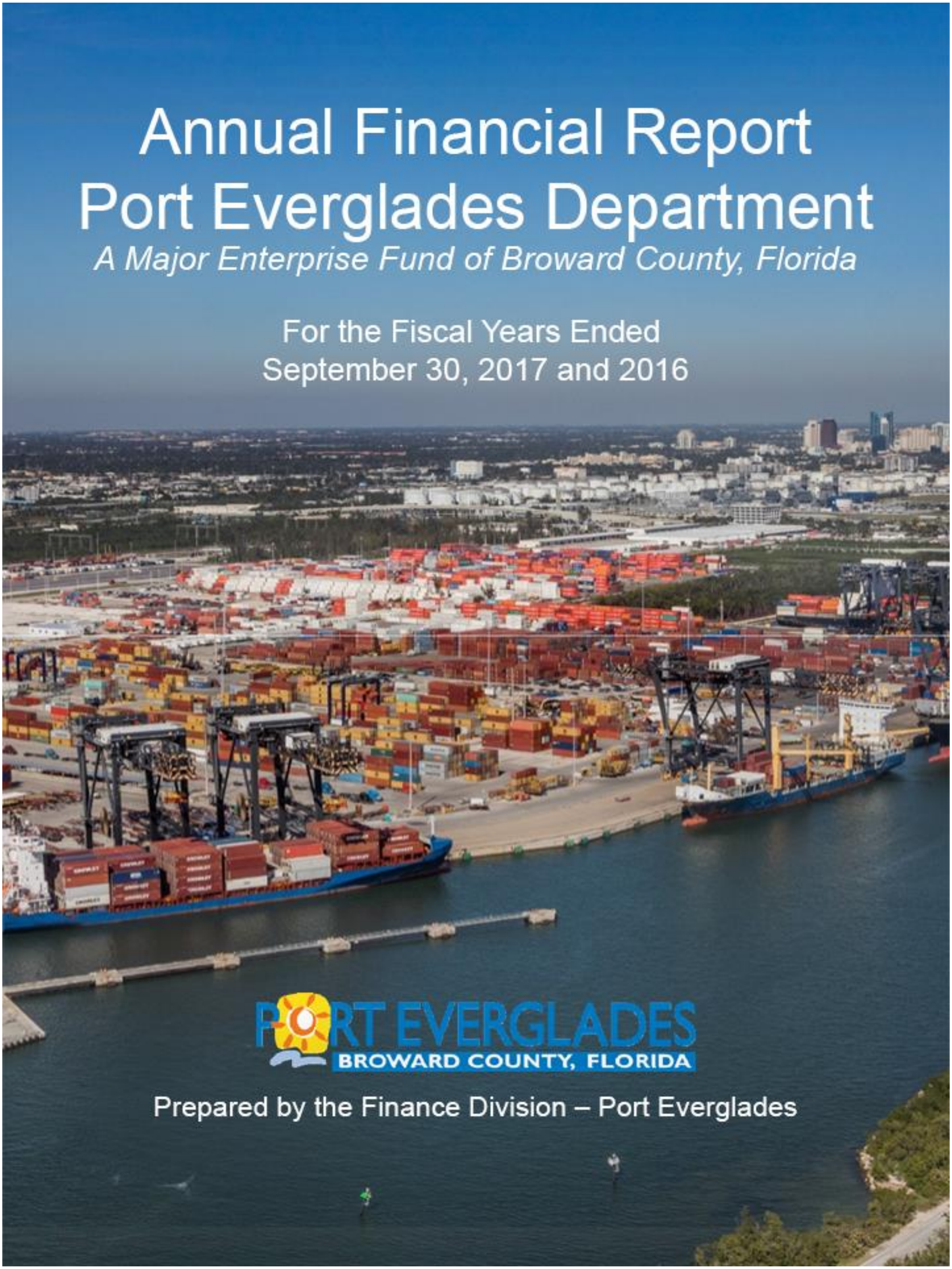
Annual Financial Report
Port Everglades Department

A Major Enterprise Fund of Broward County, Florida

For the Fiscal Years Ended
September 30, 2017 and 2016



PORT EVERGLADES
BROWARD COUNTY, FLORIDA

Prepared by the Finance Division – Port Everglades

Page left intentionally blank

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Table of Contents
September 30, 2017

Page left intentionally blank

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

March 23, 2018

Bertha Henry, County Administrator
Robert Melton, County Auditor
115 South Andrews Avenue
Fort Lauderdale, Florida 33315

Ladies and Gentlemen:

We are pleased to present the annual financial report of the Port Everglades Department (Port) of Broward County, Florida (County) for the fiscal year ended September 30, 2017. This report is a complete set of the Port's financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), and which were audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS).

The Port, originally created in 1927 by a special act of the Florida Legislature, has a jurisdictional area of approximately 2, 190 acres. As of September 30, 2017, the Port ranked amongst the world's 3 busiest cruise ports, the 10th busiest international containerized cargo port in the United States, and South Florida's main seaport for receiving petroleum products.

The content of the annual financial report is the responsibility of the Port's management and was prepared by the Finance Division of the Port, which operates as an enterprise fund of the County. This is the eighth fiscal year that the Port has presented a stand-alone, separately-audited annual financial report since the County assumed operating control of the Port in 1994. Because the Port relies solely on its own financial results and does not receive County financial support or ad valorem taxes, the Port's annual financial report serves an important role in providing information about the Port's financial condition to prospective clients, vendors, creditors, debt markets, and credit rating agencies via its stand-alone, separately-audited financial statements. Additionally, in the audit process, the Port has been subjected to a more rigorous examination than would otherwise occur were Port activities audited solely within the context of the County's Comprehensive Annual Financial Report (CAFR). This elevated level of financial reporting and audit places the Port on equal footing with other competing seaports.

Information regarding the financial position, changes in financial position, or cash flows of the County, of which the Port is a part, may be found in the County's CAFR for the fiscal year ended September 30, 2017. The Port's annual financial report is not a substitute for or source of such information.

The Management Discussion and Analysis (MD&A) incorporated within the annual financial report provides a highlight of the fiscal year just ended, as well as an insight into future projects that are ongoing and which will serve to further enhance the Port's and County's positive economic impact on the South Florida region. Additionally, substantial information designed to assist users in assessing the Port's financial condition can be found in the Port's financial statements and accompanying notes to financial statements, which, with the MD&A and the independent auditor's report, comprise the financial section of the annual financial report.

We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Port's Finance Division, who were responsible for assembling and compiling the data comprising the annual financial report. We also wish to thank the County's independent auditors, RSM US LLP, for their cooperation and assistance.

Sincere appreciation is also expressed to the County Auditor and the County's Finance and Administrative Services Department personnel for their assistance throughout the year in matters pertaining to the financial affairs of the Port.

Sincerely,

Steven M Cernak

Steven Cernak
Chief Executive & Port Director

Leah Brasso

Leah Brasso
Director of Finance

RSM US LLP

Independent Auditor's Report

To the Honorable Board of County Commissioners
Broward County Port Everglades Department
Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Broward County Port Everglades Department (the Port), an enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of September 30, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of Broward County, Florida, as of September 30, 2017, and its changes in its financial position, or where applicable, its cash flows for the year 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
Predecessor Auditor
The financial statements of the Port, as of and for the year ended September 30, 2016, were audited by other auditors whose report, dated March 22, 2017, expressed an unmodified opinion on those statements.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension and other post-employment benefit related schedules 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 sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The accompanying supplementary information such as the introductory section and schedule of revenues, expenses and debt service coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenses and debt service coverage is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses and debt service coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2018 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Port's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida March 23, 2018

Page left intentionally blank

Annual Financial Report

The annual financial report of the Port Everglades Department (the "Port") provides an overview of the Port's financial activities for the fiscal years (FY) ended September 30, 2017 and 2016. The financial statements include the independent auditor's report; statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; and the accompanying explanatory notes to the financial statements. Management's discussion and analysis should be read in conjunction with these financial statements and notes.

Management's Discussion and Analysis

The Port, a department of Broward County, Florida (the "County"), operates as a major enterprise fund of the County. The County, which is operated by the Board of County Commissioners (the "County Commission"), owns the Port. The Port was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,212 acres.

The County Commission is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission. The Port is managed by a Chief Executive & Port Director appointed by the County Administrator and confirmed by the County Commission.

Financial Position

The Port's performance results during the fiscal year ended September 30, 2017 and the two preceding fiscal years were as follows:

	FY 2017	FY 2016	FY 2015
Operating revenues (dollars in thousands)	$ 161,733	$ 162,597	$ 153,451
Ship calls	4,029	3,959	3,768
Cruise passengers	3,863,662	3,826,415	3,773,386
TEUs (equivalent number of 20' container units)	1,076,912	1,037,226	1,060,507
Petroleum (barrels)	122,267,524	121,068,561	116,856,258
Tonnage (in 2,000-pound short tons)			
Total waterborne commerce	25,301,771	24,681,331	24,001,663
Containerized cargo	7,226,433	6,692,690	6,693,446
Petroleum	17,260,304	17,095,585	16,509,409

Port operating revenues totaled $161.7 million in FY 2017. This is 0.5% lower than the $162.6 million achieved in FY 2016, and 5.0% higher than in FY 2015, when operating revenues were $153.5 million. Total operating expenses before depreciation increased to $88.6 million from $83.3 million in FY 2016, resulting in operating income of $45.0 million in FY 2017. The increase in net position of $59.1 million over the previous fiscal year was due primarily to an increase in leasing of facilities, capital contributions, and reductions in interest expense and loss on disposal of capital assets and discontinued project costs.

Total waterborne commerce, measured in short tons (2,000 pounds), reached 25,301,771 tons, which is an increase of 2.5% over the 24,681,331 tons recorded in FY 2016, and an increase of 5.4% from 24,001,663 tons in FY 2015. In FY 2017 and FY 2016, the Port hosted 4,029 and 3,959 ship calls respectively, from vessels ranging from naval warships and mega cruise ships to container ships and tankers of all sizes.

Financial Position (Continued)

Cruise-related activity for the Port, including both cruise revenue and parking revenue, accounted for 39.7% of operating revenues in FY 2017. Cruise revenue increased $0.6 million, or 1.0%. This was primarily due to increased passenger counts. The number of multi-day passengers increased to 3,738,252 in FY 2017, or a 1.6% increase from 3,680,549 in FY 2016. The total number of passengers, including both single-day and multi-day, was 3,863,662 in FY 2017, which is an increase of 1.0% over the FY 2016 total of 3,826,415.

Parking revenue, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated $8.4 million in FY 2017 compared to $9.1 million in FY 2016, and $8.8 million in FY 2015. The decrease in parking revenue in FY 2017 was primarily due to the construction of the Slip 2 lengthening project, resulting in Cruise Terminal 4 being out of service from December 2016 through September 2017 resulting in decreased passenger movement through the terminal.

Containerized cargo accounted for 21.1% of operating revenue in FY 2017. The Port ranks 1st in Florida in international container cargo activity based on total TEUs (20-foot equivalent units, the standard measure for containerized cargo). The Port also ranks 10th among U.S. seaports for containerized cargo trade according to data from the American Association of Port Authorities (AAPA). Containerized cargo activity increased in FY 2017 to 7,226,433 tons and 1,076,912 TEUs which was an increase of approximately 7.9% and 3.8% from FY 2016 levels of 6,692,690 tons and 1,037,226 TEUs respectively. Revenue from containerized cargo decreased 6.9% in FY 2017 to $34.1 million, down from $36.7 million in FY 2016. This decrease is mainly due to changes in new contract year-end dates for major terminal operators including Crowley and King Ocean which decreased charges billed throughout the fiscal year due to timing differences with the new agreements.

There are more than 20 different ocean carriers that maintain regular service at the Port. Cargo shippers provide service to more than 150 ports in more than 70 countries. The Port's primary trade lanes remain in the regional Caribbean, Central America, and South America markets, representing nearly 90.4% of the Port's cargo movements. As the nation's leading gateway for trade with Latin America, Port Everglades handled approximately 14.8% of all Latin American trade in the United States, and 49.2% of Florida Ports' total trade with South America, Central America, and the Caribbean. The Port also leads the United States in both exports and imports to and from Latin America. The Port is particularly dominant in Central America, where approximately 39.3% of the Port's containerized cargo volume was destined in FY 2017. With a projected 13.6% share of the entire Central American market in FY 2017, the Port is also 1st among all U.S. seaports operating in that market.

Petroleum accounted for 21.5% of operating revenue in FY2017. Petroleum movements through the Port generated $34.7 million in operating revenue in FY 2017, compared to $34.9 million in FY 2016. The decrease in petroleum revenue was due to the expiration of the $.01 per barrel fire suppression fee implemented in October of 2014 to help pay for fire protection system upgrades at the petroleum berths. Overall throughput volume increased 1.0% to approximately 122.3 million barrels, compared to approximately 121.1 million barrels in FY 2016. This increase was driven by higher regional demand for transportation fuels including gasoline, diesel, and jet fuel.

FY 2017 Event Highlights

Planning & Development

In November of 2016, the Port received an official "Notification of Trending Towards Success" from the Florida Department of Environmental Protection (FDEP) for the 16.5 acre mangrove enhancement area constructed on the Port in 2015. This notification is a critical component of the Southport Turning Notch Extension project which extends the existing ship berth from 900 feet to 2,400 feet to make way for up to five new cargo ship berths. On August 22, 2017, a total of approximately 61 acres including the new mangrove enhancement area and existing habitat was transferred to the State of Florida to permanently protect these lands for environmental conservation.

FY 2017 Event Highlights (Continued)

On December 22, 2016, former President Barack Obama signed into law the Water Infrastructure Improvements for the Nation (WIIN) Act which provided federal authorization for the U.S. Army Corps of Engineers to move forward with deepening and widening the Port's navigation channels. This project calls for deepening and widening of the Port's outer entrance channel from an existing 45-foot project depth over a 500-foot channel width to a 55-foot depth with an 800-foot channel width, deepening the Inner Entrance Channel and Main Turning Basin from 42 feet to 48 feet (+1+1 overdepth), and widening the channels within the Port to increase the margin of safety for ships transiting to berth. The project is currently in the preconstruction engineering and design phase, and with the approval of the WIIN Act, is now proceeding through the permitting and federal funding processes.

Cruise

In November of 2016, the Port launched the U.S. Customs and Border Protection (CBP) approved Mobile Passport Control (MPC) program for cruise ship travel, making it the first U.S. seaport to use this new smartphone technology. The first-of-its-kind mobile app, developed by Airside Mobile and Airports Council International-North America in partnership with CBP, allows U.S. citizens with a passport debarking a cruise ship to complete their Customs declaration using their smartphones or other mobile devices, expediting the clearance process in the terminals.

In January of 2017, Pearl Seas Cruises Pearl Mist became the first cruise ship to sail to Cuba from Port Everglades since 1950. The cruise line scheduled a total of 11 cruises to Cuba through April of 2017, with additional cruises scheduled for the 2017-2018 season.

In June of 2017, the County approved an investment of more than $100 million for a complete renovation of Cruise Terminal 25 which will continue to be a preferential berth for Royal Caribbean Cruises, Ltd. as part of a new 10-year Cruise Terminal and Berth User Agreement. The project is estimated to be completed in October of 2018 in time for the arrival of the new cruise ship Celebrity Edge, which will homeport at Port Everglades beginning in December of 2018.

Cargo

In November of 2016, NYK Line launched its new "Magellan Straits Express" service from Port Everglades to South America. The first vessel Rigel Leader, loaded at Port Everglades destined for the Port of Santos, Brazil. Additional ports of call for this new service include Argentina, Chile, Peru, Ecuador, Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala and Mexico.

In August of 2017, a Northern European shipping route known as the 2M Alliance began service at Port Everglades. The 2M Alliance is a vessel sharing agreement between Maersk Line and Mediterranean Shipping Co. This new service rotation includes Antwerp, Belgium; Rotterdam, Holland; Bremerhaven, Germany; Norfolk, Virginia; Port Everglades, Florida; Houston, Texas; Norfolk, Virginia; then back to Antwerp.

Other

In February of 2017, the Port released the results of a baseline air emissions inventory that was completed in conjunction with an agreement with the U.S. Environmental Protection Agency (EPA) to study air emissions. As part of the Port's ongoing commitment to environmental stewardship, this activity-based inventory, developed by Starcrest Consulting Group, LLC, in cooperation with local, state and federal agencies, identified and quantified pollutants such as carbon monoxide, sulfur dioxide and other greenhouse gases. The Port and its stakeholders will use the quantifiable data as a starting point to develop a long-term strategic clean air plan to maintain excellent air quality at the Port and in the surrounding areas.

Required Financial Statements

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

The statements of net position include all of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and the obligations to the Port's creditors (liabilities and deferred inflows of resources). They also provide the basis for computing rate of return, evaluating the capital structure of the Port, and assessing the liquidity and financial flexibility of the Port.

The assets and liabilities are presented in a classified format, which distinguishes between current and non-current assets and liabilities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 65, deferred outflows and deferred inflows of resources are reported separately from assets and liabilities.

The current fiscal year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Port's operations and can be used to determine whether the Port has successfully recovered all of its costs through its customer contracts, tariffs, and other charges, as well as its profitability and creditworthiness.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period.

The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, financing, and investing activities and provides answers to such questions as where the cash came from, what it was used for, and what the change in the cash balance was during the reporting period.

Analysis of Overall Financial Position and Results of Operations

One of the most important questions asked about the Port's financial statements is, "Is the Port as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of revenues, expenses, and changes in net position report information about the Port's activities in ways that will help answer this question. One can think of the Port's net position — the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources — as one way to measure financial health or financial position. Over time, increases or decreases in the Port's net position are one indicator of whether its financial health is improving or deteriorating. However, readers should consider other non-financial factors, such as changes in economic conditions, world events, regulation, and new or changed government legislation.

Remainder of page left intentionally blank

Statements of Net Position

The statements of net position serve as a useful indicator of the Port's financial position. They distinguish assets, deferred outflows of resources, liabilities, and deferred inflows of resources with respect to their expected use for current operations or internally-designated use for capital projects. The Port's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $774.6 million and $715.5 million as of September 30, 2017 and 2016, respectively, a $59.1 million increase from September 30, 2016, and a $43.7 million increase from September 30, 2015 to September 30, 2016. A condensed comparative summary of the Port's statements of net position as of September 30, 2017, 2016, and 2015 are shown below:

Condensed Statements of Net Position
(Dollars in Thousands)

	FY 2017	FY 2016	FY 2015
Assets			
Current assets (unrestricted)	$ 320,636	$ 271,490	$ 232,410
Current assets (restricted)	15,609	17,410	26,940
Other assets	28,803	28,846	28,320
Capital assets, less accumulated depreciation	633,794	622,272	633,932
Total assets	998,842	940,018	921,602
Deferred Outflows of Resources			
Deferred charge on refunding	1,150	1,265	2,379
Deferred outflows on pensions	6,307	5,387	1,801
Accumulated decrease in fair value of interest rate swap	2,948	4,542	4,797
Total deferred outflows of resources	10,405	11,194	8,977
Liabilities			
Current liabilities payable from unrestricted assets	23,671	9,626	13,943
Current liabilities payable from restricted assets	15,609	17,410	26,940
Non-current liabilities	194,330	208,314	216,503
Total liabilities	233,610	235,350	257,386
Deferred Inflows of Resources			
Deferred inflows on pensions	1,040	388	1,435
Net Position			
Net investment in capital assets	443,217	431,684	425,094
Restricted for			
Debt service	1,142	1,088	1,823
Operating and maintenance	15,476	15,519	14,993
Renewal and replacement	3,000	3,000	3,000
Unrestricted	311,762	264,183	226,848
Total net position	$ 774,597	$ 715,474	$ 671,758

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

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

Statements of Revenues, Expenses, and Changes in Net Position

A condensed comparative summary of the Port's revenues, expenses, and changes in net position for each of the fiscal years ended September 30, 2017, 2016, and 2015 is shown below:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Dollars in Thousands)

	FY 2017	FY 2016	FY 2015
Operating revenues	$ 161,733	$ 162,597	$ 153,451
Operating expenses (including depreciation)	116,866	110,947	107,593
Operating income	44,867	51,650	45,858
Non-operating revenues (expenses), net	(8,333)	(10,192)	(8,543)
Income before capital contributions and transfers	36,534	41,458	37,315
Capital contributions	15,819	2,258	10,249
Transfers in	6,770	-	(5,557)
Change in net position	59,123	43,716	42,007
Net position - beginning of year	715,474	671,758	629,751
Net position - end of year	$ 774,597	$ 715,474	$ 671,758

In FY 2017, capital contributions increased by $13.6 million due to additional grant eligible expenses primarily related to the Southport Turning Notch Extension, Slip 2 Westward Lengthening and the Army Corps of Engineers Deepening and Widening capital projects. In addition, the transfers-in of $6.8 million was due to the Port receiving a contribution from the Broward County Convention Center upon the final completion of the Convention Center/Seaport Security Improvement project.

The following table details operating revenues by revenue center for each of the fiscal years ended September 30, 2017, 2016, and 2015:

Schedule of Operating Revenues by Revenue Center
(Dollars in Thousands)

	FY 2017	FY 2016	FY 2015
Operating revenues			
Cruise	$ 55,875	$ 55,323	$ 52,315
Containerized cargo	34,156	36,703	34,847
Petroleum	34,733	34,868	32,749
Real estate	17,068	16,514	15,486
Parking	8,426	9,136	8,765
Other	3,379	2,830	2,790
Break Bulk	5,145	3,804	3,672
Bulk	2,951	3,419	2,827
Total operating revenues	$ 161,733	$ 162,597	$ 153,451

In FY 2017, operating revenues decreased 0.5% from $162.6 million in FY 2016 to $161.7 million. This decrease was primarily due to a $2.5 million decrease in containerized cargo revenues resulting from changes in contract year-end dates for major terminal operators including Crowley and King Ocean, as well as a decrease in parking revenues of $0.7 million resulting from the closure of Cruise Terminal 4 from December 2016 through September 2017. These decreases were offset by increases in breakbulk revenues of $1.3 million, and real estate revenues of $0.6 million resulting from rent increases included in tenant leases.

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

In FY 2016, operating revenues increased 6.0% from $153.5 million in FY 2015 to $162.6 million. This increase was primarily due to a $3.0 million increase in cruise revenues resulting from higher passenger counts and revenue from Royal Caribbean and Celebrity Cruise Lines, an increase in petroleum revenue of $2.1 million resulting from increased throughput of petroleum products, as well as a $1.9 million increase in containerized cargo revenue resulting from major terminal operators including Crowley, FIT, King Ocean, and MSC exceeding their contractually guaranteed cargo volumes for the fiscal year.

The following table details operating expenses by function for each of the fiscal years ended September 30, 2017, 2016, and 2015:

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	FY 2017	FY 2016	FY 2015
Operating expenses			
Personal services	$ 22,066	$ 20,860	$ 19,180
Law enforcement and fire rescue	25,672	25,141	24,144
Maintenance, equipment, and supplies	16,795	14,558	14,557
Contractual services	7,810	8,251	7,539
General and administrative	6,973	5,333	5,198
Insurance	4,931	4,942	4,868
Utilities	4,325	4,185	4,358
Total operating expenses before depreciation	88,572	83,270	79,844
Depreciation	28,294	27,677	27,749
Total operating expenses	$ 116,866	$ 110,947	$ 107,593

In FY 2017, personal services increased $1.2 million due to additional staff, which also increased group insurance benefit costs. Additionally, there was an increase in pension benefit expenses. Law enforcement and fire rescue services expense increased $0.5 million primarily due to annual contractual increases by service providers. Maintenance, equipment, and supplies increased by $2.2 million from FY 2016 due to higher volume of maintenance projects and also because repair projects that were delayed in FY 2016 have resumed in FY 2017. In addition, Hurricane Irma, which made landfall in South Florida on September 10, 2017, resulted in higher repair costs for property damage caused by the storm. Contractual expenses decreased by $0.4 million in FY 2017 mainly due to decreased consulting costs. General and administrative expense increased by $1.6 million from FY 2016 primarily due to increases in fees for County Attorney services, cost allocation chargebacks, planning, marketing and promotional activity expenses. Depreciation expense increased by $0.6 million due to more capital assets being placed in service from prior fiscal years.

In FY 2016, personal services increased $1.7 million from FY 2015 due to salaries and wages increases and additional staff. Law enforcement and fire rescue services expense increased $1.0 million primarily due to provider increases. Contractual services increased by $0.7 million from the FY 2015 amount also due primarily to provider increases. Depreciation expense decreased by $0.1 million due to the disposal of capital assets as well as assets reaching the end of their useful lives, resulting in less depreciation being recorded.

In FY 2017, operating income of $44.9 million decreased by $6.8 million or 13.1% over $51.7 million in FY 2016, and operating income increased in FY 2016 by $5.8 million or 12.6% over $45.9 million in FY 2015 due to the reasons discussed on previous pages.

Remainder of page left intentionally blank

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following table presents non-operating revenues and non-operating expenses for each of the fiscal years ended September 30, 2017, 2016, and 2015:

Schedule of Non-Operating Revenues (Expenses)
(Dollars in Thousands)

	FY 2017	FY 2016	FY 2015
Non-operating revenues			
Interest Income	$ 1,623	$ 1,808	$ 1,113
Other revenues, net	161	154	1,568
Total non-operating revenues	1,784	1,962	2,681
Non-operating expenses			
Interest expense	(7,966)	(9,429)	(9,561)
Loss on disposal of capital assets	(161)	(1,115)	(138)
Discontinued project costs	(72)	(547)	(489)
Capital asset donation	(991)		
Other expenses, net	(927)	(1,063)	(1,036)
Total non-operating expenses	(10,117)	(12,154)	(11,224)
Non-operating revenues (expenses), net	$ (8,333)	$ (10,192)	$ (8,543)

In FY 2017, net non-operating revenues (expenses) decreased by $1.9 million to $8.3 million from net expense of $10.2 million in FY 2016. This decrease was the net effect of a decrease in interest income of $0.2 million, a decrease in interest expense of $1.5 million, a decrease in loss on disposal of capital assets of $1.0 million, a decrease in discontinued project costs of $0.5 million and an increase in capital asset donation of $1.0 million.

In FY 2016, net non-operating revenues (expenses) increased by $1.6 million to $10.2 million from net expense of $8.5 million in FY 2015. This increase was the net effect of an increase in interest income of $0.7 million, an increase in loss on disposal of capital assets of $1.0 million, and a decrease in property damage cost recoveries of $1.4 million when the Port recorded the transfer from the close out of Hurricane Wilma Fund for the reimbursement of Hurricane Wilma costs in FY 2015.

In summary, net position during fiscal years 2017, 2016, and 2015 increased $59.1 million, $43.7 million, and $42.0 million respectively.

Capital Improvement Plan

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

Capital Acquisitions and Construction Activities

During FY 2017, the Port put into use approximately $4.0 million of new and improved depreciable capital assets. In addition, the Port added $39.6 million of construction in progress and $1.5 million of pending crane equipment. The major capital asset events related to these additions included the Port Cruise Terminal Expansion, Southport Turning Notch Extension, Slip 2 Westward Lengthening, and Southport Phase 9B Container Yard projects.

During FY 2016, the Port put into use approximately $47.4 million of new and improved capital assets. The major additions were buildings, other improvements, and equipment.

Capital Acquisitions and Construction Activities (Continued)

Capital asset acquisitions are capitalized at cost. Acquisitions are funded primarily with Port revenues, grants, and revenue bonds. The Port had construction commitments of approximately $37.6 million as of September 30, 2017. Additional information on the Port's capital assets and commitments can be found in Note 4– Capital Assets and Note 14 – Commitments and Contingencies.

Overview of Upcoming Projects

During FY 2017, the Port continued implementing several key projects included in the Port Everglades 20-Year Master/Vision Plan adopted by the Board in June of 2014. These projects include the Southport Turning Notch Extension, U.S. Army Corps of Engineers Deepening and Widening Project, Northport and Southport Improvements, Cruise Terminal 25 Improvement/Expansion, and Foreign Trade Zone Relocation. These projects, as further described below, are expected to be completed over the coming years, and will add up to five berths, widen and deepen the channel to 48 feet, plus one foot required overdepth, plus one foot allowable overdepth (48+1+1), reconfigure existing space, and implement cruise terminal improvements to accommodate larger cruise ships and improve passenger flows and luggage handling.

Southport Turning Notch Extension (STNE)

In May of 2017, the Broward County Board of County Commissioners approved the construction agreement to begin a $437.5 million expansion project to add new berths for larger cargo ships and install crane rail infrastructure as part of the Southport Turning Notch Extension project. This project will lengthen the existing deepwater turn-around area for cargo ships from approximately 900 feet to 2,400 feet, which will allow for up to five new cargo berths. The existing gantry crane rails will be extended to the full length of the extended Turning Notch berth to utilize the existing cranes. A separate agreement to purchase three new Super Post- Panamax container gantry cranes, to be delivered in 2019, and an option to purchase two or three additional cranes, was approved by the Board in June of 2017. New crane rail for the new cranes is included in the STNE project.

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

The Port must deepen its channel to 48 feet (+1+1 overdepth) and widen it in certain areas to remain competitive with seaports in the southeastern United States that are gearing up for the Panama Canal expansion. The Port already handles post-Panamax ships, those too large to fit through the Panama Canal at its current size. However, the ships must be lightly loaded, which is inefficient and may drive ocean shipping companies to use other ports that have deeper water or are currently dredging deeper.

The project calls for deepening and widening the Outer Entrance Channel from an existing 45-foot project depth over a 500-foot channel width to a 55-foot depth, with an 800-foot channel width, for a flared extension extending 2,200 feet seaward, deepening the Inner Entrance Channel, Southport Access Channel, and Main Turning Basin from 42 feet to 48 feet (+1+1 overdepth) and widening the channels within the Port to increase the margin of safety for ships transiting to berth.

The total cost is estimated to be $389.3 million, and the Port is currently in the preconstruction engineering and design (PED) phase of this project.

Additional Northport and Southport Improvements

An additional project for Northport will replace the existing bulkheads at Berths 9 and 10 in a new location approximately 150 feet south of their current location, which will widen Slip 1. The programming and design of this project commenced in February of 2017.

The Southport Phase 9B container yard is an approximately 18 acre parcel being developed to support container terminal operations. Construction for this project is underway, with substantial completion expected in March of 2018.

Overview of Upcoming Projects (Continued)

Additionally, the Southport Gate Lane addition on McIntosh Road will add an additional outbound lane (increasing outbound lanes to three) and shift the inbound lanes to the west with a reservation for an additional inbound lane. The objective of the project is to increase efficiency of Southport gate operations and reduce wait times, both inbound and outbound, through the gate. Design for the project is complete, with construction expected to begin in FY 2018.

Cruise Terminal Improvements - Cruise Facility Upgrades

The Slip 2 lengthening project was substantially completed in September of 2017, extending the current slip approximately 225 feet to the west in order to accommodate larger cruise vessels. The first ship to use this extended berth was Carnival Splendor on September 12, 2017.

The Cruise Terminal 25 Improvements/Expansion project will involve renovating the terminal in order to better service passenger flows and handling of luggage. The Agreement between Broward County and Royal Caribbean Cruises Ltd. for Construction Agency Services for this project was approved on June 6, 2017. The project is currently under construction with expected completion in October of 2018.

Foreign-Trade Zone (FTZ)

The County (and its predecessor, the Port Everglades Authority) has operated a foreign-trade zone (FTZ) at the Port since 1978, when the Port's Foreign-Trade Zone No. 25 became Florida's first such facility offering businesses duty-related advantages for import and export goods. Under the Port's Master/Vision Plan, the existing 21.87-acre FTZ site #1, containing four warehouse buildings and totaling approximately 390,000 square feet, will be converted to container yard area to replace existing container yards displaced by the STNE. Throughout FY 2017, the Port was in discussions with a development team as part of a public-private- partnership (P3) for the project.

Debt Administration

As of September 30, 2017, 2016, and 2015, the Port had $183.1 million, $196.1 million, and $217.9 million, respectively, in outstanding long-term revenue bonds. The bonds are secured by a pledge of and lien on net revenues as defined in the Bond Resolution. Detailed information regarding the bonds is contained in Note 6 - Long-term Obligations.

The Port's most recent bond ratings on outstanding revenue bonds as of September 30, 2017 are as follows:

2008 Subordinate Port Facilities Refunding Revenue	RBC Letter of Credit	-	A2	-
2009A Port Facilities Revenue	No	A	A1	A-
2011A Port Facilities Refunding Revenue	Assured Guarantee	A	A1	A-
2011B Port Facilities Refunding Revenue	Assured Guarantee	A	A1	A-

Contacting the Port Department's Financial Management

If you have questions about this report or need additional financial information, please contact the Port's Director of Finance, 1850 Eller Drive, Fort Lauderdale, FL 33316 USA

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position
September 30, 2017 and 2016
(Dollars in Thousands)

	2017	2016
ASSETS		
Current Assets		
Unrestricted assets		
Cash and cash equivalents	$ 25,390	$ 993
Investments	269,337	251,234
Receivables:		
Accounts, net of allowance of $8 in 2017 and $703 in 2016	7,141	6,424
Other	632	668
Due from other governments	8,826	2,716
Inventories	7,187	7,130
Prepaid items	2,123	2,325
Total current unrestricted assets	320,636	271,490
Restricted assets		
Cash and cash equivalents	1,953	1,957
Investments	13,656	15,453
Total current restricted assets	15,609	17,410
Total current assets	336,245	288,900
Noncurrent assets		
Restricted assets		
Cash and cash equivalents	13,327	13,327
Investments	15,476	15,519
Total noncurrent restricted assets	28,803	28,846
Capital assets		
Land and land improvements	58,303	50,550
Construction in progress and pending equipment	85,564	46,157
Buildings, piers, and other improvements	559,682	560,896
Equipment and vehicles	175,488	175,372
Property held for leasing	252,558	259,087
Total capital assets	1,131,595	1,092,062
Less accumulated depreciation	(497,801)	(469,790)
Total capital assets, net	633,794	622,272
Total noncurrent assets	662,597	651,118
Total assets	998,842	940,018
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,150	1,265
Deferred outflows on pensions	6,307	5,387
Accumulated decrease in fair value of interest rate swap	2,948	4,542
Total deferred outflows of resources	$ 10,405	$ 11,194

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position (Continued)
September 30, 2017 and 2016
(Dollars in Thousands)

Current liabilities		
Payable from unrestricted assets Accounts payable		
Accounts payable	$ 20,820	$ 6,576
Accrued liabilities	316	321
Due to other County funds	361	306
Due to other governments	947	1,238
Compensated absences	1,227	1,185
Total current liabilities payable from unrestricted asset	23,671	9,626
Payable from restricted assets		
Accrued interest payable	811	869
Security deposits	1,153	3,521
Revenue bonds payable	13,645	13,020
Total payable from restricted assets	15,609	17,410
Total current liabilities	39,280	27,036
Noncurrent liabilities		
Revenue bonds payable, net of discounts and premiums	172,430	186,392
Compensated absences	1,304	1,244
Other post employment benefits	692	651
Fair value of interest rate swap	2,948	4,542
Net pension liability	16,956	15,485
Total noncurrent liabilities	194,330	208,314
Total liabilities	233,610	235,350
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	1,040	388
NET POSITION		
Net investment in capital assets	443,217	431,684
Restricted for		
Debt service	1,142	1,088
Operating and maintenance	15,476	15,519
Renewal and replacement	3,000	3,000
Unrestricted	311,762	264,183
Total net position	$ 774,597	$ 715,474

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended
September 30, 2017 and 2016
(Dollars in Thousands)

	2017	2016
Operating revenues		
Vessel, cargo, and passenger services	$ 134,645	$ 135,484
Lease of facilities	16,285	15,815
Vehicle parking	8,426	9,136
Other	2,377	2,162
Total operating revenues	161,733	162,597
Operating expenses		
Salaries and wages	15,235	14,927
Benefits	6,831	5,933
Total personal services expenses	22,066	20,860
Law enforcement and fire rescue	25,672	25,141
Maintenance, equipment, and supplies	16,795	14,558
Contractual services	7,810	8,251
General and administrative	6,973	5,333
Insurance	4,931	4,942
Utilities	4,325	4,185
Total non-personal services expenses	66,506	62,410
Total operating expenses before depreciation	88,572	83,270
Depreciation	28,294	27,677
Total operating expenses	116,866	110,947
Operating income	44,867	51,650
Non-operating revenues (expenses)		
Interest income	1,623	1,808
Interest expense, net of capitalized interest	(7,966)	(9,429)
Loss on disposal of capital assets	(161)	(1,115)
Discontinued project costs	(72)	(547)
Capital asset donation	(991)	-
Other, net	(766)	(909)
Total non-operating expenses	(8,333)	(10,192)
Income before capital contributions and transfers	36,534	41,458
Capital contributions	15,819	2,258
Transfer in	6,770	-
Change in net position	59,123	43,716
Net position, beginning of year	715,474	671,758
Net position, end of year	$ 774,597	$ 715,474

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended
September 30, 2017 and 2016
(Dollars in Thousands)

	2017	2016
Cash flows from operating activities:		
Cash received from customers	$ 158,938	$ 162,500
Payments to suppliers for goods and services	(65,616)	(63,097)
Payments to employees for services	(20,725)	(20,600)
Other cash paid	(552)	(552)
Other cash receipts	162	154
Net cash provided by operating activities	72,207	78,405
Cash flows from non-capital financing activities:		
Transfer in	6,770	-
Net cash provided by non-capital financing activities	6,770	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(26,546)	(20,063)
Principal payments on bonds	(13,020)	(21,815)
Payment of interest and fiscal charges	(9,519)	(10,253)
Payment of other debt service costs	(330)	(394)
Proceeds from sale of capital assets	16	65
Capital contributions	9,709	1,951
Net cash used for capital and related financing activities	(39,690)	(50,509)
Cash flows from investing activities:		
Purchase of investments	(330,001)	(270,383)
Proceeds from sales and maturities of investments	313,738	214,639
Interest on investments	1,369	1,278
Net cash used for investing activities	(14,894)	(54,466)
Net increase (decrease) in cash and cash equivalents	24,393	(26,570)
Cash and cash equivalents, beginning of year	16,277	42,847
Cash and cash equivalents, end of year	$ 40,670	$ 16,277
Cash and cash equivalents - unrestricted assets	$ 25,390	$ 993
Cash and cash equivalents - restricted assets - current	1,953	1,957
Cash and cash equivalents - restricted assets - noncurrent	13,327	13,327
	$ 40,670	$ 16,277

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows (Continued)
For the Fiscal Years Ended
September 30, 2017 and 2016
(Dollars in Thousands)

	2017	2016
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 44,867	$ 51,650
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	28,294	27,677
Miscellaneous non-operating expenses	(390)	(398)
Decrease (increase) in assets and deferred outflows of resources:		
Accounts receivable, trade	(717)	804
Accounts receivable, other	290	(231)
Inventories	(57)	(1,781)
Prepaid items	150	97
Deferred outflows on pensions	(920)	(3,586)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	1,033	412
Accrued liabilities	(5)	(515)
Due to other County funds	55	97
Due to other governments	(291)	488
Compensated absences	102	40
Security deposits	(2,368)	(670)
Other post employment benefits	41	41
Net pension liability	1,471	5,327
Deferred inflows on pensions	652	(1,047)
Net adjustments	27,340	26,755
Net cash provided by operating activities	$ 72,207	$ 78,405
Supplemental information		
Non-cash investing, capital, and financing activities		
Capital assets acquired through current accounts payable	$ 15,979	$ 2,768
Capital contributions	8,826	2,716
Amortization of bond discounts and premiums	(317)	(317)
Amortization of deferred charges	115	1,114

Page left intentionally blank

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity: These financial statements present the financial position, changes in net position, and cash flows of the Port Everglades Department (the "Port") of Broward County, Florida (the "County") and not the County as a whole. The Port is a department of the County and operates as a major enterprise fund thereof. The County owns Port Everglades, which is operated by the County's Board of County Commissioners (the "County Commission"). The Port, formerly known as Port Everglades Authority ("PEA"), is located within the geographic boundaries of the County and was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,212 acres.

The County Commission is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the PEA and transfer control to the County Commission. The Port remained independent until November 22, 1994. Laws of Florida, Chapter 91-346 (Resolution 92-1734) provided for dissolution and required the County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by the Port as being used for Port purposes to the same extent as such revenues could have been used by PEA prior to its dissolution and the transfer of its assets to the County.

B. Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Port is a major enterprise fund of the County and uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place.

The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered or use of facilities. Operating expenses include employee wages and benefits, the purchase of services, other expenses related to operating the Port, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses.

C. Implementation of Governmental Accounting Standards Board Statements: The Port adopted the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2017:

1. GASB Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"

Statement No. 74 establishes financial reporting standards for state and local governmental other postemployment benefit (OPEB) plans other than pensions plans that are administered

Note 1 - Summary of Significant Accounting Policies (Continued)

through trusts or equivalent arrangements. The adoption of this Statement had no impact on the Port's financial statements.

2. GASB Statement No. 77 "Tax Abatement Disclosures"

Statement No. 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. This Statement requires disclosure of tax abatement information about the reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues. The adoption of this Statement had no impact on the Port's financial statements.

3. GASB Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"

Statement No. 78 amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions that have the characteristics described above. The adoption of this Statement had no impact on the Port's financial statements.

4. GASB Statement No. 80 "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14"

Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*. The adoption of this Statement had no impact on the Port's financial statements.

5. GASB Statement No. 82 "Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73"

Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement was insignificant and did not impact the payroll-related measures reflected in the Port's required supplementary information for the Pension Plans.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. **Deposits and Investments:** Cash and cash equivalents consist of cash on hand, demand deposits and investments with original maturities at time of purchase of three months or less.

The Port participates in the cash and investment pool maintained by the County. The Port's portion of the pool is presented as "cash and cash equivalents," "investments," or "restricted assets," as appropriate. Earnings are allocated to the Port based on the average daily cash and investment balances. The Port also maintains cash and investments outside of the County pool relating to bond proceeds for the purpose of funding debt service payments and bond reserve requirements, as well as for investment purposes. All investments are carried at fair value.

E. Accounts Receivable: The Port invoices customers for vessel, cargo, and passenger services, and leasing of facilities. The Port records accounts receivable at the estimated net realizable value, based on current economic conditions and consideration of the customer's ability to pay. Accordingly, accounts receivable are shown net of estimated uncollectible accounts and unamortized discounts, as determined by management policies.

F. Due from Other Governments: The amounts due from other governments represent grants receivable from Federal and State governments for their share of amounts expended on various capital projects.

G. Due from or to Other County Funds: During the course of operations, the Port has activity with other County funds for various purposes. Any residual balances outstanding at year end are reported as due from or to other County funds.

H. Inventories and Prepaid Items: Crane and loading bridge spare parts, supplies, and fender inventories are carried at the lower of average cost or market. Fire retardant chemical inventory is recorded using the lower of cost (first-in, first-out method) or market. Prepaid items consist primarily of insurance costs that will benefit future accounting periods.

I. Capital Assets: Capital assets are stated at cost or, if donated, acquisition value on the date of donation. Capital assets are defined as assets with an initial, individual cost of $1,000 or more for equipment and $5,000 or more for all other capital assets. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings (including buildings held for leasing)	30 – 50 years
Piers	20 – 50 years
Other improvements	10 – 30 years
Equipment and vehicles	3 – 30 years

J. Capitalization of Interest Costs: Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The Port incurred interest of $9,265,000 and $10,990,000 for the fiscal years ended September 30, 2017 and 2016, respectively, and, of this, $1,299,000 and $1,561,000 respectively, was included as part of the cost of construction in progress and assets placed into service.

K. Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The category of deferred outflows of resources reported in the Port's statements of net position is related to debt refunding, the interest

Note 1 - Summary of Significant Accounting Policies (Continued)

rate swap and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. A deferred outflow of resources has been reported for the accumulated decrease in fair value of the interest rate swap in the statements of net position. Deferred outflows on pension activities are more fully disclosed in Note 1, Section N and Note 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the Port relate to pension activities and are more fully disclosed in Note 1, Section N and Note 9.

L. Long-term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums or discounts are amortized on a straight-line basis over the life of the bonds, which approximates the effective interest rate method. Bonds payable as reported include unamortized amounts of bond premiums or discounts.

M. Compensated Absences: It is the Port’s policy to permit employees to accumulate earned but unused vacation and sick leave. The cost of earned but unused vacation pay is accrued as a liability in the period in which the leave is earned. Liabilities for earned but unused sick leave are accrued only to the extent that the leave will result in cash payments at termination.

N. Pensions: In the Statements of Net Position, pension liabilities are recognized for the Port's proportionate share of the County's share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources and are amortized as a component of pension expense using a systematic and rational method over a five year period beginning with the period in which a difference arose.

O. Net Position and Net Position Flow Assumption: Net position represents the residual interest in the Port’s assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, and consists of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Note 1 - Summary of Significant Accounting Policies (Continued)

Sometimes, the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

P. Capital Contributions: Capital contributions consist mainly of grants from Federal and State governments. These capital contributions are recognized when eligibility requirements have been met, which usually is when project costs have been incurred.

Q. Reclassifications: Certain amounts presented in the prior year's data have been reclassified in order to be consistent with the current year's presentation.

R. 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 reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets or liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Note 2 - Deposits and Investment

As of September 30, 2017 and 2016, the Port's deposits and investments consisted of the following (dollars in thousands):

	September 30, 2017	September 30, 2016
Cash deposits	$ 40,670	$ 16,277
Investments:		
U.S. Treasuries	84,328.00	46,669.00
U.S. Agencies	175,636.00	209,572.00
Commercial paper	30,035.00	25,965.00
World Bank	8,470.00	-
Total investments	298,469.00	282,206.00
Total cash and cash equivalents and investments	$ 339,139	$ 298,483

Remainder of page left intentionally blank

Note 2 - Deposits and Investment (Continued)

Cash and cash equivalents and investments are classified in the statements of net position as follows (dollars in thousands):

	September 30, 2017	September 30, 2016
Current assets		
Cash and cash equivalents - unrestricted	$ 25,390	$ 993
Cash and cash equivalents - restricted	1,953	1,957
Investments - unrestricted	269,337	251,234
Investments - restricted	13,656	15,453
Non-current assets		
Cash and cash equivalents - restricted	13,327	13,327
Investments - restricted	15,476	15,519
Total cash and cash equivalents and investments	$ 339,139	$ 298,483

Deposits – <u>Custodial Credit Risk:</u> The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County mitigates custodial credit risk by generally requiring public funds to be deposited in a qualified public depository pursuant to State Statutes. Under the State Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories' collateral pledging level. The pledging level may range from 25% to 150% depending upon the depositories' financial condition ranking from two nationally recognized financial rating services, as well as consideration of financial ratios, trends and other pertinent information. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

At September 30, 2017 and 2016, $15,215,000 and $15,254,000, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department, but not in the County's name.

Investments: The Port follows the County's investment practices and are governed by Section 218.415 of the Florida Statutes, County Code of Ordinances, Chapter I, Article I, Section 1-10 and the requirements of outstanding bond covenants. The County has a formal investment policy that, in the opinion of management, is designed to ensure conformity with State Statutes and seeks to limit exposure to investment risks. The investment policy specifies the types, issuer, maturity, and performance measurement of investment securities that are permissible. Securities are held to maturity with limited exceptions outlined in the investment policy. Qualified institutions utilized for investment transactions are also addressed within the policy, as well as diversification requirements for the investment portfolio.

Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the Government, its agencies and instrumentalities, the Florida Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, repurchase agreements with primary dealers, commercial paper, bonds, notes or obligations of the State of Florida or any municipality, political subdivision or agency or authority of the State, certificates of deposit, securities in certain open-end or closed-end investment companies or trusts, World Bank notes, bonds and discount notes, obligations of the Tennessee Valley Authority, certain money market funds and rated or unrated bonds, notes or instruments backed by the full faith and credit of the government of Israel. The County may also invest in collateralized mortgage obligations, reverse repurchase agreements and asset-backed commercial paper with the approval of the County's Chief Financial Officer. County policy requires that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreements.

Note 2 - Deposits and Investment (Continued)

Interest Rate Risk: In accordance with its investment policy, the County manages its exposure to interest rate volatility by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 to 30 days	80%
31 to 90 days	80%
91 days to 1 year	70%
1 year to 2 years	40%
2 years to 3 years	25%
3 years to 4 years	20%
4 years to 5 years	15%
5 years to 7 years	10%

Assets held pursuant to bond covenants are exempt from these maturity limitations. As of September 30, 2017 and 2016, the portfolio weighted average maturity was 600 days, and 576 days, respectively, and was in accordance with the County's investment policy.

Credit Risk: The County's investment policy contains specific rating criteria for certain investments. The policy states that commercial paper and asset-backed commercial paper, as well as bonds, notes, or obligations of the State of Florida, any municipality or political subdivision, or any agency or authority of the State, must be rated in one of the two highest rating categories by at least two nationally recognized rating agencies. Commercial paper not rated must be backed by a letter of credit or line of credit rated in one of the two highest rating categories. Any investments in World Bank notes, bonds, and discount notes must be rated AAA or equivalent by Moody's Investors Service or Standard & Poor's Ratings Services. Investments in Securities and Exchange Commission registered money market funds must have the highest credit quality rating from a nationally recognized rating agency.

As of September 30, 2017 and 2016, the County's investments in U.S. Treasuries and U.S. Agencies, except for investments of $13,607,500 and $14,767,000, respectively, in the Federal Agricultural Mortgage Corporation which are not rated, are rated AA+ by Standard & Poor's Rating Services and Aaa by Moody's Investors Service. The County's investments in commercial paper are rated A-1 and A-1+ by Standard & Poor's Ratings Services, P-1 by Moody's Investors Service and F1 by Fitch. The County's investments in World Bank notes are rated AAA by Standard & Poor's Rating Services and Aaa by Moody's Investors Service.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government and U.S. Agencies thereof, or government-sponsored corporation securities. The County requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*" requires disclosure when 5% or more is invested in any one issuer. As of September 30, 2017, the investment in the Federal Home Loan Bank is 16.12%, the Federal Home Loan Mortgage Corporation is 10.02%, the Federal National Mortgage Association is 26.02%, the Federal Farm Credit Bank is 7.86%, and the Federal Agricultural Mortgage Corporation is 5.24%. As of September 30, 2016, the investment in the Federal Home Loan Bank is 17.52%, the Federal Home Loan Mortgage Corporation is 12.35%, the Federal National Mortgage Association is 22.46%, the Federal Farm Credit Bank is 9.73%, and the Federal Agricultural Mortgage Corporation is 7.35%.

Fair Value Measurement: The Port categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and liability. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Port does not have any investments that are categorized as Level 1 or 3.

Note 2 - Deposits and Investment (Continued)

The Port has the following recurring fair value measurements as of September 30, 2017 (dollars in thousands):

Significant Other Observable Inputs (Level 2)

	September 30, 2017	September 30, 2016
Investments by Fair Value Level		
Debt Securities:		
U.S. Treasuries	$ 84,328	$ 46,669
U.S. Agencies	175,636	209,572
Commercial Paper	30,035	25,965
World Bank	8,470	-
Total Investments at Fair Value	$ 298,469	$ 282,206
Liability by Fair Value Level		
Derivative Instrument - Interest Rate Swap	$ 2,948	$ 4,542

- U.S. Treasuries, U.S. Agencies, Commercial Paper and World Bank debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices (Level 2 inputs).

- The interest rate swap derivative instrument is valued using the zero coupon method (Level 2 inputs), receives observable quotes from the over-the counter swap markets and is based on models that reflect the contractual terms of the derivative.

The investment balances categorized by fair value above include the Port's investment in the County "pool" and the input levels presented are based on the actual allocation of the underlying investments held directly by the County.

Note 3 - Restricted Assets

Restricted assets of the Port as of September 30, 2017 and 2016 represent amounts restricted for debt service, bond reserves, operating and maintenance, and renewal and replacement under the terms of outstanding bond agreements, as well as refundable customer security deposits. The debt service accounts contain the principal due within one year and the accumulated cash for one-twelfth of the required interest payable for the subsequent year. Under the bond resolutions in effect, the bond reserve accounts contain the required amounts for the debt service reserves prescribed by the Series 2008 and the Series 2009A bonds; the operating and maintenance reserve is the required amount to be set aside to cover two months of operating expenses; and the renewal and replacement reserve is the required amount to be set aside for renewal and replacement of equipment.

	September 30, 2017	September 30, 2016
Debt service accounts	$ 14,456	$ 13,889
Bond reserve accounts	10,327	10,327
Operating and maintenance	15,476	15,519
Renewal and replacement	3,000	3,000
Security deposits	1,153	3,521
	$ 44,412	$ 46,256

As of September 30, 2017 and 2016, assets were restricted for the following purposes (dollars in thousands):

	September 30, 2017	September 30, 2016
Current assets – restricted		
Cash and cash equivalents	$ 1,953	$ 1,957
Investments	13,656	15,453
Noncurrent assets - restricted		
Cash and cash equivalents	13,327	13,327
Investments	15,476	15,519
Total restricted assets	$ 44,412	$ 46,256

Remainder of page left intentionally blank

Note 4 - Capital Assets

Capital asset activity was as follows for the fiscal years ended September 30, 2017 and 2016 (dollars in thousands):

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Capital assets not being depreciated				
Land and land improvements	$ 50,550	$ 8,744	$ (991)	$ 58,303
Property held for leasing - land and land improvements	160,068	-	(8,792)	151,276
Construction in progress and pending equipment				
Construction in progress	40,820	39,612	(1,149)	79,283
Pending equipment	5,337	1,452	(508)	6,281
Total construction in progress and pending equipment	46,157	41,064	(1,657)	85,564
Total non-depreciable capital assets	256,775	49,808	(11,440)	295,143
Capital assets being depreciated				
Buildings, piers, and other improvements	560,896	1,049	(2,263)	559,682
Property held for leasing - buildings, piers, and other improvements	99,019	2,263	-	101,282
Equipment and vehicles	175,372	681	(565)	175,488
Total depreciable capital assets	835,287	3,993	(2,828)	836,452
Less accumulated depreciation				
Buildings, piers, and other improvements	(292,436)	(15,887)	-	(308,323)
Property held for leasing - buildings, piers, and other improvements	(67,927)	(5,229)	-	(73,156)
Equipment and vehicles	(109,427)	(7,178)	283	(116,322)
Total accumulated depreciation	(469,790)	(28,294)	283	(497,801)
Total capital assets being depreciated, net	365,497	(24,301)	(2,545)	338,651
Total capital assets, net	$ 622,272	$ 25,507	$ (13,985)	$ 633,794

Remainder of page left intentionally blank

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital assets not being depreciated				
Land and land improvements	$ 50,550	$ -	$ -	$ 50,550
Property held for leasing - land and land improvements	160,068	-	-	160,068
Construction in progress and pending equipment				
Construction in progress	72,575	6,029	(37,784)	40,820
Pending equipment	3,799	1,758	(220)	5,337
Total construction in progress and pending equipment	76,374	7,787	(38,004)	46,157
Total non-depreciable capital assets	286,992	7,787	(38,004)	256,775
Capital assets being depreciated				
Buildings, piers, and other improvements	521,121	44,362	(4,587)	560,896
Property held for leasing - buildings, piers, and other improvements	99,040	-	(21)	99,019
Equipment and vehicles	172,862	3,043	(533)	175,372
Total depreciable capital assets	793,023	47,405	(5,141)	835,287
Less accumulated depreciation				
Buildings, piers, and other improvements	(277,317)	(18,534)	3,415	(292,436)
Property held for leasing - buildings, piers, and other improvements	(65,886)	(2,062)	21	(67,927)
Equipment and vehicles	(102,880)	(7,081)	534	(109,427)
Total accumulated depreciation	(446,083)	(27,677)	3,970	(469,790)
Total capital assets being depreciated, net	346,940	19,728	(1,171)	365,497
Total capital assets, net	$ 633,932	$ 27,515	$ (39,175)	$ 622,272

As of September 30, 2017, property held for leasing included both non-depreciable capital assets (land and land improvements of $151,276,000) and depreciable capital assets (buildings, piers, and other improvements of $101,282,000), totaling $252,558,000, less accumulated depreciation of $73,156,000 for a net book value of $179,402,000.

As of September 30, 2016, property held for leasing included both non-depreciable capital assets (land and land improvements of $160,068,000) and depreciable capital assets (buildings, piers, and other improvements of $99,019,000), totaling $259,087,000, less accumulated depreciation of $67,927,000 for a net book value of $191,160,000.

Remainder of page left intentionally blank

Note 5 - Lease Agreements

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

Fiscal Year(s)	Amount
2018	$ 11,869
2019	11,733
2020	10,724
2021	9,738
2022	9,618
2023-2027	30,418
2028-2032	3,573
Total	$ 87,673

Remainder of page left intentionally blank

Note 6 - Long-term Obligations

Changes in long-term obligations for the fiscal years ended September 30, 2017 and 2016 were as follows (dollars in thousands):

	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017	Due within One Year
Revenue bonds payable					
2008 Subordinate Port Facilities, Refunding	$ 29,515	$ -	$ (2,230)	$ 27,285	$ 2,310
2009A Port Facilities	63,400	-	(3,520)	59,880	3,700
2011A Port Facilities, Refunding	12,370	-	-	12,370	-
2011B Port Facilities, Refunding, Serial	59,220	-	(7,270)	51,950	7,635
2011B Port Facilities, Refunding, Term	31,640	-	-	31,640	-
Total face amount of revenue bonds payable	196,145	-	(13,020)	183,125	13,645
Unamortized bond discounts	(323)	-	25	(298)	-
Unamortized bond premiums	3,590	-	(342)	3,248	-
Total net revenue bonds payable	199,412	-	(13,337)	186,075	13,645
Compensated absences payable	2,429	1,647	(1,545)	2,531	1,227
Other post employment benefits	651	86	(45)	692	-
Net pension liability	15,485	1,471	-	16,956	-
Total	$ 217,977	$ 3,204	$ (14,927)	$ 206,254	$ 14,872

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due within One Year
Revenue bonds payable					
2008 Subordinate Port Facilities, Refunding	$ 31,660	$ -	$ (2,145)	$ 29,515	$ 2,230
2009A Port Facilities	66,755	-	(3,355)	63,400	3,520
2011A Port Facilities, Refunding	12,370	-	-	12,370	-
2011B Port Facilities, Refunding, Serial	59,220	-	-	59,220	7,270
2011B Port Facilities, Refunding, Term	31,640	-	-	31,640	-
2011C Port Facilities, Refunding	16,315		(16,315)	-	-
Total face amount of revenue bonds payable	217,960	-	(21,815)	196,145	13,020
Unamortized bond discounts	(348)	-	25	(323)	-
Unamortized bond premiums	3,932	-	(342)	3,590	-
Total net revenue bonds payable	221,544	-	(22,132)	199,412	13,020
Compensated absences payable	2,389	1,057	(1,017)	2,429	1,185
Other post employment benefits	610	83	(42)	651	-
Net pension liability	10,158	5,327	-	15,485	-
Total	$ 234,701	$ 6,467	$ (23,191)	$ 217,977	$ 14,205

Remainder of page left intentionally blank

Note 6 - Long-term Obligations (Continued)

Revenue Bonds Payable: The following is a summary of the major provisions and significant debt service requirements for bonds outstanding as of September 30, 2017 and 2016 (dollars in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment Rate (%)	Interest Payment Dates	Optional (O) or Mandatory (M) Redemption	Year	Final Maturity Date	Issued	Retired / Refunded	Outstanding September 30, 2017	Outstanding September 30, 2016
2008 Subordinate Port Facilities Refunding	Refunding Issue	Demand	3.642 *	Monthly	O	2017	9-1-2027	$ 46,145	$ (18,860)	$ 27,285	$ 29,515
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-19-1	O	2019	9-1-2025	$ 48,085	$ (23,355)	24,730	28,250
2009A Port Facilities	Capital Improvements	Term	5.25 - 5.5	3-19-1	M	2023	9-1-2029	$ 35,150	$ -	35,150	35,150
2011A Port Facilities	Refunding Issue	Serial	5	3-19-1	O	2021	9-1-2025	$ 12,370	$ -	12,370	12,370
2011B Port Facilities	Refunding Issue	Serial	5	3-19-1	O	2021	9-1-2023	$ 69,055	$ (17,105)	51,950	59,220
2011B Port Facilities	Refunding Issue	Term	4.625	3-19-1	M	2025	9-1-2027	$ 31,640	$ -	31,640	31,640
Total face amount of revenue bonds payable										$ 183,125	$ 196,145

*Synthetic fixed rate per swap agreement

The annual debt service requirements for all bonds outstanding as of September 30, 2017, (assuming the variable rate demand debt is carried to maturity and the credit facility is renewed) are as follows (dollars in thousands):

Fiscal Year(s)	Principal	Interest	Total
2018	$ 13,645	$ 8,889	$ 22,534
2019	14,320	8,220	22,540
2020	15,010	7,523	22,533
2021	15,730	6,806	22,536
2022	16,480	6,054	22,534
2023-2027	95,175	17,506	112,681
2028-2029	12,765	1,063	13,828
	$ 183,125	$ 56,061	$ 239,186

Remainder of page left intentionally blank

Note 6 - Long-term Obligations (Continued)

Details of the Port's bonds outstanding as of September 30, 2017 and 2016 are provided in the following sections. Terms not defined in these Notes to Financial Statements that are capitalized are defined in the underlying agreements.

Series 2008 Bonds: In July 2008, the Port issued $46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008 (the "Series 2008 Bonds"). The Series 2008 Bonds were issued to refund $43,160,000 of outstanding Series 1998 Bonds. The Series 2008 Bonds bear interest at a weekly variable rate. The variable rate as of September 30, 2017 and 2016 was 0.94% and 0.84%, respectively. The bonds are secured by subordinate pledged revenue derived from the operation of the Port.

Demand bonds. The Series 2008 Bonds are subject to purchase on the demand of the holder or a mandatory tender for purchase at a price equal to principal plus accrued interest. The Port's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate.

An irrevocable Direct-Pay Letter of Credit was issued by the Royal Bank of Canada (RBC) pursuant to a Letter of Credit Reimbursement Agreement dated July 1, 2014, between the County and RBC as a replacement for the original expiring Direct-Pay Letter of Credit provided by the Bank of Nova Scotia. The Letter of Credit was issued in an amount equal to the outstanding $35,735,000 of original aggregate principal of the Series 2008 Bonds, plus 56 days' interest thereon at the rate of 15% per annum, totaling

$822,000. The Letter of Credit will terminate upon the earlier to occur of RBC's close of business on (a) October 2, 2019 (as extended from time to time) or (b) earlier dates as defined in the Letter of Credit Reimbursement Agreement.

In the event that a demand for purchase by an owner or a mandatory tender for purchase of the Series 2008 Bonds is not remarketed, the Trustee, complying with the terms of the Letter of Credit Reimbursement Agreement, is authorized to draw an amount sufficient to pay principal and interest when due and to pay the applicable portion of the purchase price of the Series 2008 Bonds and accrued interest. Letter of Credit drawings to pay the portion of the purchase price of principal not remarketed bear interest at a Base Rate, which is defined as a per annum rate equal to the highest of (i) the sum of the Prime Rate for such day plus 2.5%, (ii) the sum of the Federal Funds Rate for such day plus 3.0%, and (iii) 8%. Within the first 90 days, interest is at the Base Rate. Between 91-180 days, interest is at the Base Rate plus 1%; thereafter, interest is at the Base Rate plus 2%. Letter of Credit drawings that remain outstanding on the first day of the third month following the draw date are payable quarterly, in an amount equal to one-twelfth of the outstanding principal amount plus accrued interest, up to a maximum of two years, after which time the remaining outstanding balance becomes payable in full. As of September 30, 2017, no amounts have been drawn from the Letter of Credit.

The Port, commencing October 1, 2014, is required to pay RBC, on a quarterly basis, in arrears, a facility fee for the Letter of Credit. For the period commencing on July 1, 2014 through termination, the fee may vary based upon the bond ratings from Moody's Investors Services, Standard & Poor's Rating Services, and Fitch Rating Services. The current rate is 0.92% per annum. In addition, the remarketing agent is paid an annual fee equal to 0.045% of the then outstanding aggregate principal amount of the Series 2008 Bonds.

Remainder of page left intentionally blank

Note 6 - Long-term Obligations (Continued)

Series 2009A Bonds: In July 2009, the Port issued $83,235,000 of Port Everglades Revenue Bonds Series 2009A (the "Series 2009A Bonds") for the purpose of providing funds, together with other legally available funds to (i) pay all or part of the costs for the Terminal 18 improvements and other capital improvements, (ii) fund a subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds. The Series 2009A Bonds, Outstanding Bonds, along with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Series 2009A Bonds interest rate ranges from 3% to 6%.

Series 2011 Bonds: On November 22, 2011, the Port issued Port Facilities Refunding Bonds Series 2011A in the amount of $12,370,000; Port Facilities Refunding Bonds Series 2011B in the amount of $100,695,000; and Port Facilities Refunding Bonds Series 2011C in the amount of $54,195,000 (collectively, the "Series 2011 Bonds"), with interest rates ranging from 1.098% to 5% (true interest rate of 4.107%). The proceeds of the issue were used to refund $53,185,000 of Series 1989A Bonds, $79,825,000 of Series 1998B Bonds, and $38,865,000 of Series 1998C Bonds. The Series 2011 Bonds are Refunding Bonds issued under the Bond Resolution, and were issued on parity with the Series 2009A Bonds as described above.

Defeased Bonds: The Port has entered into refunding transactions whereby refunding bonds were issued to facilitate the retirement of the Port's obligation with respect to certain outstanding bond issues. The net proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the bond issues being refunded. The refunded bonds are not included in the statements of net position as a liability, since the Port has legally satisfied its obligation through the refunding process.

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

Year of Defeasance	Bond Issue Defeased	Principal Outstanding, September 30, 2017	Principal Outstanding, September 30, 2016
1989	Port Facilities Revenue Bonds Series 1986	$ -	$ 7,930

Remainder of page left intentionally blank

Note 6 - Long-term Obligations (Continued)

Bond Covenants: The Series 2009A and 2011 bond covenants require the Port to do the following:

1. Continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County, until the same are revised as provided in the Bond Resolution;

2. Not change, revise, or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue, unless such rates, fees rentals and other charges as so changed, revised, or reduced will produce sufficient Gross Revenue to comply with the following paragraph; and

3. Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals, and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund, Ad Valorem Tax, Rebate, and Operating and Maintenance trust accounts) will at all times be sufficient in each fiscal year to provide an amount at least equal to the sum of the following:
   a. 100% of the current expenses;
   b. 125% of the current bond principal and interest requirements;
   c. 100% of the bond reserve requirement; and
   d. 100% of the required current deposits to the Renewal & Replacement Fund.

   The 2008 Subordinate bond covenants require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c, and d above and, furthermore, the following:
   a. 100% of the aggregate of current expenses, the reserve account deposit requirement, and the amount required to be deposited in the Renewal & Replacement Fund for the current fiscal year;
   b. 100% of the administrative expenses for the current fiscal year;
   c. 110% of the composite principal and interest requirements for the current fiscal year; and
   d. 100% of the debt service reserve fund deposit requirement for the current fiscal year.

   The Port was in compliance with bond indenture requirements as of September 30, 2017 and 2016.

Remainder of page left intentionally blank

Note 6 - Long-term Obligations (Continued)

The Port's bonds are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds payable as of September 30, 2017 and 2016 were as follows (dollars in thousands):

	September 30, 2017	September 30, 2016
Current pledged revenues	$ 72,657	$ 79,036
Current year debt service	$ 22,539	$ 32,068
Total future pledged revenues	$ 239,186	$ 261,715
Percentage of debt service to pledged revenues (current year)	31.0%	40.6%

Current pledged revenues are equivalent to "Net income available for debt service," as shown in the table above. Total future pledged revenues reflect principal and interest payment requirements on a cash basis through fiscal year 2029.

All of the bonds are payable from the net revenues of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 2011 bonds is guaranteed under a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation (AGMC). These policies unconditionally guarantee the payment of that portion of the principal and interest on the bonds that have become due for payment but are unpaid by reason of nonpayment by the Port.

Remainder of page left intentionally blank

Note 7 – Derivative Instrument – Interest Rate Swap

The Port entered into an interest rate swap agreement in July 2008, with Goldman Sachs Capital Markets, L.P. to provide a synthetic fixed rate structure for the $46,145,000 Series 2008 Bonds that bear interest at a variable weekly rate. Interest rate swaps are considered to be derivative instruments and are carried on the statement of net position at fair value.

The fair value of the interest rate swap is estimated using the income approach from “mid-market” pricing data. The pricing data consists primarily of observable quotes from the over-the-counter swap markets that fall into Level 2 of the fair value hierarchy under GASB Statement No. 72, “Fair Value Measurement and Application”. The income approach utilizes the discounted cash flow methodology which considers the net present value of the future scheduled payments required by the swap, assuming future coupon rates are based on forward rates, derived from the relevant yield curve data as of the valuation date. The present value discount factors applied to future scheduled payments are also determined by the London Interbank Offered Rate (LIBOR) yield curve data, using the zero coupon method.

Following are disclosures of key aspects of the 2008 interest rate swap agreement.

Objective of the interest rate swap — The interest rate swap agreement was a means to lower the Port’s true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the Port’s variable interest rate. Based on the swap agreement, the Port pays a synthetic fixed rate of 3.642%.

Terms — The interest rate swap was entered into at the same time that the Series 2008 Bonds were issued in July 2008. The Series 2008 Bonds and the related interest rate swap agreement expire on September 1, 2027. The interest rate swap's original notional amount of $46,145,000 matches the original principal amount of the Series 2008 Bonds. The outstanding notional amount of the interest rate swap matches the principal amortization schedule of the Series 2008 Bonds. Under the terms of the interest rate swap agreement, the Port pays the counterparty a fixed rate of 3.642% and receives a variable rate payment based on the SIFMA Municipal Swap Index.

Fair value — As of September 30, 2017 and 2016, the swap had a negative fair value of $2,948,000 and $4,542,000, respectively. This represented a decrease of $1,594,000 and $255,000, respectively, as of September 30, 2017 and 2016. The swap’s fair value is reported as a deferred outflow of resources as “Accumulated Decrease in Fair Value of Interest Rate Swap” and as a liability as “Fair Value of Interest Rate Swap” in the accompanying statements of net position. The swap’s notional amount as of September 30, 2017 and 2016, which equaled the principal outstanding on the Series 2008 Bonds as of those dates, was $27,285,000 and $29,515,000, respectively.

Credit risk — As of September 30, 2017 and 2016, the Port was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value become positive, the Port could be exposed to credit risk in the amount of the swap’s fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

Basis risk — Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called “basis risk.” The Port is exposed to basis risk on its interest rate swap, because the variable rate payments received are based on the weekly SIFMA Municipal Swap Index, which may differ from the interest rates the Port pays on the variable rate debt, which is remarketed every seven days.

Termination risk — Under certain conditions, the Port or the counterparty may terminate the swap. If the swap is terminated, the Port would be exposed to variability in the amount of its debt service payments resulting from changes in the variable interest rate on the Series 2008 Bonds. While this could increase the Port's total debt service, if at the time of termination, the swap has a negative fair value by

approximately the amount of such negative fair value, the counterparty would have no claim against the Port for any other compensation.

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

Swap payment and associated debt – As interest rates vary, the variable-rate interest payments and swap payments will vary. The debt service requirements to maturity of the variable-rate bonds as of September 30, 2017, assuming the synthetic fixed rate of 3.642%, were as follows (dollars in thousands):

Remainder of page left intentionally blank

Note 8 - Other Post-Employment Benefits (OPEB)

Plan Description: The Port, as a department of the County, participates in the County's single-employer, defined-benefit healthcare plan. The plan allows employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the plan conform to State Statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: The Port makes no direct contribution to the plan. Retirees and their beneficiaries pay the same group rates as are charged to the Port for active employees. The County's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits, which is called the Employer Contribution.

The Port's annual OPEB cost for the plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost allocated to the Port as of September 30, 2017 and 2016 and the related information for the plan are as follows (dollars in thousands):

	September 30, 2017	September 30, 2016
Required contribution rates:		
Employer	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 94	$ 90
Interest on net OPEB obligation	24	23
Adjustment to annual required contribution	(32)	(30)
Annual OPEB cost	86	83
Contributions made	(45)	(42)
Increase in net OPEB obligation	41	41
Net OPEB obligation, beginning of year	651	610
Net OPEB obligation, end of year	$ 692	$ 651

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2017, 2016, and 2015 for the Port were as follows (dollars in thousands):

	September 30, 2017	September 30, 2016	September 30, 2015
Annual OPEB cost	$ 86	$ 83	$ 98
Percentage of annual OPEB cost contributed	52.36%	50.00%	49.99%
Net OPEB obligation	$ 692	$ 651	$ 610

Remainder of page left intentionally blank

Note 8 - Other Post-Employment Benefits (OPEB) (Continued)

Funded Status and Funding Progress: The funded status of the County's plan as of October 1, 2015, the date of the most recent actuarial valuation, was as follows (dollars in thousands):

Actuarial accrued liability	$	24,196
Actuarial value of plan assets	$	-
Unfunded actuarial accrued liability	$	24,196
Funded ratio		0.00%
Covered payroll	$	265,122
Unfunded actuarial accrued liability as a percentage of covered payroll		9.13%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plan at this time.

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

Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2015
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	21 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	3.75%
Projected salary increases*	3.70% - 7.80%
Healthcare cost trend rate	8.5% initial, 4.5% ultimate

*Includes general inflation at 2.60%

Remainder of page left intentionally blank

Note 9 – Retirement Plans

All of the Port's eligible employees, as employees of the County, participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website (www.frs.myflorida.com).

A. Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

The general classes of membership for the Port are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions.

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age, however, there is a 5.0% benefit reduction for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July, and earn monthly interest equivalent to an annual rate of 1.30% on the preceding months DROP accumulation until DROP participation ends. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Note 9 – Retirement Plans (Continued)

The following chart shows the percentage value for each year of service credit earned.

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value (Per Year of Service)
Regular Class Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Senior Management Service Class	2.00%

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. The annual COLA for retirees with an effective retirement date or DROP date beginning on or after August 1, 2011, who were initially enrolled before July 1, 2011, is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular – 5.80% and 6.20%, Senior Management Service – 20.05% and 20.99%; and DROP participants 11.33% and 11.60%. The employer contribution rates by job class for the period from July 1, 2015 through June 30, 2016 were as follows: Regular – 5.56%, Senior Management Service – 19.73%, and DROP participants – 11.22%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal years ended September 30, 2017 and 2016, contributions, including employee contributions of $401,000 and $404,000, to the Pension Plan for the Port totaled $1,331,000 and $1,265,000, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017 and 2016, the Port reported liabilities of $11,447,000 and $9,623,000, respectively, for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2017 and June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and July 1, 2016. The Port's proportionate share of the net pension liability was based on its share of the County's 2016-2017 and 2015-2016 fiscal year contributions relative to the 2016-2017 and 2015-2016 fiscal year contributions of all participating members. At June 30, 2017, the Port's proportionate share was 0.03869%, which was an increase of 0.00058% from its proportionate share measured as of June 30, 2016. At June 30, 2016, the Port's proportionate share was 0.03811%, which was a decrease of 0.00154% from its proportionate share measured at June 30, 2015.

Note 9 – Retirement Plans (Continued)

For the fiscal years ended September 30, 2017 and 2016, the Port recognized pension expense of $1,950,000 and $1,339,000, respectively. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources (dollars in thousands):

As of September 30, 2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,030	$ (62)
Change of Assumptions	3,773	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		(278)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	230	(190)
Pension Plan Contributions Subsequent to the Measurement Date	286	
Total	$ 5,319	$ (530)

As of September 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 741	$ (90)
Change of Assumptions	586	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,504	
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	201	(243)
Pension Plan Contributions Subsequent to the Measurement Date	286	
Total	$ 4,318	$ (333)

The deferred outflows of resources related to the Pension Plan totaling $286,000 for the Port, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows (dollars in thousands):

Years Ending September 30	
2018	$ 614
2019	1,580
2020	1,073
2021	199
2022	750
Thereafter	287
Total	$ 4,503

Note 9 – Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability in the July 1, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.10% in 2017 and 7.60% in 2016, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The assumptions used in the July 1, 2017 valuation were unchanged from those used in the prior valuation as of July 1, 2016 except for the investment return assumption which was decreased from 7.60% to 7.10%.

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:

As of September 30, 2017

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

As of September 30, 2016

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

*As outlined in the Pension Plan's investment policy.

Note 9 – Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 and 2016 was 7.10% and 7.60%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.10% rate of return assumption used in the June 30, 2017 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard 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 of the Plan.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Port's proportionate share of the net pension liability calculated as of September 30, 2017 and 2016 using the discount rate of 7.10% and 7.60%, respectively, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10% and 6.60%, respectively) or one percentage point higher (8.10% and 8.60%, respectively) than the current rate (dollars in thousands):

As of September 30, 2017	1 % Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Proportional Share of the Net Pension Liability	$ 18,003	$ 11,447	$ 2,978

As of September 30, 2016	1 % Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Proportional Share of the Net Pension Liability	$ 17,672	$ 9,623	$ 2,924

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

Payables to the Pension Plan - At September 30, 2017 and 2016, the Port reported payables in the amount of $118,000 and $100,000, respectively, for outstanding contributions to the Pension Plan required for the fiscal years ended September 30, 2017 and 2016.

B. HIS Plan

Plan Description - The HIS Plan is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2017, 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 these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Note 9 – Retirement Plans (Continued)

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. The employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the periods from July 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 were 1.66%, respectively. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal years ended September 30, 2017 and 2016, contributions to the HIS Plan for the Port totaled $222,000 and $223,000, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017 and 2016, the Port reported liabilities of $5,509,000 and $5,862,000 respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liabilities were measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. Liabilities originally calculated as of actuarial valuation date have been recalculated as of June 30, 2017 using a standard actuarial roll-forward technique. The Port's proportionate share of the net pension liability was based on its share of the County's 2016-2017 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2017, the Port's proportionate share was 0.05152%, which was an increase of 0.00122% from its proportionate share measured as of June 30, 2016. At June 30, 2016, the Port's proportionate share was 0.05030%, which was an increase of 0.00091% from its proportionate share measured at June 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the Port recognized pension expense of $405,000 and $439,000, respectively. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources (dollars in thousands):

As of September 30, 2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$	$ (11)
Change of Assumptions	758	(467)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3	
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	152	(32)
Pension Plan Contributions Subsequent to the Measurement Date	75	
Total	$ 988	$ (510)

Note 9 – Retirement Plans (Continued)

As of September 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$	$ (13)
Change of Assumptions	929	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3	
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	67	(42)
Pension Plan Contributions Subsequent to the Measurement Date	70	
Total	$ 1,069	$ (55)

The deferred outflows of resources related to the HIS Plan totaling $75,000 for the Port, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows (dollars in thousands):

Years Ending September 30	
2018	$ 106
2019	105
2020	105
2021	88
2022	52
Thereafter	(53)
Total	$ 403

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2016 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities as of June 30, 2017 and 2016. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2017 using a standard actuarial roll-forward technique. The total pension liabilities as of June 30, 2017 and 2016 were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.58% in 2017 and 2.85% in 2016, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2017 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-

Note 9 – Retirement Plans (Continued)

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 FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The change between the two measurement dates is due to the changes in the applicable municipal bond index between the dates.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Port's proportionate share of the net pension liability calculated as of September 30, 2017 and 2016 using the discount rate of 3.58% and 2.85%, respectively, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58% and 1.85%, respectively) or one percentage point higher (4.58% and 3.85%, respectively) than the current rate (dollars in thousands):

As of September 30, 2017	1 % Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Proportional Share of the Net Pension Liability	$ 6,288	$ 5,509	$ 4,861

As of September 30, 2016	1 % Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Proportional Share of the Net Pension Liability	$ 6,725	$ 5,862	$ 5,145

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2017 and 2016, the Port reported payables in the amount of $27,000 and $24,000, respectively, for outstanding contributions to the HIS plan required for the fiscal years ended September 30, 2017 and 2016.

C. Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. County employees participating in 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 State Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

Note 9 – Retirement Plans (Continued)

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 Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested 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. For the fiscal years ended September 30, 2017 and 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Port.

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 Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Investment Plan pension expense for the Port totaled $190,000 and $172,000 respectively for the fiscal years ended September 30, 2017 and 2016.

Payables to the Investment Plan - At September 30, 2017 and 2016, the Port reported payables in the amount of $34,000 and $28,000, respectively, for outstanding contributions to the Investment Plan required for the fiscal years ended September 30, 2017 and 2016.

Remainder of page left intentionally blank

Note 10 - Major Customers

A significant portion of the Port's revenues are directly or indirectly attributed to the activity of two major customers operating out of the Port. The Port's revenues could be materially and adversely affected, should either of these major customers discontinue operations at the Port and not be replaced with comparable activity.

The following tables present major customers contributing to the Port's total operating revenues and accounts receivable, respectively, for the fiscal years ended September 30, 2017 and 2016:

Customer	Percent of Operating Revenues, September 30, 2017	Percent of Operating Revenues, September 30, 2016
Royal Caribbean Cruises Ltd. and its affiliates	18.9%	19.8%
Carnival Corporation and its affiliates	15.4%	13.7%
	34.3%	33.5%

Customer	Percent of Accounts Receivable, September 30, 2017	Percent of Accounts Receivable, September 30, 2016
Royal Caribbean Cruises Ltd. and its affiliates	19.8%	23.0%
Crowley Liner Services Inc.	0%	10.7%
Carnival Corporation and its affiliates	6.6%	2.6%
	26.4%	36.3%

Note 11 - Capital Contributions

Grants and other contributions used to acquire or construct capital assets are classified as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position. For the fiscal years ended September 30, 2017 and 2016, capital contributions were as follows (dollars in thousands):

Contributor - Purpose	September 30, 2017	September 30, 2016
State of Florida – Southport Turning Notch Extension	$ 9,308	$ 1,423
State of Florida – Slip 2 Westward Lengthening	3,413	163
State of Florida – ACOE Deepening and Widening	2,003	153
State of Florida – Slip 1 Berths 9 & 10 Improvements	1,010	-
State of Florida – Transportation Regional Incentive Program	2	-
Federal – Port Security Improvements	25	433
Local – Florida Inland Navigation District Assistance Program	58	-
Donated Assets	-	86
Total capital contributions	$ 15,819	$ 2,258

Remainder of page left intentionally blank

Note 13 – Transactions with Other County Departments (Continued)

Note 12 - Risk Management

The Port is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port participates in the County's Self-Insured Workers' Compensation program. For its Workers' Compensation exposure, the County purchases excess coverage above a $1,500,000 retention limit and pays any claims below the retention from its Self-Insurance Fund. The Port (through the Self- Insurance Fund) also purchases commercial insurance for property damage and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port does not participate in the County's general liability program, electing instead to purchase its own general liability insurance through an agent in the commercial market. The Port's general liability insurance provides limits of $75,000,000 per occurrence and has a $14,950 deductible. The Port has purchased

$75,000,000 in excess terrorism coverage. The Owner Controlled Insurance Program (OCIP) is a large deductible self-insurance program for County construction projects providing qualified participants with workers' compensation, general liability, and environmental insurance coverage. The program has a $250,000 per occurrence deductible for workers' compensation and general liability claims and a $25,000 deductible for environmental claims. The Port participates in the OCIP program and makes contributions based on the estimated construction value, insurance costs and estimated potential losses of its projects. The County is self-insured for employee health insurance and has also purchased stop-loss coverage for the group medical and pharmacy plan with a specific deductible of $400,000 per individual. Settled claims have not exceeded commercial coverage in the past three years.

The Port makes payments for the Self-Insurance Programs to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and fund reserves for all losses. The estimated liabilities for self-insured losses were determined by independent actuarial valuations performed as of September 30, 2017. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The claim liability estimates also include amounts for incremental adjustment expenses as well as estimated recoveries from salvage or subrogation. The claims liability is based on an estimate and the ultimate settlement of the claims may differ from the amounts recorded. The claim liabilities for the Self-Insurance Programs are reported in the County's Self-Insurance Fund. The Port is not liable for amounts beyond the premiums paid to the Self-Insurance Fund.

Note 13 – Transactions with Other County Departments

The County allocates certain support department costs which include administration, legal, fiscal, purchasing, personnel, and communication costs to other County departments. The Port's Seaport Engineering and Construction Division is also required to obtain licenses and permits from other County Departments for its construction projects. Certain funds are also charged for the cost of the services provided by the Self-Insurance, Fleet Services, and Print Shop Funds. Costs of approximately $7,690,000 and $6,985,000 for these services were allocated to the Port during the fiscal years ended September 30, 2017 and 2016, respectively.

The Port contracts directly with the Broward Sheriff's Office for law enforcement services at Port Everglades. The cost of these services from the Sheriff's Office was approximately $16,134,000 and $16,050,000 for the fiscal years ended September 30, 2017 and 2016, respectively. The Port utilizes the services of the Broward Sheriff's Office Department of Fire Rescue and Emergency Services for fire rescue and emergency medical services at the Port. The cost of these services was approximately $9,471,000 and $9,091,000 for the fiscal years ended September 30, 2017 and 2016, respectively.

Note 13 – Transactions with Other County Departments (Continued)

The Port reimburses the Broward County Aviation Department for allocated maintenance costs for the landscaping of U.S. 1 at Fort Lauderdale-Hollywood International Airport. The cost of these services from the Aviation Department was approximately $21,000 and $17,000 for the fiscal years ended September 30, 2017 and 2016, respectively.

The Port's Seaport and Convention Center Security Improvement project had costs of approximately $13,540,000 which were shared with the Broward County Convention Center. The Convention Center reimbursed the Port 50% of these costs totaling $6,770,000, which is reflected as a transfer-in on the Statement of Revenues, Expenses and Changes in Net Position.

At September 30, 2017 and 2016, approximately $361,000 and $306,000, respectively, was due to other County funds for services provided.

Note 14 - Commitments and Contingencies

Environmental Hazards: Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation ("PEECO"). PEECO was created to address the problem and clean-up of historical petroleum contamination on common areas owned by the Port, including pipeline right-of- ways, loading berths, and roadways adjacent to oil company properties used by the petroleum companies for transportation of their petroleum products. The majority of common areas on which petroleum contamination is known to exist have been accepted for state funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having a material financial liability for petroleum contamination costs not covered by the State of Florida or the oil industry is remote.

Other: Federal and state grants are subject to audit by the grantor agencies to determine if activities comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

Remainder of page left intentionally blank

Page left intentionally blank

Required Supplementary Information

Schedule of Funding Progress – Other Post Employment Benefits (Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2011	$0	$24,800	$24,800	0.00%	$231,302	10.72%
10/1/2013	$0	$25,389	$25,389	0.00%	$242,246	10.48%
10/1/2015	$0	$24,196	$24,196	0.00%	$265,122	9.13%

This schedule shows the County's actuarial accrued liability (AAL). An estimated 4% of this liability can be attributed to Port Everglades for the 10/1/2015 valuation.

Schedule of the Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
*Last Ten Fiscal Years**
(Dollars in Thousands)

	2017	2016	2015	2014
Port's proportion of the net pension liability (asset)	0.03869%	0.03811%	0.03965%	0.03995%
Port's proportionate share of the net pension liability (asset)	$ 11,447	$ 9,623	$ 5,121	$ 2,438
Port's covered-employee payroll	$ 13,178	$ 13,254	$ 11,672	$ 12,894
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.86%	72.61%	43.87%	18.91%
Plan fiduciary net position as a percentage of the total pension liability 83.89%	83.89	84.88%	92.00%	96.00%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Schedule of Contributions
Florida Retirement System Pension Plan
*Last Ten Fiscal Years**
(Dollars in Thousands)

	2017	2016	2015	2014
Contractually required contribution	$ 930	$ 861	$ 881	$ 867
Contributions in relation to the contractually required contribution	$ (930)	$ (861)	$ (881)	$ (867)
Contribution deficiency (excess)	-	-	-	-
Port's covered-employee payroll	$ 13,357	$ 13,457	$ 13,035	$ 13,164
Contributions as a percentage of covered-employee payroll	6.96%	6.40%	6.76%	6.59%

The amounts presented for each fiscal year were determined as of September 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Schedule of the Proportionate Share of the Net Pension Liability
Florida Retirement System Health Insurance Subsidy Plan
*Last Ten Fiscal Years**
(Dollars in Thousands)

	2017	2016	2015	2014
Port's proportion of the net pension liability (asset)	0.05152%	0.05030%	0.04939%	0.04959%
Port's proportionate share of the net pension liability (asset)	$ 5,509	$ 5,862	$ 5,037	$ 4,637
Port's covered-employee payroll	$ 13,178	$ 13,254	$ 11,672	$ 12,894
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-	41.81%	44.23%	43.15%	35.96%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2017

Schedule of Contributions
Florida Retirement System Health Insurance Subsidy Plan
Last Ten Fiscal Years*
(Dollars in Thousands)

	2017	2016	2015	2014
Contractually required contribution	$ 222	$ 223	$ 164	$ 158
Contributions in relation to the contractually required contribution	$ (222)	$ (223)	$ (164)	$ (158)
Contribution deficiency (excess)	-	-	-	-
Port's covered-employee payroll	$ 13,357	$ 13,457	$ 13,035	$ 13,164
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%	1.20%

The amounts presented for each fiscal year were determined as of September 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Note 1 - Pension Information

The discount rate used to measure the total pension liability at June 30, 2017 was decreased from 7.60% to 7.10%. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.10% rate of return assumption used in the June 30, 2017 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 of the Plan.

Supplementary Financial Information

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
September 30, 2017 and 2016

Schedule of Revenues, Expenses, and Debt Service Coverage
For the Fiscal Years Ended September 30, 2017 and 2016
(Dollars in Thousands)

	2017	2016
Operating revenues		
Vessel, cargo, and passenger services	$ 134,645	$ 135,484
Leasing of facilities	16,285	15,815
Vehicle parking	8,426	9,136
Other	2,377	2,162
Total operating revenues	161,733	162,597
Eligible non-operating revenues		
Interest income	1,623	1,808
Less O&M reserve interest	(82)	(47)
Less 2008 sinking fund interest	(5)	(1)
Less 2008 debt service reserve interest	(13)	(4)
Loss on disposals of capital assets	(161)	(1,115)
Refund of prior year's expenditures	1	3
Total eligible non-operating revenues	1,363	644
Total eligible revenues	163,096	163,241
Operating expenses before depreciation	(88,572)	(83,270)
Eligible non-operating expenses		
Other debt service costs	(324)	(383)
Capital Asset Donation	(991)	-
Payment in lieu of taxes	(552)	(552)
	(1,867)	(935)
Total eligible expenses	(90,439)	(84,205)
Net income available for debt service	$ 72,657	$ 79,036
Debt service requirements - senior lien bonds	$ 19,225	$ 28,762
Actual coverage	3.78	2.75
Required coverage	1.25	1.25
Composite debt service requirements -- senior and subordinate bonds	$ 22,539	$ 32,068
Actual coverage	3.22	2.46
Required coverage	1.10	1.10

Page left intentionally blank

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

Independent Auditor's Report

To the Honorable Board of County Commissioners
Broward County Port Everglades Department
Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Broward County Port Everglades Department (the Port), an enterprise fund of Broward County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated March 23, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Fort Lauderdale, Florida
March 23, 2018