3,316 for intermodal container and transfer yard improvements

Additional information on the Manatee County Port Authority's capital assets can be found in Note 5 on page 15 of this report.

Administration of Debt

The Port's debt can be summarized as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ 35,010	\$ 35,975	\$ 36,910
Revenue Notes	2,010	2,386	2,745
Florida Department of Transportation State Infrastructure Bank Loans	<u>4,373</u>	<u>4,616</u>	<u>2,367</u>
Total	<u>\$ 41,393</u>	<u>\$ 42,977</u>	<u>\$ 42,022</u>

The Port Authority had total bonded debt outstanding of \$35,010 and \$35,975 at September 30, 2018 and 2017, respectively.

During fiscal year 2018 and 2017, the Port Authority's total bonded debt decreased by \$965 and \$935, respectively. These amounts represent the annual debt service payment on these bonds. In fiscal year 2018, the Port drew down \$183 in loan proceeds against a \$4,000 state-funded infrastructure bank (SIB) loan entered into during fiscal year 2016 with the Florida Department of Transportation. The loan draw provided funding for the cathodic protection of berths 4,5,12 and 14, and capital improvements to berths 6-10. The Port Authority made principal payments on the State Infrastructure Bank loans in the amount of \$426 and \$448 for fiscal years 2018 and 2017, respectively. During fiscal years 2018 and 2017, debt service payments were made on the Revenue Note, Series 2014A in the amount of \$90 and \$83, respectively and on the Revenue Note, Series 2014B in the amount of \$286 and \$276 respectively.

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 16 to 19 of this report.

Economic Factors and Year 2019 Budgets and Rates

- The unemployment rate for Manatee County of 2.9% is currently less than the national average of 3.7%.
- 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, 2019.
- Port-wide roadway improvements and the expansion of the container yard are expected to begin in 2019.
- All of these factors were considered in preparing the Port Authority's budget for the 2019 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 the Circuit Court and Comptroller, Manatee County, P.O. Box 25400, Bradenton, Florida 34206-5400. I also suggest you visit our website, www.manateclerk.com for further financial information.

Manatee County Port Authority
Statements of Net Position
September 30, 2018 and 2017
(Amounts expressed in thousands)

<u>Assets</u>	<u>2018</u>	<u>2017</u>	<u>Liabilities</u>	<u>2018</u>	<u>2017</u>
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 12,570	\$ 6,666	Accounts payable	481	304
Accounts receivable (net allowance of \$10 for 2018 and 2017)	1,597	2,182	Wages and benefits payable	172	155
Interest receivable	20	9	Contracts and retainages payable	115	-
Due from other governmental units	242	283	Compensated absences	35	36
Prepaid items	82	182	Notes payable	399	285
Deposits	65	-	Total current liabilities	<u>1,202</u>	<u>780</u>
Total current unrestricted assets	<u>14,576</u>	<u>9,322</u>			
Current restricted assets:			Noncurrent liabilities:		
Cash and cash equivalents	2,248	2,248	Compensated absences	791	711
Interest receivable	5	4	Other post-employment benefits liability	575	774
Total current restricted assets	<u>2,253</u>	<u>2,252</u>	Net pension liability	4,189	3,914
			Loans and notes payable	5,984	6,717
Total current unrestricted and restricted assets	<u>16,829</u>	<u>11,574</u>	Revenue bonds payable (net of unamortized discount and premium)	34,600	35,540
			Total noncurrent liabilities	<u>46,139</u>	<u>47,656</u>
			Total liabilities	<u>47,341</u>	<u>48,436</u>
Noncurrent assets:					
Land and other nondepreciable assets	50,073	49,463	<u>Deferred Inflows of Resources</u>		
Capital assets, net of accumulated depreciation	83,876	88,891	Deferred OPEB inflows	61	-
Total noncurrent assets	<u>133,949</u>	<u>138,354</u>	Deferred pension inflows	600	510
Total assets	<u>150,778</u>	<u>149,928</u>	Total deferred inflows of resources	<u>661</u>	<u>510</u>
			<u>Net Position</u>		
<u>Deferred Outflows of Resources</u>			Net investment in capital assets	94,970	97,901
Deferred charge on refunding	61	91	Restricted for debt service	2,253	2,252
Deferred pension outflows	1,794	1,614	Unrestricted	7,408	2,534
Total deferred outflows of resources	<u>1,855</u>	<u>1,705</u>	Total net position	<u>\$ 104,631</u>	<u>\$ 102,687</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, 2018 and 2017
(Amounts expressed in thousands)

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Dock operations	\$ 9,537	\$ 7,167
Land operations	5,936	5,507
Miscellaneous	394	1,055
Total operating revenues	<u>15,867</u>	<u>13,729</u>
Operating expenses:		
Personal services	5,062	4,614
Administration and marketing	1,231	1,204
Engineering and maintenance	957	334
Port operations	1,280	1,248
Depreciation	5,362	5,149
Total operating expenses	<u>13,892</u>	<u>12,549</u>
Operating income (loss)	<u>1,975</u>	<u>1,180</u>
Nonoperating revenues (expenses):		
Operating grants and contributions	620	541
Interest income	198	76
Interest expense	(1,524)	(1,474)
Gain (loss) on disposition of assets	(7)	27
Total nonoperating revenues (expenses)	<u>(713)</u>	<u>(830)</u>
Income (loss) before contributions and transfers	1,262	350
Capital grants and contributions	682	5,331
Change in net position	1,944	5,681
Total net position - beginning as previously stated	<u>102,687</u>	<u>96,343</u>
Restatement of net position due to the implementation of GASB 75	<u>-</u>	<u>663</u>
Total net position - beginning, restated	<u>102,687</u>	<u>97,006</u>
Total net position - ending	<u>\$ 104,631</u>	<u>\$ 102,687</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, 2018 and 2017
(Amounts expressed in thousands)

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Cash flows from operating activities:			Reconciliation of operating loss to net cash provided by operating activities:		
Cash received from customers	\$ 16,452	\$ 13,527	Operating income (loss)	\$ <u>1,975</u>	\$ <u>1,180</u>
Cash payments to vendors for goods and services	(3,005)	(2,407)	Adjustments to reconcile operating loss to net cash provided by operating activities:		
Cash payments to employees for services	(4,359)	(3,912)	Depreciation	5,362	5,149
Cash payments to the County	<u>(772)</u>	<u>(738)</u>	Changes in assets, deferred outflows, liabilities and deferred inflows:		
Net cash provided by operating activities	<u>8,316</u>	<u>6,470</u>	(Increase) decrease in:		
			Accounts receivable	585	(195)
Cash flows from noncapital financing activities:			Prepaid items	100	72
Operating grants	178	89	Deferred pension outflows	(180)	176
State sales tax	<u>447</u>	<u>447</u>	Increase (decrease) in:		
Net cash provided by noncapital financing activities	<u>625</u>	<u>536</u>	Accounts payable	151	51
			Wages and benefits payable	17	9
Cash flows from capital and related financing activities:			Unearned revenue	-	(7)
Acquisition and construction of capital assets	(404)	(9,199)	Compensated absences	79	57
Deposits paid on construction agreements	(484)	-	Other post-employment benefits liability	(199)	(39)
Principal payments on debt	(1,766)	(1,719)	Net pension liability	275	400
Interest payments on debt	(1,470)	(1,486)	Deferred OPEB inflows	61	-
Debt proceeds	183	2,697	Deferred pension inflows	<u>90</u>	<u>(383)</u>
Receipt of contributed capital	718	7,016	Total adjustments	<u>6,341</u>	<u>5,290</u>
Proceeds from sale of assets	<u>-</u>	<u>29</u>			
Net cash used by capital and related financing activities	<u>(3,223)</u>	<u>(2,662)</u>	Net cash provided by operating activities	\$ <u>8,316</u>	\$ <u>6,470</u>
			Non-cash investing, capital and financing activities:		
Cash flows from investing activities:			Loss on disposition of assets	\$ 7	\$ -
Interest on investments	<u>186</u>	<u>69</u>			
Net cash provided by investing activities	<u>186</u>	<u>69</u>			
Net increase in cash and cash equivalents	5,904	4,413			
Cash and cash equivalents, October 1	<u>8,914</u>	<u>4,501</u>			
Cash and cash equivalents, September 30	<u>\$ 14,818</u>	<u>\$ 8,914</u>			
Classified as:					
Current assets	\$ 12,570	\$ 6,666			
Restricted assets	<u>2,248</u>	<u>2,248</u>			
Cash and cash equivalents, September 30	<u>\$ 14,818</u>	<u>\$ 8,914</u>			

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

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(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. Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

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, 2018 and 2017
(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. Two items qualify for reporting in this category. One 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. The second type consists of the differences between the expected and actual experience measurement in postemployment benefits with regard to economic or demographic factors.

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. 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.

L. Implementation of Governmental Accounting Standards Statements

The Port implemented the following GASB Statements during the fiscal year ended September 30, 2018:

- 1) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement updates the reporting requirements for benefits other than pensions to more closely align with those required for pensions and replaces prior Statements regarding the reporting of these benefits.

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 1 Summary of Significant Accounting Policies – Continued

L. Implementation of Governmental Accounting Standards Statements – Continued

- 2) Statement No. 85, "Omnibus 2017." This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.
- 3) Statement No. 86, "Certain Debt Extinguishment Issues." This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt using only existing resources, prepaid insurance on debt that is extinguished and requires additional disclosure for all in-substance defeasance transactions.
- 4) Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Statement No. 89 supersedes GASB Statement No. 62.

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.

County investments are valued in accordance with GASB 72 and 79. 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.

The SBA established the Florida PRIME whereby participants own a share of the pool and not the underlying securities. On September 30, 2018 and 2017, the County's Pooled Cash Investment Fund (the "Pooled Fund") had \$435,710 and \$301,615 invested in the PRIME account, respectively. The Florida PRIME is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in the Florida PRIME at amortized cost. Therefore, the (County's) investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool's shares. The Florida PRIME did not participate in a securities lending program in the year ended September 30, 2018 or 2017, nor was it exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME (unaudited) as of and for the period ending June 30. It does not issue financial statements as of and for the period ending September 30. At September 30, 2018 and 2017, there were no redemption fees or maximum transfer amounts, or any other

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 3 Investments - Continued

requirements that serve to limit a participant's daily access to 100% of their account balance. 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. No such limitation took place during the years ended September 30, 2018 and 2017. The PRIME's weighted average days to maturity were 33 days and 51 days in 2018 and 2017, respectively. 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 24.5% and 31% of the SBA's PRIME account in 2018 and 2017, respectively. At September 30, 2018 and 2017, 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, 2018 and 2017, the FLGIT portfolio included certain asset-backed securities, corporate securities and mortgage-backed securities. At September 30, 2018, these securities amounted to 22%, 23% and 4% respectively of the FLGIT Investment Trust portfolio. At September 30, 2017, these securities amounted to 26%, 13% and 1% respectively of the FLGIT Investment Trust portfolio. The Day to Day Fund is a short term liquidity fund, and at September 30, 2018 had 20% invested in corporate securities while September 30, 2017 had 30% invested in corporate securities. Both funds' average credit quality is AAAs and AAAM respectively, as rated by Standard and Poor's at September 30, 2018 and 2017.

In accordance with GASB 72 & 79, 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, 2018, 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>9/30/2018 Value</u>	<u>Fair Value Hierarchy</u>	<u>Cash Equivalents</u>
Local Government Surplus Funds Trust, PRIME account	Amortized cost	\$ 435,710	\$ 435,710	-	\$ 435,710
Institutional Cash Fund	Cost	25,001	25,001	-	25,001
Florida Local Government Investment Trust	Current NAV share value	38,457	38,472	-	38,472
Florida Local Government Day to Day Fund	Amortized cost	15,583	15,583	-	15,583
U.S. Treasury Notes	Quoted market	184,133	182,308	Level 2	-
Federal Home Loan Bank	Quoted market	73,501	72,966	Level 2	-
Federal Home Loan Mortgage Corporation	Quoted market	86,604	86,102	Level 2	-
Federal National Mortgage Association	Quoted market	21,508	21,137	Level 2	-
Federal Farm Credit Bank	Quoted market	48,000	47,680	Level 2	-
Total		<u>\$ 928,497</u>	<u>\$ 924,959</u>		<u>\$ 514,766</u>

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 3 Investments – Continued

At September 30, 2017, 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>9/30/2017 Value</u>	<u>Fair Value Hierarchy</u>	<u>Cash Equivalents</u>
Local Government Surplus Funds Trust, PRIME account	Amortized cost	\$ 301,615	\$ 301,615	-	\$ 301,615
Institutional Cash Fund	Cost	24,054	24,054	-	24,054
Florida Local Government Investment Trust	Current NAV share value	38,457	38,443	-	38,443
Florida Local Government Day to Day Fund	Amortized cost	15,323	15,323	-	15,323
U.S. Treasury Notes	Quoted market	152,031	151,463	Level 2	-
Federal Home Loan Bank	Quoted market	50,450	50,337	Level 2	-
Federal Home Loan Mortgage Corporation	Quoted market	78,090	77,878	Level 2	-
Federal National Mortgage Association	Quoted market	32,000	31,904	Level 2	-
Federal Farm Credit Bank	Quoted market	91,350	91,051	Level 2	-
Total		<u>\$ 783,370</u>	<u>\$ 782,068</u>		<u>\$ 379,435</u>

Investments classified as level 2 of the fair value hierarchy use valuation techniques that reflect market participant’s assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

Custodial Credit Risk of Pooled Investments

At September 30, 2018 and 2017, the pool had demand deposits of \$27,323 and \$31,060, respectively. All balances in excess of the Federal Deposit 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 Risk of Pooled Investments

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, 2018 and 2017. 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 AAAs and AAAs, respectively, by Standard and Poor’s at September 30, 2018 and 2017.

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, 2018 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+	\$ 72,966	7.90%
Federal Home Loan Mortgage Corporation	AA+	86,102	9.30%
Federal Farm Credit Bank	AA+	<u>47,680</u>	<u>5.20%</u>
Total with concentration risk		<u>\$ 206,748</u>	<u>22.40%</u>

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 3 Investments - Continued

Credit Risk of Pooled Investments - Continued

At September 30, 2017, 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+	\$ 50,337	6.40%
Federal Home Loan Mortgage Corporation	AA+	77,878	10.00%
Federal Farm Credit Bank	AA+	91,051	11.60%
Total with concentration risk		<u>\$ 219,266</u>	<u>28.00%</u>

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, 2018, the County's weighted average to maturity was .37 years. At September 30, 2018, none of the pooled investments have a maturity greater than two years.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities</u>	
		<u>0-1 Year</u>	<u>1-2 Years</u>
Local Government Surplus Funds			
Trust, PRIME account	\$ 435,710	\$ 435,710	\$ -
Institutional Cash Fund	25,001	25,001	-
Florida Local Government			
Investment (Trust and Day to Day)	54,055	54,055	-
U.S. Treasury Notes	182,308	111,261	71,047
Government Sponsored Enterprises	227,885	159,015	68,870
Total	<u>\$ 924,959</u>	<u>\$ 785,042</u>	<u>\$ 139,917</u>

At September 30, 2017, the County's weighted average to maturity was .46 years. At September 30, 2017, none of the Pooled Investments have a maturity greater than two years.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities</u>	
		<u>0-1 Year</u>	<u>1-2 Years</u>
Local Government Surplus Funds			
Trust, PRIME account	\$ 301,615	\$ 301,615	\$ -
Institutional Cash Fund	24,054	24,054	-
Florida Local Government			
Investment (Trust and Day to Day)	53,766	53,766	-
U.S. Treasury Notes	151,463	95,731	55,732
Government Sponsored Enterprises	251,170	136,564	114,606
Total	<u>\$ 782,068</u>	<u>\$ 611,730</u>	<u>\$ 170,338</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>2018</u>	<u>2017</u>
Cash and cash equivalents:		
Debt service reserve	\$ <u>2,248</u>	\$ <u>2,248</u>
Interest receivable:		
Debt service reserve	5	4
Total restricted assets	\$ <u><u>2,253</u></u>	\$ <u><u>2,252</u></u>

Note 5 Capital Assets

Depreciation expense was \$5,362 and \$5,149 for fiscal years ending September 30, 2018 and 2017, respectively.

	<u>October 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30</u>
As of September 30, 2017				
Capital assets not depreciated:				
Land	\$ 4,590	\$ -	\$ -	\$ 4,590
Land improvements	43,778	-	-	43,778
Construction in progress	9,369	6,794	15,068	1,095
Total assets not depreciated	<u>57,737</u>	<u>6,794</u>	<u>15,068</u>	<u>49,463</u>
Capital assets depreciated:				
Buildings	55,511	1	-	55,512
Port facilities	107,666	14,885	-	122,551
Machinery and equipment	15,677	302	863	15,116
Total assets depreciated	<u>178,854</u>	<u>15,188</u>	<u>863</u>	<u>193,179</u>
Less accumulated depreciation:				
Buildings	25,918	1,764	-	27,682
Port facilities	67,077	2,602	-	69,679
Machinery and equipment	6,995	783	851	6,927
Total accumulated depreciation	<u>99,990</u>	<u>5,149</u>	<u>851</u>	<u>104,288</u>
Total depreciable capital assets, net	<u>78,864</u>	<u>10,039</u>	<u>12</u>	<u>88,891</u>
Total capital assets, net	<u>\$ 136,601</u>	<u>\$ 16,833</u>	<u>\$ 15,080</u>	<u>\$ 138,354</u>
As of September 30, 2018				
Capital assets not depreciated:				
Land	\$ 4,590	\$ -	\$ -	\$ 4,590
Land improvements	43,778	-	-	43,778
Construction in progress	1,095	856	246	1,705
Total assets not depreciated	<u>49,463</u>	<u>856</u>	<u>246</u>	<u>50,073</u>
Capital assets depreciated:				
Buildings	55,512	-	-	55,512
Port facilities	122,551	247	-	122,798
Machinery and equipment	15,116	107	42	15,181
Total assets depreciated	<u>193,179</u>	<u>354</u>	<u>42</u>	<u>193,491</u>
Less accumulated depreciation:				
Buildings	27,682	1,701	-	29,383
Port facilities	69,679	2,890	-	72,569
Machinery and equipment	6,927	771	35	7,663
Total accumulated depreciation	<u>104,288</u>	<u>5,362</u>	<u>35</u>	<u>109,615</u>
Total depreciable capital assets, net	<u>88,891</u>	<u>(5,008)</u>	<u>7</u>	<u>83,876</u>
Total capital assets, net	<u>\$ 138,354</u>	<u>\$ (4,152)</u>	<u>\$ 253</u>	<u>\$ 133,949</u>

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Note 6 Long-Term Liabilities

A. The following is long-term liability activity for the fiscal years 2018 and 2017:

	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Loans Payable</u>	<u>Compensated Absences</u>	<u>OPEB Liability⁽¹⁾</u>	<u>Pension Liability</u>	<u>Total</u>
Balance at:							
October 1, 2016	\$ 36,910	\$ 2,745	\$ 2,367	\$ 690	\$ 813	\$ 3,514	\$ 47,039
Additions	-	-	2,697	285	-	894	3,876
Deductions	935	359	448	228	39	494	2,503
September 30, 2017	<u>35,975</u>	<u>2,386</u>	<u>4,616</u>	<u>747</u>	<u>774</u>	<u>3,914</u>	<u>48,412</u>
Less unamortized discounts	477	-	-	-	-	-	477
Plus unamortized premiums	42	-	-	-	-	-	42
September 30, 2017	<u><u>35,540</u></u>	<u><u>2,386</u></u>	<u><u>4,616</u></u>	<u><u>747</u></u>	<u><u>774</u></u>	<u><u>3,914</u></u>	<u><u>47,977</u></u>
Balance at:							
October 1, 2017	35,975	2,386	4,616	747	774	3,914	48,412
Additions	-	-	183	330	35	801	1,349
Deductions	965	376	426	251	234	526	2,778
September 30, 2018	<u>35,010</u>	<u>2,010</u>	<u>4,373</u>	<u>826</u>	<u>575</u>	<u>4,189</u>	<u>46,983</u>
Less unamortized discounts	447	-	-	-	-	-	447
Plus unamortized premiums	37	-	-	-	-	-	37
September 30, 2018	<u><u>\$ 34,600</u></u>	<u><u>\$ 2,010</u></u>	<u><u>\$ 4,373</u></u>	<u><u>\$ 826</u></u>	<u><u>\$ 575</u></u>	<u><u>\$ 4,189</u></u>	<u><u>\$ 46,573</u></u>
Due within one year at:							
September 30, 2017	\$ -	\$ 285	\$ -	\$ 36	\$ -	\$ -	\$ 321
September 30, 2018	-	399	-	35	-	-	434

(1) Certain balance sheet items have been restated due to the implementation of GASB 75. Additions and deductions to the OPEB Liability at September 30, 2017 have been netted. Detail information is not available.

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Note 6 Long-Term Liabilities - Continued

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

<u>Revenue Bonds</u>	<u>2018</u>	<u>2017</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 Bonds, Series 2002B and paying issue costs; \$295 of principal due October 1, 2019 to \$430 due on October 1, 2032; interest at 2.00% to 4.00%	5,015	5,300
\$33,730 Series 2012B Port Authority Revenue Refunding Bonds		
On November 7, 2012, these bonds were issued to prepay all of the Port's Revenue Notes payable to the Florida Local Government Finance Commission, defeasing the Revenue Refunding Bonds, Series 2002A, and paying issue costs; \$695 of principal due October 1, 2019 to \$2,160 due on October 1, 2042; interest at 2.00% to 4.00%	29,995	30,675
Less: unamortized bond discount	(447)	(477)
Plus: unamortized bond premium	37	42
Total revenue bonds	<u>\$ 34,600</u>	<u>\$ 35,540</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 \$104 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, 2018 the interest rate was 3.14%	104	194
 \$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 \$24 on October 1, 2018 to \$21 on September 1, 2024; interest at 3.15%	1,906	2,192
Total notes payable	<u>\$ 2,010</u>	<u>\$ 2,386</u>
 <u>Loans Payable</u>		
\$4,500 Florida Department of Transportation State Infrastructure Bank Loan, 2007		
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 \$237 on October 1, 2019 to \$146 on October 1, 2026; with a maximum principal of \$267 due October 1, 2025; interest at 2.00%	1,907	2,139
 \$4,000 Florida Department of Transportation State Infrastructure Bank Loan, 2017		
On July 11, 2016, this loan was used to finance a portion of the cost to reconstruct and rehabilitate berth 9 and cathodic protection of berths 4,5,12 and 14 and is due in annual installments of \$197 on October 1, 2019 to \$217 on October 1, 2029; with a maximum principal of \$255 due October 1, 2028; interest at 2.92%	2,466	2,477
Total loans payable	<u>\$ 4,373</u>	<u>\$ 4,616</u>

**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, 2018 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, 2018:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 990	\$ 1,253	\$ 2,243
2020	1,015	1,230	2,245
2021	1,045	1,202	2,247
2022	1,070	1,178	2,248
2023	1,100	1,148	2,248
2024-2028	6,015	5,218	11,233
2029-2033	7,080	4,144	11,224
2034-2038	8,545	2,683	11,228
2039-2042	8,150	830	8,980
Total	<u>\$ 35,010</u>	<u>\$ 18,886</u>	<u>\$ 53,896</u>

The annual debt service requirement for the Revenue Notes 2014A and 2014B outstanding as of September 30, 2018 is as follows:

<u>Fiscal year ending September 30, 2018:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 399	\$ 59	\$ 458
2020	303	48	351
2021	313	38	351
2022	324	27	351
2023	334	17	351
2024	337	6	343
Total	<u>\$ 2,010</u>	<u>\$ 195</u>	<u>\$ 2,205</u>

The annual debt service requirement for the Florida Department of Transportation State Infrastructure Bank Loan outstanding as of September 30, 2018 is as follows:

<u>Fiscal year ending September 30, 2018:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 434	\$ 110	\$ 544
2020	445	99	544
2021	454	89	543
2022	466	78	544
2023	477	67	544
2024-2028	1,880	164	2,044
2029	217	6	223
Total	<u>\$ 4,373</u>	<u>\$ 613</u>	<u>\$ 4,986</u>

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

D. New Debt Issues

Fiscal Year 2018:

During the fiscal year, the Port Authority drew down an additional \$183 from the \$4,000 loan agreement with the Florida Department of Transportation State Infrastructure Bank Loan program. As of September 30, the Port has received \$2,880 in loan proceeds.

Fiscal Year 2017:

On July 11, 2016, the Manatee County Port Authority entered into a \$4,000 loan agreement with the Florida Department of Transportation State Infrastructure Bank Loan program. These loan proceeds are to be disbursed to the Port in varying amounts 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. As of September 30, the Port has received \$2,697 in loan proceeds.

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, 2018 and 2017, no amounts had been paid in the current period or cumulatively by either party under this agreement.

Note 7 Lease Revenue

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 \$1,875 and \$1,895 for the years ended September 30, 2018 and 2017, respectively.

**Manatee County Port Authority
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Note 7 Lease Revenue – Continued

The following is a schedule by years of minimum future rental revenues to be received on non-cancellable operating leases as of September 30, 2018:

<u>Fiscal Year</u>	
2019	\$ 1,804
2020	1,647
2021	1,507
2022	1,401
2023	1,214
2024-2028	3,935
2029-2033	3,902
2034-2038	3,760
2039-2043	2,041
2044-2048	895
2049-2053	216
Total minimum future rental revenues	<u>\$ 22,322</u>

The following is a breakdown of capital assets under lease arrangements or available for lease by major asset class as of September 30, 2018:

	<u>Cost of Leased Asset</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 1,213	\$ -	\$ 1,213
Warehouses	32,946	15,615	17,331
Office space	2,251	1,416	835
Cranes	7,939	3,775	4,164
Other	436	401	35
Total	<u>\$ 44,785</u>	<u>\$ 21,207</u>	<u>\$ 23,578</u>

The following is a breakdown of capital assets under lease arrangements or available for lease by major asset class as of September 30, 2017:

	<u>Cost of Leased Asset</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 1,213	\$ -	\$ 1,213
Warehouses	32,946	14,588	18,358
Office space	2,251	1,342	909
Cranes	7,939	3,378	4,561
Other	436	395	41
Total	<u>\$ 44,785</u>	<u>\$ 19,703</u>	<u>\$ 25,082</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>2018</u>	<u>2017</u>
Annual leave	\$ 515	\$ 460
Sick leave	311	287
	<u>\$ 826</u>	<u>\$ 747</u>

**Manatee County Port Authority
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Note 9 Rate Covenants

The Port Authority has outstanding revenue bonds payable, revenue notes, and outstanding loans 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, 2018 and 2017:

The Port Authority Revenue Refunding Bonds, Series 2012A and 2012B 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, 2018 and 2017.

B. Revenue Notes

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 loans, 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, 2018 and 2017.

C. State of Florida Department of Transportation Infrastructure Bank Loans

In both State of Florida Department of Transportation Infrastructure Bank Loan (SIB) agreements, 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, 2018 and 2017.

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, and contribution rates for 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, 2018, FRS covered over 643,000 full-time employees of various governmental units within the State of Florida. At September 30, 2017, the FRS covered approximately 638,000 full-time employees of various governmental units within the State of Florida.

The Florida Division of Retirement issues a publicly available Comprehensive Annual 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.

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Note 10 Retirement Plan - Continued

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 are required to contribute 3% of their salaries to the FRS on a pre-tax basis. Members are immediately vested in their own contributions.

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, 2018 and 2017. 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 0.06% of payroll and by forfeited benefits of plan members as of September 30, 2018 and 2017.

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 eligible retirees and beneficiaries 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 specified employees. 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.

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**Note 10 Retirement Plan - Continued
Plan General Information - Continued**

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.

	2018		2017	
	10/1 - 6/30	7/1 - 9/30	10/1 - 6/30	7/1 - 9/30
Regular	7.92%	8.26%	7.52%	7.92%
Special Risk	23.27%	24.50%	22.57%	23.27%
Senior Management	22.71%	24.06%	21.77%	22.71%
Elected Officials	45.50%	48.70%	42.47%	45.50%
DROP	13.26%	14.03%	12.99%	13.26%

These contribution rates include 1.66% HIS plan subsidy contributions for the same periods. The Port Authority's contributions made during the years ended September 30, 2018, 2017 and 2016 were \$347, \$296, and \$254, respectively, equal to the actuarially determined contribution requirements for each year. The employee contributions were \$99, \$91 and \$93 for fiscal years 2018, 2017, and 2016 respectively.

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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	2.90%	2.90%
Fixed Income	18.00%	4.40%	4.30%
Global equity	54.00%	7.60%	6.30%
Real estate (property)	11.00%	6.60%	6.00%
Private equity	10.00%	10.70%	7.80%
Strategic investments	6.00%	6.00%	5.70%
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, 2017:

<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%	4.50%	4.40%
Global equity	53.00%	7.80%	6.60%
Real estate (property)	10.00%	6.60%	5.90%
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

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Note 10 Retirement Plan – Continued

FRS Pension Plan

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

At September 30, 2018, the Port reported a liability of \$3,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the Port's proportion was 0.010049038%, which was an increase of 0.000536374% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Port recognized pension expense of \$545. At September 30, 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257	\$ 9
Changes of assumptions	989	-
Net difference between projected and actual earnings on pension plan investments	-	234
Changes in proportion and differences between Port contributions and proportionate share of contributions	176	95
Port contributions subsequent to the measurement date	82	-
Total	\$ 1,504	\$ 338

At September 30, 2017, the Port reported a liability of \$2,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017, the Port's proportion was 0.009512664%, which was an increase of 0.000252159% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Port recognized pension expense of \$487. At September 30, 2017, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 258	\$ 16
Changes of assumptions	946	-
Net difference between projected and actual earnings on pension plan investments	-	70
Changes in proportion and differences between Port contributions and proportionate share of contributions	88	144
Port contributions subsequent to the measurement date	72	-
Total	\$ 1,364	\$ 230

Of the total reported as the deferred outflows of resources related to pensions, \$82 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, 2019. \$72 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30:	2018	2017
2018	\$ -	\$ 173
2019	161	172
2020	178	190
2021	197	209
2022	198	228
2023	251	90
Thereafter	99	-

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 10 Retirement Plan – Continued

FRS Pension Plan - Continued

2) Other Key Actuarial Assumptions for the FRS Pension Plan

As of September 30, 2018 the actuarial assumptions that determined the total pension liability as of June 30, 2018 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, 2018, and the measurement date is June 30, 2018. Key assumptions include an inflation rate of 2.60%, salary increases including inflation of 3.25%, and an investment rate of return of 7.00%, 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, 2017 the actuarial assumptions that determined the total pension liability as of June 30, 2017 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, 2017, and the measurement date is June 30, 2017. Key assumptions include an inflation rate of 2.60%, salary increases including inflation of 3.25%, and an investment rate of return of 7.10%, 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.

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, 2018 and 2017 the related discount rate used to measure the total pension liability was 7.00% and 7.10%, 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, 2018 and 2017, calculated using the discount rate of 7.00% for 2018 and 7.10% for 2017, as well as what the Port’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.

<u>Fiscal year ending September 30:</u>	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
2018	\$ 5,524	\$ 3,027	\$ 953
2017	\$ 5,093	\$ 2,814	\$ 922

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, 2018, the Port reported a liability of \$1,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the Port’s proportion was 0.010978185%, which was an increase of 0.000690164% from its proportion measured as of June 30, 2017.

**Manatee County Port Authority
Notes to Financial Statements
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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, 2018, the Port recognized pension expense of \$106. At September 30, 2018, 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	\$ 18	\$ 2
Changes of assumptions	129	123
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	126	137
Port contributions subsequent to the measurement date	16	-
Total	<u>\$ 290</u>	<u>\$ 262</u>

At September 30, 2017, the Port reported a liability of \$1,100 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the Port's proportion was 0.010288021%, which was an increase of 0.000200084% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Port recognized pension expense of \$97. At September 30, 2017, 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	\$ -	\$ 2
Changes of assumptions	155	95
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	79	183
Port contributions subsequent to the measurement date	15	-
Total	<u>\$ 250</u>	<u>\$ 280</u>

Of the total reported as deferred outflows of resources, \$16 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, 2019. \$15 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, 2018. 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>2018</u>	<u>2017</u>
2018	\$ -	\$ (21)
2019	(16)	(21)
2020	(16)	(21)
2021	(7)	(11)
2022	18	13
2023	17	13
Thereafter	16	3

**Manatee County Port Authority
Notes to Financial Statements
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(Amounts expressed in thousands)**

Note 10 Retirement Plan – Continued

Retiree Health Insurance Subsidy - Continued

2) Other Key Actuarial Assumptions

As of September 30, 2018 the actuarial assumptions that determined the total pension liability for the HIS program as of June 30, 2018 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, 2018. 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 3.87% (municipal bond rate). The asset valuation method is fair 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, 2017 the actuarial assumptions that determined the total pension liability for the HIS program as of June 30, 2017 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 3.58% (municipal bond rate). The asset valuation method is fair 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 3.87% (Bond Buyer General Obligation 20-Bond Municipal Bond Index), as of September 30, 2018. The related discount rate used to measure the total pension liability was 3.58% (Bond Buyer General Obligation 20-Bond Municipal Bond Index), as of September 30, 2017.

4) Sensitivity Analysis

The following presents the Port's proportionate share of the net pension liability of the HIS as of September 30, 2018 and 2017, calculated using the discount rate of 3.87% for 2018 and 3.58% for 2017, 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 September 30:	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
2018	\$ 1,323	\$ 1,162	\$ 1,027
	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
2017	\$ 1,255	\$ 1,100	\$ 971

**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.

As such, the following is the pertinent elements of the note disclosure related to Other Post Employment Benefits (OPEB) 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 does not issue a publicly available financial report.

Benefits provided - 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 and their eligible dependents. 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 premium assistance contributions. County premium contributions are made to the Plan for eligible employees retiring after ten years of service. An additional contribution is provided to eligible 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. 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. Retirees pay the entire cost for dental coverage. Term life insurance coverage of one thousand dollars for retirees is fully paid by the County. Retirees electing additional coverage pay the entire cost at age graded rates.

The 2018 premium contributions for medical coverage and retiree counts (expressed in whole numbers) at September 30, 2018 were:

<u>Class of Employees</u>	<u>County Provided Contribution Range</u>	<u>Retiree Count</u>
Retirees with more than 10 years of service	10% - 20%	222
Spouses, survivors, or children of retirees with more than 10 years of service	0% - 11%	18
Retirees with less than 10 years of service	0%	12
Retirees in Senior Care Plan with private insurers	0% - 60%	507
Spouses or survivors of retirees in Senior Care Plans with private insurers	0%	46
		<u>805</u>

The 2017 premium contributions for medical coverage and retiree counts (expressed in whole numbers) at September 30, 2017 were:

<u>Class of Employees</u>	<u>County Provided Contribution Range</u>	<u>Retiree Count</u>
Retirees with more than 10 years of service	22%	252
Spouses, survivors, or children of retirees with more than 10 years of service	0% - 13%	70
Retirees with more than 6 years, up to 10 years of service	0%	5
Retirees in Senior Care Plan with private insurers	21% - 60%	457
Spouses or survivors of retirees in Senior Care Plans with private insurers	0%	45
		<u>829</u>

**Manatee County Port Authority
Notes to Financial Statements
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(Amounts expressed in thousands)**

Note 11 Post Employment Benefits Other Than Pension – Continued

The County purchased individual stop-loss coverage for its health insurance plan in 2018 for \$603 and \$573 for 2017. This stop-loss coverage provides for the County to be reimbursed for benefit claims in excess of \$500 per claim. Reimbursements of \$0 and \$1,393 in fiscal years 2018 and 2017, respectively, were received under this coverage. The County also facilitates retiree participation in certain plans other than its own OPEB plan. In fiscal year 2018, premiums for these other medical and life insurance plans were \$1,293. These additional plans transfer the obligation for benefit payments from the County to the insurance carrier. 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 2018 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; therefore, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 of the Governmental Accounting Standards Board. For fiscal year 2018, the County made \$1,967 in benefit payments, net of retiree contributions of \$3,674. Similar data related to fiscal year 2017 is unavailable due to the current year implementation of GASB 75.

Employees covered by benefit terms – Eligibility for participation in the Plan is limited to full time employees of the County and the County Constitutional Officers who are active participants in the Plan at the time of retirement, who retire and are vested with the Florida Retirement System (FRS) at age 62 or older, 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, 2018 and 2017, 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>2018</u>		<u>2017</u>	
	<u>Medical</u>	<u>Dental</u>	<u>Medical</u>	<u>Dental</u>
Active employees	3,046	2,412	2,931	2,296
Retirees and beneficiaries currently receiving benefits	254	435	829	422
Total membership	3,300	2,847	3,760	2,718

Total OPEB Liability

The Port Authority’s total OPEB liability was measured as of September 30, 2018 as was determined by an actuarial valuation as of June 1, 2018 using the entry age normal cost method. The liabilities are rolled forward from the actuarial valuation date to the measurement date. Liabilities are adjusted for passage of time by adding normal cost minus benefit payments all adjusted with interest. Fiscal year 2018 is the initial year of plan disclosures based on the implementation of GASB 75. Similar data may not be available for earlier periods. Where this is the case, only disclosures related to fiscal year 2018 are presented.

Actuarial assumptions and other inputs – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement. The discount rate used of 3.83% was based on the 20-year general obligation bond index as of October 1, 2018. The inflation rate and payroll growth assumptions used are 2.20% and 3%, respectively. Mortality rates were based on the Generational RP-2000 with Projection Scale BB. Actual coverage, cost sharing and benefits at the time of valuation were used with coverage assumed to continue into retirement. Claims data for the period June 1, 2016 to May 31, 2018 was reported by the County. Medical claims were projected to September 30, 2018 assuming 8 percent annual increases and prescription drugs assuming 6 percent annual increases. Healthcare cost trend assumptions are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. There is no trend applied to the County explicit subsidy. The following baseline assumptions were used as input variables into the medical cost trend model:

Rate of Growth in Real Income/GDP per capita	1.60%
Income Multiplier for Health Spending	1.30
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical US medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

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

There have been no changes in the Plan since the prior valuation. Changes to the assumptions and methods used since the last valuation include the update of mortality decrements to match the assumptions used by the Florida Retirement System for the July 1, 2017 pension valuation and the adjustment to the most recent trend table released by the SOC which includes adjustments for the projected effects of the Cadillac tax provision of the Affordable Care Act.

The following is the Port Authority's proportionate share of the OPEB plans as administered by the County.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 10/01/2017	\$ 774
Changes for the year:	
Service cost	20
Interest	22
Differences between expected and actual	(39)
Changes of assumptions or other inputs	(28)
Benefit payments	(174)
Net changes	<u>(199)</u>
Balance at 09/30/2018	<u>\$ 575</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.50 percent in 2017 to 3.83 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Port Authority using the discount rate of (3.83%), as well as what the Port Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.83%) or one percentage point higher (4.83%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.83%</u>	<u>3.83%</u>	<u>4.83%</u>
Total OPEB liability	\$636	\$575	\$521

Sensitivity of the total OPEB liability to changes in the medical cost trend rates - The following presents the total OPEB liability of the Port Authority using the medical cost trend rate of (3.84%), as well as what the Port Authority's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (2.84%) or one percentage point higher (4.84%) than the current discount rate.

	1% Decrease	Current Medical Cost Trend Rate	1% Increase
	<u>2.84%</u>	<u>3.84%</u>	<u>4.84%</u>
Total OPEB liability	\$505	\$575	\$660

**Manatee County Port Authority
Notes to Financial Statements
September 30, 2018 and 2017
(Amounts expressed in thousands)**

Note 11 Post Employment Benefits Other Than Pension - Continued

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Port Authority recognized OPEB expense of \$35. At September 30, 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>	
Differences between expected and actual experience	\$ -	\$ 35	
Changes of assumptions or other inputs	-	26	
Total	<u>\$ -</u>	<u>\$ 61</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
2019	\$ -	\$ 7	\$ 7
2020	-	7	7
2021	-	7	7
2022	-	7	7
2023	-	7	7
Thereafter	-	26	26
	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 61</u>

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 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.

**Manatee County Port Authority
Notes to Financial Statements
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(Amounts expressed in thousands)**

Note 14 Restatement of Prior Year Balances

As of October 1, 2016, beginning net position was restated due to the implementation of GASB 75.

Net position - October 1, 2016	\$ 96,343
Restatement of net position due to the implementation of GASB 75	<u>663</u>
Net position - October 1, 2016, restated	<u><u>\$ 97,006</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Manatee County Port Authority
Required Supplementary Information for the Current Year
Schedule of Changes in Total Other Post Employment Benefits (OPEB) Other Than Pension Liability
and Other Related Ratios
(Amounts expressed in thousands)

Total OPEB Liability	<u>2018</u>	<u>2017</u> ⁽¹⁾
Service cost	\$ 20	\$ N/A
Interest	22	N/A
Difference between expected and actual experience	(39)	N/A
Changes of assumptions or other inputs	(28)	N/A
Benefit payments	<u>(174)</u>	<u>N/A</u>
Net change in total OPEB liability ⁽²⁾	\$ (199)	\$ (39)
Total OPEB liability - beginning ⁽³⁾	<u>774</u>	<u>813</u>
Total OPEB liability - ending	<u><u>\$ 575</u></u>	<u><u>\$ 774</u></u>
 Covered-employee payroll	 \$ 3,359	 \$ 2,955
 Total OPEB liability as a percentage of covered-employee payroll	 17.12%	 26.19%

(1) Initial year of plan disclosure due to the implementation of GASB 75. No prior data available.

(2) The net change in total OPEB liability for fiscal year 2017 has been netted. Detail related to service cost, interest, difference between expected and actual experience, change of assumptions or other inputs and benefit payments is not available for this period.

(3) The total OPEB liability - beginning balance for fiscal year 2017 has been restated for GASB 75.

Notes to Schedule:

Benefit changes. There have been no changes to the benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.83%
2017	3.50%

Trust. The defined benefit OPEB plan provided is not administered through a trust that meets the criteria of GASB Statement 75, paragraph 4.

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

FRS Pension Plan	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Port's proportion of the net pension liability (asset)	0.010049038%	0.009512664%	0.009260505%	0.008978370%	0.011050059%
Port's proportionate share of the net pension liability (asset)	\$ 3,027	\$ 2,814	\$ 2,338	\$ 1,160	\$ 674
Port's covered payroll ⁽²⁾	\$ 3,048	\$ 2,806	\$ 2,656	\$ 2,501	\$ 2,602
Port's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.31%	100.29%	88.03%	46.38%	25.90%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
HIS Pension Plan	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽¹⁾
Port's proportion of the net pension liability (asset)	0.010978185%	0.010288021%	0.010087937%	0.009542862%	0.011711403%
Port's proportionate share of the net pension liability (asset)	\$ 1,162	\$ 1,100	\$ 1,176	\$ 973	\$ 1,095
Port's covered payroll ⁽²⁾	\$ 3,566	\$ 3,282	\$ 3,139	\$ 3,020	\$ 3,017
Port's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.59%	33.52%	37.46%	32.22%	36.29%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

(2) Covered payroll for the FRS pension plan and the HIS pension plan may differ for Investment plan participant employees.

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

FRS Pension Plan	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>⁽¹⁾
Contractually required contribution	\$ 300	\$ 249	\$ 246	\$ 219
Contributions in relation to the contractually required contribution	<u>(300)</u>	<u>(249)</u>	<u>(246)</u>	<u>(219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Port's covered payroll ⁽²⁾	\$ 3,139	\$ 2,831	\$ 2,807	\$ 2,526
Contributions as a percentage of covered payroll	9.56%	8.80%	8.76%	8.67%
HIS Pension Plan	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>⁽¹⁾
Contractually required contribution	\$ 61	\$ 55	\$ 55	\$ 40
Contributions in relation to the contractually required contribution	<u>(61)</u>	<u>(55)</u>	<u>(55)</u>	<u>(40)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Port's covered payroll ⁽²⁾	\$ 3,666	\$ 3,314	\$ 3,314	\$ 3,037
Contributions as a percentage of covered payroll	1.66%	1.67%	1.67%	1.32%

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

(2) Covered payroll for the FRS pension plan and the HIS pension plan may differ for Investment plan participant employees.

STATISTICAL SECTION

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

	<u>2018</u>	<u>2017</u> ⁽²⁾	<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>
Net investment in capital assets	\$ 94,970	\$ 97,901	\$ 97,216	\$ 93,045	\$ 95,767	\$ 95,214	\$ 87,493	\$ 85,075	\$ 68,653	\$ 65,466
Restricted	2,253	2,252	2,251	2,250	2,250	2,250	3,436	3,529	3,470	3,470
Unrestricted	<u>7,408</u>	<u>2,534</u>	<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>
Total primary government net position	<u>\$ 104,631</u>	<u>\$ 102,687</u>	<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>

(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.

(2) Fiscal year 2017 unrestricted net position has been restated due to the implementation of GASB Statement 75. Fiscal years prior to fiscal year 2017 have not been restated.

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

	<u>2018</u>	<u>2017</u> ⁽¹⁰⁾	<u>2016</u>	<u>2015</u>	<u>2014</u> ⁽⁹⁾	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:										
Dock operations	\$ 9,537	\$ 7,167	\$ 6,273	\$ 5,178	\$ 4,837	\$ 5,289	\$ 5,530	\$ 4,839	\$ 6,064	\$ 5,963
Land operations	5,936	5,507	5,244	4,559	4,157	4,348	4,068	4,623	4,840	4,281
Miscellaneous	394	1,055	432	477	433	314	506	509	1,024	635
Total operating revenues ⁽¹⁾	<u>15,867</u>	<u>13,729</u>	<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>
Operating expenses:										
Personal services	5,062	4,614	4,392	3,955	4,032	4,541	4,536	4,827	4,962	5,032
Administration and marketing ⁽²⁾	1,231	1,204	1,393	1,264	989	1,343	1,386	1,810	2,845	1,383
Engineering and maintenance	957	334	456	312	390	446	560	546	632	457
Port operations ⁽³⁾	1,280	1,248	1,220	1,250	2,802	1,749	1,929	1,404	1,563	1,515
Depreciation and amortization	5,362	5,149	4,932	5,205	5,200	5,135	5,204	4,995	4,691	4,295
Total operating expenses	<u>13,892</u>	<u>12,549</u>	<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>
Operating Income (loss)	<u>1,975</u>	<u>1,180</u>	<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>
Nonoperating revenues (expenses):										
Operating grants and contributions ⁽³⁾	620	541	710	447	2,055	781	1,189	549	464	446
Interest income ⁽⁴⁾	198	76	72	73	30	433	174	200	337	429
Interest expense ⁽⁵⁾	(1,524)	(1,474)	(1,541)	(1,579)	(1,798)	(1,680)	(1,383)	(1,452)	(1,420)	(1,676)
Debt issue cost	-	-	-	-	(34)	(461)	(8)	(15)	(22)	-
Gain (loss) on disposition of assets	(7)	27	-	(123)	(37)	(1)	3	(13)	2	(45)
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>(713)</u>	<u>(830)</u>	<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>
Income (loss) before capital grants and contributions	<u>1,262</u>	<u>350</u>	<u>(1,398)</u>	<u>(3,084)</u>	<u>(3,812)</u>	<u>(4,199)</u>	<u>(2,585)</u>	<u>(4,530)</u>	<u>(3,404)</u>	<u>(2,649)</u>
Capital grants and contributions ⁽⁸⁾	<u>682</u>	<u>5,331</u>	<u>6,352</u>	<u>733</u>	<u>4,550</u>	<u>10,278</u>	<u>5,668</u>	<u>14,442</u>	<u>4,964</u>	<u>3,160</u>
Change in net position	<u>\$ 1,944</u>	<u>\$ 5,681</u>	<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>

- (1) In fiscal year 2011, 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, 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 years 2016, 2017 and 2018, dockage and wharfage increased due to an increase in importing petroleum products. In 2017, there was an increase in security services as business increased.
- (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 which ended in fiscal year 2013.
- (3) In 2014, Port operations expenses and operating grants and contributions 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. In 2016, Port operating grants and contributions increased due to reimbursement revenue of \$98 for the master plan update and \$165 for the Emergency Communication Center.
- (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 2009, interest rates declined 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 2015, 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 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 in capital contributions 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. In 2017, capital grants decreased due to the completion of the South Gate project.
- (9) 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.
- (10) Certain fiscal year 2017 expenses have been restated due to the implementation of GASB Statement 75. Fiscal years prior to fiscal year 2017 have not been restated for GASB 75.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Wharfage	\$ 4,882	\$ 4,078	\$ 3,546	\$ 3,204	\$ 2,836	\$ 2,668	\$ 3,147	\$ 2,336	\$ 3,109	\$ 3,137
Dockage	4,131	2,598	2,310	1,656	1,758	2,317	2,080	2,206	2,566	2,484
Other	524	491	417	318	243	304	303	297	389	342
Total	<u>\$ 9,537</u>	<u>\$ 7,167</u>	<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>
Cargo tonnage	4,616	3,260	2,339	1,977	2,028	2,648	2,288	2,689	3,370	3,176
Average wharfage revenue per cargo ton (not in thousands)	\$ 1.06	\$ 1.25	\$ 1.52	\$ 1.62	\$ 1.40	\$ 1.01	\$ 1.38	\$ 0.87	\$ 0.92	\$ 0.99
Berth linear feet	7.243	7.243	7.243	7.243	7.243	6.899	6.899	6.899	6.702	6.702
Average dockage revenue per berth linear foot (not in thousands)	\$ 570	\$ 359	\$ 319	\$ 229	\$ 243	\$ 336	\$ 301	\$ 320	\$ 383	\$ 371

Source: Manatee County Port Authority

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

	<u>Wharfage Revenue</u>						Customer:	<u>Dockage Revenue</u>					
	<u>2018</u>			<u>2009</u>				<u>2018</u>			<u>2009</u>		
Customer:	<u>Revenue</u>	<u>Rank</u>	<u>Percentage</u>	<u>Revenue</u>	<u>Rank</u>	<u>Percentage</u>	<u>Revenue</u>	<u>Rank</u>	<u>Percentage</u>	<u>Revenue</u>	<u>Rank</u>	<u>Percentage</u>	
Transmontaigne	\$ 1,192	1	24%	\$ -	-	-	Transmontaigne	\$ 694	1	17%	\$ -	-	-
Del Monte Fresh Produce	967	2	20%	946	1	30%	Mosaic	678	2	16%	-	-	-
Gearbulk	440	3	9%	264	3	8%	Logistec Gulf Coast	564	3	14%	-	-	-
Martin Marietta Aggregate	436	4	9%	-	-	-	Kinder Morgan	497	4	12%	-	-	-
Citrosuco	267	5	6%	-	-	-	Citrosuco	388	5	9%	178	5	7%
Pakhoed Dry Bulk Term	-	-	-	292	2	9%	Pakhoed Dry Bulk Term	-	-	-	629	1	25%
Vulcan Distribution	-	-	-	209	4	7%	Coastal Tug & Barge	-	-	-	423	2	17%
Coastal Fuels Marketing	-	-	-	187	5	6%	Gearbulk	-	-	-	261	3	11%
	-	-	-	-	-	-	Citrus Products	-	-	-	192	4	8%
Total	<u>3,302</u>		<u>68%</u>	<u>1,898</u>		<u>60%</u>	Total	<u>2,821</u>		<u>68%</u>	<u>1,683</u>		<u>68%</u>
Total wharfage revenue	<u>\$ 4,882</u>		<u>100%</u>	<u>\$ 3,137</u>		<u>100%</u>	Total dockage revenue	<u>\$ 4,131</u>		<u>100%</u>	<u>\$ 2,484</u>		<u>100%</u>

Source: Manatee County Port Authority

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Dockage Rates (GRT) ⁽¹⁾										
Motor vessels	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
Barges	0.28	0.27	0.26	0.25	0.24	0.23	0.23	0.22	0.22	0.22
Dockage Rates (LOA)										
Length (feet)										
0-199	2.88	2.77	2.69	2.61	2.51	2.44	2.30	2.15	2.15	2.15
200-299	3.69	3.55	3.45	3.35	3.22	3.13	2.95	2.80	2.80	2.80
300-399	3.69	3.55	3.45	3.35	3.22	3.13	2.95	2.80	2.80	2.80
400-499	4.88	4.69	4.55	4.42	4.25	4.13	3.90	3.82	3.82	3.82
500-599	6.61	6.36	6.17	5.99	5.76	5.59	5.27	5.10	5.10	5.10
600-699	7.66	7.37	7.16	6.95	6.68	6.49	6.12	5.86	5.86	5.86
700-799	9.78	9.40	9.13	8.86	8.52	8.27	7.80	7.65	7.65	7.65
800-899	11.75	11.30	10.98	10.66	10.25	9.95	9.39	9.25	9.25	9.25
900-over	14.62	14.06	13.65	13.25	13.12	12.74	12.02	11.90	11.90	11.90
Wharfage Rates (per ton)										
Articles - general	\$ 2.56	\$ 2.46	\$ 2.37	\$ 2.37	\$ 2.37	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Automobiles/light trucks										
new - all weights ⁽²⁾	4.00	3.85	3.70	3.70	3.70	-	-	-	-	-
used - less than 10,000 lbs. each	5.56	5.35	5.14	4.94	4.94	4.80	4.80	4.80	4.80	4.80
used - greater than 10,000 lbs. each	7.99	7.68	7.38	7.10	7.10	7.28	7.28	7.28	7.28	7.28
Bagged goods USDA PUBLIC LAW 480	0.48	0.46	0.44	0.42	0.40	0.39	0.39	0.37	0.37	0.37
Bulk commodities	.34-1.33	.33-1.28	.32-1.23	.31-1.18	.30-1.13	.29-1.10	.29-1.10	.28-1.10	.28-1.10	.28-1.10
Citrus, fruit juices, related beverages	1.93	1.86	1.79	1.72	1.65	1.60	1.60	1.60	1.60	1.60
Construction materials	1.35-2.86	1.30-2.75	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
Containerized cargo	2.10	2.02	2.02	1.96	1.96	1.90	1.90	1.90	1.90	1.90
Fertilizer, bagged	1.93	1.86	1.79	1.72	1.72	1.67	1.62	1.60	1.60	1.60
Flour, sugar, rice bagged	1.41	1.36	1.36	1.31	1.26	1.22	1.22	1.22	1.22	1.22
Glass (in crates or containers)	2.12	2.04	1.96	1.88	1.81	1.76	1.76	1.60	1.60	1.60
Fruits/vegetables	1.92	1.85	1.78	1.71	1.64	1.84	1.80	1.80	1.80	1.80
Limestone in super sacks	1.04	1.00	0.96	0.92	0.88	0.85	0.85	0.85	0.85	0.85
Melons	2.02	1.94	1.87	1.80	1.73	1.68	1.60	1.60	1.60	1.60
Paper products	1.36-2.34	1.31-2.25	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
Petroleum products in barrels or cases	1.87	1.80	1.73	1.66	1.60	1.55	1.55	1.55	1.55	1.55
Products, chilled or frozen USDA products	2.24	2.15	2.07	1.99	1.91	1.85	1.85	1.77	1.77	1.77

(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 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)**

2018

<u>Customer</u>	<u>Type of Business</u>	<u>Billings</u>	<u>% of Total Billings</u>
A.R. Savage & Son	Agent	\$ 2,043,683	14.12%
TransMontaigne	Petroleum products	1,366,578	9.44%
Del Monte Fresh Produce N.A., Inc./Network Shipping	Imports/exports containerized cargo	1,326,749	9.16%
Arrow Terminals, Inc.	Imports lumber & steel products	1,024,732	7.08%
Martin Marietta Aggregate	Imports aggregate	880,342	6.08%
Norton Lilly	Agent	832,070	5.75%
World Direct Shipping	Imports/exports various cargoes	767,383	5.30%
Logistec USA	Stevedore	620,131	4.28%
Citrosuco	Imports juice	576,984	3.99%
Federal Marine Terminal	Stevedore	544,631	3.76%
			<u>68.96%</u>

2009

<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	\$ 1,378,265	14.51%
Arrow Terminals, Inc.	Imports lumber products	1,138,431	11.98%
Eastern Cement	Imports cement	842,706	8.87%
Federal Marine Terminal	Imports/exports general bulk products	554,129	5.83%
Pakhoed Dry Bulk Term, Inc.	Exports fertilizer	457,878	4.82%
Trans-Atlantic Agencies, Inc.	Agent	404,769	4.26%
Coastal Tug & Barge, Inc.	Vessel towing	403,429	4.25%
Coastal Fuels Marketing, Inc.	Vessel fuel supplier	376,620	3.96%
Cargill Marine and Terminal, Inc.	Agent	373,871	3.93%
CSX Transportation	Railroad transportation	349,336	3.68%
			<u>66.09%</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)**

Fiscal Year	Revenue Bonds ⁽¹⁾	Notes Payable	Loans Payable	Capital Leases	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2009	\$ 23,465	\$ -	\$ 26,690	\$ -	\$ 50,155	0.35%	\$ 152
2010	22,032	-	28,375	-	50,407	0.38%	158
2011	20,636	-	28,007	-	48,643	0.38%	150
2012	19,178	-	28,443	-	47,621	0.39%	144
2013	39,031	499	6,246	-	45,776	0.34%	137
2014	38,192	3,453	2,809	-	44,454	0.28%	132
2015	37,333	3,102	2,590	-	43,025	0.29%	126
2016	36,449	2,745	2,367	-	41,561	0.26%	117
2017	35,540	2,386	4,616	-	42,542	0.25%	115
2018 ⁽³⁾	34,600	2,010	4,373	-	40,983	0.23%	108

(1) Revenue bonds payable net of any applicable unamortized discounts and/or premiums

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

(3) 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)

Fiscal Year	Gross Revenue ⁽²⁾	Expenses ⁽³⁾	Net Revenue Available Debt Service	Debt Service Requirement			Annual Debt Service Requirements ⁽⁴⁾	Coverage ⁽⁵⁾
				Principal	Interest	Maximum Annual Debt Service Requirements		
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
2017 ⁽⁷⁾	14,346	7,400	6,946	935	1,310	-	2,245	3.09
2018	16,685	8,530	8,155	965	1,282	-	2,247	3.63

- (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.
- (7) Certain fiscal year 2017 balances have been restated due to the implementation of GASB Statement 75. Fiscal years prior to fiscal year 2017 have not been restated for GASB 75.

Manatee County Port Authority
Schedule of State Infrastructure Bank (SIB) Loan Coverage
Last Ten Fiscal Years
(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 Loans	Coverage ⁽³⁾
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 ⁽⁴⁾	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
2017 ⁽⁵⁾⁽⁶⁾	6,499	2,245	4,254	544	7.82
2018	7,708	2,247	5,461	544	10.04

(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 agreements 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) 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.

(5) In fiscal year 2017, SIB loans includes both the 2007 and 2017 loans.

(6) Certain fiscal year 2017 balances have been restated due to the implementation of GASB Statement 75. Fiscal years prior to fiscal year 2017 have not been restated.

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

Fiscal Year	Net Resources Available Debt Service ⁽¹⁾	Debt Service Requirements Senior Debt ⁽²⁾	Debt Service Requirements SIB Loans ⁽⁴⁾	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
2017 ⁽⁵⁾	9,497	2,245	544	357	3,146	3.02
2018	15,563	2,247	544	356	3,147	4.95

(1) "Net Resources 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) non-ad valorem revenues, (b) restricted grants or donations, (c) revenues received from or in connection with Special Purpose Facilities financed with Special Purpose Bonds and (d) capital contributions, 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, plus unrestricted net assets in each fiscal year of the Authority. Notwithstanding the foregoing, sales tax funds are not pledged to pay debt service on the Notes.

(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 resources 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) Beginning fiscal year 2017, SIB loans include both the 2007 and 2017 loans.

(5) Certain fiscal year 2017 balances have been restated due to the implementation of GASB Statement 75.

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

	<u>2018</u>	<u>2017</u> ⁽⁷⁾	<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>
Operating revenues:										
Dock operations	\$ 9,537	\$ 7,167	\$ 6,273	\$ 5,178	\$ 4,837	\$ 5,289	5,530	\$ 4,839	\$ 6,064	\$ 5,963
Land operations	5,936	5,507	5,244	4,559	4,157	4,348	4,068	4,623	4,840	4,281
Miscellaneous	394	1,055	432	477	433	314	506	509	1,024	635
Total operating revenues	<u>15,867</u>	<u>13,729</u>	<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>
Operating expenses: ⁽¹⁾										
Personal services	5,062	4,614	4,392	3,955	4,032	4,541	4,536	4,827	4,962	5,032
Administration and marketing	1,231	1,204	1,393	1,264	989	1,343	1,386	1,810	2,845	1,383
Engineering and maintenance	957	334	456	312	390	446	560	546	632	457
Port operations	1,280	1,248	1,220	1,250	2,802	1,749	1,929	1,404	1,563	1,515
Total operating expenses	<u>8,530</u>	<u>7,400</u>	<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>
Net revenues	<u>7,337</u>	<u>6,329</u>	<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>
Nonoperating revenues:										
Operating grants	173	94	263	-	1,608	334	743	103	18	-
State funding ⁽²⁾	447	447	447	447	447	447	446	446	446	446
Interest income ⁽³⁾	198	76	72	73	30	433	163	200	337	429
Total nonoperating revenues	<u>818</u>	<u>617</u>	<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>
Net revenue available for payment of senior debt service	8,155	6,946	5,270	3,953	3,299	3,086	3,045	2,133	2,727	3,367
Less: Annual debt service requirement on senior debt ⁽⁴⁾	<u>2,247</u>	<u>2,245</u>	<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>
Surplus Port revenues ⁽⁵⁾	<u>\$ 5,908</u>	<u>\$ 4,701</u>	<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>

(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 2009 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.

(7) Certain fiscal year 2017 balances have been restated due to the implementation of GASB Statement 75. Fiscal years prior to fiscal year 2017 have not been restated for GASB 75.

**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)
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%
2017	368,782	45,900	16,927,094	46	48,867	3.3%
2018	377,826	47,300	17,871,170	46	49,152	2.9%

Sources:

- (1) Office of Economic and Demographic Research, State of Florida
- (2) Information from U.S. Bureau of Economic Analysis and estimated 2009 through 2018 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	2018			2009		
	Employees (1)	Rank	Percentage of Total County Employment	Employees (1)	Rank	Percentage of Total County Employment
Manatee County School Board	5,695	1	3.28%	5,300	1	4.24%
Manatee County Government	1,944	2	1.12%	1,864	2	1.49%
Beall's Inc.	1,732	3	1.00%	1,500	5	1.20%
Manatee Memorial Hospital	1,200	4	0.69%	1,500	4	1.20%
Manatee County Sheriff's Department	1,176	5	0.68%	1,067	7	0.85%
Tropicana Products, Inc.	1,000	6	0.58%	1,500	3	1.20%
Publix	994	7	0.57%	860	8	0.69%
Blake Medical Center	849	8	0.49%	1,156	6	0.92%
IMG Academies	700	9	0.40%	-	-	-
Feld Entertainment	600	10	0.35%	-	-	-
TriNet	600	10	0.35%	-	-	-
Hoverround	-	-	-	670	9	0.54%
City of Bradenton	-	-	-	583	10	0.47%
Total number of individuals employed within Manatee County (2)	173,486			124,962		

Sources:

- 1) Bradenton Area 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cargo ships ⁽¹⁾	\$ 8,493	\$ 6,064	\$ 5,436	\$ 4,804	\$ 4,302	\$ 4,733	\$ 4,705	\$ 4,124	\$ 5,022	\$ 4,824
Other ships/barges ⁽¹⁾	<u>1,044</u>	<u>1,103</u>	<u>837</u>	<u>374</u>	<u>535</u>	<u>556</u>	<u>825</u>	<u>715</u>	<u>1,042</u>	<u>1,139</u>
Total ship related operating revenues	<u>9,537</u>	<u>7,167</u>	<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>
Land leases ⁽²⁾	1,875	1,895	1,925	2,722	2,367	2,350	2,625	3,062	2,763	2,844
Rail ⁽³⁾	341	432	194	171	309	625	468	395	456	393
Storage ⁽⁴⁾	1,798	1,526	1,804	443	306	258	142	207	114	61
Miscellaneous ⁽⁵⁾	<u>2,316</u>	<u>2,709</u>	<u>1,753</u>	<u>1,700</u>	<u>1,608</u>	<u>1,429</u>	<u>1,339</u>	<u>1,468</u>	<u>2,531</u>	<u>1,618</u>
Total non-ship related operating revenues	<u>6,330</u>	<u>6,562</u>	<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>
Total operating revenues	<u>\$ 15,867</u>	<u>\$ 13,729</u>	<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>

- (1) In fiscal year 2011, 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, 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. In fiscal year 2017, ship related revenue continued to increase due to sulphur and petroleum products. In fiscal year 2018 ship related revenue continued to increase due to petroleum, juice and phosphoric rock imports.
- (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. In 2017, rail revenues increased due to fertilizer cargo that had been in decline since 2015.
- (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 and the demand for storage rose significantly.
- (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 an increase in 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 an increase in fly ash and juice. In 2017, TWIC escort and guard service revenue was up due to an increase in hazardous materials.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Liquid Bulk Cargoes										
Ethanol	86	46	32	2	-	-	-	-	-	-
Gasoline	795	528	386	141	24	137	5	40	25	7
Other petroleum products ⁽¹⁾	544	266	206	43	217	265	363	547	1,099	887
Other	250	181	123	163	154	113	156	275	243	266
	<u>1,675</u>	<u>1,021</u>	<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>
Dry Bulk Cargoes										
Fertilizers	375	368	147	123	422	817	808	864	858	769
Cement/clinkers/fly ash	224	139	117	154	-	-	-	-	4	72
Aggregate	639	566	390	397	384	477	129	321	350	332
Other	732	254	156	132	171	325	285	131	153	167
	<u>1,970</u>	<u>1,327</u>	<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>
General Cargoes										
Food products	467	442	431	499	424	351	397	378	391	361
Paper and lumber	216	191	124	132	112	68	65	53	87	163
Water sales	12	12	11	9	8	8	8	8	12	22
Construction products	160	166	145	125	104	77	54	48	67	87
Other	116	101	71	57	8	10	18	24	81	43
	<u>971</u>	<u>912</u>	<u>782</u>	<u>822</u>	<u>656</u>	<u>514</u>	<u>542</u>	<u>511</u>	<u>638</u>	<u>676</u>
Total cargo tonnage	<u>4,616</u>	<u>3,260</u>	<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>
Imports	4,170	2,764	2,135	1,809	1,471	1,678	1,235	1,516	2,098	2,331
Exports	446	496	204	168	557	970	1,053	1,173	1,272	845
Total cargo tonnage	<u>4,616</u>	<u>3,260</u>	<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>

Source: Manatee County Port Authority

(1) In fiscal year 2016, certain types of cargo have been combined for consistent presentation. Prior year amounts were reclassified to conform to current categories.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</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	40	40	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	207,000	207,000	202,000	202,000
Railroad track (miles) ⁽¹⁾	7	7	7	7	7	7	8	8	8	8
Berthing space (linear feet)	7,243	7,243	7,243	7,243	7,243	6,899	6,899	6,899	6,702	6,702
Number of berths	10	10	10	10	10	9	9	9	9	8
Refrigerated container hookups	328	328	208	208	208	208	208	208	168	168
Mobile harbor container cranes	2	2	2	2	2	2	2	2	2	1

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

Source: Manatee County Port Authority

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Administration	10	9	9	8	8	10	10	10	9	9
Administration - communications ⁽²⁾	2	2	-	-	-	-	-	-	-	-
Administration - scales	3	3	2	2	2	2	2	2	2	2
Engineering	1	1	1	1	1	2	2	2	3	3
Sales and marketing	2	2	4	5	3	2	3	5	4	4
Operations - yard/general	2	2	2	2	3	3	3	5	6	6
Operations - safety/security	27	19	19	19	19	17	17	17	18	18
Operations - railroad	2	2	2	2	3	7	7	7	6	6
Maintenance	17	13	13	13	13	11	12	13	12	12
Total employees by function	<u>66</u>	<u>53</u>	<u>52</u>	<u>52</u>	<u>52</u>	<u>54</u>	<u>56</u>	<u>61</u>	<u>60</u>	<u>60</u>

(2) In 2017, part of the sales and marketing department was reclassified as administration - communications.

Source: Manatee County Port Authority

OTHER INFORMATION

**Manatee County Port Authority
Bond Issues - Description
September 30, 2018
(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>1,590</u>	<u>3,735</u>
Balance outstanding	<u>\$ 5,015</u>	<u>\$ 29,995</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 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	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, 2018
(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>
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>\$ 5,015</u>	<u>\$ 1,202</u>	<u>\$ 6,217</u>	<u>\$ 29,995</u>	<u>\$ 17,684</u>	<u>\$ 47,679</u>

**Manatee County Port Authority
Schedules of Debt Service Requirements
September 30, 2018
(Amounts expressed in thousands)**

Revenue Notes

Fiscal Year	Series 2014A Notes			Series 2014B Notes		
	Principal	Interest	Total	Principal	Interest	Total
2019	104	3	107	295	56	351
2020	-	-	-	303	48	351
2021	-	-	-	313	38	351
2022	-	-	-	324	27	351
2023	-	-	-	334	17	351
2024	-	-	-	337	6	343
	<u>\$ 104</u>	<u>\$ 3</u>	<u>\$ 107</u>	<u>\$ 1,906</u>	<u>\$ 192</u>	<u>\$ 2,098</u>

Interest is calculated at 3.14%.

Interest is calculated at 3.15%.

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

Fiscal Year	2007 Loan			2017 Loan		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 237	\$ 38	\$ 275	\$ 197	\$ 72	\$ 269
2020	242	33	275	203	66	269
2021	246	29	275	208	60	268
2022	251	24	275	215	54	269
2023	256	19	275	221	48	269
2024	262	13	275	227	42	269
2025	267	8	275	234	35	269
2026	146	3	149	241	28	269
2027	-	-	-	248	21	269
2028	-	-	-	255	14	269
2029	-	-	-	217	6	223
	<u>\$ 1,907</u>	<u>\$ 167</u>	<u>\$ 2,074</u>	<u>\$ 2,466</u>	<u>\$ 446</u>	<u>\$ 2,912</u>

Interest is calculated at 2.00%.

Interest is calculated at 2.92%.

**Manatee County, Florida
Schedule of Debt Service
Payable from Non-Ad Valorem Revenue Sources
September 30, 2018
(Amounts expressed in thousands)**

Fiscal Year	Revenue Refunding and Improvement Bonds, Series 2013	Revenue Improvement Note, 2013	Revenue Improvement Bonds, Series 2014	Revenue Improvement Bonds, Series 2016	Revenue Improvement Note, 2018	Manatee County School Board Infrastructure Loan, 2018	Total Annual Debt Service ⁽¹⁾
2019	\$ 12,604	\$ 393	\$ 502	\$ 5,061	\$ 36,400	\$ -	\$ 54,960
2020	12,782	402	518	5,056	-	-	18,758
2021	8,865	415	395	2,783	-	-	12,458
2022	3,177	428	407	2,784	-	820	7,616
2023	3,179	443	419	2,785	-	690	7,516
2024	3,181	456	432	2,784	-	678	7,531
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>59,132</u>	\$ <u>7,169</u>	\$ <u>7,615</u>	\$ <u>25,506</u>	\$ <u>36,400</u>	\$ <u>2,188</u>	\$ <u>138,010</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, 2018 and 2017
(Amounts expressed in thousands)

	<u>Revenue Bonds, Series 2012A and 2012B</u>		<u>State Infrastructure Bank Loans</u>		<u>Revenue Note 2014A and 2014B</u>	
	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>2018</u>	<u>2017⁽¹⁾</u>
Operating revenues	\$ 15,867	\$ 13,729	\$ 15,867	\$ 13,729	\$ 15,867	\$ 13,729
Add resources available for debt service coverage not included as operating revenues in financial statements:						
Operating grants	173	94	173	94	173	94
Interest earned	198	76	198	76	198	76
Unrestricted Net Assets ⁽⁴⁾	-	-	-	-	7,408	2,534
State sales tax ⁽²⁾⁽⁵⁾	447	447	-	-	447	447
Total resources available for debt service coverage	<u>16,685</u>	<u>14,346</u>	<u>16,238</u>	<u>13,899</u>	<u>24,093</u>	<u>16,880</u>
Less: Operating expenses (excluding depreciation and amortization)	<u>8,530</u>	<u>7,400</u>	<u>8,530</u>	<u>7,400</u>	<u>8,530</u>	<u>7,383</u>
Net resources available for debt service before deductions debt service on senior and parity debt	8,155	6,946	7,708	6,499	15,563	9,497
Debt service requirement on senior and parity debt ⁽³⁾	<u>NA</u>	<u>NA</u>	<u>(2,247)</u>	<u>(2,245)</u>	<u>NA</u>	<u>NA</u>
Net resources available for debt service	<u>\$ 8,155</u>	<u>\$ 6,946</u>	<u>\$ 5,461</u>	<u>\$ 4,254</u>	<u>\$ 15,563</u>	<u>\$ 9,497</u>
Annual debt service requirement ⁽³⁾	\$ 2,247	\$ 2,245	\$ 544	\$ 544	\$ 3,147	\$ 3,146
Debt service coverage	363%	309%	1004%	782%	495%	302%

(1) Certain fiscal year 2017 expenses have been restated due to the implementation of GASB 75.

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

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

(4) Debt covenants for the 2014A and 2014B Notes include "Unrestricted Net Assets" in the calculation for debt service coverage.

(5) State sales tax revenues are not pledged as revenue for the 2014A and 2014B Revenue Notes but are included in the coverage calculation per debt covenants.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Permit fees	\$ 827	\$ 771	\$ 781	\$ 720	\$ 484
State revenue sharing ⁽¹⁾	9,957	9,388	8,884	8,543	7,797
Sheriff program reimbursements	204	191	105	105	97
Mobile home licenses	274	273	281	272	276
Communication service tax	3,324	3,300	3,307	3,316	3,817
1/2 Cent sales tax	26,580	25,401	24,445	23,250	23,671
Infrastructure sales surtax	25,225	17,438	-	-	-
Planning and zoning fees	4,109	3,347	3,354	3,319	2,970
Elected officials excess fees	6,430	7,001	6,298	5,910	6,099
Interest	2,266	1,211	905	678	446
Charges for services	16,156	17,161	20,420	19,513	17,090
Payments in lieu of taxes & franchise fees	11,567	11,131	10,594	10,039	9,685
Tax increment refund	-	-	-	1,162	1,064
Road assessments	18	42	51	59	72
Indirect cost recovery	11,903	11,045	11,863	11,284	9,963
Miscellaneous	8,624	5,343	3,879	5,486	3,819
Non-revenue interfund transfers	4,087	6,887	6,096	9,464	6,175
Subtotal	<u>131,551</u>	<u>119,930</u>	<u>101,263</u>	<u>103,120</u>	<u>93,525</u>
Fines & forfeitures ⁽²⁾	1,717	1,622	1,572	1,502	2,358
Gas taxes ⁽³⁾	21,391	21,437	20,855	19,776	18,333
Legally available revenues before General Operating & Maintenance Expense (O&M)	<u>154,659</u>	<u>142,989</u>	<u>123,690</u>	<u>124,398</u>	<u>114,216</u>
Less General O&M not supported by Ad Valorem taxes ⁽⁴⁾	<u>103,692</u>	<u>101,673</u>	<u>101,714</u>	<u>102,884</u>	<u>95,046</u>
Net legally available revenues for debt service	<u>50,967</u>	<u>41,316</u>	<u>21,976</u>	<u>21,514</u>	<u>19,170</u>
Beginning fund balances: ⁽⁵⁾					
General fund	83,875	81,539	66,252	69,810	74,194
Transportation trust fund	25,547	24,566	22,690	24,624	26,014
Total net legally available funds available for non-ad valorem commitments	<u>160,389</u>	<u>147,421</u>	<u>110,918</u>	<u>115,948</u>	<u>119,378</u>
Less non-ad valorem commitments: ⁽⁶⁾					
2004 Transportation Revenue Refunding and Improvement Bonds	-	-	-	-	2,940
2004 Revenue Improvement Bonds	-	-	-	-	1,651
2006 Revenue Improvement Bonds	-	-	4,463	4,465	4,463
2010 Revenue Refunding Bonds	-	1,719	1,720	1,712	2,568
2013 Revenue Refunding and Improvement Bonds	12,582	12,779	8,126	8,123	3,719
2013 Revenue Improvement Note	380	368	357	345	220
2014 Revenue Improvement Bond	444	481	472	287	-
2016 Revenue Improvement Bond	5,061	5,059	2,631	-	-
2016 Revenue Improvement Note ⁽⁸⁾	18,738	203	68	-	-
2018 Revenue Refunding and Improvement Note ⁽⁸⁾	297	-	-	-	-
Total net legally available funds for debt service and net position ⁽⁷⁾	<u>\$ 122,887</u>	<u>\$ 126,812</u>	<u>\$ 93,081</u>	<u>\$ 101,016</u>	<u>\$ 103,817</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) 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.

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) 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.

8) In FY2018 the 2016 Revenue Improvement Note was paid off and the 2018 Revenue Refunding and Improvement Note was added.

**INDEPENDENT AUDITORS' 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"), a component unit of Manatee County, Florida, as of and for the years ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated March 29, 2019.

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 opinion 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs, & Ingram, LLC

Bradenton, Florida

March 29, 2019