Palm Beach County, Florida
Department of Airports

Financial Report
September 30, 2021

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RSM US LLP

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Palm Beach County, Florida Department of Airports (the Department) as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of September 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter
As discussed in Note 1 to the financial statements, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida, as of September 30, 2021 and 2020, and its changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the Department's proportionate share of the net pension liability for the Florida Retirement System Pension Plan (FRS) and Health Insurance Subsidy Pension Plan (HIS), schedules of contributions for the FRS and HIS plans, and schedule of changes in total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Department's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
March 29, 2022

The following Management's Discussion and Analysis (MD&A) of the Palm Beach County Department of Airports' (the Department) activities and financial performance provides the reader with an introduction to the financial statements of the Department for the fiscal years ended September 30, 2021 and 2020. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements including the notes thereto which are essential to a full understanding of the financial statement data. In addition to the financial statements and accompanying notes, this section presents certain supplementary information regarding debt service requirements and a schedule of Department payments to other governmental units for goods and services.

Airport Activities and Highlights

The demand for leisure travel started to rebound in 2021. Fiscal year 2021 results showed a 1.5% increase in enplanement (departing passengers). Enplanement for the fiscal year totaled 2,137,960.

The COVID-19 pandemic has negatively affected domestic and international travel, commerce, and financial markets globally. Palm Beach International Airport's (PBIA) fiscal year 2020 results showed a 37.2% reduction in enplanement (departing passengers) as a direct result of the global decline in air carrier capacity and passenger demand. Passengers' concerns over safety and the general economic conditions all played a part in the global decline in travel. Enplanements for the fiscal year totaled 2,105,505.

The following table shows a summary of various activities:

	2021	2020	2019
Enplanements	2,137,960	2,105,505	3,352,828
% Change	1.5%	(37.2)%	2.6%
Air Carrier Operations	41,312	40,580	53,918
% Change	1.8%	(24.7)%	(3.6)%
Landed Weight	3,032,890	3,022,573	3,913,451
% Change	0.3%	(22.8)%	0.4%
Cargo Tons	31,155	29,469	29,046
% Change	5.7%	1.5%	8.2%
Parking Transactions	374,448	422,672	737,104
% Change	(11.4)%	(42.7)%	(1.2)%

Financial Operations Highlights

Financial impacts are highlighted as follows:

Changes Between 2021 and 2020

- Compared to the prior year, operating revenues increased to $65.1 million (an increase of $3.2 million). Revenue increases were primarily driven by increased passenger growth in the areas of car rental concessions, and other concessions. Cumulatively, ground transportation revenues accounted for $22 million of revenue.

- Investment earnings decreased by $1,145,529. (55% decrease) for a total of $1.44 million. Investments are managed by the Clerk of the Circuit Courts under County approved guidelines.

- Compared to the prior year, operating expenses decreased 3% or $1.7 million. Contracted Security costs increased by 1% for a total cost of $9.4 million. Contracted Fire Rescue Services cost increased by 14% for a total cost of $7.2 million.

- The Coronavirus Response and Relief Supplemental (CRRSAA) Act (Public Law 116-260) was signed into law on December 27, 2020 to provide economic relief to eligible U.S. airports and eligible concessions to prevent, prepare for, and respond to the COVID-19 pandemic. The Federal Aviation Administration (FAA) has established the Airport Coronavirus Response Grant program (ACRGP) to distribute these funds in the form of grants to all airports that are part of the national airport system.

  The Department was awarded approximately $7.7 Million in FAA ACRGP funding. Under the FAA ACRGP funding, an airport owner/sponsor may use these funds for cost related to operating and maintenance cost to combat the spread of pathogens at the airport, and debt service payments.

Changes Between 2020 and 2019

- Compared to the prior year, operating revenues decreased to $61.9 million (a decrease of $9.9 million). Revenue decreases were primarily driven by reduction in air carrier flight operations as a result of COVID-19. The reduction in air carrier flight operations impacts PBIA by reducing variable revenue streams that are tied to passenger traffic, such as airline operational activity fees and revenues generated by passenger activity such as parking fees, car rentals and other airport concessions.

- Investment earnings decreased by $2,102,081 (45% decrease) for a total of $2.6 million. Investments are managed by the Clerk of the Circuit Courts under County approved guidelines.

- Compared to the prior year, operating expenses increased 2% or $1 million. Contracted Security costs increased by 6% for a total cost of $9.3 million.

- The Coronavirus Aid, Relief and Economic Security (CARES) Act (HR 748) was adopted and signed into law on March 27, 2020 to provide financial relief to various sectors of the economy, including certain airports impacted by the COVID pandemic through the Federal Aviation Administration (FAA). The CARES Act appropriated certain funds to provide grants in aid of airports to prevent, prepare for, and respond to COVID-19 (FAA CARES Act).

- The Department was awarded approximately $36.7 Million in FAA CARES Act funding. Under the FAA CARES Act funding, an airport owner/sponsor may use these funds for any purpose for which airport revenues may be lawfully used, including for payment of debt service and operating and maintenance costs.

The change in net position for fiscal year 2021 totaled approximately $17 million; the change in net position for fiscal year 2020 totaled approximately $14.4 million.

	2021	2020	2019
Operating revenues	$ 65,102,685	$ 61,892,328	$ 71,747,897
Operating expenses	49,559,365	51,296,140	50,278,898
Operating income before depreciation and amortization	15,543,320	10,596,188	21,468,999
Depreciation and amortization	24,046,819	23,296,316	23,248,733
Operating loss	(8,503,499)	(12,700,128)	(1,779,734)
Other nonoperating income (expenses), net, including capital contributions and transfers	25,514,953	27,143,609	22,095,678
Change in net position	$ 17,011,454	$ 14,443,481	$ 20,315,944

Financial Position Summary

Net position may serve over time as a useful indicator of the Department's financial position. The Department's assets and deferred outflows exceeded liabilities and deferred inflows by approximately $544.8 million at September 30, 2021 and $527.8 million at September 30, 2020. A condensed summary of the Department's net position at September 30, is shown below:

	2021	2020	2019
Assets:			
Current and other assets	$ 203,297,635	$ 191,999,383	$ 195,590,201
Capital assets	435,817,338	428,252,033	415,003,597
Total assets	639,114,973	620,251,416	610,593,798
Deferred outflows of resources	2,822,065	4,288,725	3,856,876
Liabilities:			
Current and other liabilities	22,366,921	16,351,973	18,471,308
Long-term debt outstanding	68,147,589	80,071,757	81,735,941
Total liabilities	90,514,510	96,423,730	100,207,249
Deferred inflows of resources	6,589,979	295,316	865,811
Net position:			
Net investment in capital assets	365,353,776	359,022,173	341,657,594
Restricted	64,103,608	73,243,979	82,211,764
Unrestricted	115,375,165	95,554,943	89,508,256
Total net position	$ 544,832,549	$ 527,821,095	$ 513,377,614

A significant portion of the Department's net position each year (67% at September 30, 2021) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Department uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of

related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Department's net position (12% at September 30, 2021) represents restricted assets that are subject to external restrictions on how they can be used under bond resolution covenants and Passenger Facility Charge regulations. The remaining unrestricted net position (21% at September 30, 2021) may be used to meet any of the Department's ongoing obligations.

Financial Position, 2021 Versus 2020

Total assets increased by $18.9 million in 2021 due to the construction of new capital assets, improved cash position, and improved net position. Unrestricted cash and cash equivalents increased by $20.5 million; liabilities decreased by $5.9 million. Total net position increased by $17 million over the prior year.

Financial Position, 2020 Versus 2019

Total assets increased by $9.7 million in 2020 due to the construction of new capital assets, improved cash position, and improved net position. Unrestricted cash and cash equivalents increased by $4.5 million; liabilities decreased by $3.8 million. Total net position increased by $16.2 million over the prior year.

Signatory Airline Agreement

The Department and Signatory air carriers operate under a negotiated Signatory Airline Agreement (the Agreement) which establishes how the Signatory Airlines (Airlines) will be assessed rates and charges for the use of Palm Beach International Airport (PBIA). The Agreement serves as the basis for calculating landing fees, terminal rental rates, baggage and gate equipment charges, and apron fees taking into account costs associated with the operation, maintenance and debt service of the airfield and terminal. Landed weight and rentable square footage serve as the units for landing fees and terminal rents, respectively. Under the current Agreement, airfield revenues are credited towards the Airline's net requirement (residual rate setting methodology.) The terminal cost center expenditure requirements are wholly payable by airline rents (compensatory rate setting methodology.) The Department also has the ability under the Agreement to adjust airline rates and charges at any time throughout the year if the Department determines a rate adjustment is required resulting in an increase of 10% or more. This ensures the Department is in a position to meet all financial requirements of the Bond resolution regarding debt service coverage requirements.

The Department, effective October 1, 2019, is operating under a five-year agreement covering fiscal years 2020 through 2024. All "Signatory Airlines" are defined earlier as "Airlines" under the prior agreement, which terminated September 30, 2019, have elected to continue with a new five year signatory agreement effective October 1, 2019. Signatory Airlines, as of September 30, 2020, include: JetBlue, Delta, American, Southwest, United, Bahamas Air, FedEx and UPS. The table below shows landing fees and terminal rates net of revenue sharing distributions for fiscal years 2019, 2020, 2021 and 2022.

	2022 Projected	2021	2020	2019
Signatory landing fee (per 1,000 lbs MGLW)	$ 1.09	$ 1.19	$ 1.36	$ 0.91
Signatory airline annual terminal rate (per square foot)	$ 50.37	$ 41.93	$ 42.69	$ 47.72
Revenue from airlines (in thousands)	$ 21,122	$ 14,981	$ 16,068	$ 15,837
Baggage handling system fee per enplanement	$ -	$ -	$ -	$ 0.74
Baggage handling system fee per bag	$ 1.79	$ 2.19	$ 2.32	$ -
Enplanements (in thousands)	3,243	2,137	2,105	3,353
Airline cost per enplanement (passenger airlines)	$ 6.51	$ 7.01	$ 7.63	$ 4.72
Landed weight of commercial aircraft	3,715	3,033	3,023	3,913
Signatory airline terminal leasehold area (sq. ft.)	169,489	167,447	162,463	156,365

Factors Impacting the Airline Sector and PBIA Traffic

At PBI, fiscal year 2021 total passenger traffic was up by 1.6% compared to fiscal year 2020 with 4.3 million total passengers for the year.

Fiscal year 2021 was impacted by the COVID-19 pandemic. As a result, PBI saw 36% fewer passengers compared to fiscal year 2019.

As the pandemic evolves, Department of Airports Management has closely monitored industry trends and airline developments. Recovery for PBI and other Florida airports surpass the national average given the shift in airline capacity and demand away from business markets and to leisure markets. For the off-peak months such as summer 2021, airlines also expressed optimism and retained relatively more capacity at PBI as evident by expanded operations from Spirit, American, and United.

Significant progress in restoration of scheduled capacity and passenger volumes accelerated in the latter half of the fiscal year; total passenger traffic for June through September averaged 91% of 2019. Service recovery for the complete fiscal year 2021, on a scheduled capacity percentage basis, was strongest from legacy carriers: American and United, each exceeding 95% of 2019 levels and the PBI average of 76%.

Although signs and progress remain positive, recovery has slowed as the airlines and their partners continue to work through staffing and aircraft shortages. The continuing uncertainty caused by the pandemic is also likely to continue to have impacts on growth. PBI continues to work closely with our airline and tourism partners to support efforts to further stimulate demand, initiate and attract new routes and carriers.

Service changes announced for fiscal year 2022 include:

New Airlines

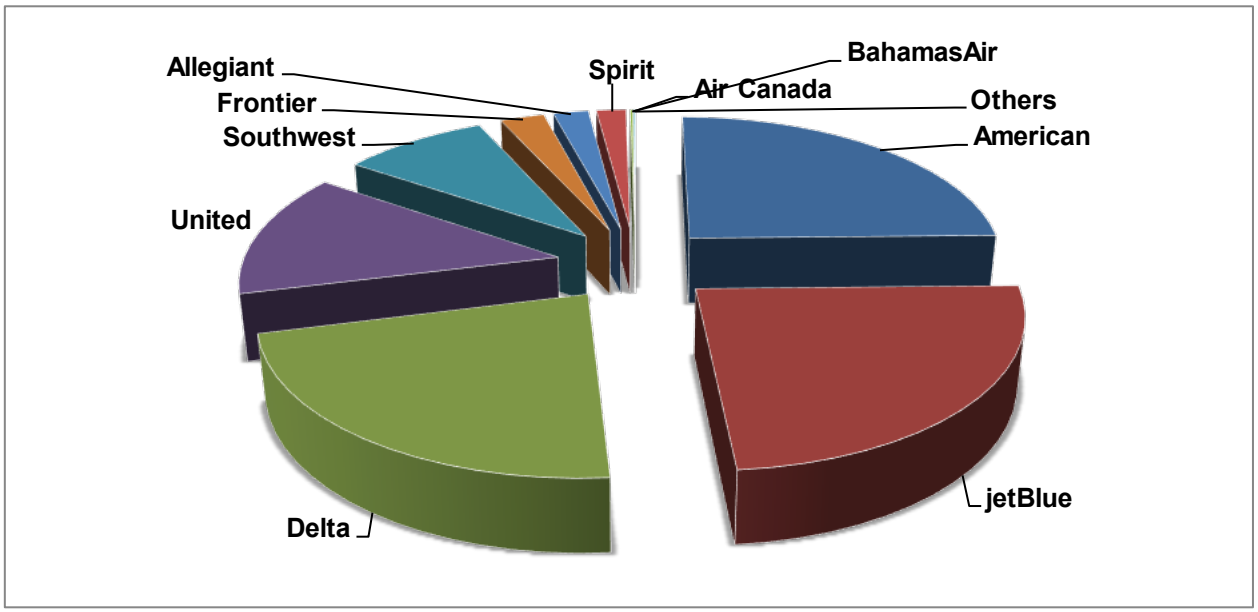
1. Avelo Airlines – New Haven (HVN)
2. Breeze Airways – Akron/Canton (CAK), Charleston (CHS), Columbus (CMH), New Orleans (MSY), Norfolk (ORF), Richmond (RIC)
3. Sun Country – Minneapolis (MSP)

New Routes

1. Allegiant – Austin (AUS), Minneapolis (MSP)
2. Frontier – Atlanta (ATL)

Airline Market Share and Passenger Information

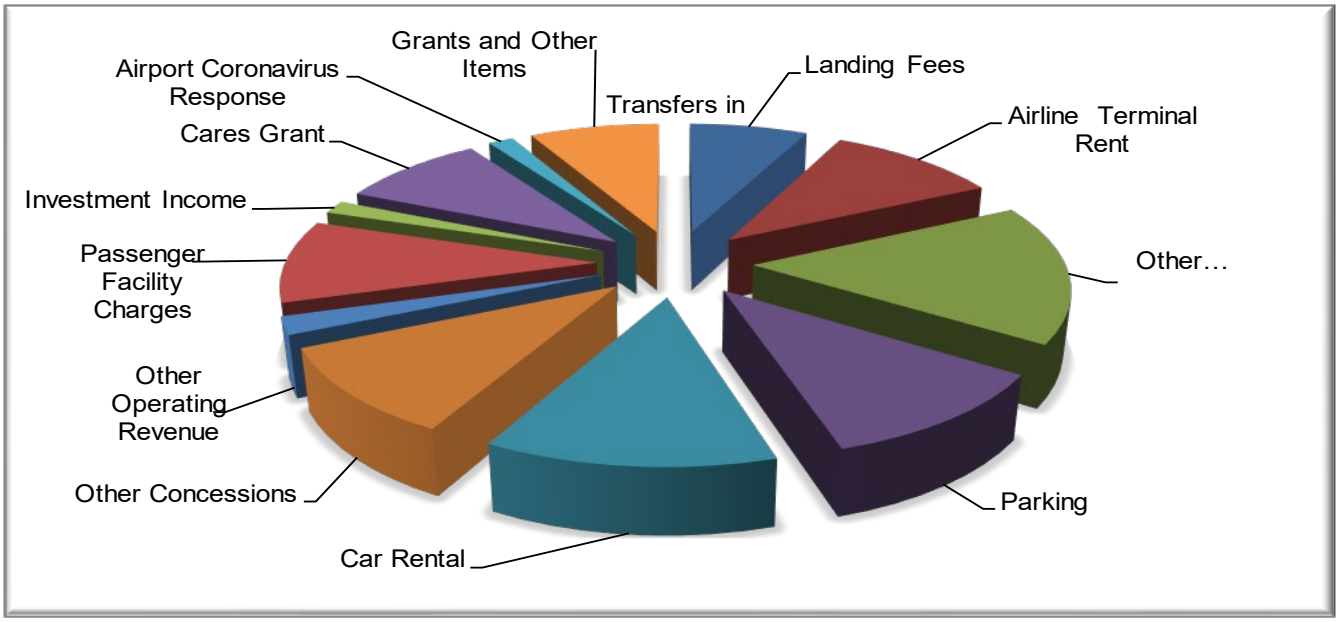
Total passenger traffic (enplaned and deplaned) is presented below for fiscal year 2021 by airline, showing market share at PBIA and comparisons to fiscal year 2020:



	2021	Change From 2020	% Change From 2020
American	1,052,491	129,785	14%
jetBlue	1,025,037	(99,946)	(9)%
Delta	952,709	46,943	5%
United	573,091	127,493	29%
Southwest	370,662	17,151	5%
Frontier	112,513	(78,554)	(41)%
Allegiant	89,916	17,623	24%
Spirit	75,901	(13,663)	(15)%
BahamasAir	6,945	3,390	100%
Air Canada	853	(85,073)	(99)%
Others	3,919	514	15%
Total	4,264,037	65,663	1.6%

Revenues

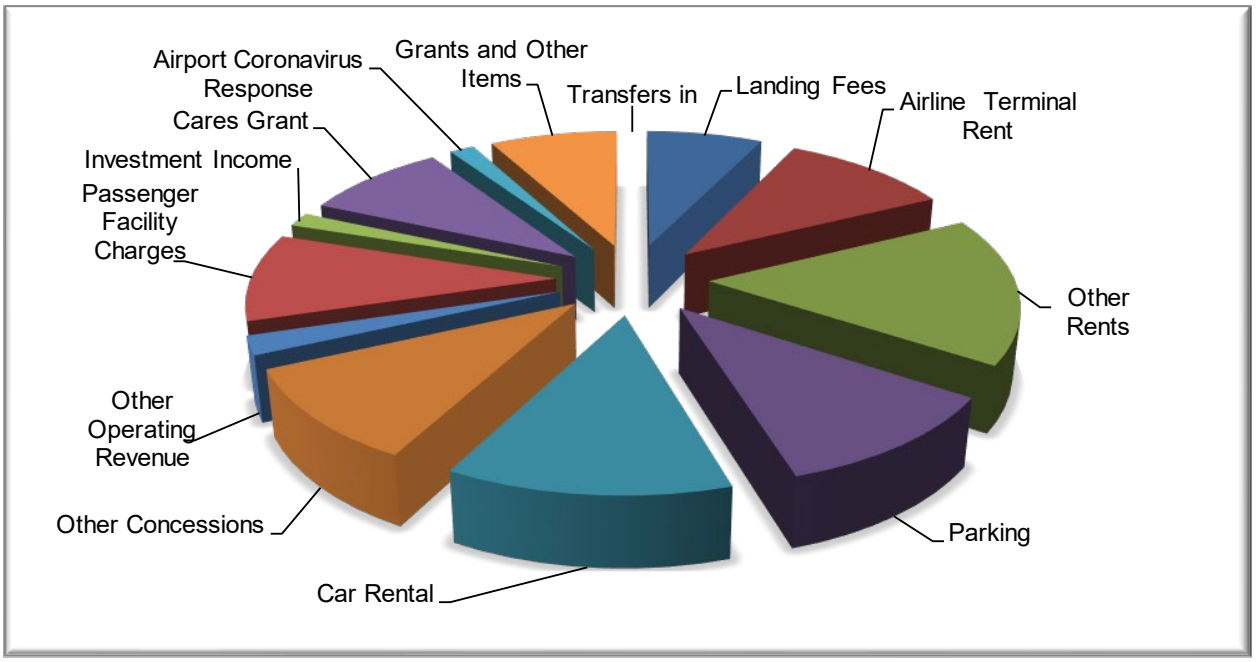
The following chart and table summarize revenues for the fiscal year ended September 30, 2021:



	2021	Percent of Total	Change From 2020	% Change From 2020
Operating Revenues				
Landing fees	$ 6,675,809	7%	$ 1,941,649	41%
Airline terminal rent	9,737,029	11%	(2,682,876)	(22)%
Other rental revenue	15,309,306	16%	332,593	2%
Parking	10,203,143	11%	(249,846)	(2)%
Car rental concessions	11,627,371	13%	2,270,675	24%
Other concessions	9,610,397	10%	1,798,568	23%
Other operating revenue	1,939,630	2%	(200,406)	(9)%
Total operating revenues	65,102,685	70%	3,210,357	5%
Other Sources				
Passenger facility charges	9,049,850	10%	1,070,258	13%
Investment income	1,441,890	2%	(1,145,529)	(44)%
Cares Grant	8,262,297	9%	(2,680,151)	(24)%
Airport Coronavirus Response	1,416,750	1%	1,416,750	100%
Grants and other items	7,327,191	8%	(502,618)	(6)%
Total other sources	27,497,978	30%	(1,841,290)	(6)%
Total revenues	$ 92,600,663	100%	$ 1,369,067	2%

Landing fees totaling $6.7 million increased by 41% and airline terminal rent totaling $9.7 million decreased by 22% due to lower cost to the airlines. Other rental revenue totaling $15.3 million increased by 2%. Concession revenue from parking, car rental and other concessions totaling $31.4 million increased by 14% because of increased passenger traffic.

The following chart and table summarize revenues for the fiscal year ended September 30, 2020:

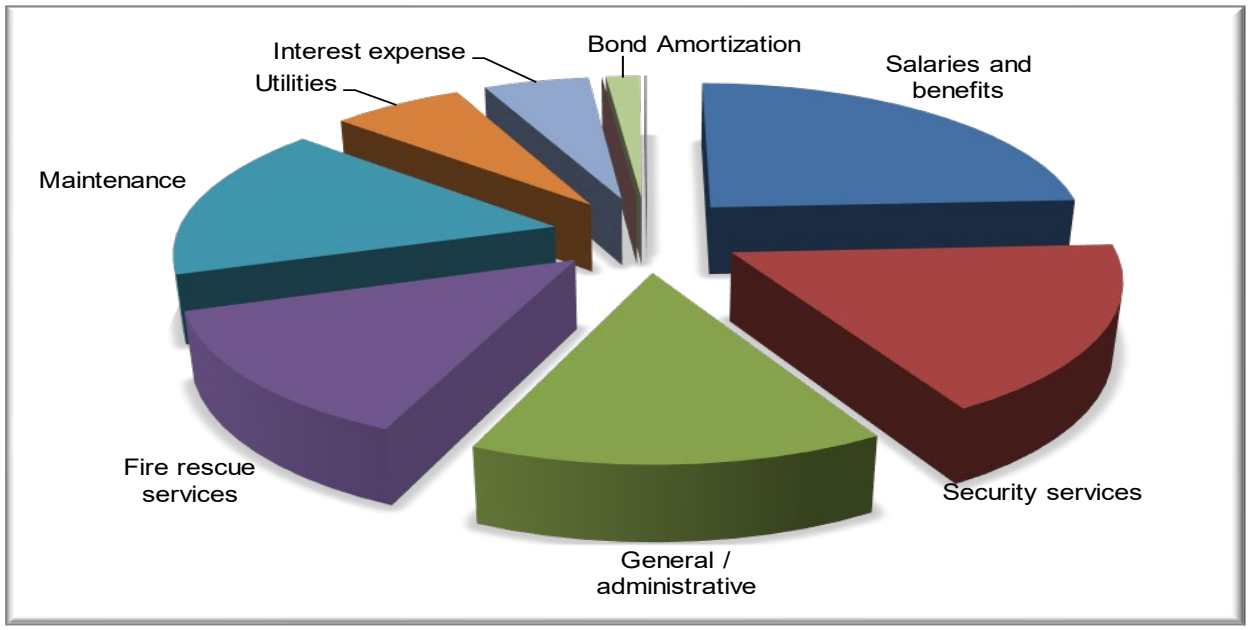


	2020	Percent of Total	Change From 2019	% Change From 2019
Operating Revenues				
Landing fees	$ 4,734,160	5%	$ (87,654)	(2)%
Airline terminal rent	12,419,905	14%	1,365,624	12%
Other rental revenue	14,976,713	16%	1,807,906	14%
Parking	10,452,989	11%	(7,914,284)	(43)%
Car rental concessions	9,356,696	10%	(2,350,992)	(20)%
Other concessions	7,811,829	9%	(3,144,580)	(29)%
Other operating revenue	2,140,036	2%	468,411	28%
Total operating revenues	61,892,328	67%	(9,855,569)	(14)%
Other Sources				
Passenger facility charges	7,979,592	9%	(5,821,203)	(42)%
Investment income	2,587,419	3%	(2,102,081)	(45)%
Cares Grant	10,942,448	12%	10,942,448	100%
Grants and other items	7,829,808	9%	2,294,623	41%
Transfers in	-	0%	(448,717)	(100)%
Total other sources	29,339,267	33%	4,865,070	20%
Total revenues	$ 91,231,595	100%	$ (4,990,499)	(5)%

Airline terminal rent totaling $12.4 million increased by 12% and other rental revenue totaling $14.9 million increased by 14 %. As a result of the Pandemic, PBIA experienced a reduction in air carrier capacity and operations which reduced variable revenue streams that are tied to passenger traffic. Landing fees totaling $4.7 million decreased by 2% and concession revenue from parking, car rentals, and other concessions totaling $27.6 million decreased 32.7%.

Expenses

The following chart and table summarize expenses for the fiscal year ended September 30, 2021:

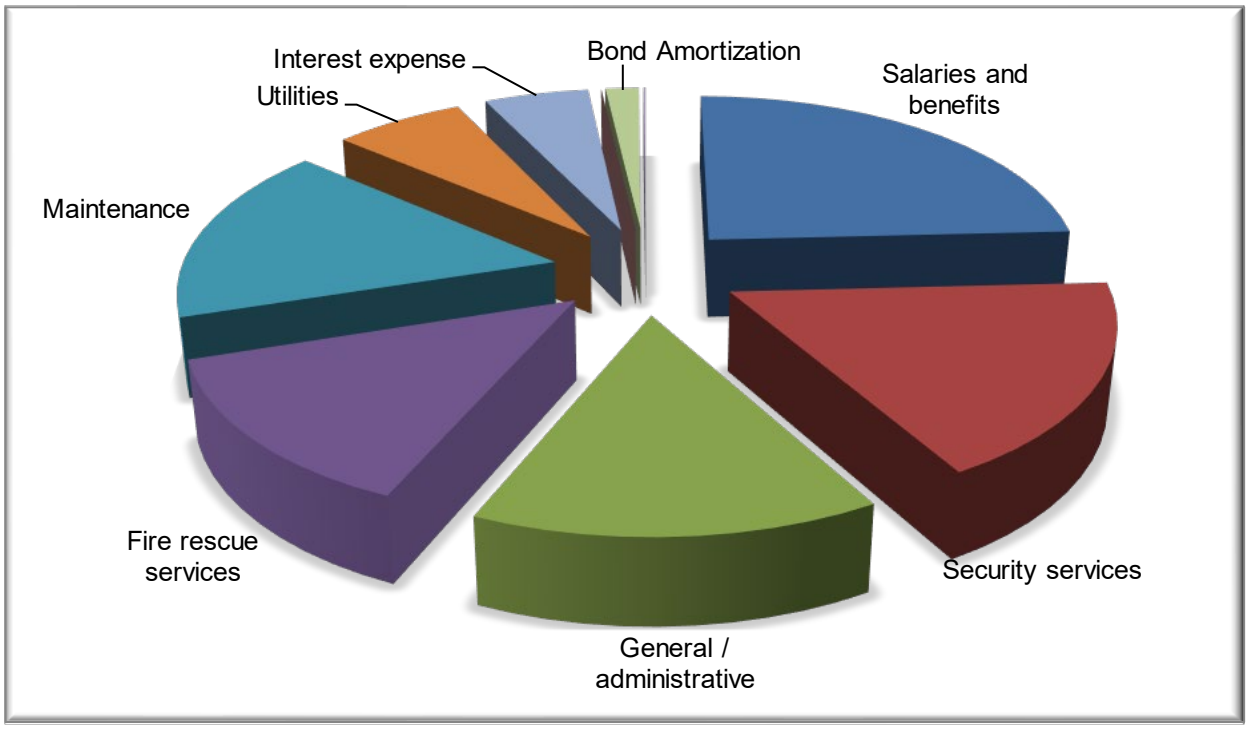


	2021	Percent of Total	Change From 2020	% Change From 2020
Operating Expenses				
Salaries and benefits	$ 12,907,067	17%	$ (2,146,286)	(14)%
Security services	9,398,685	12%	94,309	1%
General/administrative	7,811,845	10%	(461,567)	(6)%
Fire rescue services	7,231,917	10%	890,565	14%
Maintenance	8,680,790	11%	(57,781)	(1)%
Utilities	3,529,061	5%	(56,015)	(2)%
Total operating expenses	49,559,365	65%	(1,736,775)	(3)%
Depreciation and Amortization	24,046,819	32%	750,503	3%
Nonoperating Expenses				
Interest expense	2,833,500	4%	(194,436)	(6)%
Write off of disposal of capital assets	-	0%	-	100%
Bond amortization and other expenses	(909,749)	-1%	1,284	0%
Transfers to other county funds	59,274	0%	(19,481)	(25)%
Other expenses	-	0%	-	0%
Total nonoperating expenses	1,983,025	3%	(212,633)	(10)%
Total expenses	$ 75,589,209	100%	$ (1,198,905)	(2)%

Compared to the prior year, operating expenses decreased 3% or $1.7 million. Contracted Security costs increased by 1% for a total cost of $9.4 million. Contracted Fire Rescue Services cost increased by 14% for a total cost of $7.2 million.

Expenses (Continued)

The following chart and table summarize expenses for the fiscal year ended September 30, 2020:



	2020	Percent of Total	Change From 2019	% Change From 2019
Operating Expenses				
Salaries and benefits	$ 15,053,353	20%	$ 915,276	6%
Security services	9,304,376	12%	496,736	6%
General/administrative	8,273,412	11%	(129,802)	(2)%
Fire rescue services	6,341,352	8%	207,091	3%
Maintenance	8,738,571	11%	(532,552)	(6)%
Utilities	3,585,076	5%	60,493	2%
Total operating expenses	51,296,140	67%	1,017,242	2%
Depreciation and Amortization	23,296,316	30%	47,583	0%
Nonoperating Expenses				
Interest expense	3,027,936	4%	(183,809)	(6)%
Write off of disposal of capital assets	-	0%	-	100%
Bond amortization and other expenses	(911,033)	-1%	1,284	0%
Transfers to other county funds	78,755	0%	(336)	(0)%
Other expenses	-	0%	-	0%
Total nonoperating expenses	2,195,658	3%	(182,861)	(8)%
Total expenses	$ 76,788,114	100%	$ 881,964	1%

Compared to the prior year, operating expenses increased 2% or $1 million. Maintenance costs decreased by 6% for a total cost of $8.7 million.

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three fiscal years. Cash equivalents include cash on hand, bank deposits and highly-liquid investments with an original maturity of three months or less:

	2021	2020	2019
Cash flows provided by operating activities	$ 21,513,415	$ 11,007,112	$ 26,508,663
Cash flows provided by investing activities	1,441,889	2,587,419	4,689,500
Cash flows provided by noncapital financing activities	10,240,746	11,459,167	866,529
Cash flows used in capital and related financing activities	(23,608,655)	(26,584,697)	(19,080,524)
Net change in cash and cash equivalents	9,587,395	(1,530,999)	12,984,168
Cash and cash equivalents			
Beginning of year	182,804,628	184,335,627	171,351,459
End of year	$192,392,023	$182,804,628	$184,335,627

Capital Acquisitions and Construction Activities

During fiscal year 2021, the Department expended $31.6 million on capital activities. Completed projects during fiscal year 2021 totaling $5.1 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed fiscal year 2021, are as follows:

Lantana Fuel Wash rack	2.2 million
Terminal Generator	532k
Lantana Noise Compatibility Study	493k

During fiscal year 2020, the Department expended $24.6 million on capital activities. Completed projects during fiscal year 2020 totaling $37.1 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed fiscal year 2020, are as follows:

Third Level IMP	$9.5 million
Concourse Furniture	6.1 million
Lantana South Side Hangars	6.1 million
Lantana South Side Pavement Hangars	4.7 million

In general, acquisitions are funded using a variety of financing sources, including Federal Grants, State Grants, Airport revenues, Passenger Facility Charges and Revenue Bonds. See Note 3, Capital Assets, in the financial statements for additional information.

Long-Term Debt

The Department had outstanding long-term debt of approximately $ 62.5 million and $65.9 million as of September 30, 2021 and 2020, respectively. Both amounts are net of any current maturities, unamortized premiums, or unamortized discounts. The following table reflects the debt activities that occurred during fiscal year 2021:

Revenue Bonds:	Balance at October 1, 2020	Additions	Reductions	Balance at September 30, 2021	Due Within One Year
Series 2006B	$ 3,225,000	$ -	$ 3,225,000	$ -	$ -
Series 2016	56,770,000	-	100,000	56,670,000	2,400,000
	$ 59,995,000	$ -	$ 3,325,000	56,670,000	$ 2,400,000
Less current maturities				2,400,000	
Long-term portion				54,270,000	
Add unamortized premium				8,265,084	
Total				$ 62,535,084	

The following table reflects the debt activities that occurred during fiscal year 2020:

Revenue Bonds:	Balance at October 1, 2019	Additions	Reductions	Balance at September 30, 2020	Due Within One Year
Series 2006B	$ 6,270,000	$ -	$ 3,045,000	$ 3,225,000	$ 3,225,000
Series 2016	56,870,000	-	100,000	56,770,000	100,000
	$ 63,140,000	$ -	$ 3,145,000	59,995,000	$ 3,325,000
Less current maturities				3,325,000	
Long-term portion				56,670,000	
Add unamortized premium				9,234,860	
Total				$ 65,904,860	

See Note 5, Revenue Bonds Payable and Long-term Obligations, in the notes to the financial statements for additional information.

Credit Ratings

The Department's credit ratings currently stand at: Standard and Poor's A+, Fitch A1- and Moody's Investors Service A1. Generally, the rating agencies cited the Department's strengths to be: strong debt coverage, robust liquidity, relatively low cost per enplanement, diversified air carrier mix and a diversified revenue stream. Rating agencies noted a mitigating weakness in the form of competition from other area airports. Potential investors are urged to read the full reports issued by the respective rating agencies.

Passenger Facility Charges

The Department, as of September 30, 2021 and 2020, had a total collected balance of $291,844,111 and $283,704,396, respectively, in Passenger Facility Charges (PFC) Revenues, including interest on PFC cash balances, since the inception of the program in April 1, 1994. The Department has capital expenditures from PFC sources totaling $247,695,054 and $232,516,376, respectively, over the same time period. As of September 30, 2021 and 2020, the Department was authorized to collect $311,206,576 in PFC revenues. The Department is authorized to collect $4.50 per enplaned passenger per FAA policy.

Economic Factors, Fiscal Year 2021 Budget, and Airline Rates

- Compare to prior year, PBIA experienced a 1.8% increase in air carrier flight operations as of September 30, 2021. The increase in air carrier capacity resulted in an increase in variable revenue streams that are tied to passenger traffic, such as airline operational activity fees and revenues generated by passenger activity such as car rentals and other airport concessions.

- The Department's fiscal year 2022 operating expense budget total $59.9 million, not including Interfund transfers and reserves, which represents an increase of 3% from the prior year budget. Pursuant to County requirements, contracts must be fully budgeted even though actual expenses are likely to be less, therefore, the Department expects actual expenditures for fiscal year 2022 to be approximately $55 million. Operating revenues are budgeted at $66.4 million for fiscal year 2022.

- The fiscal year 2021 terminal rates averaged $41.93 per square foot; landing fees were $1.19 per 1,000 lbs. of landed weight. The fiscal year 2020 terminal rates averaged $42.69 per square foot; landing fees were $1.36 per 1,000 lbs. of landed weight. Airline cost per enplanement (CPE) in fiscal years 2021 and 2020 was $7.01 and $7.63, respectively. Management believes these CPE rates to be among the lowest in the state of Florida. Rates and cost per enplanement are stated net of estimated revenue sharing payouts to signatory airlines.

- The Coronavirus Response and Relief Supplemental (CRRSAA) Act (Public Law 116-260) was signed into law on December 27, 2020 to provide economic relief to eligible U.S. airports and eligible concessions to prevent, prepare for, and respond to the COVID-19 pandemic. The Federal Aviation Administration (FAA) has established the Airport Coronavirus Response Grant program (ACRGP) to distribute these funds in the form of grants to all airports that are part of the national airport system.

- The Department was awarded approximately $7.7 Million in FAA ACRGP funding. Under the FAA ACRGP funding, an airport owner/sponsor may use these funds for cost related to operating and maintenance cost to combat the spread of pathogens at the airport, and debt service payments.

Request for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning the information provided in this report can be addressed to Debbie Duncanson, Deputy Director of Airports, Finance and Administration, Palm Beach County, Department of Airports, Palm Beach International Airport, Building 846, West Palm Beach, Florida 33406 or email at dduncanson@pbia.org. Additional business information and statistics for the Airport can be viewed and downloaded at the Department's website: www.pbia.org.

Palm Beach County, Florida Department of Airports

Statements of Net Position
September 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Pooled cash and cash equivalents	**$ 125,152,814**	$ 104,594,698
Nonpooled cash and cash equivalents	**1,100**	1,100
Restricted pooled cash and cash equivalents	**265,677**	272,774
Restricted cash with fiscal agent	**3,816,750**	4,838,983
Accounts receivable, less allowance for doubtful accounts of $307,901 and $307,091 in 2021 and 2020, respectively	**4,152,195**	3,585,752
Government grants receivable	**2,009,711**	2,133,245
Due from other funds	**29,900**	35,733
Inventories	**2,079,144**	1,916,476
Other current assets	**1,007,360**	959,110
Total current assets	**138,514,651**	118,337,871
Noncurrent assets:		
Restricted assets:		
Pooled cash and cash equivalents	**15,539,019**	17,395,888
Nonpooled cash and cash equivalents	**47,616,663**	55,701,185
Accounts receivable	**1,627,302**	564,439
	64,782,984	73,661,512
Capital assets:		
Land	**123,805,352**	123,604,943
Construction in progress	**62,538,067**	36,332,801
Depreciable capital assets, net of accumulated depreciation	**249,473,919**	268,314,289
Total capital assets	**435,817,338**	428,252,033
Total noncurrent assets	**500,600,322**	501,913,545
Total assets	**639,114,973**	620,251,416
Deferred outflows of resources:		
Pensions	**2,231,483**	3,629,901
OPEB	**78,991**	87,206
Loss on revenue bond refunding	**511,591**	571,618
Total deferred outflows of resources	**2,822,065**	4,288,725

Palm Beach County, Florida Department of Airports

Statements of Net Position (Continued)
September 30, 2021 and 2020

	2021	2020
Liabilities and Net Position		
Current liabilities:		
Accounts and contracts payable	**$ 15,595,239**	$ 9,188,312
Compensated absences payable	**108,371**	103,121
Unearned revenue	**1,596,174**	1,102,680
Due to other funds	**236,369**	172,938
Due to other governments	**-**	78,700
Due to component unit	**533**	-
Other current liabilities	**747,808**	594,465
Total current liabilities	**18,284,494**	11,240,216
Current liabilities payable from restricted assets:		
Security deposits	**265,676**	272,788
Interest payable on revenue bonds	**1,416,751**	1,513,969
Current maturities of revenue bonds	**2,400,000**	3,325,000
Total current liabilities payable from restricted assets	**4,082,427**	5,111,757
Long-term liabilities:		
Compensated absences payable	**1,158,738**	1,190,075
Total OPEB liability	**346,337**	373,108
Net pension liability	**4,107,430**	12,603,714
Revenue bonds payable, less current maturities	**62,535,084**	65,904,860
Total long-term liabilities	**68,147,589**	80,071,757
Total liabilities	**90,514,510**	96,423,730
Deferred inflows of resources:		
Pension	**6,583,451**	287,835
OPEB	**6,528**	7,481
Total deferred inflows of resources	**6,589,979**	295,316
Net position:		
Net investment in capital assets	**365,353,776**	359,022,173
Restricted:		
Passenger facility charges	**45,854,907**	51,831,398
Debt service	**630,932**	3,900,927
Renewal and replacement	**6,092,473**	6,075,992
Operation and maintenance	**9,665,147**	9,647,285
Capital outlay	**1,860,149**	1,788,377
	64,103,608	73,243,979
Unrestricted	**115,375,165**	95,554,943
Total net position	**$ 544,832,549**	$ 527,821,095

See notes to financial statements.

Palm Beach County, Florida Department of Airports

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
Rentals	**$ 25,046,335**	$ 27,396,618
Concessions	**31,440,911**	27,621,514
Landing fees	**6,675,809**	4,734,160
Other	**1,939,630**	2,140,036
Total operating revenues	**65,102,685**	61,892,328
Operating expenses:		
Employee compensation and benefits	**12,907,067**	15,053,353
General and administrative	**7,811,845**	8,273,412
Maintenance	**8,680,790**	8,738,571
Contracted security services	**9,398,685**	9,304,376
Contracted fire-rescue services	**7,231,917**	6,341,352
Utilities	**3,529,061**	3,585,076
Total operating expenses	**49,559,365**	51,296,140
Operating income before depreciation and amortization	**15,543,320**	10,596,188
Depreciation and amortization	**24,046,819**	23,296,316
Operating loss	**(8,503,499)**	(12,700,128)
Nonoperating revenues (expenses):		
Investment income	**1,441,890**	2,587,419
Cares Grant	**8,262,297**	10,942,448
Airport Coronavirus Response Grant Program (ARCP)	**1,416,750**	-
Interest expense	**(2,833,500)**	(3,027,936)
(Loss) gain on disposal of capital assets	**-**	(985)
Amortization of deferred loss on refundings	**(60,027)**	(60,112)
Amortization of revenue bond premiums	**969,776**	971,145
Other revenues (expenses)	**776,641**	624,908
Total nonoperating revenues (expenses), net	**9,973,827**	12,036,887
Income (loss) before contributions and transfers	**1,470,328**	(663,241)
Passenger facility charges	**9,049,850**	7,979,592
Airport improvement capital grants	**6,550,550**	7,205,885
Transfers to other county funds	**(59,274)**	(78,755)
Change in net position	**17,011,454**	14,443,481
Net position, beginning	**527,821,095**	513,377,614
Net position, ending	**$ 544,832,549**	$ 527,821,095

See notes to financial statements.

Palm Beach County, Florida Department of Airports

Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from customers	**$ 65,028,083**	$ 63,471,087
Cash payments to vendors for goods and services	**(10,006,675)**	(19,628,707)
Cash payments to employees for services	**(13,907,716)**	(13,489,019)
Cash payments to other funds	**(19,600,277)**	(19,346,249)
Net cash provided by operating activities	**21,513,415**	11,007,112
Cash flows from noncapital financing activities		
Transfer to other county funds	**(59,274)**	(78,755)
Operating grants and other	**10,300,020**	11,537,922
Net cash provided by noncapital financing activities	**10,240,746**	11,459,167
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	**(32,091,350)**	(36,687,848)
Proceeds from sale of capital assets	**155,668**	29,434
Principal repayment on revenue bonds	**(3,325,000)**	(3,145,000)
Passenger facility charges received	**7,987,361**	9,529,227
Receipt of capital grants and reimbursements	**6,595,384**	6,809,330
Interest and fiscal charges paid	**(2,930,718)**	(3,119,840)
Net cash used in capital and related financing activities	**(23,608,655)**	(26,584,697)
Cash flows provided by investing activities:		
Interest and gains on investments	**1,441,889**	2,587,419
Net change in cash and cash equivalents	**9,587,395**	(1,530,999)
Cash and cash equivalents at beginning of year (including restricted accounts totaling $78,208,830 for 2021 and $84,282,740 for 2020)	**182,804,628**	184,335,627
Cash and cash equivalents at end of year (including restricted accounts totaling $67,238,109 for 2021 and $78,208,830 for 2020)	**$ 192,392,023**	$ 182,804,628

(Continued)

Palm Beach County, Florida Department of Airports

Statements of Cash Flows (Continued)
Years Ended September 30, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	**$ (8,503,499)**	$ (12,700,128)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	**24,046,819**	23,296,316
Provision for doubtful accounts	**-**	(32,871)
Changes in assets, liabilities and deferred inflows/outflows:		
Accounts receivable	**(566,817)**	1,071,557
Due from other funds	**5,833**	12,334
Inventories	**(162,668)**	(40,795)
Other current assets	**(48,249)**	(104,162)
Accounts and contracts payable	**6,886,154**	(2,548,765)
Compensated absences payable	**(26,087)**	73,431
Unearned revenues	**493,494**	530,815
Due to other funds	**63,341**	(7,976)
Other liabilities	**153,965**	(16,240)
Security deposits	**(7,112)**	(3,076)
Deferred outflows of resources	**1,406,633**	(491,961)
Deferred inflows of resources	**6,294,663**	(570,496)
Net pension liability	**(8,496,284)**	2,464,133
Total OPEB liability	**(26,771)**	74,996
Total adjustments	**30,016,914**	23,707,240
Net cash provided by operating activities	**$ 21,513,415**	$ 11,007,112
Supplemental disclosures of noncash capital and related financing activities:		
Amortization of premium on bonds	**$ 969,776**	$ 971,145
Amortization of deferred advance refunding loss	**60,027**	60,112
Capital assets in accounts/contracts payable	**6,040,069**	6,971,209
Disposition of fully depreciated capital assets	**1,451,956**	1,162,088
Capital grants receivable	**2,009,711**	2,133,245
Passenger facility charges receivable	**1,619,530**	557,041

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Palm Beach County (the County) is a chartered political subdivision of the State of Florida and is granted the power of self-governance by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board) is the legislative and governing body of the County.

Pursuant to the general laws of Florida, the County owns the Palm Beach International Airport and three general aviation airports, Palm Beach County Park Airport in Lantana, Palm Beach County Glades Airport in Pahokee and North County General Aviation Airport in Palm Beach Gardens (collectively, the Airports), all operated by the Palm Beach County Department of Airports (the Department of Airports).

The financial statements only present the Department of Airports, an enterprise fund of Palm Beach County, Florida, and do not purport to, and do not present fairly the financial position of Palm Beach County, Florida, and the changes in its financial position and, where applicable, cash flows, in conformity with accounting principles generally accepted in the United States.

B. Basis of Presentation

The Department of Airports operates the Airports as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public where all or most of the costs incurred are recovered in the form of charges to users of such services.

The financial statements included in this report represent the operations of the four airports.

C. Basis of Accounting

The accounts of the Department of Airports are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Rental revenue includes revenue from terminal fees charged to airlines and is recognized when earned in terms of the lease agreement. Concession revenue includes car rental concessions and parking fees and is recognized when earned in terms of the concession agreement.

Landing fees are recognized in accordance with the agreement with signatory airlines, based on landed weight of aircraft.

Intergovernmental revenues from federal or state grants are recognized when eligibility requirements of the grant program have been met.

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions which are capital, financing or investing-related are reported as non-operating revenues or capital contributions. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents and Investments

The Department of Airports considers all highly-liquid investments with maturities of three months or less when purchased, as well as its proportionate share of the County's internal investment pool, to be cash equivalents for purposes of the statement of net position and the statement of cash flows. The County's internal investment pool is valued at a combination of fair value and amortized cost as more fully described in the notes to the County financial statements. The non-pooled money market funds and cash with fiscal agents-money market funds are stated at fair value, based on the last reported sales price for securities traded on a national exchange. Gain or loss on sales of investments is based on the specific identification method.

E. Accounts Receivable

Accounts receivable are composed primarily of monthly billings to airlines and concessionaires operating at Palm Beach International Airport for various rentals and other fees under the Department of Airports operating leases. No collateral is required for accounts receivable. An allowance for doubtful accounts is provided for receivables where there is a question as to ultimate collectability. Receivables are written off when management has determined that the amount will not be collected. Collection on accounts previously written off is included in other operating revenues when received.

F. Inventories

Inventories, consisting mostly of materials and supplies, are stated at the lower of cost or market determined on the first-in, first-out basis or market value.

G. Capital Assets

Capital assets are recorded at cost or, if donated, at the acquisition value at the date of donation. Capital assets transferred to or from the Department to other County funds are recorded at their net book value (historical cost less accumulated depreciation) as of the date of the transfer. Maintenance and repairs are charged to expense as incurred. Capital assets are defined as those assets with an initial, individual cost of over $5,000. Major renewals and betterments which are significant and add to the productive capacity or extend the useful life greater than one year of capital assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which are summarized as follows:

	Years
Buildings	5-40
Improvements other than buildings	5-20
Furniture, fixtures and equipment	3-12

Note 1. Summary of Significant Accounting Policies (Continued)

The Department of Airports purchases certain residential parcels of land that are considered to be within the area designated as “noise-impacted” surrounding the Airports. The costs of acquisition, structure demolition and relocation of residents in this area are eligible under the Federal Aviation Administration (FAA) Noise Abatement Grant Program for reimbursement. Those items that are deemed to be capital expenditures are recorded as capital asset additions when the costs are incurred. The FAA funds approximately 80% of these costs with the remainder financed by the State of Florida and the Department of Airports. The FAA retains a continuing interest in the properties equal to its original funding percentage and restricts the use of such properties to purposes which are compatible with noise levels associated with the operation of Airports. The total cost associated with acquiring these parcels of land are $49,866,823 at September 30, 2021 and 2020, and is recorded under the caption “land” in the accompanying statements of net position.

Property acquired through the Department’s Residential Buyout Program of Noise Impacted Areas is recorded as capital assets at cost until such time it is no longer needed for its original use. At that time the property is transferred to assets held for sale and is reported at the lower of cost or net realizable value.

H. Intangible Assets

The costs of various easement rights are capitalized as intangible assets and are amortized using the straight-line method over their remaining lives, which is determined to be 40 years.

I. Security Deposits

Security deposits represent cash deposits held by the Department of Airports pursuant to certain operating leases.

J. Unearned Revenue

Unearned revenue consists of lease payments received from airport tenants in advance of the due date under operating leases.

K. Restricted Assets

Certain assets are restricted in accordance with the provisions of the Bond Resolution (Resolution) and in accordance with FAA restrictions. Assets restricted under the Resolution which are designated primarily for payment of debt service are $3.8 million and $4.8 million at September 30, 2021 and 2020, respectively, the retention of the operation and maintenance reserve of $8.2 million and $8.5 million at September 30, 2021 and 2020, respectively, and the renewal and replacement reserve of $6.1 million for both September 30, 2021 and 2020, all as defined in the Resolution. Assets that are subject to FAA restrictions include restricted cash and cash equivalents of $1.2 million and $1.2 million at September 30, 2021 and 2020, respectively, and results from the sale of excess land previously contributed by the FAA and not required for aviation purposes. These assets are restricted until appropriated for FAA approved projects. In addition, the Department of Airports also has restricted assets consisting of cash and receivables of $49.2 million and $56.3 million at September 30, 2021 and 2020, respectively, for passenger facility charge revenues that are restricted by the FAA to capital projects.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Amortization of Discounts/Premiums on Bonds and Debt Issuance Costs

Bond discount or premium incurred in connection with the issuance or gain/losses on refunding of revenue bonds are deferred and amortized using the effective interest method over the life of the related debt issue. Debt issuance costs are expensed when incurred.

M. Interest

Interest costs are expensed or capitalized in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62. The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets acquisition periods that theoretically could have been avoided if outlays for the assets had not been made. The amount of interest cost incurred was $2,833,500 and $3,027,936 for the fiscal years ended September 30, 2021 and 2020, respectively, none of which was recorded as capitalized interest in either fiscal year as the construction activity conducted by the Airports is primarily funded through capital grants and/or passenger facility charges.

N. Compensated Absences

The Department of Airports' employees accumulate unused vacation and sick leave within certain limitations. Accumulated vacation and sick leave is payable to employees upon termination or retirement at their pay rate on that date. The Department of Airports accrues unused vacation and sick leave on the statement of net assets as compensated absences payable.

The Department of Airports through contributions to the County's Combined Insurance Fund, provides an implicit subsidy for health insurance to retired employees.

O. Passenger Facility Charges

The Airports collect a Passenger Facility Charge (PFC) at $4.50 per enplaned passenger. The monies collected under this program must be used for capital-related improvements to the Airport facilities and all expenditures of these funds must be preapproved by the FAA. PFC revenue is treated as capital contributions in the financial statements. Total collection authority for the Department is $311,206,576. Cumulative PFC expenditures through September 30, 2021 total $247,695,054.

P. Capital Contributions

Grants from other governmental agencies for the acquisition of capital assets are recorded as capital contributions when related eligibility requirements are met. Contributions from fixed-base operators in the form of buildings and hangars which revert to the Department are recorded as capital contributions at fair value when title is transferred to the Department.

Q. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources which represents a consumption of net position applicable to a future period and will not be recognized as an outflow or expense until that time. The Department reports deferred outflows related to pensions, other post-employment benefits (OPEB) and deferred outflows related to the loss on the revenue refunding bonds.

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow (revenue or reduction of expense) until that time. The Department reports deferred inflows for pension and OPEB related amounts.

R. Other Post-Employment Benefits

The County obtains actuarial valuation reports for its post-employment benefit plan (other than pensions) and records the Department's allocation of the total OPEB liability as required under GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Disclosure information required by GASB Statement No. 75 is found in Note 10, Other Post-Employment Benefits (OPEB).

S. Use of Estimates

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

T. Use of Restricted Resources

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

Note 2. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the following at September 30, 2021 and 2020:

	2021	2020
County internal investment pool	$ 140,957,510	$ 122,263,360
Non-pooled money market funds	47,616,663	55,701,185
Cash with fiscal agent	3,816,750	4,838,983
Petty cash	1,100	1,100
Total	$ 192,392,023	$ 182,804,628
Amounts as presented in the financial statements are as follows:		
Unrestricted pooled cash and cash equivalents	$ 125,152,814	$ 104,594,698
Unrestricted nonpooled cash and cash equivalents	1,100	1,100
Total unrestricted cash and cash equivalents and investments	125,153,914	104,595,798
Restricted pooled cash and cash equivalents	15,804,696	17,668,662
Restricted nonpooled cash and cash equivalents	47,616,663	55,701,185
Restricted cash with fiscal agent	3,816,750	4,838,983
Total restricted cash and cash equivalents and investments	67,238,109	78,208,830
Total cash and cash equivalents and investments	$ 192,392,023	$ 182,804,628

Note 2. Cash and Cash Equivalents and Investments (Continued)

Cash and Cash Equivalents

The Department of Airports participates in the County's pooled cash system to maximize earnings and facilitate cash management. The County's pooled cash fund is a highly liquid investment pool of approximately $2.64 billion and $2.17 billion as of September 30, 2021 and 2020, respectively, of which both are approximately 10% and 14%, respectively is invested in U.S. Government and Agency obligations. The County's investment policy for this pool requires that all securities be insured or registered in the name of the County and held by a third-party custodial institution, with capital and surplus stock of at least $500 million and a separate custody account at the Federal Reserve Bank that is restricted for the safekeeping of County-owned securities.

The equity in the County pooled cash system is available to the Department of Airports on a demand basis and the Department of Airports share of the pool at September 30, 2021 was approximately 5.35%. See the County's Comprehensive Annual Financial Report for disclosures relating to its investment policy interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

As of September 30, 2021, the Department of Airports had $3,816,750 on deposit with a fiscal agent as required by the bond documents and $47,616,663 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments, measured at amortized cost:

	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short Term Money Market Account	$ 3,816,750	100%	Less than 1 yr	AAAm
Synovos Institutional Class/Wells Fargo Bank	$ 47,616,663	100%	Less than 1 yr	AAAm

As of September 30, 2020, the Department of Airports had $4,838,983 on deposit with a fiscal agent as required by the bond documents and $55,701,185 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments, measured at amortized cost:

	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short Term Money Market Account	$ 4,838,983	100%	Less than 1 yr	AAAm
Synovos Institutional Class/Florida Community Bank	$ 55,701,185	100%	Less than 1 yr	AAAm

Note 2. Cash and Cash Equivalents and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The Department's investments have a maturity of less than one year, resulting in minimal interest rate risk.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. In accordance with the County's Investment Policy, no-load money market mutual funds backed by government bonds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO).

Custodial Credit Risk

Custodial credit risk would arise in the event of the failure of a custodian of the Department's investments, after which the government would not be able to recover the value of its investments that are in the possession of the third-party custodian. The Department follows the County's Investment Policy and has all securities registered in the name of the Department and held by a third party safekeeping institution.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Department does not have a formal investment policy that limits investment concentration risk.

Investments

The Department of Airports follows the County's investment policy. County ordinance and the Resolution authorize the Department of Airports to invest in obligations of the U.S. Government, U.S. Government Agencies and Instrumentalities, repurchase agreements, interest-bearing time deposits or savings accounts, the Local Government Surplus Funds Trust Fund, the Florida Local Government Investment Trust, Collateralized Mortgage Obligations (CMOs), money market mutual funds and certain corporate securities.

Note 3. Capital Assets

Capital asset activity consists of the following at September 30, 2021:

	Balance at September 30, 2020	Additions	Retirements	CIP Transfer	Balance at September 30, 2021
Depreciable capital assets					
Buildings	$ 477,132,305	$ -	$ -	$ 1,505,532	$ 478,637,837
Improvements other than buildings	305,985,663	-	(9,451)	3,433,877	309,410,089
Furniture, fixtures and equipment	42,414,239	276,491	(1,451,957)	-	41,238,773
Intangible – easement rights	13,754,957	-	-	-	13,754,957
Total depreciable capital assets	839,287,164	276,491	(1,461,408)	4,939,409	843,041,656
Less accumulated depreciation					
Buildings	296,202,361	11,941,837	-	-	308,144,198
Improvements other than buildings	230,567,527	10,396,612	-	-	240,964,139
Furniture, fixtures and equipment	37,604,951	1,364,496	(1,451,957)	-	37,517,490
Intangible – easement rights	6,598,036	343,874	-	-	6,941,910
Total accumulated depreciation	570,972,875	24,046,819	(1,451,957)	-	593,567,737
Depreciable capital assets, net of accumulated depreciation	268,314,289	(23,770,328)	(9,451)	4,939,409	249,473,919
Nondepreciable capital assets					
Land	123,604,943	-	-	200,409	123,805,352
Construction in progress	36,332,801	31,345,084	-	(5,139,818)	62,538,067
Total capital assets	$ 428,252,033	$ 7,574,756	$ (9,451)	$ -	$ 435,817,338

Note 3. Capital Assets (Continued)

Capital asset activity consists of the following at September 30, 2020:

	Balance at September 30, 2019	Additions	Retirements	CIP Transfer	Balance at September 30, 2020
Depreciable capital assets					
Buildings	$ 453,504,046	$ -	$ -	$ 23,628,259	$ 477,132,305
Improvements other than buildings	296,173,681	-	-	9,811,982	305,985,663
Furniture, fixtures and equipment	42,304,482	1,272,833	(1,163,076)	-	42,414,239
Intangible – easement rights	13,754,957	-	-	-	13,754,957
Total depreciable capital assets	805,737,166	1,272,833	(1,163,076)	33,440,241	839,287,164
Less accumulated depreciation					
Buildings	284,596,338	11,606,023	-	-	296,202,361
Improvements other than buildings	220,631,562	9,935,965	-	-	230,567,527
Furniture, fixtures and equipment	37,356,585	1,410,454	(1,162,088)	-	37,604,951
Intangible – easement rights	6,254,162	343,874	-	-	6,598,036
Total accumulated depreciation	548,838,647	23,296,316	(1,162,088)	-	570,972,875
Depreciable capital assets, net of accumulated depreciation	256,898,519	(22,023,483)	(988)	33,440,241	268,314,289
Nondepreciable capital assets					
Land	119,939,513	-	-	3,665,430	123,604,943
Construction in progress	38,165,565	35,272,986	(79)	(37,105,671)	36,332,801
Total capital assets	$ 415,003,597	$ 13,249,503	$ (1,067)	$ -	$ 428,252,033

Note 4. Leases, as Lessor

The Department leases a major portion of its property to airlines, rental car companies, and concessionaires. Certain of the concessionaire leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenants' gross revenues; however, the majority of these concession leases provide for the automatic abatement of minimum guarantees based on declines in passenger traffic levels. Contingent rental income under such arrangements amounted to $608,603 and $345,128 for the fiscal years ended September 30, 2021, and 2020, respectively. All of the Department's leases are operating leases. Due to on-going impacts to passenger traffic associated with the COVID-19 pandemic, the Department does not anticipate collecting minimum rentals under these concession leases for the fiscal year ending September 30, 2021; however, contingent rental income will remain payable in addition to fixed rentals.

The current rental car operating leases will expire on June 30, 2022. Like the concessionaire leases, the rental car leases provide for minimum rentals plus a contingency portion specified as a percentage of gross revenues; however, minimum guarantees have been temporarily abated due to passenger traffic declines associated with the COVID-19 pandemic. In addition, no minimum rental payments are expected from July 1, 2021 through June 30, 2022 based on the language of the current leases.

Minimum future receipts, exclusive of contingent rentals under such leases, are approximately:

Fiscal Years Ending September 30:	
2022	$ 31,034,028
2023	30,151,029
2024	29,914,389
2025	9,429,562
2026	7,540,092
Thereafter	148,885,017
	$256,954,117

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2021 and 2020, is as follows:

	2021	2020
Buildings	$358,220,489	$357,261,043
Less accumulated depreciation	237,033,064	228,443,198
	121,187,425	128,817,845
Land	59,748,183	59,547,775
Property held for lease, net	$180,935,608	$188,365,620

Note 5. Revenue Bonds Payable and Long-Term Obligations

Revenue bonds payable by the Department consist of the following as of September 30, 2021 and 2020:

	2021	2020
Series 2016 Revenue Refunding Bonds, principal due annually, in various amounts, beginning October 1, 2017 through October 1, 2036, with interest at 4.99% payable semi-annually on October 1 and April 1.	$ 56,670,000	$ 56,770,000
Series 2006B Revenue Refunding Bonds, principal due annually, in various amounts, beginning October 1, 2015 through October 1, 2020, with interest at 5.9% payable semi-annually on October 1 and April 1.	-	3,225,000
	56,670,000	59,995,000
Less current portion	2,400,000	3,325,000
	54,270,000	56,670,000
Unamortized bond premium	8,265,084	9,234,860
Long-term portion	$ 62,535,084	$ 65,904,860

Series 2006 A and B Airport System Revenue Bonds

The proceeds of the Series 2006A, $69,080,000 Airport System Revenue Bonds, dated May 17, 2006, were used for the construction of a long-term parking garage addition, which added 3,200 spaces to the existing parking structure that were needed to meet additional passenger traffic demands for parking facilities at Palm Beach International Airport. The 2006B Bonds were issued to advance refund and perform a partial defeasance of the Series 2001 Bonds and a portion of the Series 2002 Bonds. Series 2006 A was refunded in its entirety during fiscal year 2016, as noted below.

Series 2016 Revenue Refunding Bonds

The County, on behalf of the Department, issued $57,070,000 of Airport Revenue Refunding Bonds, Series 2016 during fiscal year 2016 which refunded Series 2006A Airport System Revenue Bonds in its entirety. The refunding resulted in an accounting loss of $823,000 which is being amortized over the life of Series 2016 Bonds, however, the refunding realized a net present value savings of $15.6 million. Present value savings are generated due to significantly lower interest rates achieved in the 2016 Series Bonds versus the 2006A Series Bonds. The “all-in true interest costs” as calculated for the 2016 Series Bonds compared to the 2006A Series Bonds, is 2.94% and 5.18%, respectively.

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

Bond Resolution

Pursuant to the Bond Resolution, the County covenants that it will fix, charge and collect rates, fees, rentals and charges for the use of the Airport System, and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce revenues in each fiscal year at least equal to the sum of operation and maintenance expenses, including reserves therefore provided for in the annual budget, plus the greater of: (A) an amount equal to the sum of 1.25 times the aggregate debt service for such fiscal year, or (B) the sum of: (i) the amount to be paid during such fiscal year into the debt service account, plus (ii) the amount, if any, to be paid during the fiscal year into the debt service account (including amounts payable to the issuer of any debt service reserve account facility and excluding amounts required to be paid into such account out of the proceeds of Bonds), plus (iii) the amount, if any, to be paid into the Renewal and Replacement Fund as provided in the annual budget, plus (iv) all other charges and liens whatsoever payable out of revenues during such fiscal year, plus (v) to the extent not otherwise provided for, all amounts payable on subordinated indebtedness.

Accordingly, the Department has pledged, for the payment of principal and interest, all (Airport System) net revenues available for debt service, and all funds and accounts established by the Bond Resolution. The full faith and credit of the County is not pledged for the payment of Airport indebtedness. Debt service coverage in 2021 was 4.40 times the aggregate debt service; principal and interest paid in 2021 and net revenues available for debt service were approximately $27.5 million and $6.2 million, respectively.

A summary of changes in long-term obligations for the fiscal year ended September 30, 2021, is as follows:

	Balance at October 1, 2020	Additions	Reductions	Balance at September 30, 2021	Due Within One Year
Revenue bonds:					
Series 2006B	$ 3,225,000	$ -	$ 3,225,000	$ -	$ -
Series 2016	56,770,000	-	100,000	56,670,000	2,400,000
Total OPEB liability	373,108	-	26,771	346,337	-
Compensated absences payable	1,293,196	-	26,087	1,267,109	108,371
Net Pension Liability	12,603,714	-	8,496,284	4,107,430	-
	$ 74,265,018	$ -	$ 11,874,142	62,390,876	$ 2,508,371
Less current maturities				2,400,000	
Long-term portion				59,990,876	
Add unamortized bond premium				8,265,084	
Total				$ 68,255,960	

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

A summary of changes in long-term obligations for the fiscal year ended September 30, 2020, is as follows:

	Balance at October 1, 2019	Additions	Reductions	Balance at September 30, 2020	Due Within One Year
Revenue bonds:					
Series 2006B	$ 6,270,000	$ -	$ 3,045,000	$ 3,225,000	$ 3,225,000
Series 2016	56,870,000	-	100,000	56,770,000	100,000
Total OPEB liability	298,112	74,996	-	373,108	-
Compensated absences payable	1,219,765	73,431	-	1,293,196	103,121
Net Pension Liability	10,139,581	2,464,133	-	12,603,714	-
	$ 74,797,458	$ 2,612,560	$ 3,145,000	74,265,018	$ 3,428,121
Less current maturities				3,325,000	
Long-term portion				70,940,018	
Add unamortized bond premium				9,234,860	
Total				$ 80,174,878	

The annual debt service requirements for all outstanding bonds are as follows:

Fiscal Years Ending September 30,	Principal	Interest	Total
2022	$ 2,400,000	$ 2,773,500	$ 5,173,500
2023	2,520,000	2,650,500	5,170,500
2024	2,645,000	2,521,375	5,166,375
2025	2,775,000	2,385,875	5,160,875
2026	2,915,000	2,243,625	5,158,625
2027-31	16,895,000	8,823,875	25,718,875
2032-36	21,540,000	4,042,500	25,582,500
2037	4,980,000	124,500	5,104,500
	$ 56,670,000	$ 25,565,750	$ 82,235,750

Note 6. Retirement Plans

The County provides retirement benefits to County employees through the following plans:

Plan Descriptions

The Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida legislature.

Note 6. Retirement Plans (Continued)

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

A comprehensive annual financial report including financial information and required supplementary information on both plans is publicly available on the web site of the Florida Department of Management Services (http://www.dms.myflorida.com).

The Department contributes to the **Florida Retirement System Investment Plan (Investment Plan)**, a defined contribution plan, for its eligible employees who elect to participate in the Investment Plan in lieu of participating in the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of FRS defined-benefit plan. County employees participating in the Deferred Retirement Option Program (DROP) are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida's comprehensive annual financial report. Financial information on this plan is available on the web at http://www.sbafla.com/.

Pension Plan Expenditures

The Department's aggregate pension expense/expenditures for all plans amounted to negative $802,248 for the fiscal year ended September 30, 2021. The Department's aggregate net pension liability for all plans was $4,107,430 with balances of deferred outflows of resources related to pensions of $2,231,483 and deferred inflows of resources related to pensions of $6,583,451 as of September 30, 2021.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

Benefits Provided

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after eight years of creditable service. Retirement, disability and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the 5 highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the 8 highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 30 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there

Note 6. Retirement Plans (Continued)

is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented DROP, which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 1.3%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, in effect at September 30, 2021 were:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	10.82%
Special Risk	3.00%	25.89%
State Attorney/Public Defender	3.00%	63.73%
County, City, Special District Elected Officers	3.00%	51.42%
Special Risk Administrative Support	3.00%	37.76%
Senior Management	3.00%	29.01%
Deferred Retirement Option Program	N/A	18.34%

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, in effect at September 30, 2020, were:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	8.47%
Special Risk	3.00%	25.48%
State Attorney/Public Defender	3.00%	56.03%
County, City, Special District Elected Officers	3.00%	48.82%
Special Risk Administrative Support	3.00%	38.59%
Senior Management	3.00%	25.41%
Deferred Retirement Option Program	N/A	14.60%

Note 6. Retirement Plans (Continued)

*Employer contribution rates in the above tables include a 1.66% contribution for the Retiree Health Insurance Subsidy Program.

The Department's employer contributions to the FRS Pension Plan totaled approximately $1,090,352 and employee contributions totaled $181,305 for the fiscal year ended September 30, 2021. The Department's employer contributions to the FRS Pension Plan totaled approximately $960,424 and employee contributions totaled $155,040 for the fiscal year ended September 30, 2020. The Department contributed 100% of its statutorily required contributions for the current year and preceding two years.

Net Pension Liability, Deferrals and Pension Expense

At September 30, 2021 and 2020, the Department reported a liability of $1,803,525 and $10,406,863, respectively, for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Department's proportionate share of the net pension liability was based on the Department's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Department's proportionate share was .024% of the County portion, which was the same as its proportionate share measured as of June 30, 2019.

2021

For the fiscal year ended September 30, 2021, the Department recognized pension expense of negative $802,248 related to the FRS Pension Plan.

In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 309,128	$ -
Change of assumptions	1,234,061	-
Net difference between projected and actual earnings on pension plan investments	-	6,292,045
Changes in proportion and differences between Department contributions and proportionate share of contributions	86,040	166,581
Department contributions subsequent to the measurement date	234,990	-
	$ 1,864,219	$ 6,458,626

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022.

Note 6. Retirement Plans (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

	Amount
Fiscal Years Ending September 30,	
2022	$ (1,060,097)
2023	(989,261)
2024	(1,229,345)
2025	(1,627,586)
2026	76,892
Thereafter	-
	$ (4,829,397)

2020

For the fiscal year ended September 30, 2020, the Department recognized pension expense of $2,172,129 related to the FRS Pension Plan.

In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 398,292	$ -
Change of assumptions	1,883,973	-
Net difference between projected and actual earnings on pension plan investments	619,635	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	139,486	115,783
Department contributions subsequent to the measurement date	205,996	-
	$ 3,247,382	$ 115,783

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021.

Note 6. Retirement Plans (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

	Amount
Fiscal Years Ending September 30,	
2021	$ 621,048
2022	936,783
2023	781,075
2024	469,188
2025	125,787
Thereafter	(8,278)
	$ 2,925,603

Actuarial Assumptions

2021

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Discount rate	6.80%

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2018.

2020

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Discount rate	6.80%

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2018.

The actuarial assumptions used in the July 1, 2021 and 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Note 6. Retirement Plans (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed inflation – Mean			2.4%	1.2%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.80% and 6.80%, respectively, for 2021 and 2020. The Plan's fiduciary net position was projected to be available to make all projected benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.8% and.6.9%, respectively, rate of return and discount rate assumption used in the June 30, 2020 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 (ASOP 27) for accounting purposes, which differs from the rate used for funding purposes, which is used to establish the contribution rates for the Plan.

Note 6. Retirement Plans (Continued)

Sensitivity to Changes in the Discount Rate

The following presents the Department's proportionate share of the net pension liability, as well as what the Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1% higher than the current rate:

	2021		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Department's proportionate share of the Net Pension Liability (Asset)	$ 8,065,484	$ 1,803,525	$ (3,430,771)

	2020		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Department's proportionate share of the Net Pension Liability	$ 16,618,012	$ 10,406,863	$ 5,219,285

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Benefits Provided

For the fiscal years ended September 30, 2021 and 2020, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended September 30, 2021 and 2020, the contribution rate was 1.66% of payroll. The County contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Note 6. Retirement Plans (Continued)

The Department's employer contributions to the HIS Program totaled $18,405 and $16,212 for the fiscal years ended September 30, 2021 and 2020, respectively. The Department contributed 100% of its statutorily required contributions for the current and preceding two years.

Net Pension Liability, Deferrals, and Pension Expense

2021

At September 30, 2021, the Department reported a liability of $2,303,905 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Department's proportionate share of the net pension liability was based on the Department's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Department's proportionate share of the County's liability was .019%, which was the same as its proportionate share measured as of June 30, 2021.

In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources which are the Department's proportionate share of the County's totals:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 77,094	$ 965
Change of assumptions	181,035	94,927
Net difference between projected and actual earnings on pension plan investments	2,402	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	80,573	28,933
Department contributions subsequent to the measurement date	26,160	-
Total	$ 367,264	$ 124,825

The Department's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

	Amount
Fiscal Years Ending September 30,	
2022	$ 56,046
2023	26,898
2024	34,930
2025	47,099
2026	39,466
Thereafter	11,840
	$ 216,279

Note 6. Retirement Plans (Continued)

2020

At September 30, 2020, the Department reported a liability of $2,196,851 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Department's proportionate share of the net pension liability was based on the Department's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the Department's proportionate share of the County's liability was .018%, which was the same as its proportionate share measured as of June 30, 2020.

In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources which are the Department's proportionate share of the County's totals:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 89,865	$ 1,695
Change of assumptions	236,224	127,738
Net difference between projected and actual earnings on pension plan investments	1,754	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	29,806	42,619
Department contributions subsequent to the measurement date	24,870	-
Total	$ 382,519	$ 172,052

The Department's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

	Amount
Fiscal Years Ending September 30,	
2021	$ 50,300
2022	40,665
2023	12,800
2024	20,247
2025	31,986
Thereafter	29,599
	$ 185,597

Note 6. Retirement Plans (Continued)

Actuarial Assumptions

2021

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	2.16% Municipal Bond Rate

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2018.

Because the HIS Program is funded on a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for this program were based on certain results of the most recent experience study for the FRS Pension Plan.

2020

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	2.21% Municipal Bond Rate

Mortality rates were based on the PUB2010 base table (varies by member category and sex), projected generationally with scale MP-2018.

Because the HIS Program is funded on a pay-as-you go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for this program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 2.16% and 2.21%, respectively, for 2021 and 2020. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Note 6. Retirement Plans (Continued)

Sensitivity to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate, as well as what the County's proportionate share of the net pension liability would be if were calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate:

	2021		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Department's proportionate share of the Net Pension Liability	$ 2,663,538	$ 2,303,905	$ 2,009,267

	2020		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Department's proportionate share of the Net Pension Liability	$ 2,539,461	$ 2,196,851	$ 1,916,425

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

Vesting Provisions

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal years ended September 30, 2021 and 2020, the information for the amount of forfeitures was unavailable from the SBA, however, management believe that these amounts, if any, would be immaterial to the County. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Department's employer contributions to the Investment Plan totaled approximately $129,452 and $103,637, respectively, for the fiscal years ended September 30, 2021 and 2020.

Note 7. Related Party Transactions

The Department reimburses the General Fund of Palm Beach County for an allocated portion of certain support department costs which include such services as legal, administrative, fiscal, engineering, purchasing, personnel, internal audit and communication costs. The Department is also charged for the cost of services provided by the Motor Pool, Casualty Self-Insurance, Workers' Compensation and Data Processing Internal Service Funds of the County. The total cost for the above services was approximately $3.4 and $3.5 million for the fiscal years ended September 30, 2021 and 2020, respectively. In addition, the Department pays solid waste disposal fees to the Solid Waste Authority of Palm Beach County, a dependent special district and component unit of Palm Beach County, Florida. Fees paid to the Solid Waste Authority for the fiscal years ended September 30, 2021 and 2020, totaled approximately $195,402 and $302,000, respectively. At September 30, 2021, there was a receivable from other funds and departments of Palm Beach County of approximately $29,900. At September 30, 2021 and 2020, $236,369 and $172,938, respectively, was payable to other Palm Beach County funds and departments.

The Department also contracts directly with the Palm Beach County Sheriff's Department for security services at PBIA. The cost of these services from the Sheriff's Department was approximately $9 million and $8.9 million for the fiscal years ended September 30, 2021 and 2020, respectively. The Department also contracts with the Fire-Rescue Department for fire-rescue service at PBIA. The cost of these services was approximately $7.2 million and $6.3 million for both fiscal years ended September 30, 2021 and 2020, respectively.

Note 8. Major Customers

A significant portion of the Department's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines operating out of PBIA.

The Department's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations at PBIA and should the Department be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

Major customers, based on number of enplaned passengers, are as follows:

	Percent of Activity Based Upon Enplaned Passengers	
	Fiscal Years Ended September 30,	
	2021	2020
Airline:		
American	24.7%	22.0%
jetBlue	23.9%	26.8%
Delta	22.3%	21.6%
United	13.6%	10.6%
Southwest	8.7%	8.4%
Frontier Airlines	2.6%	4.6%
Others	2.4%	1.8%
Spirit	1.8%	2.1%
Air Canada	0.0%	2.1%
	100.0%	100.0%

Note 9. Commitments and Contingencies

Litigation

The Department is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the Department, based upon consultation with legal counsel, that the outcome of these lawsuits will not materially affect the financial position of the Department.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Florida and the Federal Aviation Administration. Any disallowed claims, including amounts already received, might constitute a liability of the Department for the return of those funds.

Risk Management

The Department covers risk of loss for natural disasters through the purchase of commercial insurance. In the last three years, none of the settlements have exceeded the Department insurance coverage.

The Department participates in the county-wide self-insurance programs for casualty, employee health and workers' compensation. Premiums charged to the Department by the County self-insurance fund are based on actuarial estimates of the amounts needed to pay prior and current year claims. Premiums paid by the department were approximately $2,467,000 and $2,514,000 for the fiscal years ended September 30, 2021 and 2020, respectively. While each of these county-wide self-insurance programs are subject to potential losses in excess of the amounts that have been accrued and funded as of September 30, 2021 and 2020, management believes it is unlikely that the amounts of such potential losses, if any, would be material.

Contract Commitments

The Department has numerous uncompleted design and construction contracts for improvements to the airport system. At September 30, 2021 and 2020, the remaining commitment on these uncompleted contracts was $23,583,207 and $37,805,009, respectively, which is summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
2021	$121,066,103	$ 97,371,047	$ 111,849	$ 23,583,207
2020	$125,657,580	$ 87,711,717	$ 140,854	$ 37,805,009

Note 10. Other Post-Employment Benefits

The Department applies the requirements of GASB Statement No. 75, *Financial Reporting for Post-employment Benefit Plans Other Than Pensions*, which requires governments to report a liability on the face of the financial statements for the OPEB that they provide.

This statement requires governments in all types of OPEB plans to present more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities, including a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government, and a new RSI schedule including the increases and decreases in the total OPEB liability.

Description of OPEB Plan

Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the pattern of sharing costs between the employer and plan members to that point.

As determined by an actuarial valuation, the County records a total OPEB liability in its government-wide financial statements related to the implicit subsidy. The Department participates in the County's plan on an allocation basis, which is approximately 3.52% of the County's liability. See the County's Comprehensive Annual Financial Report for disclosures relating to the actuarial methods and assumptions. The approximate portion of the County's total OPEB liability attributed to the Department is estimated as $346,337 and $373,108 at September 30, 2021 and 2020, respectively. The covered payroll is approximately $9.0 million for both fiscal years ended September 30, 2021 and 2020.

Measurement of Department's Total OPEB Liability

The Department's total OPEB liability was determined using the following measurement date and actuarial assumptions as of September 30, 2021:

	September 30, 2021
Measurement Date	September 30, 2021
Actuarial Valuation Date	September 30, 2020
Salary Increase Rate	3.5% per annum
Health Care Cost Trend Rate:	
Post-Medicare	5.00% – 4.50%
Pre-Medicare	5.50% – 4.50%
Discount Rate	2.15%
Mortality Tables used	Pub-2010 Generational Scale MP-19

Note 10. Other Post-Employment Benefits (Continued)

The changes in the assumptions during the fiscal year ended September 30, 2021 reflect the changes in the discount rate, which was decreased from 2.21% to 2.15%. Also, as a core assumption, the mortality rates used remained the same - Pub-2010 Generational Scale MP—19. The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Post-Medicare Medical and Rx Benefits	5.0%	4.5%
Pre-Medicare Medical and Rx Benefits	5.5%	4.5%
Administrative Fees	4.5%	4.5%

Changes in the Total OPEB Liability

Changes in the total OPEB liability for the fiscal years ended September 30, 2021 and 2020, based on the measurement date, are as follows:

	2021	2020
Balance, beginning of year	$ 373,108	$ 298,112
Changes for the year:		
Service Cost	32,238	15,169
Interest Cost	14,772	11,113
Experience losses (gains)		40,678
Changes in assumptions and other inputs	3,049	54,957
Benefit payments	(76,830)	(46,921)
Net change	(26,771)	74,996
Balance, end of year	$ 346,337	$ 373,108

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Department's allocation of the County's total OPEB liability, as well as what the Department's allocation of the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rates:

	Total OPEB Liability		
	1% Decrease (1.15%)	Current Rate (2.15%)	1% Increase (3.15%)
As of September 30, 2021	$ 370,588	$ 346,337	$ 325,568

Note 10. Other Post-Employment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

	Total OPEB Liability		
	1% Decrease (1.21%)	Current Rate (2.21%)	1% Increase (3.21%)
As of September 30, 2020	$ 399,232	$ 373,108	$ 350,727

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Department's allocation of the County's total OPEB liability, as well as what the Department's allocation of the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the assumed trend rate:

	Total OPEB Liability		
	1% Decrease (4.5% decreasing to 3.5% over 2 years)	Current Rate (5.5% decreasing to 4.5% over 2 years)	1% Increase (6.5 decreasing to 5.5% over 2 years)
As of September 30, 2021	$ 315,176	$ 346,337	$ 384,467

	Total OPEB Liability		
	1% Decrease (5.0% decreasing to 3.5% over 3 years)	Current Rate (6.0% decreasing to 4.5% over 3 years)	1% Increase (7.0 decreasing to 5.5% over 3 years)
As of September 30, 2020	$ 339,533	$ 373,108	$ 414,156

OPEB Expense and Deferred Outflows and Deferred Inflows

The Department's allocation of the County's OPEB expense for the fiscal years ended September 30, 2021 and 2020 was $31,364 and $25,894, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources from OPEB related activities for the fiscal years ended September 30, 2021 and 2020 are as follows:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,020	$ -
Change of assumptions or other inputs	53,971	6,528
Total	$ 78,991	$ 6,528

Note 10. Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows (Continued)

	Amount
Fiscal Years Ending September 30, 2021	
2022	$ 6,231
2023	6,231
2024	6,231
2025	6,231
2026	6,231
Thereafter	41,308
	$ 72,463

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,086	$ -
Change of assumptions or other inputs	59,120	7,481
Total	$ 87,206	$ 7,481

	Amount
Fiscal Years Ending September 30, 2020	
2021	$ 6,324
2022	6,324
2023	6,324
2024	6,324
2025	6,324
Thereafter	48,105
	$ 79,725

Note 11. Subsequent Events

The Consolidated Appropriations Act, 2021 Coronavirus Relief for Airports and Concessionaires (the Act) recently passed by Congress is a $2.3 trillion economic stimulus bill signed into law on December 27, 2020. Based on the allocation methodology described within the Act, it is estimated that the Department of Airports will be getting a total of $7.7 million. Based on draft grant agreements received, we are getting more than $7.6 million for Palm Beach International (which is exclusive of concessions); $56,000 for North Palm Beach County General Aviation (F45); $23,000 for Palm Beach County Park Airports (LNA) and $23,000 for Palm Beach County Glades (PHK).

The American Rescue Plan Act (ARPA) of 2021 is a $1.9 trillion economic stimulus bill passed by Congress and signed into law by the President of the United States on March 11, 2021. Palm Beach County Department of Airports is expected to receive approximately $23.5 million as part of the ARPA however the exact amount has not been finalized yet by the FAA.

Palm Beach County, Florida Department of Airports

Schedule of Proportionate Share and Contributions of the Department's Allocation of the Net Pension Liability – Florida Retirement System Pension Plan and Health Insurance Subsidy Pension Plan

Last Ten Fiscal Years
(Required Supplementary Information-Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Department's proportion of the FRS net pension liability	0.024%	0.024%	0.024%	0.240%	0.026%	0.025%	0.024%	0.023%
Department's proportionate share of the FRS net pension liability	$ 1,803,525	$ 10,406,863	$ 8,133,140	$ 7,319,983	$ 7,577,112	$ 6,188,680	$ 3,051,611	$ 1,399,741
Department's covered payroll	$ 9,496,850	$ 9,499,538	$ 9,196,451	$ 8,998,633	$ 9,134,709	$ 8,494,194	$ 9,226,506	$ 8,526,607
Department's proportionate share of the FRS net pension liability as a percentage of covered payroll	19.0%	109.6%	88.4%	81.3%	82.9%	72.9%	33.1%	16.4%
FRS Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 through 2021 is available.

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	$ 1,090,352	$ 960,424	$ 882,066	$ 828,997	$ 785,987	$ 740,396	$ 687,814	$ 623,550
FRS contributions in relation to the contractually required contribution	1,090,352	960,424	882,066	828,997	785,987	740,396	687,814	623,550
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Department's covered payroll	$ 9,589,130	$ 9,584,908	$ 9,276,435	$ 9,042,911	$ 8,969,180	$ 8,712,549	$ 9,123,362	$ 8,356,633
FRS contributions as a percentage of covered payroll	11.37%	10.02%	9.51%	9.17%	8.76%	8.50%	7.50%	7.50%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 through 2021 is available.

	2020	2020	2019	2018	2017	2016	2015	2014
Department's proportion of the HIS net pension liability	0.019%	0.018%	0.018%	0.018%	0.018%	0.020%	0.020%	0.020%
Department's proportionate share of the HIS net pension liability	$ 2,303,905	$ 2,196,851	$ 2,006,441	$ 1,953,093	$ 2,041,553	$ 2,134,512	$ 1,875,865	$ 1,654,471
Department's covered payroll	$ 9,496,850	$ 9,499,538	$ 9,196,451	$ 8,998,633	$ 9,134,709	$ 8,494,194	$ 9,226,506	$ 8,526,607
Department's proportionate share of the HIS net pension liability as a percentage of covered payroll	24.3%	23.1%	21.8%	21.7%	22.3%	25.1%	20.3%	19.4%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 through 2021 is available.

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	$ 18,405	$ 16,212	$ 14,889	$ 13,994	$ 13,268	$ 12,498	$ 8,777	$ 7,957
HIS contributions in relation to the contractually required contribution	18,405	16,212	14,889	13,994	13,268	12,498	8,777	7,957
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Department's covered payroll	$ 9,589,130	$ 9,584,908	$ 9,276,435	$ 9,042,911	$ 8,969,180	$ 8,712,549	$ 9,123,362	$ 8,356,633
HIS contributions as a percentage of covered payroll	0.19%	0.17%	0.16%	0.15%	0.14%	0.10%	0.10%	0.10%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 through 2021 is available.

Palm Beach County, Florida Department of Airports

Schedules of Changes in the Department's Allocation of the Total OPEB Liability and Related Ratios

Last Ten Fiscal Years
(Requried Supplementary Information-Unaudited)

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 32,238	$ 15,169	$ 8,736	$ 10,111
Interest Cost	14,772	11,113	9,955	12,877
Experience losses (gains)	-	40,678	-	-
Changes in assumptions	3,049	54,957	19,486	(9,113)
Benefit payments	(76,830)	(46,921)	(32,299)	(33,633)
Net Change in total OPEB liability	(26,771)	74,996	5,878	(19,758)
Total OPEB liability – beginning	373,108	298,112	292,234	311,992
Total OPEB liability – ending	$ 346,337	$ 373,108	$ 298,112	$ 292,234
Covered employee payroll	$9,589,130	$9,584,908	$9,276,435	$9,042,911
Total OPEB Liability as a percentage of covered employee payroll	3.61%	3.89%	3.21%	3.23%

**This schedule is to be built prospectively until it contains ten years of data.*

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

2021	2.15%
2020	2.21%
2019	2.66%
2018	4.24%

The following are the mortality rates used in each period:

2021	Pub-2010 Generational, Scale MP-19
2020	Pub-2010 Generational, Scale MP-19
2019	RP-2014 Generational, Scale MP-18
2018	RP-2014 Generational, Scale MP-18

RSM US LLP

Independent Auditor's Report on Bond Resolution Compliance

Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net position of the Palm Beach County, Florida Department of Airports (the Department) as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and have issued our report thereon dated March 29, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Department failed to comply with the terms, covenants, provisions or conditions of Section 710 of the Palm Beach County Airport System Revenue Bond Resolution R-84-427, adopted April 3, 1984, which was amended in full by the Palm Beach County Airport System Revenue Bond Resolution R-84-1659 adopted on November 1, 1984 (as amended and supplemented), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Department's noncompliance with the above-references terms, covenants, provisions or conditions referenced Bond Resolutions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of County Commissioners of Palm Beach County, Florida, and management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
March 29, 2022

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of net position of the Palm Beach County, Florida Department of Airports (the Department) as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and have issued our report thereon dated March 29, 2022. Our report included an emphasis of matter paragraph that the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida, as of September 30, 2021, and its changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

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

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Department'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

RSM US LLP

West Palm Beach, Florida
March 29, 2022