

**CANAVERAL PORT AUTHORITY**

**FINANCIAL STATEMENTS**

**YEARS ENDED**

**SEPTEMBER 30, 2007 AND 2006**

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# CANAVERAL PORT AUTHORITY

Years Ended September 30, 2007 and 2006

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# CANAVERAL PORT AUTHORITY

Public Officials

At September 30, 2007

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Tom Goodson  
Chairman

Joe D. Matheny  
Vice Chairman

Rodney S. Ketcham  
Secretary-Treasurer

Ralph J. Kennedy  
Commissioner

Raymond P. Sharkey  
Commissioner

J. Stanley Payne  
Chief Executive Officer

Harold Bistline  
Port Attorney

Jon O. Brazee, P.E.  
Chief Engineer/Deputy Executive Director

Robert Giangrisostomi  
Business Development/Senior Deputy Executive Director

Margaret T. Starkey  
Chief Financial Officer/Deputy Executive Director

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Hoyman Dobson

## Independent Auditors' Report

The Board of Commissioners  
Canaveral Port Authority

We have audited the accompanying basic financial statements of the Canaveral Port Authority as of and for the years ended September 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Canaveral Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Canaveral Port Authority as of September 30, 2007 and 2006, and the changes in its financial position, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2008, on our consideration of Canaveral Port Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages ix through xiv is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted

### Certified Public Accountants

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The Board of Commissioners  
Canaveral Port Authority  
Page Two

principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Canaveral Port Authority's basic financial statements. The financial information listed as supplementary information on pages 32 through 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information related to the 2007, 2006, 2005, 2004, and 2003 financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Hoyman Dobson**  
Melbourne, Florida  
February 11, 2008

## Management's Discussion and Analysis

As management of the Canaveral Port Authority, we offer readers of the Canaveral Port Authority's financial statements this narrative overview and analysis of the financial activities of the Canaveral Port Authority for the fiscal years ended September 30, 2007 and 2006. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

### Financial Highlights

- The assets of the Canaveral Port Authority exceeded its liabilities at the close of the most recent fiscal year by \$192,041 (*net assets*). Of this amount, \$29,614 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to creditors.
- The Authority's total net assets increased by \$12,441. This increase consists of \$10,832 of income before capital contributions, and \$1,609 of capital contributions.
- At the end of the current fiscal year, unrestricted net assets were 76 percent of total expenses.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Canaveral Port Authority's basic financial statements. The Canaveral Port Authority's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The statement of net assets presents information on all of the Canaveral Port Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Canaveral Port Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net assets presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The basic enterprise fund financial statements can be found on pages 2-6 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 9-30 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. This supplementary information can be found on pages 32-49 of this report.

### Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. Assets exceeded liabilities as of September 30, 2007 and 2006 by \$192,041 and \$179,600, respectively.

The following table reflects the condensed statement of net assets:

#### Canaveral Port Authority's Net Assets (in thousands)

	2007	2006	2005
Current and other assets	\$ 44,289	\$ 45,670	\$ 39,480
Capital assets	215,426	205,270	194,070
Total assets	<u>259,715</u>	<u>250,940</u>	<u>233,550</u>
Current liabilities	9,775	10,869	9,741
Noncurrent liabilities	57,899	60,471	61,930
Total liabilities	<u>67,674</u>	<u>71,340</u>	<u>71,671</u>
Net assets:			
Invested in capital assets, net of related debt	156,411	144,064 *	130,079
Restricted	6,016	6,016	6,018
Unrestricted	29,614	29,520 *	25,782
Total net assets	<u>\$ 192,041</u>	<u>\$ 179,600</u>	<u>\$ 161,879</u>

\* The 2006 invested in capital assets, net of related debt balance has been reclassified to conform to the current year presentation, and now includes \$1,215 of unamortized bond issuance costs.

By far the largest portion of the Canaveral Port Authority's net assets as of September 30, 2007 and 2006 (81.45 percent and 80.21 percent, respectively) reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, and construction in progress); less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the Canaveral Port Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

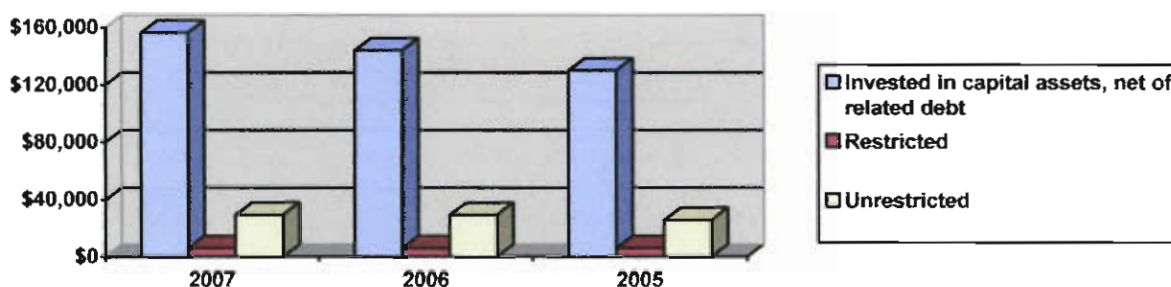
An additional portion of the Canaveral Port Authority's net assets as of September 30, 2007 and 2006 (3.13 percent and 3.35 percent, respectively) represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net assets may be used to meet the Authority's ongoing obligations to creditors.

At the end of the current fiscal year, the Canaveral Port Authority added \$94 to unrestricted net assets. In the prior year, \$3,738 was added.

There was a decrease of \$2 in restricted net assets for the fiscal year ended September 30, 2006. The change was a result of a portion of the Series 1996A bonds being refunded at a lower interest rate which resulted in the decrease of the maximum debt service requirement.

The Authority's total net assets increased by \$12,441 during the current fiscal year. Of this amount, \$10,832 represents net income before capital contributions. The remaining \$1,609 represents capital contributions from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.

### Net Assets



The following table shows condensed revenue and expense data:

### Canaveral Port Authority's Changes in Net Assets (in thousands)

	2007	2006	2005
Operating revenues:			
Fees and charges for services	\$ 47,572	\$ 49,451	\$ 43,121
Non-operating revenues:			
Interest	1,961	1,634	820
Other	62	83	684
Total non-operating revenues	2,023	1,717	1,504
Total revenues	49,595	51,168	44,625
Operating expenses:			
Operations, maintenance and Security	15,869	14,917	12,925
Administration and finance	5,585	3,735	3,116
Engineering and environmental	1,362	1,155	1,200
Other	2,979	3,404	3,210
Depreciation and amortization	9,910	9,426	9,393
Total operating expenses	35,705	32,637	29,844
Non-operating expenses			
Interest	2,510	2,678	2,847
Other	548	823	663
Total non-operating expenses	3,058	3,501	3,510
Total expenses	38,763	36,138	33,354
Income before contributions	10,832	15,030	11,271
Capital contributions	1,609	2,691	1,743
Change in net assets	12,441	17,721	13,014
Net assets – beginning	179,600	161,879	148,865
Net assets – ending	\$ 192,041	\$ 179,600	\$ 161,879

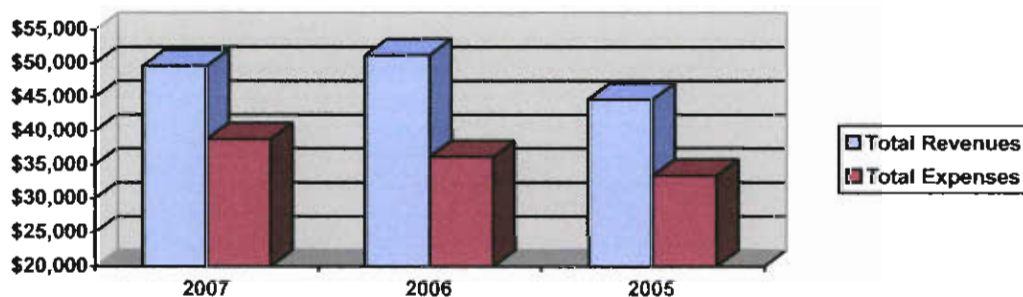
Key elements of the increase in net assets for the fiscal year ended September 30, 2007 are as follows.

- Fees and charges for services decreased by 3.80 percent. This is due primarily to the decrease in cargo activity in the fiscal year.
- The Authority received operating grants in the amount of \$62; \$36 from various state and federal sources, and \$26 from FEMA for hurricane damage reimbursement.
- Capital contributions decreased during the current fiscal year by \$1,082 but continued to be a revenue source for the Authority, contributing \$1,609 to the change in net assets.
- Investment earnings increased \$327 due to higher interest earnings and the continued increase in cash and cash equivalents.

Key elements of the increase in net assets for the fiscal year ended September 30, 2006 are as follows.

- Fees and charges for services increased by 14.68 percent. This is due primarily to the increase in cruise activity in the fiscal year and increases in the tariff rates.
- The Authority received operating grants in the amount of \$79; \$24 from various state and federal sources, and \$55 from FEMA for hurricane damage reimbursement.
- Capital contributions increased during the current fiscal year by \$948 and continued to be a steady revenue source for the Authority, contributing \$2,691 to the change in net assets.
- Investment earnings increased \$814 due to higher interest earnings and the continued increase in cash and cash equivalents.

### Total Revenues and Expenses



### Capital Asset and Debt Administration

**Capital assets.** The Canaveral Port Authority's capital assets as of September 30, 2007 and 2006 amount to \$215,426 and \$205,270, respectively, (net of accumulated depreciation). These balances include land, buildings, improvements, equipment, and construction in progress. The total increase in the Canaveral Port Authority's investment in capital assets for the current fiscal year was 4.95 percent. The increase for fiscal year 2006 was 5.77 percent.

Major capital asset events during the current fiscal year included the following:

- Construction began or continued on several projects for the Authority, including North and South Cargo Piers Rebuild, Repair and Strengthening, which increased construction in progress \$6,396 over the prior year. Total construction in progress as of September 30, 2007 is \$39,271.
- Port Canaveral Headquarters was completed at a cost of \$6,355.
- Security upgrades and additions were completed at a cost of \$3,063.
- Cruise terminal restroom upgrades was completed at a cost of \$400.
- Facility improvements for the Authority were completed at a cost of \$990.
- Current year additions were offset by current year depreciation expense of \$9,772,259.

Major capital asset events for the fiscal year ended September 30, 2006 were as follows:

- Construction began or continued on several projects for the Authority, including North and South Cargo Piers Rebuild, Repair and Strengthening and a new Port Maritime Center, which collectively increased construction in progress \$11,349 over the prior year and accounted for 63.72 percent of the current year increase of \$17,812. Total construction in progress as of September 30, 2006 is \$32,454.
- Improvements to Jetty Park were completed at a cost of \$1,798.
- Additions for the year ended September 30, 2006 were offset by depreciation expense of \$9,279,605.

**Canaveral Port Authority's Capital Assets  
(net of depreciation)  
(in thousands)**

	2007	2006	2005
Land	\$ 4,603	\$ 4,603	\$ 4,603
Buildings	15,285	5,361	5,591
Improvements other than Buildings	148,065	155,311	163,253
Equipment	8,062	7,371	5,781
Equipment under capital Leases	140	170	200
Construction in progress	39,271	32,454	14,642
Total	<u>\$ 215,426</u>	<u>\$ 205,270</u>	<u>\$ 194,070</u>

Additional information on the Canaveral Port Authority's capital assets can be found in note 3.D. on pages 14-16 of this report.

**Long-term debt.** At September 30, 2007 and 2006, the Canaveral Port Authority had total bonded debt outstanding of \$59,100 and \$62,351, respectively, net of unamortized deferred amounts. The Canaveral Port Authority's debt represents bonds secured solely by operating revenues (i.e., revenue bonds).

**CANAVERAL PORT AUTHORITY'S Outstanding Debt**  
**Revenue Bonds**  
**(in thousands)**

	2007	2006	2005
Revenue Bonds, Series 1996A	\$ -	\$ -	\$ 15,935
Revenue Refunding Bonds, Series 1996B	710	710	710
Revenue Refunding Bonds, Series 2002A	17,410	20,605	23,725
Revenue Bonds, Series 2002B	8,650	8,650	8,650
Revenue Refunding Bonds, Series 2005	16,135	16,260	16,360
Revenue Refunding Bonds, Series 2006A	16,735	16,900	-
Revenue Bonds, Series 2006B	1,330	1,330	-
Less deferred amounts for discounts	(212)	(260)	(194)
Plus deferred amounts for premiums	483	540	599
Less deferred loss on refunding	(2,141)	(2,384)	(1,896)
Total revenue bonds	<u>\$ 59,100</u>	<u>\$ 62,351</u>	<u>\$ 63,889</u>

The Canaveral Port Authority's total revenue bonds decreased by \$3,251 (5.21 percent) during the current fiscal year and decreased by \$1,538 (2.41 percent) during the prior year.

The outstanding revenue bonds of the Canaveral Port Authority have been rated "AAA" by all three national rating agencies. The underlying rating assigned by all three national rating agencies are in the "A" category.

Additional information on the Canaveral Port Authority's long-term debt can be found in note 3.G. on pages 18-22 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Charges for services are budgeted to increase 7.06 percent for the fiscal year ending September 30, 2008, while operating expenses are budgeted to increase 14.89 percent, due to a number of factors including a \$1,714 increase in operations and maintenance costs, and a projected \$1,262 increase in security costs.
- The Authority has budgeted \$7.8 million for security costs for the 2008 budget year.
- Income before capital contributions, for the fiscal year ending September 30, 2008 is budgeted at \$9,116. This represents a 15.84 percent decrease from the current year.

**Requests for Information**

This financial report is designed to provide a general overview of the Canaveral Port Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Canaveral Port Authority, P.O. Box 267, Cape Canaveral, Florida, 32920.

**BASIC FINANCIAL STATEMENTS**

# CANAVERAL PORT AUTHORITY

## Statements of Net Assets

September 30, 2007 and 2006

### ASSETS

	<u>2007</u>	<u>2006</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 26,791,464	\$ 23,806,365
Restricted cash and cash equivalents	2,004,051	3,475,625
Accounts receivable - trade	4,414,185	3,448,630
Prepaid expenses	1,720,436	2,858,720
Due from other governmental units	793,104	3,060,338
Other receivables, current	436,062	508,686
Total current assets	<u>36,159,302</u>	<u>37,158,364</u>
<b>Noncurrent assets</b>		
Restricted cash and cash equivalents	6,016,423	6,016,423
Deferred expenses (net of accumulated amortization)	268,312	406,155
Unamortized bond issuance costs	1,107,995	1,214,960
Other receivables, long-term	736,713	874,037
Capital assets (net of accumulated depreciation):		
Land	4,602,954	4,602,954
Buildings	15,285,034	5,360,336
Improvements other than buildings	148,065,285	155,311,284
Equipment	8,062,558	7,371,373
Equipment held under capital lease	139,978	169,974
Construction in progress	39,270,685	32,453,748
Total noncurrent assets	<u>223,555,937</u>	<u>213,781,244</u>
<b>Total assets</b>	<u>\$ 259,715,239</u>	<u>\$ 250,939,608</u>

The accompanying notes are an integral part of these financial statements.

**LIABILITIES**

	<u>2007</u>	<u>2006</u>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 4,355,429	\$ 5,505,454
Unearned revenue	437,571	380,506
Payroll and sales taxes payable	74,066	87,589
Revenue bonds payable, current portion	2,383,333	2,323,333
Note payable, current portion	76,027	-
Capital lease obligation, current portion	35,649	33,977
Compensated absences, current portion	14,062	9,279
Other liabilities, current portion	395,000	525,000
Payable from restricted assets:		
Accrued interest payable	812,384	842,129
Revenue bonds payable, current portion	1,191,667	1,161,667
Total current liabilities	<u>9,775,188</u>	<u>10,868,934</u>
<b>Noncurrent liabilities</b>		
Revenue bonds payable, less current portion	55,524,768	58,866,205
Note payable, less current portion	911,739	-
Capital lease obligation, less current portion	-	35,649
Compensated absences, less current portion	479,667	403,391
Other liabilities, long-term portion	982,285	1,165,382
Total noncurrent liabilities	<u>57,898,459</u>	<u>60,470,627</u>
<b>Total liabilities</b>	<u>67,673,647</u>	<u>71,339,561</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	156,411,306	144,063,798
Restricted for debt service	6,016,423	6,016,423
Unrestricted	29,613,863	29,519,826
<b>Total net assets</b>	<u>192,041,592</u>	<u>179,600,047</u>
<b>Total liabilities and net assets</b>	<u>\$ 259,715,239</u>	<u>\$ 250,939,608</u>

# CANAVERAL PORT AUTHORITY

## Statements of Revenues, Expenses and Changes in Net Assets

Years Ended September 30, 2007 and 2006

	2007	2006
<b>Operating revenues</b>		
Fees and charges for services	\$ 47,571,781	\$ 49,450,958
<b>Operating expenses</b>		
Operations	9,314,809	8,850,042
Public safety	6,553,510	6,066,899
Parks and recreation	925,753	1,015,770
Fire training facility	195,585	154,221
Administrative	1,425,290	1,460,875
Finance, accounting and risk management	4,160,274	2,273,668
Engineering and environmental	1,362,156	1,154,735
Business development	823,939	902,485
Communications	572,227	635,771
Tenant development	460,669	695,808
Depreciation	9,772,259	9,279,605
Amortization	137,843	146,743
Total operating expenses	35,704,314	32,636,622
<b>Operating income</b>	11,867,467	16,814,336
<b>Non-operating revenues</b>		
Interest	1,961,062	1,633,515
Grant revenue	61,698	78,577
Gain on equipment dispositions	-	4,539
Total non-operating revenues	2,022,760	1,716,631
<b>Non-operating expenses</b>		
Interest	2,510,038	2,678,291
Amortization of bond costs and discounts	397,162	377,039
Loss on equipment disposal	65,192	104,602
Commissions and fees	500	2,963
Grant administration fee	84,000	11,025
Legal settlements	-	151,884
Environmental remediation (Note 3.F.)	-	175,000
Casualty loss - hurricanes (Note 3.N.)	843	-
Total non-operating expenses	3,057,735	3,500,804
Income before capital contributions	10,832,492	15,030,163
Capital contributions	1,609,053	2,691,176
<b>Change in net assets</b>	12,441,545	17,721,339
<b>Net assets, beginning of year</b>	179,600,047	161,878,708
<b>Net assets, end of year</b>	\$ 192,041,592	\$ 179,600,047

The accompanying notes are an integral part of these financial statements.

# CANAVERAL PORT AUTHORITY

## Statements of Cash Flows

Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 46,873,239	\$ 49,461,587
Cash paid to suppliers for goods and services	(15,469,275)	(16,037,738)
Cash payments to employees for services	(9,123,938)	(8,713,494)
Legal settlements	-	(269,384)
Net cash provided by operating activities	<u>22,280,026</u>	<u>24,440,971</u>
<b>Cash flows from non-capital financing activities:</b>		
Grant revenue	<u>502,683</u>	<u>640,270</u>
Net cash provided by non-capital financing activities	<u>502,683</u>	<u>640,270</u>
<b>Cash flows from capital and related financing activities:</b>		
Interest paid on revenue bonds	(2,539,783)	(2,773,176)
Principal payments on revenue bonds	(3,485,000)	(3,235,000)
Principal payments on refunding	-	(15,935,000)
Revenue bond proceeds, net of related costs	-	17,235,645
Acquisition and construction of capital assets	(20,537,420)	(20,065,187)
Contributed capital	3,435,302	355,282
Principal payments on note payable	(12,234)	-
Principal payments on capital lease	(33,977)	(32,384)
Proceeds from the sale of assets	-	4,539
Payment of commissions and fees	(500)	(2,963)
Net cash used in capital and related financing activities	<u>(23,173,612)</u>	<u>(24,448,244)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>1,904,428</u>	<u>1,575,029</u>
Net cash provided by investing activities	<u>1,904,428</u>	<u>1,575,029</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,513,525</u>	<u>2,208,026</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>33,298,413</u>	<u>31,090,387</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 34,811,938</u>	<u>\$ 33,298,413</u>

The accompanying notes are an integral part of these financial statements.

# CANAVERAL PORT AUTHORITY

Statements of Cash Flows (continued)

Years Ended September 30, 2007 and 2006

**Reconciliation of operating income to net cash provided by operating activities:**

<b>Operating income</b>	<u>\$ 11,867,467</u>	<u>\$ 16,814,336</u>
<b>Adjustment to reconcile operating income to net cash provided by operating activities</b>		
Depreciation expense	9,772,259	9,279,605
Amortization of other assets	137,843	146,743
Legal settlements	-	(269,384)
Grant administration	(84,000)	(11,025)
Casualty loss	(843)	-
(Increase) decrease in assets:		
Accounts receivable	(965,555)	(162,471)
Other receivables, current	209,948	146,934
Prepaid expenses	1,138,284	(1,736,607)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	393,119	323,660
Unearned revenue	57,065	26,166
Compensated absences	81,059	27,593
Other liabilities, current	(313,097)	(175,041)
Payroll and sales tax payable	(13,523)	30,462
Total adjustments	<u>10,412,559</u>	<u>7,626,635</u>
<b>Net cash provided by operating activities</b>	<u>\$ 22,280,026</u>	<u>\$ 24,440,971</u>

**Supplemental schedule of non-cash investing, capital and financing activities:**

During 2007 and 2006, the Authority reallocated the amounts related to environmental remediation between current and long term.

Increase in other receivables, current	\$ (137,324)	\$ (260,194)
Decrease in other receivables, long term	137,324	260,194
Increase in other liabilities, current	183,097	346,926
Decrease in other liabilities, long term	(183,097)	(346,926)
Net non-cash effect	<u>\$ -</u>	<u>\$ -</u>

During 2007, the Authority entered into a note payable agreement for \$1,000,000 to acquire certain capital assets.

The accompanying notes are an integral part of these financial statements.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

The Canaveral Port Authority (Authority) is the governing body of the Canaveral Harbor Port District, an independent special taxing district established in 1953 by Chapter 28922, Laws of Florida, Special Acts of 1953, as amended.

### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Authority uses the proprietary fund basis for the presentation of its financial statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are fees and charges for cruise ships, cargo ships and land leases. Operating expenses include costs to operate and maintain facilities of the Authority, administrative expenses and depreciation and amortization expenses related to long-lived assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Canaveral Port Authority operates as an enterprise fund that accounts for the construction, operation and maintenance of the Authority. An enterprise fund is a type of proprietary fund that provides services to the general public. This fund is used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The operations of the Authority are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

The Authority is applying all applicable GASB pronouncements and only FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

### C. ASSETS, LIABILITIES AND NET ASSETS

#### 1. Cash and Cash Equivalents

The Authority's cash and cash equivalents include amounts on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. ASSETS, LIABILITIES AND NET ASSETS (CONTINUED)

#### 1. Cash and Cash Equivalents (Continued)

The Authority's pooled investment account with the State Board of Administration allows the Authority to invest temporarily idle monies at more favorable interest rates by consolidation of resources. Investments in this pool are stated at amortized cost, which approximates fair value. This pool is regulated by the State and the fair value of the position in the pool is the same as the value of the pool shares.

#### 2. Accounts and Other Receivables

The Authority considers accounts and other receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

#### 3. Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at cost, if purchased and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Contributions received in aid of construction are credited to capital contributions and do not reduce the cost of the assets acquired with such contributions.

Depreciation is recognized on the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used for depreciation purposes:

<u>Classification</u>	<u>Range of Lives</u>
Buildings	30 years
Improvements Other Than Buildings	5-30 years
Equipment	3-20 years

#### 4. Restricted Assets

Debt proceeds and funds set aside for payment of revenue bonds and construction projects are classified as restricted assets on the statement of net assets because their use is limited by applicable debt covenants.

#### 5. Compensated Absences

All permanent employees of the Authority are eligible for annual leave. Each employee working a normal week earns vacation leave at certain rates depending on the employee's length of service. All annual leave is accrued when earned in the statement of net assets. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay such amounts upon termination.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. ASSETS, LIABILITIES AND NET ASSETS (CONTINUED)

#### 6. Net Assets – Restrictions

The Authority's statement of net assets reports a restriction on net assets that are maintained for a specific purpose. The nature and purpose of this restriction is:

- Restricted for Debt Service – represents, in accordance with legal restrictions, amounts for payment of principal and interest maturing in later years.

### D. REVENUES AND EXPENSES

#### 1. Grants

Grant revenue that can be used for operating purposes is recognized when earned by the Authority. Grants restricted for capital acquisition and construction is recorded as capital contributions when earned. Grant receivable is recorded when the Authority has a right to reimbursement under the related grant.

#### 2. Amortization

The Authority recognizes amortization as follows:

<u>Category</u>	<u>Period</u>	<u>Method</u>
Deferred expenses	3-30 years	straight-line
Spoil dike	30 years	straight-line
Beach restoration	5 years	straight-line
Intangible assets	5 years	straight-line
Bond discounts & premiums	term of related issue	interest
Investment costs	life of investments	straight-line

#### 3. Capitalized Interest

The Authority's policy is to capitalize interest costs related to construction projects in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 62. The net effect of interest expense and interest income generated from borrowings used for construction projects in progress are capitalized through the date the project is substantially complete and ready for its intended use.

# CANAVERAL PORT AUTHORITY

## Notes to Financial Statements

September 30, 2007 and 2006

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### NOTE 2 – BUDGETARY INFORMATION

The Authority's enabling legislation requires adoption of an annual budget. The Authority adopts an annual operating and capital improvement budget resolution prior to September 30, for the next ensuing fiscal year. The Authority's budgets are prepared on the accrual basis of accounting which is consistent with generally accepted accounting principles. Operating budgets for the enterprise fund are based on level of service expectations. Capital improvement projects are budgeted to provide control over authorized project expenses and ensure legal compliance.

Budget control is maintained at the departmental level. Actions which change the annual budget must be authorized by the Board of Commissioners. Budget amounts have been adjusted for legally authorized revisions of the annual budgets approved during the year.

The Authority's schedule of revenues, expenses and net income compared with the legally adopted budget is presented as supplementary information on pages 32 through 35.

The Authority has statutory authority to levy ad valorem taxes up to three (3) mills annually on all taxable property within the Authority's district boundaries for operation, maintenance and improvement of Authority facilities. **The Authority has not levied property taxes since 1986 and does not expect to do so in the foreseeable future.**

### NOTE 3 – DETAIL NOTES

#### A. DEPOSITS AND INVESTMENTS

The investment of public funds is authorized by Florida Statutes which allows the Canaveral Port Authority to invest in the Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury.

Investment of public funds with the State Board of Administration is governed by Section 218.407, Florida Statutes. These investments consist primarily of Federal Agency obligations, repurchase agreements, bankers' acceptances, U.S. Treasury bills, bonds and notes, commercial paper, and certificates of deposit.

Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2007 and 2006, the carrying amount of the Authority's deposits with banks and savings and loans was \$2,654,883 and \$355,547, respectively and the bank balance was \$3,150,787 and \$2,516,837. In addition, the Authority holds \$500 of petty cash at September 30, 2007 and 2006. The Authority's deposits are insured by the FDIC up to \$200,000, \$100,000 for demand deposits and \$100,000 for savings deposits. Monies invested in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the multiple financial institutions collateral pool.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### A. DEPOSITS AND INVESTMENTS (CONTINUED)

In accordance with the Authority's investment policy, investments should be invested to match investment maturities with known cash needs and anticipated cash flow requirements.

The Authority holds the following investments, which are unrated and categorized as cash equivalents, at September 30:

	2007 Fair Value	2006 Fair Value
Investments with State Board of Administration (Note 6)	\$ 32,156,555	\$ 32,942,366
Total investments	<u>\$ 32,156,555</u>	<u>\$ 32,942,366</u>

### B. DEFERRED EXPENSES AND INTANGIBLE ASSETS

Deferred expenses consist of maintenance dredging; costs incurred in developing an inlet management plan; costs of constructing a spoil dike and an off-shore sand berm; and beach restoration projects. Intangible assets consist of computer software and a trademark.

Amortization expense charged to operations was \$137,843 and \$146,743 for 2007 and 2006, respectively.

	2007	2006
Cost:		
Deferred expenses	\$ 3,989,769	\$ 3,989,769
Intangible assets	68,225	68,225
	<u>4,057,994</u>	<u>4,057,994</u>
Less: accumulated amortization	(3,789,682)	(3,651,839)
	<u>\$ 268,312</u>	<u>\$ 406,155</u>

# CANAVERAL PORT AUTHORITY

## Notes to Financial Statements

September 30, 2007 and 2006

### NOTE 3 – DETAIL NOTES (CONTINUED)

#### C. RESTRICTED ASSETS

Debt proceeds and funds set aside for payment of revenue bonds and construction projects are classified as restricted cash and cash equivalents since their use is limited by applicable bond indentures.

	2007	2006
Series 1996-A and 1996-B, Series 2002-A and 2002-B, Series 2005 and Series 2006-A and 2006-B Bond Debt Service and Reserve		
Daily Investment Pool	\$ 8,020,474	\$ 8,020,219
Construction Trust Account	-	1,471,829
Total	\$ 8,020,474	\$ 9,492,048

#### D. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2007 and 2006 was as follows:

	2007			Balance September 30, 2007
	Balance October 1, 2006	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 4,602,954	\$ -	\$ -	\$ 4,602,954
Construction in progress	32,453,748	19,994,276	(13,177,339)	39,270,685
Total capital assets, not being depreciated	37,056,702	19,994,276	(13,177,339)	43,873,639
Capital assets, being depreciated:				
Buildings	11,128,008	10,948,018	(175,920)	21,900,106
Improvements other than buildings	245,870,891	568,371	(4,408)	246,434,854
Equipment	12,714,329	1,660,950	(507,128)	13,868,151
Equipment held under capital lease	299,953	-	-	299,953
Total capital assets being depreciated	270,013,181	13,177,339	(687,456)	282,503,064

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### D. CAPITAL ASSETS (CONTINUED)

	2007			Balance September 30, 2007
	Balance October 1, 2006	Increases	Decreases	
Less accumulated depreciation for:				
Buildings	(5,767,672)	(961,765)	114,365	(6,615,072)
Improvements other than buildings	(90,559,607)	(7,814,549)	4,587	(98,369,569)
Equipment	(5,342,956)	(965,949)	503,312	(5,805,593)
Equipment held under capital lease	(129,979)	(29,996)	-	(159,975)
Total accumulated depreciation	<u>(101,800,214)</u>	<u>(9,772,259)</u>	<u>622,264</u>	<u>(110,950,209)</u>
Total capital assets, being depreciated, net	<u>168,212,967</u>	<u>3,405,080</u>	<u>(65,192)</u>	<u>171,552,855</u>
Capital assets, net	<u>\$ 205,269,669</u>	<u>\$ 3,399,356</u>	<u>\$ (13,242,531)</u>	<u>\$ 215,426,494</u>

	2006			Balance September 30, 2006
	Balance October 1, 2005	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 4,602,954	\$ -	\$ -	\$ 4,602,954
Construction in progress	14,641,943	20,583,783	(2,771,978)	32,453,748
Total capital assets, not being depreciated	<u>19,244,897</u>	<u>20,583,783</u>	<u>(2,771,978)</u>	<u>37,056,702</u>
Capital assets, being depreciated:				
Buildings	10,925,033	213,404	(10,429)	11,128,008
Improvements other than buildings	245,871,137	64,889	(65,135)	245,870,891
Equipment	10,938,339	2,493,685	(717,695)	12,714,329
Equipment held under capital lease	299,953	-	-	299,953
Total capital assets being depreciated	<u>268,034,462</u>	<u>2,771,978</u>	<u>(793,259)</u>	<u>270,013,181</u>

# CANAVERAL PORT AUTHORITY

## Notes to Financial Statements

September 30, 2007 and 2006

### NOTE 3 – DETAIL NOTES (CONTINUED)

#### D. CAPITAL ASSETS (CONTINUED)

	2006			Balance September 30, 2006
	Balance October 1, 2005	Increases	Decreases	
Less accumulated depreciation for:				
Buildings	(5,334,158)	(442,180)	8,666	(5,767,672)
Improvements other than buildings	(82,617,744)	(7,999,252)	57,389	(90,559,607)
Equipment	(5,157,380)	(808,178)	622,602	(5,342,956)
Equipment held under capital lease	(99,984)	(29,995)	-	(129,979)
Total accumulated depreciation	<u>(93,209,266)</u>	<u>(9,279,605)</u>	<u>688,657</u>	<u>(101,800,214)</u>
Total capital assets, being depreciated, net	<u>174,825,196</u>	<u>(6,507,627)</u>	<u>(104,602)</u>	<u>168,212,967</u>
Capital assets, net	<u>\$ 194,070,093</u>	<u>\$ 14,076,156</u>	<u>\$ (2,876,580)</u>	<u>\$ 205,269,669</u>

During 2006, the Authority increased its capitalization threshold from \$100 to \$1,000, which resulted in the write-off of various assets below the new threshold, with a cost of \$793,262 and a net book value of \$104,602, which has been recorded as a loss on equipment disposal in the 2006 Statement of Revenues, Expenses and Changes in Net Assets.

#### E. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following as of September 30:

	2007	2006
Accounts and contracts payable	\$ 3,010,705	\$ 3,940,392
Retainages payable	960,801	950,542
Hurricane damage liability	-	172,161
Accrued payroll	222,237	190,608
Accrued employee benefits	161,686	251,751
	<u>\$ 4,355,429</u>	<u>\$ 5,505,454</u>

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 – DETAIL NOTES (CONTINUED)

### F. OTHER LIABILITIES

In 1995, the Authority discovered a toxic contaminated area east of the Authority's office. During fiscal year 1996, the Authority assessed the degree of contamination at the site, removed contaminated materials and prepared a contamination assessment report. A liability for \$1,100,000 was recorded on the balance sheet at September 30, 1996.

During fiscal year 1996, the Authority reached an agreement, in writing, with the previous lessee of the contaminated site to indemnify the Authority for 75% of the future out-of-pocket costs incurred to monitor and clean-up the site. At September 30, 1996, the Authority accrued a receivable of \$1,299,561 for amounts due under this agreement.

During fiscal year 2000, the original liability had decreased to zero, but the soil decontamination was not complete. The Authority retained the services of a professional site assessment and remediation firm to determine an estimated cost to complete the clean-up. At September 30, 2000, the Authority accrued an additional liability of \$2,250,000 to complete the soil decontamination. A corresponding additional receivable of \$1,687,500 was accrued as the estimated receivable from the former lessee based on the agreement reached in 1996.

During fiscal year 2006, the Authority determined, collaboratively with the assistance of a professional site assessment and remediation firm, the liability was insufficient to close the site, due to testing results indicating the contamination is not contained solely to property owned by the Authority. Accordingly, the Authority accrued an additional liability of \$700,000 to complete the soil decontamination. A corresponding additional receivable of \$525,000 was accrued as the estimated receivable from the former lessee based on the agreement reached in 1996.

At September 30, 2007 and 2006, the liability balances are \$1,377,285 and \$1,690,382, respectively. These liabilities are reported as other liabilities, current portion in the amount of \$395,000 and \$525,000 at September 30, 2007 and 2006, respectively, and as other liabilities, long-term of \$982,285 and \$1,165,382, respectively. As of September 30, 2007, management believes the actual liability recorded in the Statement of Net Assets will more than cover the future costs expected to be incurred for the clean-up.

The receivable balances remaining at September 30, 2007 and 2006 are \$1,172,775 and \$1,360,366, respectively. These receivables are included in other receivable, current in the amount of \$436,062 and \$486,329 at September 30, 2007 and 2006, respectively, and in other receivables, long-term of \$736,713 and \$874,037, respectively.

The net additional costs to the Authority for the clean-up have been shown in the 2006 Statement of Revenues, Expenses and Changes in Net Assets as environmental remediation in the amount of \$175,000.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### F. OTHER LIABILITIES (CONTINUED)

A reconciliation of changes in the aggregate liabilities for the claims related to the contamination follow:

Claims Liability October 1, 2006	Fiscal Year 2007 Incurred Claims	Fiscal Year 2007 Payments on Claims	Claims Liability September 30, 2007
\$ 1,690,382	\$ -	\$ (313,097)*	\$ 1,377,285

Claims Liability October 1, 2005	Fiscal Year 2006 Incurred Claims	Fiscal Year 2006 Payments on Claims	Claims Liability September 30, 2006
\$ 1,165,423	\$ 700,000	\$ (175,041)*	\$ 1,690,382

\*Payments on claims are reimbursed by the former lessee at a rate of 75%. In 2007, the Authority received \$92,579 for prior years' claims and \$95,012 for fiscal year 2007 claims. In 2006, the Authority received \$111,372 for prior years' claims and \$46,747 for fiscal year 2006 claims.

### G. REVENUE BONDS PAYABLE

The revenue bonds are secured by and payable from the gross operating revenues of the Canaveral Port Authority. The proceeds of these issues were used for capital improvements and refunding certain outstanding issues of the Authority.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposits. These requirements have been met for the fiscal years ended September 30, 2007 and 2006.

# CANAVERAL PORT AUTHORITY

## Notes to Financial Statements

September 30, 2007 and 2006

### NOTE 3 – DETAIL NOTES (CONTINUED)

#### G. REVENUE BONDS PAYABLE (CONTINUED)

A summary of long-term debt at September 30, 2007 and 2006 follows:

	2007	2006
Port Improvement Revenue Refunding Bonds, Series 1996B	\$ 710,000	\$ 710,000
Port Revenue Refunding Bonds, Series 2002A	17,410,000	20,605,000
Port Improvement Revenue Bonds, Series 2002B	8,650,000	8,650,000
Port Revenue Refunding Bonds, Series 2005	16,135,000	16,260,000
Port Revenue Refunding Bonds, Series 2006A	16,735,000	16,900,000
Port Improvement Revenue Bonds Series 2006B	1,330,000	1,330,000
Total revenue bonds	60,970,000	64,455,000
Less: unamortized discounts	(212,402)	(260,423)
Plus: unamortized premiums	483,565	540,199
Less: unamortized loss on refunding	(2,141,395)	(2,383,571)
	59,099,768	62,351,205
Less: current maturities	(3,575,000)	(3,485,000)
Revenue bonds payable, less current portion	\$ 55,524,768	\$ 58,866,205

#### PORT IMPROVEMENT REVENUE BONDS, SERIES 1996A

On July 15, 1996, the Canaveral Port Authority issued Port Improvement Revenue Bonds, Series 1996A in the principal amount of \$15,935,000 to (i) finance the acquisition and construction of a cruise ship terminal and certain waterside and landside improvements, (ii) to prepay short-term obligations incurred under a line of credit for the purpose of financing improvements to a cruise terminal, (iii) to fund the reserve account and (iv) to pay the bond issuance costs. Gross revenues are pledged for repayment of these bonds. Ad valorem taxes cannot be used.

On March 27, 2006, \$15,935,000 of the outstanding Series 1996A bonds was refunded with proceeds from the Port Revenue Refunding Bonds Series 2006A.

#### PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1996B

On July 15, 1996, the Canaveral Port Authority issued Port Improvement Revenue Refunding Bonds Series 1996B in the principal amount of \$15,530,000. These bonds were sold to (i) finance the acquisition and construction of cruise ship terminals and certain waterside and landside improvements, (ii) to advance refund all of the currently outstanding Revenue Bonds, Series 1975B and Refunding Revenue Bonds Series 1976 in the aggregate principal amount of \$1,825,000 and \$760,000, respectively, (iii) to prepay short-term obligations incurred under a line of credit for the purpose of financing improvements to certain cargo berths and infrastructure improvements, (iv) to fund the reserve account and (v) to pay the bond issuance costs.

The Series 1996B bonds bear interest at a rate of 5.7% per annum, payable semi-annually on June 1 and December 1. Principal is due June 1, 2013.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 – DETAIL NOTES (CONTINUED)

### G. REVENUE BONDS PAYABLE (CONTINUED)

#### PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1996B (CONTINUED)

On May 18, 2005, \$14,820,000 of the outstanding Series 1996B bonds was refunded with proceeds from the Port Revenue Refunding Bonds Series 2005. The remaining \$710,000 of Series 1996B bonds mature on June 1, 2013, and are subject to redemption prior to their maturity date, on or after June 1, 2006, at the option of the Authority, in whole at anytime or in part on any interest payment date at the redemption prices (expressed as percentages of the principal amount to be redeemed) plus accrued interest to the redemption date, set forth below:

<u>Redemption Period</u>	<u>Redemption Price</u>
June 1, 2007 – May 31, 2008	101%
June 1, 2008 and thereafter	100%

#### PORT REVENUE REFUNDING BONDS, SERIES 2002A

On October 8, 2002, the Canaveral Port Authority issued Port Improvement Revenue Refunding Bonds, Series 2002A in the principal amount of \$31,725,000 (i) to refund all of the Authority's Improvement Revenue Refunding Bonds, Series 1992 and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2002A bonds bear interest at a rates ranging from 2.5% to 3.4% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2003, in amounts increasing from \$3,195,000 to \$3,710,000 at final maturity in 2012.

The Series 2002A bonds are not subject to optional redemption prior to their respective dates of maturity.

#### PORT IMPROVEMENT REVENUE BONDS, SERIES 2002B

On October 8, 2002, the Canaveral Port Authority issued Port Improvement Revenue Bonds Series 2002B in the principal amount of \$8,650,000. These bonds were sold (i) to finance the acquisition and construction of cruise ship terminals and the West Turning Basin to accommodate future vessels and (ii) to pay the bond issuance costs.

The Series 2002B bonds bear interest at a rate of 3.6% to 5.0% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2013, in amounts increasing from \$800,000 to \$1,140,000 at final maturity in 2021.

The Series 2002B bonds are subject to redemption prior to their respective dates of maturity, on or after June 1, 2012, at the option of the Authority, in whole or in part at any time, at the redemption price equal to 100% of the principal amount of the Series 2002B bonds to be redeemed, plus accrued interest to the redemption date.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 – DETAIL NOTES (CONTINUED)

### G. REVENUE BONDS PAYABLE (CONTINUED)

#### PORT REVENUE REFUNDING BONDS, SERIES 2005

On May 18, 2005, the Canaveral Port Authority issued Port Improvement Revenue Refunding Bonds; Series 2005 in the principal amount of \$16,360,000 (i) to advance refund a portion of the Authority's Improvement Revenue Refunding Bonds, Series 1996B, (ii) to fund various capital improvements and (iii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,052,074. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$1,564,910 and resulted in an economic gain of \$1,062,203.

The Series 2005 bonds bear interest at a rates ranging from 3.0% to 5.0% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2006, in amounts increasing from \$125,000 to \$1,960,000 at final maturity in 2021.

The Series 2005 bonds maturing on or after June 1, 2016 are subject to redemption prior to their respective dates of maturity, on or after June 1, 2015, at the option of the Authority, in whole or in part, at a redemption price equal to 100% of the principal amount of the Series 2005 bonds to be redeemed, plus accrued interest to the redemption date.

#### PORT REVENUE REFUNDING BONDS, SERIES 2006A

On March 27, 2006, the Canaveral Port Authority issued Port Revenue Refunding Bonds; Series 2006A in the principal amount of \$16,915,000 (i) to currently refund all of the Authority's Port Improvement Revenue Refunding Bonds, Series 1996A and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The reacquisition price exceeded the net carrying amount of the old debt by \$706,847. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,183,976 and resulted in an economic gain of \$1,323,982.

The Series 2006A bonds bear interest at rates ranging from 3.4% to 5.0% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2006, in amounts increasing from \$165,000 to \$1,075,000 at final maturity in 2021.

The Series 2006A bonds maturing on or after June 1, 2017 are subject to redemption prior to their respective dates of maturity, on or after June 1, 2016, at the option of the Authority, in whole or in part, at a redemption price equal to 100% of the principal amount of the Series 2006A bonds to be redeemed, plus accrued interest to the redemption date.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### G. REVENUE BONDS PAYABLE (CONTINUED)

#### PORT IMPROVEMENT REVENUE BONDS, SERIES 2006B

On March 27, 2006, the Canaveral Port Authority issued Port Improvement Revenue Bonds Series 2006B in the principal amount of \$1,330,000 to (i) fund various capital improvements and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2006B bonds bear interest at a rate of 3.40% to 4.25% per annum, payable semi-annually on June 1 and December 1. Principal is due June 1, 2021.

The Series 2006B bonds maturing on or after June 1, 2017 are subject to redemption prior to their respective dates of maturity, on or after June 1, 2016, at the option of the Authority, in whole or in part, at a redemption price equal to 100% of the principal amount of the Series 2006B bonds to be redeemed, plus accrued interest to the redemption date.

Future maturities and sinking fund requirements, including unamortized discounts of \$212,402, unamortized premiums of \$483,565, and the unamortized loss on refunding of \$2,141,395 for all long-term debt, as of September 30, 2007, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,575,000	\$ 2,437,154	\$ 6,012,154
2009	3,680,000	2,329,054	6,009,054
2010	3,790,000	2,217,779	6,007,779
2011	3,915,000	2,094,139	6,009,139
2012	4,055,000	1,961,423	6,016,423
2013 to 2017	21,350,000	7,459,264	28,809,264
2018 to 2021	20,605,000	2,420,819	23,025,819
Total	<u>\$ 60,970,000</u>	<u>\$ 20,919,632</u>	<u>\$ 81,889,632</u>

### H. NOTE PAYABLE

During 2007, the Authority entered into a \$1,000,000 note payable agreement related to the purchase of certain capital assets. Monthly repayments of \$11,102 are required for 120 months, which include interest at a fixed rate of 6%. The note matures on July 1, 2017.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### I. CAPITAL LEASE

In October 2001, the Authority entered into a capital lease agreement for a fire truck, which it is co-leasing with the City of Cape Canaveral. The interest rate implicit in the lease is 4.919%. The Authority's share of combined annual principal and interest payments is \$37,403, for a total of \$261,821 over the seven year lease term.

The following is a schedule of the Authority's share of future minimum payments under the capital lease agreement:

	Principal	Interest
2008	\$ 35,649	\$ 1,754
Total	\$ 35,649	\$ 1,754

### J. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended September 30, 2007 and September 30, 2006, was as follows:

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007	Due Within One Year
Revenue bonds payable	\$ 64,455,000	\$ -	\$ (3,485,000)	\$ 60,970,000	\$ 3,575,000
Less deferred amounts:					
For issuance discounts	(260,423)	-	48,021	(212,402)	-
For issuance premiums	540,199	-	(56,634)	483,565	-
Loss on refunding	(2,383,571)	-	242,176	(2,141,395)	-
Note payable	-	1,000,000	(12,234)	987,766	76,027
Capital leases	69,626	-	(33,977)	35,649	35,649
Compensated absences	412,670	505,066	(424,007)	493,729	14,062
Other liabilities, long-term	1,690,382	-	(313,097)	1,377,285	395,000
Long-term liabilities	\$ 64,523,883	\$ 1,505,066	\$ (4,034,752)	\$ 61,994,197	\$ 4,095,738

# CANAVERAL PORT AUTHORITY

## Notes to Financial Statements

September 30, 2007 and 2006

### NOTE 3 – DETAIL NOTES (CONTINUED)

#### J. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

	Balance October 1, 2005	Additions	Reductions	Balance September 30, 2006	Due Within One Year
Revenue bonds payable	\$ 65,380,000	\$ 18,245,000	\$ (19,170,000)	\$ 64,455,000	\$ 3,485,000
Less deferred amounts:					
For issuance discounts	(193,775)	(244,876)	178,228	(260,423)	-
For issuance premiums	598,685	-	(58,486)	540,199	-
Loss on refunding	(1,895,598)	(706,847)	218,874	(2,383,571)	-
Capital leases	102,010	-	(32,384)	69,626	33,977
Compensated absences	385,077	441,280	( 413,687)	412,670	9,279
Other liabilities, long-term	1,165,423	700,000	(175,041)	1,690,382	525,000
Long-term liabilities	<u>\$ 65,541,822</u>	<u>\$ 18,434,557</u>	<u>\$ (19,452,496)</u>	<u>\$ 64,523,883</u>	<u>\$ 4,053,256</u>

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

## NOTE 3 – DETAIL NOTES (CONTINUED)

### K. RESTRICTED NET ASSETS

The following schedule lists the amounts of net assets that are restricted as of September 30, 2007 and 2006, in accordance with the provisions of the respective bond indentures. These amounts represent restricted assets less certain current liabilities payable from restricted assets included in the various debt service, reserve, bond and interest sinking fund accounts.

	2007	2006
Restricted for Future Debt Service		
Series 1996-B	\$ 40,470	\$ 40,470
Series 2002-A	3,836,140	3,836,140
Series 2002-B	387,562	387,562
Series 2005	837,713	837,713
Series 2006A	861,338	861,338
Series 2006B	53,200	53,200
Total debt service restrictions	<u>\$ 6,016,423</u>	<u>\$ 6,016,423</u>

### L. RETIREMENT PLAN

The Authority participates in the Florida Retirement System ("System"), a cost-sharing, multiple-employer public employee retirement system administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Amendments may only be made by the State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State of Florida Division of Retirement, 2639-C North Monroe Street, Tallahassee, FL 32399-1560.

Generally, membership is compulsory for all full-time and part-time employees hired prior to January 1, 1996. The employer pays all contributions. The rates for employees as a percent of covered payroll vary depending on the employee's membership class. Contribution rates ranged from 9.85% to 16.53% during 2007 and 2006, and from 7.83% to 15.23% during 2005. The amount of covered payroll for the years ended September 30, 2007, 2006 and 2005 was \$924,500, \$1,025,430 and \$1,456,336, respectively. The Canaveral Port Authority's contributions to the System for the three years ended September 30, 2007, 2006 and 2005 were \$95,890, \$90,418, and \$120,718, respectively, and are equal to the required contributions for each year.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 - DETAIL NOTES (CONTINUED)

### M. DEFINED CONTRIBUTION PLAN

Effective January 1, 1996, pursuant to Chapter 95-338, Florida Statutes and Resolution 96-12, the Authority elected to cover all employees hired on or after January 1, 1996 under the newly established Canaveral Port Authority Defined Contribution Plan and Trust (The Plan), instead of the Florida Retirement System. Those employees of the Authority who were participants in the Florida Retirement System prior to January 1, 1996 shall remain as participants of the Florida Retirement System for as long as they are employees of the Authority. Required contributions to the Plan are based on 9.85% and 9.00% of salary for the years ended September 30, 2007 and 2006, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners. The Plan is administered by the Authority.

Employee contributions are not permitted. For the years ended September 30, 2007 and 2006, the total payroll for all employees of the Authority was \$7,034,736 and \$6,387,045, respectively. The amount of covered payroll for the years ended September 30, 2007 and 2006 was \$5,786,626 and \$5,003,237, respectively. The amount of pension expense was \$569,983 and \$450,291, respectively.

### N. HURRICANES

During August and September of 2004, the Authority was impacted by two hurricanes. As of September 30, 2004, the Authority estimated total costs of repairs associated with damage from the hurricanes to be approximately \$890,000, which was recorded as casualty loss – hurricanes. Management recorded a corresponding liability in the same amount, which represented the liability to repair such damages. The estimated repair costs are well below the property deductibles per location that are maintained in the Authority's insurance program.

During 2005, the estimate for cost of repairs associated with damage from the hurricanes was revised and the Authority recorded an additional casualty loss of \$182,621. The total remaining liability related to the hurricanes was \$355,634 at September 30, 2005.

During 2006, the estimate for cost of repairs associated with damage from the hurricanes was revised. Such revisions were offset by additional casualty loss related to another hurricane impacting the Authority during 2006, resulting in net miscellaneous revenue of approximately \$7,000 in 2006. The total remaining liability related to the hurricanes was \$172,161 at September 30, 2006. All repairs associated with damage from the hurricanes were completed during 2007.

During 2004, the Authority was approved by FEMA to receive grant funds to reimburse the Authority for a portion of the costs incurred as a result of the hurricanes that are less than the insurance deductibles. In addition, during 2006 and 2005 the Authority was also approved by FEMA to receive additional grant funds, the reimbursement of certain administrative costs, and matching funds from the State of Florida. The Authority recorded grant revenue related to these reimbursements of \$54,577 for the year ended September 30, 2006. A receivable of \$431,579 is recorded as of September 30, 2006, in due from other governmental units in the statement of net assets. All balances receivable related to the hurricanes were collected as of September 30, 2007.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 - DETAIL NOTES (CONTINUED)

### O. LEASING AND OPERATING AGREEMENT ARRANGEMENTS WITH AUTHORITY AS LESSOR

The Authority leases land and enters into marine terminal facilities agreements with various businesses throughout the Port Authority area. All of the leases and agreements are accounted for as operating leases and agreements. Revenue from leases and agreements was \$4,113,670 for 2007 and \$3,823,550 for 2006. Future lease payments to be received are as follows:

2008	\$ 3,327,895
2009	3,160,032
2010	3,043,551
2011	2,966,434
2012	2,920,029
2013 to 2017	14,078,983
2018 to 2022	13,266,215
2023 to 2027	10,816,577
2028 to 2032	6,332,004
2033 to 2037	4,367,227
2038 to 2042	1,576,811
2043 to 2047	483,965
2048 to 2052	483,965
2053 to 2057	330,709
	<u>\$ 67,154,397</u>

### P. MAJOR CUSTOMERS

Gross revenues from four cruise line companies totaled \$7,969,384, \$6,099,345, \$5,700,485 and \$5,364,185 in 2007. At September 30, 2007, the outstanding trade accounts receivable balances of these four cruise line companies amounted to \$328,761, \$545,806, \$1,659,669 and \$2,581. Gross revenues from four cruise line companies totaled \$7,611,254, \$7,590,383, \$5,916,358 and \$5,438,219 in 2006. At September 30, 2006, the outstanding trade accounts receivable balances of these four cruise line companies amounted to \$920,395, \$351,777, \$600,958 and \$474,579.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 – DETAIL NOTES (CONTINUED)

### Q. RISK MANAGEMENT

The Authority purchases commercial insurance to cover risk of loss for general liability, property and casualty, comprehensive crime and flood and fire.

The Authority bases its need for commercial insurance on "An Analysis of Risk Exposures to Natural Hazards" prepared by the Authority's engineering consulting firm. This analysis showed the Authority has limited exposure in the area of piers and bulkheads and therefore the costs of carrying such insurance do not outweigh the benefits. The Authority is, in essence, insuring itself in these areas. In the past three years, there have been no claims settled exceeding the Authority's insurance coverage. As of September 30, 2007 and 2006, there were no outstanding claims.

### R. SIGNIFICANT ESTIMATE

At September 30, 1996, the Authority accrued a liability of \$1,100,000 for the estimated cost of soil decontamination and a receivable of \$1,299,561 for the estimated receivable from the lessee to indemnify the Authority for the contamination (see Note 3.F.). During the fiscal year 2000, the original liability had decreased to zero, but the soil decontamination was not complete. At September 30, 2000, the Authority accrued an additional liability of \$2,250,000 to complete the soil decontamination. The Authority accrued an additional corresponding receivable of \$1,687,500 from the former lessee to indemnify the Authority for the contamination. At September 30, 2006, the Authority accrued an additional liability of \$700,000 to complete the soil decontamination. The Authority accrued an additional corresponding receivable of \$525,000 from the former lessee to indemnify the Authority for the contamination. At September 30, 2007 and 2006, the balance of the liability is \$1,377,285 and \$1,690,382, respectively and the receivable balance is \$1,172,775 and \$1,360,366, respectively.

### S. WASTEWATER SERVICE CAPACITY AGREEMENT

The Authority entered into a franchise agreement for wastewater service capacity with the City of Cocoa Beach ("City"). Under this agreement, beginning April 22, 2000, the City was granted an exclusive franchise to provide wastewater service capacity to the Authority area. This agreement required the Authority to construct wastewater and reclaimed water facilities outside of the Authority area and to contribute the constructed facilities to the City. Related costs of \$1,608,520 were expensed during 2000.

In addition, this agreement required the Authority to construct wastewater and reclaimed water facilities on Port property in the amount of \$1,343,443. These assets were included in the Authority's capital assets at September 30, 2001. The City, in accordance with the agreement, has placed into effect a surcharge upon users in the Port area to reimburse the Authority for their costs incurred to construct the Authority's wastewater and reclaimed water facilities. As the surcharge is collected, it is recorded as capital contributions on the Authority's financial statements. During 2007 and 2006, the surcharge collected from the City was \$141,818 and \$156,501, respectively.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 3 – DETAIL NOTES (CONTINUED)

### T. CONCENTRATION - COLLECTIVE BARGAINING UNIT

Substantially all of the Authority's nonmanagement operations, maintenance and security employees are covered by a collective bargaining agreement. The agreement with the District 2A, transportation, technical, warehouse, industrial, and service employees became effective December 12, 2000 and ran through December 31, 2002. The agreement was renewed for additional terms through December 31, 2008.

## NOTE 4 – COMMITMENTS AND CONTINGENCIES

### A. CONSTRUCTION

Commitments for the repair, modification, improvements, materials and new construction of Port Authority-owned property at September 30, 2007 totaled approximately \$6,570,000.

### B. LITIGATION

#### Tug and towing franchises

During fiscal year 2004 a tug boat company filed a lawsuit against the Authority regarding tug and towing franchises in Port Canaveral. During 2006, the Authority completely settled the case for \$151,884, which includes a cash settlement of \$150,000 paid February 4, 2006 and leasing fees in the amount of \$1,884 waived by the Authority.

#### Construction Contract

During 2007, an action was filed by a contractor against the Authority for additional compensation under a construction contract. Management estimates the potential range of loss to be between \$0 and \$450,000. However, it is not possible as of the date of this report to estimate the amount of loss likely to be incurred by the Authority, as the case is currently in the preliminary discovery stage. Accordingly, no liability has been accrued in the Authority's Statement of Net Assets as of September 30, 2007.

#### Other

The Authority is named as a defendant in various other lawsuits. The outcome of the lawsuits is not determinable at this time. It is the opinion of management and of the Authority's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

## NOTE 5 – RECLASSIFICATION

Certain amounts from the 2006 basic financial statements have been reclassified to conform to the current year presentation.

# CANAVERAL PORT AUTHORITY

Notes to Financial Statements

September 30, 2007 and 2006

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## NOTE 6 – SUBSEQUENT EVENT – INVESTMENT IN STATE POOL

As discussed in Note 3A, at September 30, 2007, the Authority had \$32,156,555 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. The Authority withdrew \$2 million from the SBA account on December 12, 2007. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

As of December 31, 2007 the Authority has \$25,588,295 and \$4,616,749 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**SUPPLEMENTARY INFORMATION**

# CANAVERAL PORT AUTHORITY

Schedule of Revenues, Expenses and Income before Capital Contributions Compared with Budget

Year Ended September 30, 2007

	Budget	Actual	Variance Over (Under)
<b>Operating revenues</b>			
Dockage	\$ 7,944,490	\$ 6,049,562	\$ (1,894,928)
Wharfage	26,411,470	23,762,323	(2,649,147)
Leases	3,958,000	4,113,670	155,670
Water	1,393,600	1,272,840	(120,760)
Parking	9,378,500	9,014,333	(364,167)
Line handling	1,537,900	1,365,856	(172,044)
Advertising	18,000	16,715	(1,285)
Permits	150,000	163,169	13,169
Telephone commissions	40,000	34,855	(5,145)
Badging fees	385,000	306,286	(78,714)
Miscellaneous	28,000	38,665	10,665
Camping	819,700	870,029	50,329
Recreational parking	341,900	379,923	38,023
Fire training	110,000	124,899	14,899
Other park revenues	37,700	37,415	(285)
Concessions	20,700	4,086	(16,614)
Foreign trade zone	14,000	17,155	3,155
Total operating revenues	52,588,960	47,571,781	(5,017,179)
<b>Non-operating revenues</b>			
Interest	1,600,000	1,961,062	361,062
Grant revenue	100,000	61,698	(38,302)
Total non-operating revenues	1,700,000	2,022,760	322,760
<b>Total revenues</b>	\$ 54,288,960	\$ 49,594,541	\$ (4,694,419)
<b>Operating expenses</b>			
<b>Operations</b>			
<b>Salaries</b>			
Operation managers	\$ 205,800	\$ 211,717	\$ (5,917)
Maintenance	701,500	640,471	61,029
CT support services	677,800	669,146	8,654
Parking	614,500	613,787	713
Landscaping	860,000	845,513	14,487
Other	266,200	204,958	61,242
<b>Benefits</b>			
Operation managers	107,000	99,282	7,718
Maintenance	383,200	340,057	43,143
CT support services	460,900	429,528	31,372
Parking	257,400	221,607	35,793
Landscaping	517,200	467,123	50,077

## CANAVERAL PORT AUTHORITY

### Schedule of Revenues, Expenses and Income before Capital Contributions Compared with Budget (continued)

Year Ended September 30, 2007

	Budget	Actual	Variance Over (Under)
Other	101,900	83,361	18,539
Utilities	2,936,150	2,529,717	406,433
Cruise terminal maintenance and supplies	1,751,040	1,304,082	446,958
Fender maintenance	149,940	74,810	75,130
Other	109,970	63,553	46,417
Parts and materials	347,940	313,923	34,017
Fuel	132,830	131,219	1,611
Service contracts	201,940	70,388	131,552
Travel	7,960	567	7,393
Total operations	10,791,170	9,314,809	1,476,361
<b>Public Safety</b>			
Salaries	1,628,400	1,487,529	140,871
Benefits	781,800	623,780	158,020
Police protection	1,565,000	1,532,374	32,626
Guard services	1,116,900	1,020,870	96,030
Security - special events	20,000	2,165	17,835
Harbor patrol	540,200	226,592	313,608
Security badging	248,000	220,291	27,709
Fire protection	1,197,500	1,216,010	(18,510)
Other	73,000	70,565	2,435
Communications services	67,800	61,022	6,778
Maintenance and Supplies	191,700	85,864	105,836
Travel	16,000	6,448	9,552
Total public safety	7,446,300	6,553,510	892,790
<b>Parks and recreation</b>			
Salaries	379,100	340,242	38,858
Benefits	210,200	158,880	51,320
Maintenance and Supplies	69,680	43,510	26,170
Service contracts	132,980	132,552	428
Utilities	205,850	205,705	145
Other park expense	38,090	44,864	(6,774)
Total parks and recreation	1,035,900	925,753	110,147
<b>Fire training facility</b>			
Service contracts	33,600	31,883	1,717
Utilities	24,800	20,662	4,138
Insurance	38,300	37,245	1,055
Maintenance supplies	121,000	105,638	15,362
Other	2,000	157	1,843
Total fire training facility	219,700	195,585	24,115

## CANAVERAL PORT AUTHORITY

### Schedule of Revenues, Expenses and Income before Capital Contributions Compared with Budget (continued)

Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<b>Administrative</b>			
Salaries - Comm	53,200	52,883	317
Salaries - Admin	526,000	369,480	156,520
Benefits	249,600	177,952	71,648
Federal Legislative Consultant	80,000	65,314	14,686
State Legislative Consultant	50,000	45,833	4,167
Legal	300,000	313,781	(13,781)
Office	213,500	171,413	42,087
Planning and studies	180,000	192,674	(12,674)
Travel - Fed legislative	5,000	3,720	1,280
Travel - Comm. Gen	40,000	17,911	22,089
Travel - Admin	15,000	10,623	4,377
Education/Seminars	4,000	3,706	294
Total administrative	<u>1,716,300</u>	<u>1,425,290</u>	<u>291,010</u>
<b>Finance, accounting &amp; risk management</b>			
Salaries	713,800	620,490	93,310
Benefits	285,300	216,985	68,315
Insurance	2,538,500	2,882,661	(344,161)
Office	396,400	332,564	63,836
Education and seminars	8,000	2,272	5,728
Travel	13,800	3,665	10,135
Accounting and auditing	122,100	101,637	20,463
Total finance, accounting & risk managemer	<u>4,077,900</u>	<u>4,160,274</u>	<u>(82,374)</u>
<b>Engineering and environmental</b>			
Salaries	484,700	467,112	17,588
Benefits	178,900	166,858	12,042
Engineering - general	390,000	213,007	176,993
Engineering - planning	50,000	60,431	(10,431)
Engineering - environment	763,600	429,795	333,805
Office	30,650	17,880	12,770
Education and seminars	5,500	2,615	2,885
Travel	9,000	4,458	4,542
Total engineering and environmental	<u>1,912,350</u>	<u>1,362,156</u>	<u>550,194</u>
<b>Business Development</b>			
Salaries	350,800	281,630	69,170
Benefits	116,800	94,441	22,359
Advertising	335,500	234,151	101,349
Trade development	317,700	174,662	143,038

## CANAVERAL PORT AUTHORITY

### Schedule of Revenues, Expenses and Income before Capital Contributions Compared with Budget (continued)

Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
FTZ development	7,250	1,621	5,629
Travel	61,800	37,434	24,366
Total business development	<u>1,189,850</u>	<u>823,939</u>	<u>365,911</u>
<b>Communications</b>			
Salaries	136,400	125,432	10,968
Benefits	56,300	49,832	6,468
Promotions	189,000	130,917	58,083
Publications-journal	160,500	131,580	28,920
Publications	65,500	49,389	16,111
Advertising	175,000	75,464	99,536
Supplies and other	14,400	7,438	6,962
Travel and expenses	11,500	2,175	9,325
Total communications	<u>808,600</u>	<u>572,227</u>	<u>236,373</u>
<b>Tenant Development</b>			
Salaries	195,200	178,730	16,470
Benefits	80,000	69,203	10,797
Office	17,600	11,083	6,517
Land use planning	77,500	64,993	12,507
Lease preparation	290,000	131,336	158,664
Travel	7,500	5,324	2,176
Total tenant development	<u>667,800</u>	<u>460,669</u>	<u>207,131</u>
Depreciation	12,000,000	9,772,259	2,227,741
Amortization	243,800	137,843	105,957
Total operating expenses	<u>42,109,670</u>	<u>35,704,314</u>	<u>6,405,356</u>
<b>Non-operating expenses</b>			
Commissions and fees	5,000	500	4,500
Amortization of bond costs and discounts	405,600	397,162	8,438
Interest	2,500,150	2,510,038	(9,888)
Loss on equipment disposal	-	65,192	(65,192)
Grant administrative fee	20,000	84,000	(64,000)
Casualty loss - hurricanes	-	843	(843)
Total non-operating expense	<u>2,930,750</u>	<u>3,057,735</u>	<u>(126,985)</u>
Total expenses	<u>45,040,420</u>	<u>38,762,049</u>	<u>6,278,371</u>
Income before capital contributions	<u>\$ 9,248,540</u>	<u>\$ 10,832,492</u>	<u>\$ 1,583,952</u>

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# CANAVERAL PORT AUTHORITY

## Schedule of Comparative Revenues, Expenses and Changes in Net Assets

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	2007	2006	2005	2004	2003
<b>Operating revenues</b>					
Dockage	\$ 6,049,562	\$ 7,239,781	\$ 6,559,540	\$ 6,372,958	\$ 5,185,824
Wharfage	23,762,323	24,595,271	22,201,818	21,646,057	18,167,401
Marine terminal leases	-	258,945	251,890	245,511	240,025
Other leases	4,113,670	3,564,605	3,283,772	3,086,965	2,913,256
Storage	-	-	-	4,239	-
Water	1,272,840	1,324,480	1,198,150	1,206,392	997,442
Parking	9,014,333	9,116,579	6,506,217	6,878,802	6,092,577
Line handling	1,365,856	1,435,631	1,357,883	1,347,989	1,255,858
Advertising	16,715	18,703	18,103	19,136	17,823
Permits	163,169	146,177	157,648	160,609	166,701
Telephone commissions	34,855	44,372	46,416	47,059	39,045
Badging fees	306,286	347,503	284,989	218,193	183,336 *
Miscellaneous	38,665	67,846	51,042	86,699	38,551 *
Camping	870,029	779,939	706,918	720,828	722,936
Recreational parking	379,923	337,850	286,900	329,251	259,763
Fire training	124,899	107,787	146,458	151,338	162,355
Other park revenues	37,415	51,389	49,363	33,692	27,692
Concessions	4,086	-	-	-	-
Foreign trade zone	17,155	14,100	14,016	13,225	20,050
Total operating revenues	47,571,781	49,450,958	43,121,123	42,568,943	36,490,635
<b>Non-operating revenues</b>					
Interest	1,961,062	1,633,515	819,788	250,146	282,434
Grant revenue	61,698	78,577	684,546	898,722	546,382
Other income	-	-	-	-	50,000
Gain on dispositions	-	4,539	-	-	-
Total revenues	\$ 49,594,541	\$ 51,167,589	\$ 44,625,457	\$ 43,717,811	\$ 37,369,451
<b>Operating expenses</b>					
Operations					
Salaries					
Operation managers	\$ 211,717	\$ 195,129	\$ 213,473	\$ 257,511	\$ 264,620
Maintenance	640,471	592,999	522,646	560,737	475,479 *
CT support services	669,146	563,156	535,411	542,266	398,929
Parking	613,787	589,253	534,894	532,884	380,523
Landscaping	845,513	818,839	768,344	762,414	704,756
Other	204,958	245,186	186,388	144,848	190,972
Benefits					
Operation managers	99,282	94,319	101,120	103,962	110,071
Maintenance	340,057	289,333	244,229	251,504	203,189 *
CT support services	429,528	351,092	303,329	300,251	219,115
Parking	221,607	286,592	193,643	159,982	98,956
Landscaping	467,123	465,230	395,355	385,130	352,368
Other	83,361	88,251	57,762	37,876	50,976
Fire protection	-	-	-	897,994 ***	735,857
Passenger busing	-	-	-	60,510	72,345
Other security services	-	-	-	20,506 ***	14,947
Utilities	2,529,717	2,572,118	2,111,433 ***	2,100,335	1,631,915
Travel	567	1,777	2,586	1,839	5,485 *

\* These items have been reclassified to conform to the September 30, 2004 financial statement presentation.

\*\*\* These items have been reclassified to conform to the September 30, 2006 financial statement presentation.

## CANAVERAL PORT AUTHORITY

### Schedule of Comparative Revenues, Expenses and Changes in Net Assets (continued)

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	2007	2006	2005	2004	2003
Cruise terminal maintenance and supplies	1,304,082	1,083,430	814,466 ***	698,183 **	620,178
Fender maintenance	74,810	97,739	30,233	50,708	294,885 *
Parts and materials	313,923	289,050	191,576	130,441 **	88,107 *
Fuel	131,219	112,091	81,978	59,835	47,948 *
Service contracts	70,388	90,528	75,053 ***	81,544 **	87,718 *
Other	63,553	23,930	19,180 ***	56,162 **	151,033 *
Total operations	9,314,809	8,850,042	7,383,099	8,197,422	7,200,372
Public Safety					
Salaries	1,487,529	1,431,564	1,048,986	893,268	511,540 *
Benefits	623,780	664,660	373,597	314,309	225,910 *
Police protection	1,532,374	1,293,231	1,312,403	1,342,787	1,438,820 *
Guard services	1,020,870	1,096,859	1,387,930	1,463,436	942,444 *
Security - special events	2,165	4,390	18,583 ***	-	-
Harbor patrol	226,592	185,902	180,252	140,351	-
Security badging	220,291	233,778	219,323	238,036	108,728 *
Fire protection	1,216,010	996,632	899,440 ***	-	-
Travel	6,448	14,934	12,512	8,297	5,062 *
Communications services	61,022	34,245	17,952 ***	-	-
Maintenance & Supplies	85,864	-	-	-	-
Other	70,565	110,704	71,257 ***	40,060	37,080 *
Total public safety	6,553,510	6,066,899	5,542,235	4,440,544	3,269,584
Parks and recreation					
Salaries	340,242	-	-	-	-
Benefits	158,880	-	-	-	-
Service contracts	132,552	804,680	785,780	757,684	762,801
Utilities	205,705	189,599	129,659	152,650	175,046
Maintenance & supplies	43,510	-	-	-	-
Other park expense	44,864	21,491	14,241	17,498	14,761
Total parks and recreation	925,753	1,015,770	929,680	927,832	952,608
Fire training facility					
Service contracts	31,883	72,632	114,080	165,537	166,873
Utilities	20,662	17,632	25,790	22,065	25,140
Insurance	37,245	36,343	31,633	32,339	29,585
Maintenance supplies	105,638	26,981	40,787	23,599	40,555
Travel	-	-	414	235	412
Other	157	633	1,935	3,773	5,743
Total fire training facility	195,585	154,221	214,639	247,548	268,308
Administrative					
Salaries-Comm	52,883	51,139	49,134	48,380	39,360 *
Salaries-Admin	369,480	407,382	480,380 ***	480,870	462,288 *
Benefits	177,952	227,896	199,040 ***	179,694	157,524
Federal legislative consultant	65,314	61,328	-	-	-

\* These items have been reclassified to conform to the September 30, 2004 financial statement presentation.

\*\* These items have been reclassified to conform to the September 30, 2005 financial statement presentation.

\*\*\* These items have been reclassified to conform to the September 30, 2006 financial statement presentation.

## CANAVERAL PORT AUTHORITY

### Schedule of Comparative Revenues, Expenses and Changes in Net Assets (continued)

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	2007	2006	2005	2004	2003
State legislative consultant	45,833	41,500	-	-	-
Legal	313,781	227,409	250,922	211,975	533,868
Office	171,413	207,279	174,889 ***	125,811	129,024
Planning and studies	192,674	205,929	40,703	-	-
Travel - Fed legislative	3,720	999	5,174	3,068	3,179 *
Travel - Comm. Gen	17,911	24,055	9,745	25,851	25,355 *
Travel - Admin	10,623	3,106	14,197 ***	13,347	11,163 *
Education/Seminars	3,706	2,853	4,896 ***	7,142	4,488
Total administrative	1,425,290	1,460,875	1,229,080	1,096,138	1,366,249
<b>Finance, accounting &amp; risk management</b>					
Salaries	620,490	530,123	590,836 ***	647,724	611,572
Benefits	216,985	226,400	201,200 ***	195,258	180,620
Insurance	2,882,661	1,170,570	945,310	1,007,713	1,060,289
Office	332,564	242,032	31,897	56,112	56,009
Education and seminars	2,272	-	1,317	2,690	1,690
Travel	3,665	6,586	6,081	4,983	6,204
Accounting and auditing	101,637	97,957	110,485	73,743	74,889
Total finance, accounting & risk management	4,160,274	2,273,668	1,887,126	1,988,223	1,991,273
<b>Engineering and Environmental</b>					
Salaries	467,112	359,593	333,045	491,294	528,974
Benefits	166,858	124,182	99,925	143,756	139,645
Engineering - general	213,007	254,925	454,461	603,013 **	499,141 *
Engineering - plans	60,431	37,924	13,032	41,355	21,888 *
Engineering - environment	429,795	361,894	223,163	207,421 **	189,753 *
Inlet management plan	-	-	-	-	-
Legislative consultant	-	-	64,400	72,000	72,000
Office	17,880	10,003	8,679	13,088	18,899
Education and seminars	2,615	2,500	965	5,359	2,715
Travel	4,458	3,714	2,532	3,495	6,711
Total engineering and environmental	1,362,156	1,154,735	1,200,202	1,580,781	1,479,726
<b>Business Development</b>					
Salaries	281,630	323,598	308,301 ***	406,072	346,945
Benefits	94,441	100,461	88,113 ***	108,332	96,862
Advertising	234,151	232,765	189,528 ***	301,347	286,441
Trade development	174,662	197,709	164,311 ***	189,851	230,148
Strategic planning study	-	-	149,977	-	-
FTZ development	1,621	-	-	-	-
Travel	37,434	47,952	40,694 ***	37,197	33,893
Total business development	823,939	902,485	940,924	1,042,799	994,289
<b>Communications</b>					
Salaries	125,432	106,847	129,613 ***	203,223	189,636
Benefits	49,832	45,707	41,572 ***	55,886	54,253

\* These items have been reclassified to conform to the September 30, 2004 financial statement presentation.

\*\* These items have been reclassified to conform to the September 30, 2005 financial statement presentation.

\*\*\* These items have been reclassified to conform to the September 30, 2006 financial statement presentation.

## CANAVERAL PORT AUTHORITY

### Schedule of Comparative Revenues, Expenses and Changes in Net Assets (continued)

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	2007	2006	2005	2004	2003
Publications	131,580	76,161	46,200	34,158	42,670
Publications - journals	49,389	127,971	133,163	126,216	154,125 *
Advertising	75,464	147,151	148,883	24,842	32,290 *
Promotions	130,917	118,732	129,108 ***	278,743	257,959
Supplies and other	7,438	10,587	32,048	28,703	25,854
Travel and expenses	2,175	2,615	5,353 ***	19,188	12,212
Total communications	<u>572,227</u>	<u>635,771</u>	<u>665,940</u>	<u>770,959</u>	<u>768,999</u>
<b>Tenant Development</b>					
Salaries	178,730	193,152	187,555 ***	-	-
Benefits	69,203	69,010	61,863 ***	-	-
Advertising	-	23,525	20,132 ***	-	-
Office	11,083	9,727	9,769 ***	-	-
Land use planning	64,993	242,011	40,705 ***	-	-
Lease preparation	131,336	143,904	135,053 ***	-	-
FTZ development	-	10,143	2,104 ***	-	-
Travel	5,324	4,336	1,217 ***	-	-
Total tenant development	<u>460,669</u>	<u>695,808</u>	<u>458,398</u>	<u>-</u>	<u>-</u>
Depreciation	9,772,259	9,279,605	9,234,602	9,029,292	8,019,752
Amortization	137,843	146,743	158,213	188,629	188,258
Bad debt expense	-	-	-	-	27,414
Total operating expenses	<u>35,704,314</u>	<u>32,636,622</u>	<u>29,844,138</u>	<u>29,510,167</u>	<u>26,526,832</u>
<b>Non-operating expenses</b>					
Commissions and fees	500	2,963	3,484	2,584	4,946
Amortization of bond costs and discounts	397,162	377,039	299,708	281,000	282,496
Interest	2,510,038	2,678,291	2,846,549	3,029,086	2,687,367
Loss on equipment disposal	65,192	104,602	4,608	9,250	7,178
Grant administration fee	84,000	11,025	55,848	39,700	77,868
Legal settlements	-	151,884	117,500	275,000	142,412
Environmental remediation	-	175,000	-	-	-
Casualty loss - hurricanes	843	-	182,621	891,129	-
Total non-operating expense	<u>3,057,735</u>	<u>3,500,804</u>	<u>3,510,318</u>	<u>4,527,749</u>	<u>3,202,267</u>
Total expenses	<u>\$ 38,762,049</u>	<u>\$ 36,137,426</u>	<u>\$ 33,354,456</u>	<u>\$ 34,037,916</u>	<u>\$ 29,729,099</u>
Total operating revenues	\$ 47,571,781	\$ 49,450,958	\$ 43,121,123	\$ 42,568,943	\$ 36,490,635
Total operating expenses	<u>35,704,314</u>	<u>32,636,622</u>	<u>29,844,138</u>	<u>29,510,167</u>	<u>26,526,832</u>
Net operating income	<u>\$ 11,867,467</u>	<u>\$ 16,814,336</u>	<u>\$ 13,276,985</u>	<u>\$ 13,058,776</u>	<u>\$ 9,963,803</u>
Total non-operating revenues	\$ 2,022,760	\$ 1,716,631	\$ 1,504,334	\$ 1,148,868	\$ 878,816
Total non-operating expenses	<u>3,057,735</u>	<u>3,500,804</u>	<u>3,510,318</u>	<u>4,527,749</u>	<u>3,202,267</u>
Net non-operating loss	<u>\$ (1,034,975)</u>	<u>\$ (1,784,173)</u>	<u>\$ (2,005,984)</u>	<u>\$ (3,378,881)</u>	<u>\$ (2,323,451)</u>

\* These items have been reclassified to conform to the September 30, 2004 financial statement presentation.

\*\*\* These items have been reclassified to conform to the September 30, 2006 financial statement presentation.

## CANAVERAL PORT AUTHORITY

Schedule of Comparative Revenues, Expenses and Changes in Net Assets (continued)

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total revenues	\$ 49,594,541	\$ 51,167,589	\$ 44,625,457	\$ 43,717,811	\$ 37,369,451
Total expenses	<u>38,762,049</u>	<u>36,137,426</u>	<u>33,354,456</u>	<u>34,037,916</u>	<u>29,729,099</u>
Net income before capital contributions and special item	10,832,492	15,030,163	11,271,001	9,679,895	7,640,352
Capital contributions	1,609,053	2,691,176	1,742,433	1,033,156	4,941,240
Special item	-	-	-	-	(16,254,534)
<b>Changes in net assets</b>	<u>\$ 12,441,545</u>	<u>\$ 17,721,339</u>	<u>\$ 13,013,434</u>	<u>\$ 10,713,051</u>	<u>\$ (3,672,942)</u>

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## CANAVERAL PORT AUTHORITY

### Schedule of Comparative Operating Revenues by Activity

Years Ended September 30, 2007, 2006, 2005, 2004, and 2003

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cruise ships	\$ 36,348,454	\$ 36,865,544	\$ 31,348,757	\$ 31,762,497	\$ 26,638,233
Cargo ships	5,151,315	7,039,393	6,574,988	5,879,221	5,218,676
Other ships	-	110,122	198,169	107,291	121,263
Total ship related operating revenue	<u>41,499,769</u>	<u>44,015,059</u>	<u>38,121,914</u>	<u>37,749,009</u>	<u>31,978,172</u>
Land leases	4,113,670	3,564,605	3,283,772	3,086,964	2,913,256
Park operations	1,291,453	1,169,178	1,043,181	1,083,771	1,010,391
Foreign trade zone	17,155	14,100	14,016	13,225 **	20,050
Miscellaneous	649,734	688,016	658,240	635,974 **	568,766
Total non-ship related operating revenue	<u>6,072,012</u>	<u>5,435,899</u>	<u>4,999,209</u>	<u>4,819,934</u>	<u>4,512,463</u>
Total operating revenue	<u>\$ 47,571,781</u>	<u>\$ 49,450,958</u>	<u>\$ 43,121,123</u>	<u>\$ 42,568,943</u>	<u>\$ 36,490,635</u>

\*\* These items have been reclassified to conform to the September 30, 2005 financial statement presentation.

## CANAVERAL PORT AUTHORITY

### Schedule of Construction in Progress and Capital Costs Compared with Budget (Prior to Transfer of Completed Projects to Capital Assets)

Years Ended September 30, 2007 and 2006

	Actual			Budget
	Prior Years	Current Year	Cumulative Total	Cumulative Total
Cruise terminal 10 HVAC	\$ 112,126	\$ 24,118	\$ 136,244	\$ 138,000
Backup generators (Admin)	231,191	246,212	477,403	835,000
Cruise terminal 5 HVAC	72,063	6,937	79,000	79,000
Cruise terminal 5 canopies, toll booth U/G	-	-	-	250,000
Road improvements	99,899	-	99,899	521,000
Cruise terminal 3 gangway	-	-	-	200,000
Cruise terminal parking lot upgrades	-	-	-	100,000
Amphitheatre	6,010	-	6,010	100,000
Security fencing	7,400	102,847	110,247	400,000
Cruise terminal restrooms	407,095	(6,683)	400,412	400,500
Cruise terminal 4 improvements	210,301	-	210,301	233,000
Cove/marina - roads	842,156	-	842,156	1,406,000
Cruise terminal 5 small chiller units	297,704	-	297,704	304,000
Cruise terminal 10 canopy	168,952	467,358	636,310	650,000
Cruise terminal 10 mooring dolphins	-	-	-	100,000
Cruise terminal communications	213,000	800	213,800	217,000
Communications equipment	-	3,396	3,396	5,000
Cruise terminal generators	1,439,237	-	1,439,237	1,488,000
Maintenance dredging	457,073	895,974	1,353,047	1,735,000
South jetty deposition basin	125,224	1,941,947	2,067,171	2,638,000
West turning basin deepening	475,184	-	475,184	511,219
Cove/marina stormwater	358,503	57,466	415,969	5,381,000
Other computer equipment	-	26,857	26,857	30,000
Cruise terminal 6 and 7	1,692,954	-	1,692,954	1,803,000
Port Canaveral headquarters	4,640,075	1,715,234	6,355,309	6,934,000
Jetty Park phase II	-	-	-	100,000
Cruise terminal gangways	312,143	3,590	315,733	350,000
Buildings and improvements	-	1,448,444	1,448,444	1,480,000
Land improvements	-	-	-	100,000
Fire equipment	-	25,575	25,575	29,000
Utilities and improvements	23,439	13,447	36,886	125,000
Office equipment	-	232,217	232,217	236,000
New/replacement vehicles	-	513,181	513,181	999,000
Cruise terminal 8 embarkation mods	6,700	4,404	11,104	200,000
Maritime museum	15,354	-	15,354	100,000
Cruise terminal 10 upgrades	9,675	43,789	53,464	125,000
Cruise terminal furniture/equipment	-	16,219	16,219	50,000
North cargo piers 1,2,3 and 4 repairs	6,262,128	481,013	6,743,141	7,721,000
Northside drainage system	464,591	44,299	508,890	1,370,000
Pump out facility	-	58,037	58,037	300,000
George King Blvd. improvements	361,953	8,374	370,327	800,000
George King Blvd. aquifer storage	536,899	23,017	559,916	1,129,000

## CANAVERAL PORT AUTHORITY

### Schedule of Construction in Progress and Capital Costs Compared with Budget (Prior to Transfer of Completed Projects to Capital Assets) (continued)

Years Ended September 30, 2007 and 2006

	Actual		Cumulative Total	Budget
	Prior Years	Current Year		Cumulative Total
Stormwater improvements	177,849	120	177,969	420,829
West turning basin corner cut off	847,312	837,883	1,685,195	1,935,781
West turning basin security road	-	-	-	100,000
Port security upgrades round 4	1,125,417	681,912	1,807,329	2,059,000
Cruise terminal 5 roof upgrades	234,361	(4,358)	230,003	250,000
Security - Coast Guard requirement	511,156	57,214	568,370	700,000
Cruise terminal 12	38,960	-	38,960	39,000
New computer system	847,166	163,636	1,010,802	1,011,000
North cargo staging area	1,788,487	17,582	1,806,069	1,806,100
South cargo pier 1 and 2	6,228,845	5,914,948	12,143,793	14,842,000
South cargo pier bulkhead wall replace	-	2,947,048	2,947,048	5,000,000
Portwide signage	137,715	86,572	224,287	650,000
Security upgrades (State)	654,733	32,266	686,999	713,000
Port control center upgrades	12,718	15,322	28,040	120,000
Scallop drive paving	-	93,687	93,687	2,500,000
Equipment	-	151,122	151,122	200,000
Landscape and recreation improvements	-	-	-	200,000
Cruise terminal 8 and 10 chiller improvements	-	601,253	601,253	700,000
	<u>\$ 32,453,748</u>	<u>\$ 19,994,276</u>	<u>\$ 52,448,024</u>	<u>\$ 74,919,429</u>

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# CANAVERAL PORT AUTHORITY

## Schedule of Expenditures of State Financial Assistance

For the Fiscal Year Ended September 30, 2007

<u>State Agency, Pass-through and State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>Department of Transportation</b>			
Direct Programs			
Seaport Grants			
Widen West Turning Basin Entrance	55.005	A0967/418410-1-94-01	\$ 418,941
Maintenance Dredging and South Jetty	55.005	A0H43/420317-1-94-01	994,508
Total Seaport Grants			<u>1,413,449</u>
Florida Highway Beautification Council	55.003	AO528	<u>6,503</u>
Total Department of Transportation			<u>1,419,952</u>
<b>Florida Department of Environmental Protection</b>			
Direct Programs			
Canaveral Inlet Management Plan	37.003	06BE01	35,565
Aquifer Storage and Recovery	37.003	LP6009	25,736
Total Department of Environmental			<u>61,301</u>
Total expenditures of state financial assistance			<u>\$ 1,481,253</u>

# CANAVERAL PORT AUTHORITY

Schedule of Insurance in Force

For the Year Ended September 30, 2007

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## Property coverage

Total insured values	\$	100,529,000
Limit on buildings, contents, EDP, signs		50,000,000
Earthquake		20,000,000
Flood		20,000,000

## Primary flood insurance policies

Baggage buildings	\$	1,661,000
Maritime center		500,000
Cruise terminal #2		500,000
Cruise terminal #3		500,000
Cruise terminal #4		500,000
Cruise terminal #5		500,000
Cruise terminal #8		500,000
Cruise terminal #10		500,000
Customs offices		500,000
Old administration building		500,000
Security office		446,000
Maintenance building West		366,000
Maintenance building East		201,000
Storage building		315,000
Boom storage building		158,000
Immigration office trailer		119,000
Electrical switch gears		104,000
Office trailers		79,000
Charter house offices		44,000

## Comprehensive general liability

Comprehensive per occurrence/ bodily injury and property damage	\$	1,000,000
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## Automobile liability and physical damage

Bodily injury and property damage	\$	1,000,000
Medical payments		5,000
Personal injury protection		Statutory
Hired auto liability		1,000,000
Employers non-owned auto liability		1,000,000
Hired auto physical damage limit per vehicle		35,000
Garage keepers legal liability		500,000

## Workers compensation

Employers liability		
Bodily injury by accident/each accident	\$	1,000,000
Bodily injury by disease/each employee		1,000,000
Bodily injury by disease/aggregate		1,000,000

# CANAVERAL PORT AUTHORITY

Schedule of Insurance in Force (continued)

For the Year Ended September 30, 2007

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<b>Umbrella liability</b>	
Per occurrence	\$ 50,000,000
<b>Public officials liability – claims made</b>	
Each wrongful act/aggregate	\$ 10,000,000
<b>Comprehensive crime insurance</b>	
Employee dishonesty	\$ 500,000
Depositors forgery	500,000
Computer fraud	500,000
Money & securities – inside	500,000
– outside	500,000
<b>Florida storage tank</b>	
Per occurrence	\$ 1,000,000
Aggregate	2,000,000
<b>Fiduciary liability</b>	
Aggregate	\$ 1,000,000

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**ADDITIONAL ELEMENTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS,*  
AND THE RULES OF THE AUDITOR GENERAL**

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*Hoyman Dobson*

## **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***

To the Board of Commissioners  
Canaveral Port Authority

We have audited the accompanying financial statements of the Canaveral Port Authority as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 11, 2008. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Canaveral Port Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Canaveral Port Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Canaveral Port Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Canaveral Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Canaveral Port Authority's financial statements that is more than inconsequential will not be prevented or detected by the Canaveral Port Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2007-1, 2007-2 and 2007-3] to be significant deficiencies in internal control over financial reporting.

#### *Certified Public Accountants*

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Canaveral Port Authority's internal control.

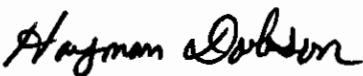
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Canaveral Port Authority's financial statements are free of 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*.

The Canaveral Port Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Canaveral Port Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, state awarding agencies, specific legislative or regulatory bodies, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



**Hoyman Dobson**  
Melbourne, Florida  
February 11, 2008



Hoyman Dobson

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major State Project and on Internal Control Over  
Compliance in Accordance with Chapter 10.550, Rules of the Auditor General**

To the Board of Commissioners  
Canaveral Port Authority

**Compliance**

We have audited the compliance of the Canaveral Port Authority with the types of compliance requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement*, that are applicable to its major state project for the year ended September 30, 2007. The Canaveral Port Authority's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state project is the responsibility of the Canaveral Port Authority's management. Our responsibility is to express an opinion on the Canaveral Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Canaveral Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Canaveral Port Authority's compliance with those requirements.

In our opinion, the Canaveral Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major state project for the year ended September 30, 2007.

*Certified Public Accountants*

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To the Board of Commissioners  
Canaveral Port Authority  
Page Two

### **Internal Control Over Compliance**

The management of the Canaveral Port Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered the Canaveral Port Authority's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Canaveral Port Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, state awarding agencies, specific legislative or regulatory bodies, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



**Hoyman Dobson**  
Melbourne, Florida  
February 11, 2008

# CANAVERAL PORT AUTHORITY

Schedule of Findings and Questioned Costs – State Projects  
For the Year Ended September 30, 2007

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## SECTION A – SUMMARY OF AUDITORS' RESULTS

### Financial Statements

Type of Auditors' report issued:

Internal control over financial reporting:

**Unqualified**

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiencies(s) identified not considered  
to be material weaknesses?

  X   yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

### State Awards

Internal Control over major projects:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiencies(s) identified not considered  
to be material weaknesses?

\_\_\_\_\_ yes   X   none reported

Type of auditors' report issued on compliance  
for major projects:

**Unqualified**

Identification of major projects:

Name of State Project

State CSFA No.

Seaport Grants

55.005

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 300,000

# CANAVERAL PORT AUTHORITY

Schedule of Findings and Questioned Costs – State Projects (Continued)

For the Year Ended September 30, 2007

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## SECTION B – FINDINGS – FINANCIAL STATEMENTS

### 2007-1 ACCOUNTING POLICIES AND PROCEDURES

Condition: Accounting policies and procedures should be in place that provide reasonable assurance that the general ledger is free of significant misstatements. Specifically, closing procedures should be in place so that contractor invoices are properly accrued as of year end.

Condition: Management does not have procedures in place to provide reasonable assurance that the general ledger is free of significant misstatements, specifically related to liabilities for contract services performed near year end.

Effect: We noted certain contractor invoices (3 in total) for September 2006 services that were not properly accrued as of September 30, 2006. Failure to properly account for the invoices caused accrued liabilities and construction in progress to be understated by approximately \$961,000 as of September 30, 2006. In addition, we noted one contractor invoice that was fully accrued as of September 30, 2007, even though a portion of the services were rendered in October 2007 (fiscal year 2008). Accordingly, we noted accrued liabilities and construction in progress were overstated by approximately \$111,000 as of September 30, 2007, which required an adjustment in that amount to reduce liabilities and construction in progress by the same amount.

Recommendation: We recommend management develop and adopt procedures to provide reasonable assurance that the general ledger is free of significant misstatements. Specifically, management should develop a system to process and analyze all invoices at month and year end, such that goods and services can be accrued in the appropriate accounting period.

Management Response: The Authority does in fact have a long existing procedure in place for the analysis of invoices at month and year end for accrual purposes. The referenced invoices were September 30, 2006 and were not provided to the accounting department until late December 2006, after the audit was already completed. The implementation of the new accounting system is now complete and in place. The procedures for us to receive and process invoices in a timely manner has proven to be much more efficient with the use of the new purchase order system. The Authority will review the current procedures in place to look for areas of improvement.

### 2007-2 FRAUD POLICY

Criteria: During 2007, the Authority adopted a fraud policy (2007-1), which outlines procedures to be followed in the event of suspected fraud. Specifically, the policy indicates staff should report suspected fraud to a direct supervisor, the department director, or the Director of Public Safety, who is responsible for completing all investigations of suspected fraud.

# CANAVERAL PORT AUTHORITY

Schedule of Findings and Questioned Costs – State Projects (Continued)

For the Year Ended September 30, 2007

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## SECTION B – FINDINGS – FINANCIAL STATEMENTS (CONTINUED)

Condition: Through discussions with management and staff, we noted that certain employees are unaware of the Authority's fraud policy, and how suspected fraud is supposed to be reported. Further, we are not aware of any formal communication of the policy to staff subsequent to approval of the policy.

Effect: Authority employees are not aware of the fraud policy, making an ineffective tool in preventing and detecting potential fraud.

Recommendation: We recommend the Authority consider options to effectively communicate its fraud policy to employees. We also recommend management consider implementation of a fraud hotline, which would be an anonymous way for employees to report suspected fraud.

Management Response: The Authority will investigate contracting with an independent company to monitor a fraud hotline which would provide the opportunity for employees to call and report any suspected instances. The Authority will incorporate fraud awareness training into ongoing personnel training for current Port employees, as well as include it in the new employee orientation.

### 2007-3 PARKING LOT PROCEDURES

Condition: We noted that procedures and controls in place related to parking operations are insufficient and could lead to the potential loss of parking revenues for the Authority. While certain controls have been improved during the past year, we noted surprise counts have not been performed on a monthly basis throughout the year, and there are still design flaws that could potentially allow guests to enter certain lots without paying. In addition, the surprise counts that did occur during the year resulting in discrepancies of 28, 56 and 100 cars during the July, August and September 2007, respectively.

Context: The Authority charges \$12 per day for a car to park in one of its parking lots near the passenger cruise ship terminals. Surprise counts taken by Authority employees have indicated in previous years a potential loss of revenues. Parking revenue (related to passenger cruises) represents approximately \$9,014,000 of the Authority's total operating revenue for the fiscal year ended September 30, 2007.

Effect: Insufficient procedures and controls could allow for lost parking revenues for the Authority.

Recommendation: We recommend the Authority re-evaluate and enhance its procedures and controls with respect to parking operations. In addition, we recommend the Authority resume its surprise counts, in order to more effectively monitor parking lot procedures.

# CANAVERAL PORT AUTHORITY

Schedule of Findings and Questioned Costs – State Projects (Continued)

For the Year Ended September 30, 2007

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## **SECTION B – FINDINGS – FINANCIAL STATEMENTS (CONTINUED)**

Management Response: In an effort to enhance the procedures and controls with respect to parking operations, the Authority is conducting surprise parking lot counts each month on all locations and reconciling the car counts to the related daily parking revenue worksheets. Additionally, the Authority is currently reviewing strategic locations to place security cameras inside the parking lot areas to prevent and deter the potential loss of parking revenues. The Authority will further review the current procedures for additional areas of improvement.

## **SECTION C – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS**

No matters were reported.

## **SECTION D – OTHER ISSUES**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal or State financial assistance projects.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.



Hoyman Dobson

## Independent Auditors' Management Letter

Board of Commissioners  
Canaveral Port Authority

We have audited the financial statements of the Canaveral Port Authority as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated February 11, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. We have issued our Independent Auditors' Report on Compliance and Internal Control over Financial Reporting, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major State Project, and Schedule of Findings and Questioned Costs. Disclosures in those report, which are dated February 11, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been corrected except as noted in the accompanying schedule of findings and questioned costs [2007-3].
- ❖ Section 10.554(l)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Canaveral Port Authority complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we noted the following recommendation:

### *Certified Public Accountants*

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## 1. INFORMATION TECHNOLOGY-LOGICAL ACCESS AND CONTROLS

### Observations:

Since the Port implemented new accounting software during fiscal year 2007, we performed an in-depth assessment of the information technology internal controls at the Port in order to determine the effect on our audit, in accordance with Statement on Auditing Standards #94. Our assessment did not uncover any issues that would affect our audit approach; however, we did have recommendations for the Port on how the controls could be further strengthened. A separate report on our findings was presented to Port management and all matters in the report were discussed with management. The subject matter covered under this assessment and our findings are confidential in nature, and thus specific details of our findings are not disclosed to avoid the possibility of compromising Port information and security. This exemption from Florida Statutes 119.07(1) and other laws and rules requiring public access or disclosure is addressed under Florida Statute Section 281.301, Security systems; records and meetings exempt from public access or disclosure, and Florida Statute Section 282.318(2)(a).

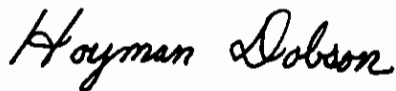
### Management Response:

We have reviewed the above referenced report and have provided responses to the observations and recommendations made by the auditors. Management does not believe that any of the findings in the report are material in nature. We intend to appropriately address the suggestions made in the upcoming fiscal year.

- ❖ Section 10.554(l)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an affect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- ❖ Section 10.554(l)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Canaveral Port Authority is disclosed in the footnotes. The Canaveral Port Authority has no component units.
- ❖ Section 10.554(l)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the special condition(s) met. In connection with our audit we determined that the Canaveral Port Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- ❖ Section 10.554(l)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Canaveral Port Authority for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Canaveral Port Authority and management, state awarding agencies, specific legislative or regulatory bodies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



**Hoyman Dobson**  
Melbourne, Florida  
February 11, 2008

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# CANAVERAL PORT AUTHORITY

## Appendix A - Schedule of Seaport Bond Program Projects

For the Year Ended September 30, 2007

<b>FLORIDA PORTS FINANCING COMMISSION</b>		<b>Total</b>			<b>Expenditures</b>
<b>Project Description</b>	<b>Project Number/ Bond Fund</b>	<b>Authorized Project Costs</b>	<b>Current Year Expenditures</b>	<b>Cumulative Expenditures</b>	<b>to Total Authorized Project Costs</b>
Cruise Terminal 8	97-2RP / 320.20(3)	\$ 11,000,000	\$ -	\$ 11,000,000	100%
Canaveral Cove	96-2P / 320.20(3)	1,044,000	-	1,044,000	100%
Channel Widening & Deepening	97-3RP / 320.20(3)	800,000	-	800,000	100%
Roro Ramp and Container Yard	97-7 / 320.20(3)	3,316,229	-	3,316,229	100%
Parking Cruise Terminal 2&3	97-5 / 320.20(3)	235,885	-	235,885	100%
Wastewater	97-1P / 320.20(3)	980,329	-	980,329	100%
Fire Training Facility	97-10 / 320.20(3)	994,640	-	994,640	100%
Fire Station	97-8 / 320.20(3)	595,000	-	595,000	100%
Cruise Terminal 6&7	98-1 / 320.20(3)	258,633	-	258,633	100%
South Cargo Pier 4 Extension	99-1 / 320.20(3)	2,534,702	-	2,534,702	100%
Additions and Modifications to Cruise Terminals No. 5 & 10	2000-1 / 320.20(3)	1,918,599	-	1,918,599	100%
Landside and Waterside Modifications to CT5 (Megaship)	01-P-2E / 320.20(3)	1,213,658	-	1,213,658	100%
Various Bulkheads	2000-3 / 320.20(3)	675,000	-	675,000	100%
<b>Total of 320.20(3) Fund</b>		<b>25,566,675</b>	<b>-</b>	<b>25,566,675</b>	<b>100%</b>
George King Interchange (75/25)	00-4P / 320.20(4)	11,979,302	-	11,979,302	100%
South Intermodal Gate (50/50)	97-9 / 320.20(4)	146,000	-	146,000	100%
Widener Widening (75/25)	00-5 / 320.20(4)	334,284	-	334,284	100%
WTB SR 401 Overpass (75/25)	00-7P / 320.20(4)	3,693,000	-	3,693,000	100%
WTB SR 401 Intermodal Gate (50/50)	00-7P / 320.20(4)	5,180,000	-	5,180,000	100%
Security Access Control (90/10)	PS1-03 / 320.20(4)	327,236	-	327,236	100%
<b>Total 320.20(4) Fund</b>		<b>21,659,822</b>	<b>-</b>	<b>21,659,822</b>	<b>100%</b>
<b>Grand Total</b>		<b>\$ 47,226,497</b>	<b>\$ -</b>	<b>\$ 47,226,497</b>	<b>100%</b>

**Note:** The Schedule of Seaport Bond Program Project is on the cash basis of accounting.