



Port Everglades Department

A Major Enterprise Fund of Broward County, Florida



Annual Financial Report

For the Fiscal Year Ended September 30, 2023

Prepared by the Finance Division



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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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Finance Division

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March 25, 2024

Monica Cepero, 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, 2023. 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, 2023, the Port ranked amongst the world's three busiest cruise homeports, the sixteenth 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 fourteenth 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 Annual Comprehensive Financial Report (ACFR). 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 ACFR for the fiscal year ended September 30, 2023. 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.



Broward County Commissioners

Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Robert McKinzie • Nan H. Rich • Hazelle P. Rogers • Tim Ryan • Michael Udine
www.broward.org



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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,

Glenn Wiltshire
Acting Director, Port Everglades Department

Leah Brasso
Finance Director, Port Everglades Department



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RSM US LLP

Independent Auditor's Report

Honorable Board of County Commissioners
Broward County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Broward County Port Everglades Fund (the Port), an enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port, an enterprise fund of the County, as of September 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of Broward County, Florida, as of September 30, 2023, the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements. The schedule of revenues, expenses and debt service coverage is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenses and debt service coverage is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 25, 2024



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PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Annual Financial Report

The annual financial report of the Port Everglades Department of Broward County, Florida (the "Port") provides an overview of the Port's financial activities for the fiscal year ("FY") ended September 30, 2023. The financial statements include the independent auditor's report, statement of net position, statement of revenues, expenses, and changes in net position, statement 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 1,213 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.

FY 2023 Event Highlights

Cruise

Port Everglades experienced a significant increase in cruise passengers in FY2023 as the cruise lines continue to recover from the Covid-19 pandemic.

Significant progress was made throughout FY2023 on renovations to Cruise Terminal 4 in preparation for the arrival of the new cruise service from Disney Cruise Line in the fall of 2023. The more than 104,000 square-foot terminal was reimagined by Disney imagineers exclusively for Disney Cruise Line guests to provide a seamless embarkation experience. Once completed, the newly renovated terminal will become the homeport for the *Disney Dream* in the fall of 2023, followed by the *Disney Magic* in mid-2024.

In November of 2022, the Port hosted a naming ceremony for *Celebrity Beyond* before kicking off its inaugural Caribbean cruise season. The 3,260-passenger capacity ship is the third in the iconic Edge series from Celebrity Cruises sailing from Port Everglades which also includes the *Celebrity Edge* and *Celebrity Apex*.

In June of 2023, Crystal Cruises announced the cruise line will begin homeporting from Port Everglades in November of 2024 with the newly refurbished *Crystal Serenity*. Enhancements to the 740-passenger ship include larger, updated suites with artisanal finishes, cutting-edge onboard wellness and spa amenities, and refreshed dining, and entertainment venues.

Cargo

In October of 2022, the Port was awarded a \$19 million federal grant by the U.S. Department of Transportation under the Port Infrastructure Development Program (PIDP). This was the Port's first large federal infrastructure grant award in recent history and will be used to modernize several cargo docks to help ensure efficient operations over the next 75 years.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

FY 2023 Event Highlights (continued)

In January of 2023, global ocean carrier CMA CGM's AMERICAS XL service made its first call to Port Everglades. This newly launched service is the only direct service market connecting the West Coast of South America to the East Coast of the United States. Port Everglades is the first U.S. stop on the northbound portion of the service from Cartagena, Colombia, and the rotation will reach down as far south as San Antonio, Chile. This weekly service carries containerized perishables, fresh fruit, and dry project cargo.

In September of 2023, Ocean Network Express Pte. Ltd. (ONE) launched its FLX service connecting Port Everglades to Callao and Paita in Peru, and Guayaquil in Ecuador. Boasting one of the fastest transit times on the market, this service connects the West Coast of South America to the East Coast of North America.

Energy

In February of 2023, the Port completed a study to add shore power to its eight cruise terminals. This comprehensive analysis assessed the capacity of the existing electrical grid and identified the necessary infrastructure upgrades required to deliver shore power to the diverse cruise ships calling Port Everglades.

Financial Position

The Port’s performance results during the fiscal year ended September 30, 2023, and the preceding fiscal year were as follows:

	FY2023	FY2022
Operating Revenues (in Thousands)	\$ 182,385	\$ 151,746
Ship Calls	4,048	3,900
Cruise Passengers	3,007,358	1,717,908
TEUs (Equivalent Number of 20' Container Units)	1,013,159	1,107,546
Petroleum Barrels	129,915,243	126,502,464
 <u>Tonnage (in 2,000-Pound Short Tons)</u>		
Total Waterborne Commerce	26,133,064	26,598,332
Containerized Cargo	6,368,522	7,334,350
Petroleum	17,743,747	17,108,365

The Port’s operating revenues totaled \$182.4 million in FY 2023. This is 20.2% higher than the \$151.7 million reported in FY 2022, demonstrating a continued strong recovery from the pandemic.

Cruise-related activity for the Port, including cruise revenue and parking revenue, accounted for 34.3% of operating revenues in FY 2023. The number of multi-day passengers increased to 2,892,533 in FY 2023 from 1,621,216 in FY 2022. The total number of passengers, including both single-day and multi-day was 3,007,358 in FY 2023 compared to the FY 2022 total of 1,717,908. Cruise revenue was \$53.1 million in FY2023, an increase of \$23.6 million compared to \$29.5 million in FY 2022. Parking revenue was \$9.5 million in FY 2023, an increase of \$3.5 million compared to \$6.0 million in FY 2022.

Petroleum accounted for 24.3% of operating revenue in FY 2023. Petroleum movements through the Port generated \$44.3 million in operating revenue in FY 2023, compared to \$41.7 million in FY 2022, an increase of 6.2%. Overall throughput volume increased to approximately 129.9 million barrels in FY 2023, an increase of 2.7% compared to approximately 126.5 million barrels in FY 2022.

Containerized cargo accounted for 21.1% of operating revenue in FY 2023. Revenue from containerized cargo increased by 0.5% in FY 2023 to \$38.4 million, up from \$38.2 million in FY 2022.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Financial Position (continued)

The Port ranks third in Florida for total container cargo activity based on total TEUs. It is also among the most active cargo ports in the United States. Total containerized cargo volume was 1,013,159 TEUs in FY 2023. This represents an 8.5% decrease compared to 1,107,546 TEUs in FY 2022. Containerized cargo activity was 6,368,522 tons in FY 2023, a decrease of 13.2% compared to 7,334,350 tons in FY 2022.

Total waterborne commerce, measured in short tons (2,000 pounds), was 26,133,064 tons, a decrease of 1.7% from 26,598,332 tons recorded in FY 2022. In FY 2023, the Port hosted 4,048 ship calls compared to 3,900 in FY 2022.

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 89.6% of the Port's cargo movements. As the nation's second leading gateway for trade with Latin America, Port Everglades handled approximately 11.9% of all Latin American trade in the United States, and 41.7% of Florida Ports' total trade with South America, Central America, and the Caribbean. The Port also ranks second in the United States in imports from Latin America. The Port is particularly dominant in Central America, where approximately 39.4% of the Port's containerized cargo volume originated from or was destined to in FY 2023. With a 10.5% share of the entire Central American market in FY 2023, the Port is also first among all U.S. seaports operating in that market.

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 statement of net position includes all the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. It provides 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). It also provides 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, non-capital financing, capital and related 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.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

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 statement of net position and the statement 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.

Statement of Net Position

The statement of net position serves as a useful indicator of the Port's financial position. It distinguishes 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 \$1,042.2 million and \$986.7 million as of September 30, 2023 and 2022, respectively, a \$55.5 million increase from September 30, 2022.

The largest portion of the Port's net position represents its net investment in capital assets (e.g., land, buildings and building improvements, other improvements, equipment and vehicles, and right-to-use assets), 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 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.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Statement of Net Position (continued)

A condensed comparative summary of the Port's statements of net position as of September 30, 2023 and 2022 is shown below.

Condensed Statements of Net Position
(Dollars in Thousands)

	<u>FY2023</u>	<u>FY2022*</u>
Assets		
Current Assets (Unrestricted)	\$ 310,186	\$ 256,438
Current Assets (Restricted)	30,975	34,953
Noncurrent Assets (Restricted)	90,065	133,541
Leases Receivable	7,249	4,655
Capital Assets, Less Accumulated Depreciation and Amortization	<u>1,339,377</u>	<u>1,294,088</u>
Total Assets	<u>1,777,852</u>	<u>1,723,675</u>
Deferred Outflows of Resources		
Deferred Charge on Refunding	1,751	2,167
Deferred Outflows on Other Post Employment Benefits	191	199
Deferred Outflows on Pensions	<u>4,631</u>	<u>4,884</u>
Total Deferred Outflows of Resources	<u>6,573</u>	<u>7,250</u>
Liabilities		
Current Liabilities Payable from Unrestricted Assets	26,881	12,345
Current Liabilities Payable from Restricted Assets	30,975	34,953
Noncurrent Liabilities	<u>676,784</u>	<u>690,370</u>
Total Liabilities	<u>734,640</u>	<u>737,668</u>
Deferred Inflows of Resources		
Deferred Inflows on Other Post Employment Benefits	519	563
Deferred Inflows on Pensions	796	892
Deferred Inflows on Leases	<u>6,293</u>	<u>5,075</u>
Total Deferred Inflows of Resources	<u>7,608</u>	<u>6,530</u>
Net Position		
Net Investment in Capital Assets	741,088	736,211
Restricted for:		
Debt Service	903	137
Operating and Maintenance	22,010	19,559
Renewal and Replacements	3,000	3,000
Unrestricted	<u>275,176</u>	<u>227,820</u>
Total Net Position	<u>\$ 1,042,177</u>	<u>\$ 986,727</u>

*FY 2022 was not restated due to the implementation of GASB Statement No. 96.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Statement 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, 2023, and 2022 is shown below.

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

	<u>FY2023</u>	<u>FY2022</u>
Operating Revenues	\$ 182,385	\$ 151,746
Operating Expenses (Including Depreciation and Amortization)	148,157	125,304
Operating Income	34,228	26,442
Non-Operating Revenues	19,486	3,650
Income Before Capital Contributions	53,714	30,092
Capital Contributions	1,736	8,125
Change in Net Position	55,450	38,217
Net Position, Beginning of Year	986,727	948,510
Net Position, End of Year	<u>\$ 1,042,177</u>	<u>\$ 986,727</u>

Operating revenues increased 20.2% from \$151.7 to \$182.4 million in FY 2023 with the most significant increases in the cruise and cruise-related parking revenue categories. In the prior year the cruise operations were still recovering from the effects of the Covid-19 pandemic. Real estate revenue increased by 16.1%. This was due to increased rental of warehouse and building spaces. Rate increases were also generated from a significant increase in the CPI. Petroleum revenue also increased by 6.2%. This was mainly due to increase in gasoline and ethanol, that increased by 1,869,671 and 1,032,938 barrels, respectively.

Operating expenses (including depreciation and amortization) increased 18.3% from \$125.3 to \$148.2 million in FY 2023. Personal Services increased by 28.6% primarily due to new positions in the Cruise Operations section along with an increased pension adjustment. Law Enforcement and Fire Rescue increased by 8.4% due to the annual contractual increase with the Broward Sheriff's Office. These activities included special detail for cruise, traffic, and harborside law enforcement services. Maintenance, Equipment, and Supplies increased by 20.3% primarily due to additional equipment and maintenance for cranes, loading bridges, and other equipment required as these items age. Contractual services increased 42.1% primarily due to an increase in security, passenger shuttle, marketing, and parking services in addition to the Port conducting feasibility studies for cruise passengers, shore power distribution, and traffic. Insurance increased 13.6% due to increased annual premiums. Utilities increased 19.9% primarily due to an increase in water usage by cruise ships combined with a rate increase for water and sewer charges.

Net non-operating revenues increased by 427.0% from \$3.7 to \$19.5 million primarily due to higher return on investments and a reimbursement from the U.S. Army Core of Engineers for Federal cost share related to dredging maintenance for the Port's Southport Channel and Turning Notch. This was offset by an increase in interest expense related to the Port's Series 2022 Facilities Revenue Bonds and the completion of the Coronavirus State Fiscal Recovery Funds (CSFRF) ARPA Grant.

Capital contributions decreased by 79.0% from \$8.1 to \$1.7 million in FY 2023. The decrease was primarily due to the completion of the Florida Department of Transportation (FDOT) grant which funded the Southport Turning Notch Extension/Crane Rail Infrastructure Improvement project in the prior year. This is further discussed in Note 11 - Capital Contributions.

The overall financial performance in FY 2023 resulted in a net position of \$1,042.2 million, an increase of \$55.5 million, or 5.6% from FY 2022.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Statement of Revenues, Expenses, and Changes in Net Position (continued)

The following table details operating revenues by revenue center for each of the fiscal years ended September 30, 2023, and 2022.

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

	<u>FY2023</u>	<u>FY2022</u>
Operating Revenues		
Cruise	\$ 53,125	\$ 29,456
Conatinerized Cargo	38,413	38,202
Petroleum	44,290	41,704
Real Estate	19,500	16,793
Parking	9,480	5,985
Other	4,748	6,775
Break Bulk	4,660	4,900
Bulk	8,169	7,931
Total Operating Revenues	<u>\$ 182,385</u>	<u>\$ 151,746</u>

The following table details operating expenses by function for each of the fiscal years ended September 30, 2023, and 2022.

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	<u>FY2023</u>	<u>FY2022</u>
Operating Expenses		
Personal Services	\$ 30,132	\$ 23,403
Law Enforcement and Fire Rescue	30,234	27,889
Maintenance, Equipment, and Supplies	25,051	20,821
Contractual Services	10,195	7,177
General and Administrative	7,312	7,198
Insurance	7,100	6,251
Utilities	6,140	5,121
Total Operating Expenses Before Depreciation and Amortization	<u>116,164</u>	<u>97,860</u>
Depreciation and Amortization	31,993	27,444
Total Operating Expenses	<u>\$ 148,157</u>	<u>\$ 125,304</u>

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Statement 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, 2023, and 2022.

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

	<u>FY2023</u>	<u>FY2022</u>
Non-Operating Revenues		
Interest and Investment Income	\$ 14,113	\$ 2,087
Net Increase (Decrease) in the Fair Value of Investments	<u>1,570</u>	<u>(6,655)</u>
Net Interest and Investment Income (Loss)	15,683	(4,568)
Interest Revenue from Leases	348	244
Gain on Disposal or Discontinuance of Capital Assets	963	31
Coronavirus State Fiscal Recovery Funds (CFSRF) ARPA Grant	16,435	27,455
Other Revenues	<u>10,011</u>	<u>578</u>
Total Non-Operating Revenues	<u>43,440</u>	<u>23,740</u>
Non-Operating Expenses		
Interest Expense	(22,555)	(18,492)
Interest Expense on Leases	(95)	-
Interest Expense on Subscriptions	(9)	-
Debt Issuance Costs	-	(873)
Other Expenses	<u>(1,295)</u>	<u>(725)</u>
Total Non-Operating Expenses	<u>(23,954)</u>	<u>(20,090)</u>
Non-Operating Revenues (Expenses), Net	<u>\$ 19,486</u>	<u>\$ 3,650</u>

Capital Acquisitions and Construction Activities

During FY 2023, the Port added \$81.6 million of construction in progress and pending equipment. The major on-going capital projects included STNE/Crane Rail Infrastructure Improvements, three new additional Super Post-Panamax Cranes, and Terminal and Building Improvements. The Port also added approximately \$15.6 million of new capital assets including CCTV camera upgrades and replacements, data network server storage upgrades, security lighting enhancements, wayfinding signage, vehicles, and right-to-use assets.

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 \$75.1 million as of September 30, 2023, compared to \$115.8 million in FY 2022. This decrease was primarily due to the STNE/Crane Rail Infrastructure Improvements, Cruise Terminal 4 Expansion, and Super Post-Panamax Cranes projects nearing substantial completion and the completion of the Cruise Terminal 2 and 4 Heron parking garage in the prior year. Additional information on the Port’s capital assets and commitments can be found in Note 4 – Capital Assets and Note 14 – Commitments and Contingencies.

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 the global situation and economic factors and prudently manages its financial condition, liquidity, operations, and debt against realistic cash flow expectations.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended 2023

Overview of Upcoming Projects

During FY 2023, construction for several key projects included in the Port Everglades 20-Year Master/Vision Plan were on-going. These projects included the STNE/Crane Rail Infrastructure Improvements, Super Post-Panamax Cranes, U.S. Army Corps of Engineers Deepening and Widening Project, Cruise Terminal 4 renovations, as well as Northport and Southport Improvements. These projects, as further described below, are expected to be completed over the coming years, and will add up to five berths, increase the Port's ability to handle containers stacked eight high and reach twenty-two containers across the ship's deck, widen, and deepen the channel, and reconfigure existing space. In addition, Cruise Terminal 29 Redevelopment is included in the upcoming Midport improvements projects within the next five years.

Southport Turning Notch Extension (STNE)/Crane Rail Infrastructure Improvements

During FY 2023, construction for the \$471.0 million berth expansion project, the STNE/Crane Rail Infrastructure Improvements, was ongoing and expected to be substantially complete by December of 2023. 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, and new crane rail will be added to the extended berth for the new Super Post-Panamax container gantry cranes.

In September of 2021, the County Commission approved the third amendment to the agreement between Broward County and Shanghai Zhenhua Heavy Industries Company, Ltd. Inc. (ZPMC). The Commission exercised its option to purchase 3 additional Super Post-Panamax cranes which will be constructed, transported, and commissioned by ZPMC. The Port is expecting to take delivery of the cranes in December of 2023 with final commissioning in the spring of 2024. These cranes will be in addition to the three Super Post-Panamax cranes that were commissioned in March of 2021. The new cranes are part of the Port's 20-Year Master/Vision Plan Update and can handle containers stacked eight high and reach 22 containers across the ship's deck. They are among the largest low-profile container gantry cranes ever designed and built. The cranes are 175-feet tall (53.3 meters) and are designed as "low profile" with booms that extend out and back rather than raise up, thus staying out of the flight path of Fort Lauderdale-Hollywood International Airport (FLL), which is less than two miles away. In addition to purchasing the new cranes, the seven existing low-profile Post-Panamax gantry cranes in Southport will be upgraded to a lift capacity of 65 tons from the current 46.5 tons that will add the capability to perform twin-picks (lifting two containers at a time).

U.S. Army Corps of Engineers Deepening and Widening

In December of 2020, the Commission approved a Project Partnership Agreement (PPA) for the Port and the U.S. Army Corps of Engineers to proceed with details for the requirements and responsibilities for construction once all environmental requirements are completed.

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 ships too large to fit through the Panama Canal before it was expanded in 2016; 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. This is needed to safely accommodate increasingly larger cargo ships, especially those already coming from Europe and South America. The project also addresses environmental concerns and will utilize innovative approaches to coral restoration and protection.

**PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
 Management’s Discussion and Analysis (Unaudited)
 Fiscal Year Ended 2023**

Overview of Upcoming Projects (continued)

The total cost is currently estimated to be \$1.35 billion as of September of 2023, and the U.S. Army Corps of Engineers and the Port are currently in the preconstruction engineering and design (PED) phase of this project.

Additional Northport, Midport 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. This redevelopment will allow the Port to accommodate larger petroleum vessels by increasing the width of the slip through the excavation of land on the south side of the slip. The programming and design of this project commenced in February of 2017, with project construction expected to be complete in late 2028.

The Port Everglades Bulkhead Replacement Project will replace the existing bulkheads for Berths 1, 2, and 3, and the bulkhead for the North Entrance Channel. The new bulkheads will accommodate additional wall height to mitigate future sea level rise and expected flooding due to overtopping of seawalls. The project will be partially funded by a \$32.5 million grant from the Florida Department of Environmental protection and is expected to be completed in late 2026.

In partnership with Royal Caribbean, funding for the Redevelopment of Cruise Terminal 29 in Midport is being provided to accommodate a larger class of cruise ships. In addition to the terminal renovations, the project scope could potentially include a new parking garage and Port Administration headquarters. Discussions for this redevelop project are in the preliminary stages and are ongoing.

The Port Everglades West Lake Park Mitigation project began preliminary construction activities in mid-2023. This project is a key part of the Port’s mitigation plan related to both the STNE/Crane Rail Infrastructure Improvements, and the U.S. Army Corps of Engineers Deepening and Widening projects. It calls for the restoration of seagrasses and mangroves in West Lake Park, which is located to the south of the Port.

Debt Administration

As of September 30, 2023 and 2022, the Port had \$588.6 million and \$597.1 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 7 - Long-Term Obligations.

The Port’s bond ratings on outstanding revenue bonds as of September 30, 2023, are as follows:

Issue	Insured	Moody's Investors Service	Standard & Poor's Rating Services
2019A Port Facilities Revenue	No	A1	A
2019B Port Facilities Revenue	No	A1	A
2019C Port Facilities Revenue	No	A1	A
2019D Subordinate Port Facilities Refunding Revenue	No	A2	A-
2022 Port Facilities Revenue	No	A1	N/A

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
Statement of Net Position
September 30, 2023
(Dollars in Thousands)

ASSETS

Current Assets

Unrestricted Assets

Cash and Cash Equivalents	\$	48,970
Investments		234,269
Receivables:		
Accounts, Net of Allowance of \$330		9,292
Leases		1,792
Other		995
Due from Other County Funds		25
Due from Other Governments		820
Inventories		11,296
Prepaid Items		2,727
Total Current Unrestricted Assets		310,186

Restricted Assets

Cash and Cash Equivalents		29,263
Investments		1,487
Other Receivables		225
Total Current Restricted Assets		30,975
Total Current Assets		341,161

Noncurrent Assets

Restricted Assets

Cash and Cash Equivalents		69,542
Investments		20,523
Total Noncurrent Restricted Assets		90,065
Lease receivable		7,249

Capital assets

Land and Land Improvements		209,616
Construction in Progress and Pending Equipment		614,910
Buildings and Building Improvements		588,790
Other Improvements		302,892
Equipment and Vehicles		238,780
Right-To-Use Lease Assets		3,900
Right-To-Use Subscription Assets		402
Total Capital Assets		1,959,290
Less: Accumulated Depreciation and Amortization		(619,913)
Total Capital Assets, Net		1,339,377
Total Noncurrent Assets		1,436,691
Total Assets		1,777,852

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding		1,751
Deferred Outflows on Other Post Employment Benefits		191
Deferred Outflows on Pensions		4,631
Total Deferred Outflows of Resources		\$ 6,573

(continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Net Position
September 30, 2023
(Dollars in Thousands)**

LIABILITIES

Current Liabilities

Payable from Unrestricted Assets	
Accounts Payable	\$ 21,949
Accrued Liabilities	696
Accrued Interest Payable	9
Due to Other County Funds	309
Due to Other Governments	1,900
Compensated Absences	1,634
Lease Liabilities	301
Subscription Liabilities	83
Total Current Liabilities Payable from Unrestricted Assets	26,881
Payable from Restricted Assets	
Accounts Payable	16,184
Accrued Interest Payable	2,239
Security Deposits	1,712
Revenue Bonds Payable	10,840
Total Current Liabilities Payable from Restricted Assets	30,975
Total Current Liabilities	57,856

Noncurrent Liabilities

Revenue Bonds Payable, Including Premiums	645,705
Compensated Absences	1,298
Lease Liabilities	3,355
Subscription Liabilities	208
Total Other Post Employment Benefits Liability	854
Net Pension Liability	25,364
Total Noncurrent Liabilities	676,784
Total Liabilities	734,640

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows on Other Post Employment Benefits	519
Deferred Inflows on Pensions	796
Deferred Inflows on Leases	6,293
Total Deferred Inflows of Resources	7,608

NET POSITION

Net Investment in Capital Assets	741,088
Restricted for:	
Debt service	903
Operating and Maintenance	22,010
Renewal and Replacement	3,000
Unrestricted	275,176
Total Net Position	\$ 1,042,177

See accompanying notes.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended September 30, 2023
(Dollars in Thousands)

Operating Revenues

Vessel, Cargo, and Passenger Services	\$ 152,385
Lease of Facilities	18,048
Vehicle Parking	9,480
Other	2,472
Total Operating Revenues	182,385

Operating Expenses

Salaries and Wages	18,641
Benefits	11,491
Total Personal Services Expenses	30,132
Law Enforcement and Fire Rescue	30,234
Maintenance, Equipment, and Supplies	25,051
Contractual Services	10,195
General and Administrative	7,312
Insurance	7,100
Utilities	6,140
Total Non-Personal Services Expenses	86,032
Total Operating Expenses Before Depreciation and Amortization	116,164
Depreciation and Amortization	31,993
Total Operating Expenses	148,157
Operating Income	34,228

Non-Operating Revenues (Expenses)

Interest and Investment Income	14,113
Net Increase in the Fair Value of Investments	1,570
Net Interest and Investment Income	15,683
Interest revenue on leases	348
Interest expense	(22,555)
Interest expense on leases	(95)
Interest expense on subscriptions	(9)
Gain on Disposal or Discontinuance of Capital Assets	963
Coronavirus State Fiscal Recovery Funds (CSFRF) ARPA Grant	16,435
Other, Net	8,716
Total Non-Operating Revenues (Expenses)	19,486
Change in Net Position Before Capital Contributions	53,714
Capital Contributions	1,736
Change in Net Position	55,450
Net Position, Beginning of Year	986,727
Net Position, End of Year	\$ 1,042,177

See accompanying notes.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2023
(Dollars in Thousands)

Cash Flows from Operating Activities

Cash Received from Customers	\$ 177,309
Payments to Suppliers for Goods and Services	(85,033)
Payments to Employees for Services	(26,321)
Other Cash Received	237
Other Cash Paid	(1,202)
Net Cash Provided by Operating Activities	64,990

Cash Flows from Non-Capital Financing Activities

Coronavirus State Fiscal Recovery Funds (CFSRF) ARPA Grant	18,719
Non-Operating Grants Received	9,773
Net Cash Provided by Non-Capital Financing Activities	28,492

Cash Flows from Capital and Related Financing Activities

Proceeds from the Sale of Capital Assets	5,768
Acquisition of Capital Assets	(78,390)
Principal Payment on Bonds	(8,470)
Payment of Interest and Fiscal Charges	(27,980)
Payment of Other Debt Service Costs	(93)
Interest Income from Leases	348
Lease and Subscription Payments	(459)
Capital Contributions	6,438
Net Cash Used in Capital and Related Financing Activities	(102,838)

Cash Flows from Investing Activities

Proceeds from the Sales and Maturities of Investments	249,534
Interest on Investments	15,001
Purchase of Investments	(307,889)
Net Cash Used in Investing Activities	(43,354)

Net Change in Cash and Cash Equivalents	(52,710)
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Cash and Cash Equivalents, Beginning of Year	200,485
Cash and Cash Equivalents, End of Year	\$ 147,775

Cash and Cash Equivalents - Unrestricted Assets	\$ 48,970
Cash and Cash Equivalents - Restricted Assets - Current	29,263
Cash and Cash Equivalents - Restricted Assets - Noncurrent	69,542
	\$ 147,775

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows (continued)
For the Fiscal Year Ended September 30, 2023
(Dollars in Thousands)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	<u>\$ 34,228</u>
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Adjustments to Reconcile Operating Income to Net Cash Provide by Operating Activities

Depreciation and Amortization	31,993
Miscellaneous Non-Operating Expenses	(965)
Decrease (Increase) in Assets and Deferred Outflows of Resources:	
Accounts Receivable, Trade	(2,746)
Leases Receivable	(3,858)
Due from Other County Funds	15
Inventories	(2,385)
Prepaid Items	(572)
Deferred Outflows on Other Post Employment Benefits Liability	8
Deferred Outflows on Pensions	253
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	3,063
Accrued Liabilities	(82)
Accrued Interest Payable	9
Due to Other County Funds	(11)
Due to Other Governments	895
Compensated Absences	27
Security Deposits	295
Total Other Post Employment Benefits Liability	42
Net Pension Liability	3,703
Deferred Inflows on Other Post Employment Benefits Liability	(44)
Deferred Inflows on Pensions	(96)
Deferred Inflows on Leases	<u>1,218</u>
Net Adjustments	<u>30,762</u>
Net Cash Provided by Operating Activities	<u>\$ 64,990</u>

Supplemental Information

Non-Cash from Non-Capital, Capital and Related Financing, and Investing	
Capital Assets Acquired Through Accounts Payable	\$ 30,724
Right-to-Use Assets Acquired Through Lease Liabilities	3,900
Right-to-Use Assets Acquired Through Subscription Liabilities	402
Capital Contributions	820
Amortization of Bond Premiums	(5,117)
Amortization of Deferred Charges	416
Change in the Fair Value of Investments	1,570

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

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 governed by the 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 1,213 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 the 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, 2023:

1. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (Statement No. 94)

Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements ("PPP") and availability payment arrangements ("APA") and providing guidance for more relevant and reliable information for financial statement users and create greater consistency in practice. GASB Statement No. 94 did not impact the Port's financial position or results of operations for the fiscal year ending September 30, 2023.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

2. GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Statement No. 96)

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangement ("SBITA") for governments. A SBITA is a contract conveying the right-to-use a vendor's information technology software, sometimes in combination with a tangible, underlying capital asset, in an exchange or exchange-like transaction. A subscription liability and an intangible asset are recognized in the financial statements. The effect of the adoption of GASB Statement No. 96 is disclosed in Note 6.

3. GASB Statement No. 99, Omnibus 2022 (Statement No. 99)

Statement No. 99 requirements are effective for different reporting periods. The Port adopted the requirements related to leases, PPP, and SBITA that clarify financial reporting topics in GASB Statements No. 87, 94, and 96. GASB Statement No. 99 did not impact the Port's financial position or results in operations for the fiscal year ending September 30, 2023.

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, 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, 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 receivables are shown net of estimated uncollectible accounts, as determined by management policies.

F. Leases: The Port recognizes a lease receivable and deferred inflows of resources at the beginning of the lease term. The lease receivable is measured at the present value of future lease payments expected to be received during the lease term. Measurement of the lease receivable includes fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, and any lease incentives payable to the lessee. Periodic amortization of the discount on the receivable is recorded as interest revenue for that period. The future lease payments from the lessee are discounted using the interest rate implicit in the lease. If the interest rate is not available, the Port uses its incremental borrowing rate determined by the County. The deferred inflows of resources are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods and are recognized as inflows on a straight-line basis over the lease term. Remeasurement of lease receivables occurs when there are modifications, including but not limited to, changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. This recognition does not apply to short-term leases or certain regulated leases.

For short-term lease agreements, the Port recognizes lease payments as inflows of resources based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

Paragraph 42 of GASB Statement No. 87, *Leases*, recognizes that certain leases of a government entity are subject to external laws, regulations, or legal rulings. In this case, lessors should not apply the provisions in paragraph 44-59 of the Statement for leases that meet the regulated exception criteria outlined in paragraph 43 of GASB 87. Leases between the Port and the cruise lines, containerized cargo, petroleum, and certain land and building lease tenants meet the requirements of the United States Shipping Act, and the Port is subject to the regulatory oversight of the Federal Maritime Commission. The Port meets the exception criteria as outlined in paragraphs 42, and 43 (a), (b), and (c) for leases that are designated as regulated leases. See Note 5 for additional information on leases.

The Port recognizes a lease liability at the beginning of the lease term. The lease liability is measured at the present value of fixed future lease payments expected to be paid during the lease term. Periodic amortization of the discount on the liability is recorded as interest expense for that period. The future lease payments are discounted using the interest rate implicit in the lease. If the interest rate is not available, the Port uses its incremental borrowing rate determined by the County. Remeasurement of lease liabilities occurs when there are modifications, including but not limited to, changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease liability will be reduced and will include a gain or loss for the difference.

G. Due from 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. 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. Additionally, the Port has activity with other governments for services received, and residual balances outstanding at year end are reported as due to other governments.

I. 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 first-in, first-out method. Prepaid items consist of insurance and other necessary costs paid in advance that will benefit future accounting periods.

J. 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 \$5,000 or more for equipment and \$50,000 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 and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and Building Improvements	30 - 50 Years
Other Improvements	10 - 30 Years
Equipment and Vehicles	3 - 30 Years
Intangible Right-to-Use Assets	1 - 30 Years

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

K. Subscription-Based Information Technology Arrangements (SBITA): A SBITA is a contract that conveys control of the right to use a third-party's information technology software. SBITAs that have maximum possible term under the SBITA contract of 12 months or less are considered a short-term SBITA and recognized as outflows of resources. The Port recognized a subscription liability and an intangible right-to-use subscription asset at the beginning of a SBITA unless the SBITA is considered a short-term SBITA. A subscription liability is measured at the present value of subscription payments expected to be made during the subscription term using the Port's incremental borrowing rate. A subscription asset is initially recorded at the initial measurement of the subscription liability, plus subscription payments made at the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The commencement of the subscription term occurs when the Port has obtained control of the right to use the underlying subscription assets, and the subscription asset is placed into service. A subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability. The Port calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. When SBITAs that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the payment amounts during the subscription term. Payments are allocated first to accrued interest liability and then to the lease liability. SBITAs are more fully discussed in Note 6.

L. 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 assets 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, other post-employment benefits (OPEB) 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. Deferred outflows on OPEB activities are more fully discussed in Note 1, Section N and Note 8. Deferred outflows on pension activities are more fully discussed in Note 1, Section O 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The category of deferred inflows of resources reported in the Port's Statements of Net Position is related to OPEB, pensions, and leases. Deferred inflows of resources on OPEB activities are more fully discussed in Note 1, Section N and Note 8. Deferred inflows of resources on pension activities are more fully discussed in Note 1, Section O and Note 9. Deferred inflows of resources on leases are recognized at the commencement of the lease term and are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Deferred inflows of resources on leases are more fully discussed in Note 5.

M. Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. The Port uses the effective interest method to amortize bond premiums or discounts over the life of the bonds. Bonds payable as reported include unamortized amounts of bond premiums.

N. Noncurrent Liabilities Accounts Payable – Restricted: It is the Port's policy to measure retainage payable beyond one year for construction projects and report it as a noncurrent liability in the Statements of Net Position.

O. 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 payment at termination.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

P. Total OPEB Liability: The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the Statements of Net Position.

Q. 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. 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.

R. 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. Net position 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 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. 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 liquidated. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is liquidated.

S. Coronavirus State Fiscal Recovery Funds (CSFRF) ARPA Grant: On September 9, 2021, the County Commission approved the Coronavirus State Fiscal Recovery Funds Subrecipient Grant Agreement between Florida Department of Transportation and Broward County in the amount of \$58,261,000 for the purpose of providing a subaward from the Coronavirus State Fiscal Recovery Funds established under the American Rescue Plan Act (ARPA) of 2021. The term of this agreement is September 17, 2021, through December 31, 2024. The Port's Response Spending Plan for the Coronavirus State Fiscal Recovery Funds (CSFRF) ARPA grant is to reimburse for certain eligible operating expenses incurred on or after March 3, 2021. Total reimbursements for the fiscal year ended September 30, 2023, were \$16,435,000 of which all was received in cash.

T. 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 are incurred.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

U. 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 Investments

As of September 30, 2023, the Port's deposits and investments consisted of the following (dollars in thousands):

Cash Deposits	\$ 48,849
Investments:	
Money Market	98,807
U.S. Agencies	145,284
U.S. Treasury	106,127
World Bank	4,987
Total Investments	355,205
Total Cash and Cash Equivalents and Investments	\$ 404,054

As of September 30, 2023, cash and cash equivalents and investments are classified in the Statement of Net Position as follows (dollars in thousands):

Current Assets:	
Cash and Cash Equivalents - Unrestricted	\$ 48,970
Cash and Cash Equivalents - Restricted	29,263
Investments - Unrestricted	234,269
Investments - Restricted	1,487
Noncurrent Assets:	
Cash and Cash Equivalents - Restricted	69,542
Investments - Restricted	20,523
Total Cash and Cash Equivalents and Investments	\$ 404,054

A. Deposits

Custodial Credit Risk: 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 fair 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.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 2 - Deposits and Investments (continued)

B. Investments

The Port follows the County's investment practices which 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 bond indentures. 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 U.S. 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weight Average Maturity (Days)</u>
U.S Agencies	\$ 145,284	257
U.S Treasuries	106,127	469
World Bank	4,987	1,265
Money Market Mutual Funds	98,807	23
Total Investments	<u>\$ 355,205</u>	
Portfolio Weighted Average Maturity		<u>364</u>

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, 2023, the portfolio weighted average maturity was 364 days, and was in accordance with the County's investment policy.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 2 - Deposits and Investments (continued)

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 any of the nationally recognized ratings services. Sovereign bonds are allowable by the Broward County Investment Policy whether the bonds are rated or unrated. Investments in Securities and Exchange Commission registered money market funds must have the highest credit quality rating from a nationally recognized rating agency.

The County's investments in U.S. Treasury, are rated AA by Standard & Poor's Rating Services and Aaa by Moody's Investor Services, with its investments in U.S. Agencies rated AAA by Standard & Poor's Rating Services and Aaa by Moody's Investor Services. The County's investments in World Bank notes are rated AAA by Standard & Poor's Rating Services and Aaa by Moody's Investor Services. The County's investments in the Money Market Mutual Funds are rated AAAM by Standard & Poor's Rating Services and Aaa-m by Moody's Investor Services. At September 30, 2023, all County investments were held in the County's name.

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 enterprise 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 at the time of purchase. 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. The investment in the Farmer Mac was 22.31%, Federal Farm Credit Bank was 13.87%, Federal Home Loan Bank was 16.35%, and the U. S Treasury was 36.34% as of September 30, 2023.

Fair Value Measurement: The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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 County does not have any investments that are categorized as Level 3.

Investments with Local Government Investment Pools (LGIP) are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net asset is attributed.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 2 - Deposits and Investments (continued)

The Port had the following recurring fair value measurements as of September 30, 2023 (dollars in thousands):

<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments by Fair Level Value		
Debt Securities		
U.S. Agencies	\$ 145,284	\$ 145,284
U.S. Treasury	106,127	106,127
World Bank	4,987	4,987
Total Debt Securities	\$ 256,398	\$ 256,398
Investments at Net Asset Value (NAV)		
Money Market Mutual Funds	98,807	
Total Investments at Fair Value	\$ 355,205	

U.S. Treasury, U.S. Agencies, 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). The Money Market Mutual Funds are open-ended Securities and Exchange Commission registered investments funds with a daily net asset value (NAV). These mutual funds are designed to be liquid and allow investors to sell their interests daily to the fund at the published NAV, with no restrictions on redemptions and no unfunded commitments.

Note 3 - Restricted Assets

Restricted assets of the Port as of September 30, 2023, represent amounts restricted for construction projects, debt service and bond reserves, operating and maintenance, and renewal and replacement under the terms of outstanding bond agreements, as well as refundable customer security deposits. The construction project accounts contain proceeds received from bonds to fund the Series 2022 Improvements. 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 established by the Series 2019 and Series 2022 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. The security deposits represent refundable amounts received from customers to lease land and buildings within the Port.

As of September 30, 2023, assets were restricted for the following purposes (dollars in thousands):

Construction Projects	\$ 50,490
Debt Service Accounts	3,142
Bond Reserve Accounts	40,686
Operating and Maintenance	22,010
Renewal and Replacements	3,000
Security Deposits	1,712
Total Restricted Assets	\$ 121,040

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 3 - Restricted Assets (continued)

As of September 30, 2023, restricted assets were classified in the Statement of Net Position as follows (dollars in thousands):

Current Assets - Restricted		
Cash and Cash Equivalents	\$	29,263
Investments		1,487
Other Receivables		225
Noncurrent Assets - Restricted		
Cash and Cash Equivalents		69,542
Investments		20,523
Total Restricted Assets	\$	121,040

Note 4 - Capital Assets

Capital asset activity was as follows for the fiscal year ended September 30, 2023 (dollars in thousands):

	Balance October 1, 2022*	Additions	Deletions	Balance September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 209,616	\$ -	\$ -	\$ 209,616
Construction in Progress and Pending Equipment:				
Construction in Progress	543,355	77,658	(8,837)	612,176
Pending Equipment	5,111	3,971	(6,348)	2,734
Total Construction in Progress and Pending Equipment	548,466	81,629	(15,185)	614,910
Total Non-Depreciable Capital Assets	758,082	81,629	(15,185)	824,526
Capital Assets Being Depreciated				
Buildings and Building Improvements	614,150	2,082	(27,442)	588,790
Other Improvements	300,821	3,677	(1,606)	302,892
Equipment and Vehicles	235,936	5,582	(2,738)	238,780
Right-to-Use Lease Assets	-	3,900	-	3,900
Right-to-Use Subscription Assets	402	-	-	402
Total Depreciable Capital Assets	1,151,309	15,241	(31,786)	1,134,764
Less Accumulated Depreciation and Amortization				
Buildings and Building Improvements	(250,934)	(17,888)	23,576	(245,246)
Other Improvements	(215,647)	(6,085)	668	(221,064)
Equipment and Vehicles	(148,320)	(7,614)	2,737	(153,197)
Right-to-Use Lease Assets	-	(325)	-	(325)
Right-to-Use Subscription Assets	-	(81)	-	(81)
Total Accumulated Depreciation and Amortization	(614,901)	(31,993)	26,981	(619,913)
Total Capital Assets Being Depreciated and Amortized, Net	536,408	(16,752)	(4,805)	514,851
Total Capital Assets, Net	\$ 1,294,490	\$ 64,877	\$ (19,990)	\$ 1,339,377

*Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 6 and Note 15.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 5 - Leases

A. Lessor

The Port leases its facilities for fees paid by Port users for the import and export of goods and passengers for the maritime industry. The fees associated with these arrangements are derived from lease agreements and/or are set by Tariff. As of the fiscal year ended September 30, 2023, Port leases are categorized as Passenger Cruise Terminal and Berth User Agreements (“Cruise”), Marine Terminal Lease and Operating Agreements (“Containerized Cargo”), License Agreements for petroleum pipeline and other access (Petroleum), and leases for office space, buildings, and/or land.

GASB Statement No. 87 recognizes that certain leases of government are subject to external laws, regulations, or legal rulings which it classifies as “Regulated” leases. As a Marine Terminal Operator under the Shipping Act, the Port is subject to the regulatory oversight of the Federal Maritime Commission (FMC) and has designated the leases in the Cruise, Containerized Cargo, Petroleum, and certain land and building leases as “Regulated” leases. All other leases are designated as “Non-Regulated”.

1. Regulated Leases

For the fiscal year ended September 30, 2023, the Port’s regulated lease terms range from four years to twenty years and are summarized by category as follows:

Passenger Cruise Terminal and Berth User Agreements (Cruise): The Port entered into agreements with cruise lines to grant preferential berthing rights to designated cruise passenger terminals for all brands and vessels. The cruise companies pay the Port a usage charge per passenger move for each passenger using the terminals. The Port User Charge is an “all-in” charge covering passenger wharfage, dockage, harbor master, potable water, line handling, water hook-up, cruise terminal overtime, cruise terminal electricity and Broward Sheriff’s officer law enforcement services for the cruise terminals.

Marine Terminal Lease and Operating Agreement (Containerized Cargo): The Port entered into agreements with Marine Terminal Operators for the import and export of containerized and other cargo. The contracts specify a minimum guaranteed revenue amount, payable monthly, for such activities. The annual minimum guaranteed payment is determined based on initial annual ship moves, which is affected by percentage changes in the Consumer Price Index (CPI). After the minimum guaranteed container moves is met, the “all-in” container ship move rate is normally reduced for any excess container moves.

License Agreements for Pipeline and Other Access (Petroleum): The Port entered into pipeline easement agreements with petroleum companies to operate petroleum product storage and distribution terminals on private property within the Port’s jurisdictional area. The petroleum operators pay variable rates that are based on the transfer of petroleum from vessels to the terminals by way of a Port pipeline system and are derived from the Port Everglades Tariff.

Certain Land and Building Leases: The Port entered into land and building leases with tenants that provide services which fall under FMC jurisdiction and the Shipping Act. Rent is billed throughout the term of the lease in twelve monthly installments, together with all applicable sales taxes thereon.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 5 - Leases (continued)

For the fiscal year ended September 30, 2023, the total revenues recognized for regulated leases were as follows (dollars in thousands):

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Marine Terminal Operators	\$ 19,514	\$ 16,839	\$ 36,353
Land Lease	12,114	-	12,114
Building Lease	646	-	646
Cruise Terminals	21,072	30,444	51,516
Petroleum Terminals	239	44,290	44,529
Total	<u>\$ 53,585</u>	<u>\$ 91,573</u>	<u>\$ 145,158</u>

For the fiscal year ended September 30, 2023, a summary of future lease revenues for regulated leases was as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Amount</u>
2024	\$ 95,539
2025	91,001
2026	78,757
2027	52,077
2028	52,167
2029 - 2033	198,660
2034 - 2038	116,301
Total	<u>\$ 684,502</u>

2. Non-Regulated Leases

For the fiscal year ended September 30, 2023, the Port's non-regulated lease terms range from 15 to 50 years with annual adjustments for inflation. Lease revenue was \$1,641,000 and interest revenue from leases was \$348,000. Total lease receivables were \$9,041,000, of which \$1,792,000 was current and \$7,249,000 was noncurrent. Total deferred inflows of resources associated with leases was \$6,293,000.

For the fiscal year ended September 30, 2023, future annual revenues for non-regulated leases were as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,792	\$ 305	\$ 2,097
2025	1,091	255	1,346
2026	1,094	215	1,309
2027	1,145	172	1,317
2028	1,197	128	1,325
2029 - 2033	2,722	115	2,837
Total	<u>\$ 9,041</u>	<u>\$ 1,190</u>	<u>\$ 10,231</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 5 - Leases (continued)

B. Lessee

The Port entered into a noncancellable lease with one vendor as a lessee for an intangible right-to-use leased structure. The lease term includes the noncancellable period per the contract plus/minus any extension options or termination options the Port is reasonably certain to exercise. As of September 30, 2023, the right-to-use and accumulated amortization balances were \$3,900,000 and \$325,000, respectively. The lease liability as of September 30, 2023, was \$3,656,000. The Port recognized principal lease payments of \$244,000, and interest payments of \$95,000.

The principal and interest requirements to maturity are as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 301	\$ 106	\$ 407
2025	321	97	418
2026	344	87	431
2027	368	76	444
2028	393	64	457
2029 - 2033	1,929	125	2,054
Total	<u>\$ 3,656</u>	<u>\$ 555</u>	<u>\$ 4,211</u>

Note 6 - Subscription-Based Information Technology Arrangements (SBITA)

The Port entered into noncancellable SBITAs with various vendors for intangible right-to-use SBITA assets. The SBITA terms included noncancellable periods per the contracts plus/minus any extension options or termination options the Port is reasonably certain to exercise. The Port recognized increases of \$402,000 due to new SBITAs, and amortization of \$81,000, for a right-to-use asset balance of \$321,000, net of amortization as of September 30, 2023.

During the fiscal year ending September 30, 2023, the Port recognized increases of \$410,000 due to new SBITAs, principal SBITA payments of \$111,000, and interest SBITA payments of \$17,000. The principal SBITA payments reduced the SBITA liability to \$291,000 as of September 30, 2023.

The future principal and interest payments as of September 30, 2023, are as follows (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 83	\$ 7	\$ 90
2025	53	5	58
2026	55	4	59
2027	56	2	58
2028	44	-	44
Total	<u>\$ 291</u>	<u>\$ 18</u>	<u>\$ 309</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 7 - Long-Term Obligations

Changes in long-term obligations for the fiscal year ended September 30, 2023, were as follows (dollars in thousands):

	Balance October 1, 2022*	Additions	Deletions	Balance September 30, 2023	Due Within One Year
Revenue Bonds Payable					
2019A Port Facilities	\$ 101,200	\$ -	\$ (545)	\$ 100,655	\$ 575
2019B Port Facilities	328,665	-	(1,750)	326,915	1,830
2019C Port Facilities, Refunding	30,220	-	(3,710)	26,510	3,895
2019D Subordinate Port Facilities, Refunding	13,310	-	(2,465)	10,845	2,560
2022 Port Facilities	123,700	-	-	123,700	1,980
Total Gross Revenue Bonds Payable	597,095	-	(8,470)	588,625	10,840
Unamortized Bond Premiums	73,037	-	(5,117)	67,920	-
Total Net Revenue Bonds Payable	670,132	-	(13,587)	656,545	10,840
Noncurrent Liabilities Accounts Payable - Restricted	4,756	-	(4,756)	-	-
Compensated Absences Payable	2,905	2,267	(2,240)	2,932	1,634
Lease Liabilities	-	3,900	(244)	3,656	301
Subscription Liabilities	402	-	(111)	291	83
Other Post Employment Benefits Liability	812	92	(50)	854	-
Total Net Pension Liability	21,661	14,552	(10,849)	25,364	-
Total Long-Term Obligations	<u>\$ 700,668</u>	<u>\$ 20,811</u>	<u>\$ (31,837)</u>	<u>\$ 689,642</u>	<u>\$ 12,858</u>

*Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 6 and Note 15.

Revenue Bonds Payable: The following is a summary of major provisions and significant debt service requirements for bonds outstanding as of September 30, 2023 (dollars in thousands).

Bond Issue	Primary Purpose	Type	Interest Payment		Redemption		Final Maturity Date	Original Amount Issued	Retired / Refunded	Outstanding September 30, 2023
			Rate (%)	Dates	Optional (O) or Mandatory (M)	Redemption Year				
2019A Port Facilities	Capital Improvements	Serial	4.0-5.0	3-1 9-1	O	2029	9-1-2049	\$ 42,690	\$ (545)	\$ 42,145
2019A Port Facilities	Capital Improvements	Term	5	3-1 9-1	M	2040	9-1-2049	\$ 58,510	\$ -	\$ 58,510
2019B Port Facilities	Capital Improvements	Serial	2.25-5.0	3-1 9-1	O	2029	9-1-2049	\$ 143,790	\$ (1,750)	\$ 142,040
2019B Port Facilities	Capital Improvements	Term	3.0-4.0	3-1 9-1	M	2040	9-1-2049	\$ 184,875	\$ -	\$ 184,875
2019C Port Facilities	Refunding Issue	Serial	5	3-1 9-1	N/A	N/A	9-1-2029	\$ 40,565	\$ (14,055)	\$ 26,510
2019D Port Facilities	Refunding Issue	Serial	5	3-1 9-1	N/A	N/A	9-1-2027	\$ 20,240	\$ (9,395)	\$ 10,845
2022 Port Facilities	Capital Improvements	Serial	5	3-1 9-1	O	2032	9-1-2052	\$ 60,460	\$ -	\$ 60,460
2022 Port Facilities	Capital Improvements	Term	4.5-5.5	3-1 9-1	M	2043	9-1-2052	\$ 63,240	\$ -	\$ 63,240
Total Face Amount of Revenue Bonds Payable										<u>\$ 588,625</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 7 - Long-Term Obligations (continued)

The annual debt service requirements for all bonds outstanding as of September 30, 2023, were as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,840	\$ 26,867	\$ 37,707
2025	11,360	26,325	37,685
2026	11,890	25,757	37,647
2027	12,455	25,163	37,618
2028	14,135	24,540	38,675
2029 - 2033	81,335	112,029	193,364
2034 - 2038	102,950	90,421	193,371
2039 - 2043	127,640	65,725	193,365
2044 - 2048	157,695	35,673	193,368
2049 - 2052	58,325	5,362	63,687
Total	<u>\$ 588,625</u>	<u>\$ 437,862</u>	<u>\$ 1,026,487</u>

Details of the Port's bonds outstanding as of September 30, 2023, are provided in the following sections.

Series 2019A Bonds: In September 2019, the County issued Port Facilities Revenue Bonds, Series 2019A in the par amount of \$101,200,000 (Non-AMT) (the "Series 2019A Bonds"), with a premium of \$24,206,000 resulting in a true interest rate of 3.34%. The Series 2019A Bonds were issued to provide funding for the costs of the acquisition, construction, and equipping of a new multi-story parking garage structure west of Cruise Terminal 4, and an elevated horizontal pedestrian connector from the new garage to Cruise Terminal 2. These capital improvements included entrance and exit ramps, elevators, moving sidewalks, roadway improvements, utility work, parking collection systems, closed-circuit television, security standards compliance, rooftop solar panels, landscaping, and other elements. The proceeds of the Series 2019A Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019A Bonds. The Series 2019A Bonds interest rates range from 4% to 5%. As of September 30, 2023, the outstanding principal amount for the Series 2019A Bonds was \$100,655,000.

Series 2019B Bonds: In September 2019, the County issued \$328,665,000 of Port Everglades Revenue Bonds, Series 2019B (AMT) (the "Series 2019B Bonds"), with a premium of \$45,137,000 resulting in a true interest rate of 3.22%. The Series 2019B Bonds were issued to finance the Southport Turning Notch Extension project, which includes the lengthening of the existing deep-water turn-around area for cargo ships, the extension of the existing crane rail infrastructure, and the acquisition of three new Super Post-Panamax container gantry cranes. The proceeds of the Series 2019B Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019B Bonds. The Series 2019B Bonds interest rates range from 2.25% to 5%. As of September 30, 2023, the outstanding principal amount for the Series 2019B Bonds was \$326,915,000.

Series 2019C Bonds: In September 2019, the County issued Port Facilities Refunding Bonds, Series 2019C in the amount of \$40,565,000 (Non-AMT) (the "Series 2019C Bonds"), with a premium of \$7,890,000 resulting in a true interest rate of 1.51%. The Series 2019C Bonds were issued to refund on a current basis all of the outstanding Port Facilities Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), which were issued on July 8, 2009, for the primary purpose of financing the costs of the Terminal 18 improvements. The Series 2009A Bonds were callable in 2019 and subject to redemption prior to maturity, at the option of the County. A portion of the proceeds derived from the sale of the Series 2019C Bonds were deposited in an escrow account with the bond trustee and applied to refund the Series 2009A Bonds in full. The proceeds of the Series 2019C Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019C Bonds. The Series 2019C Bonds interest rate is 5%. As of September 30, 2023, the outstanding principal amount for the Series 2019C Bonds was \$26,510,000.

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September 30, 2023**

Note 7 - Long-Term Obligations (continued)

Series 2019D Bonds: In September 2019, the County issued Subordinate Port Facilities Refunding Revenue Bonds, Series 2019D in the amount of \$20,240,000 (AMT) (the "Subordinate Series 2019D Bonds"), with a premium of \$2,950,000 resulting in a true interest rate of 1.74%. The Subordinate Series 2019D Bonds were issued as fixed rate bonds to refund all of the Subordinate Series 2008 Bonds (the "Prior Subordinate Bonds"), which were issued on July 10, 2008, for the purpose of refunding the Series 1998 Bonds. The Prior Subordinate Bonds were issued in variable rate mode, with a floating-to-fixed swap whereby Port Everglades paid a counterparty a synthetic fixed interest rate of 3.642% and received from the counterparty a variable rate. The Prior Subordinate Bonds were also subject to a letter of credit which expired on October 2, 2019. A portion of the proceeds derived from the sale of the Subordinate Series 2019D Bonds were deposited in an escrow account with the bond trustee for the Prior Subordinate Bonds and applied to refund the Prior Subordinate Bonds in full.

In connection with the refunding of the outstanding Prior Subordinate Bonds, the County terminated the Prior Subordinate Bonds interest swap agreement and a portion of the proceeds of the Subordinate Series 2019D were used to pay a swap termination fee of \$2,647,000. The proceeds of the Series 2019D Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Subordinate Series 2019D Bonds. The Subordinate Series 2019D Bonds interest rate is 5%. As of September 30, 2023, the outstanding principal amount for the Series 2019D Bonds was \$10,845,000.

Series 2022 Bonds: On July 19, 2022, the County issued Port Facilities Revenue Bonds Series 2022 in the par amount of \$123,700,000 (AMT) (the "Series 2022 Bonds"), with a premium of \$7,820,000, resulting in a true interest rate of 4.69%. The Series 2022 Bonds were issued to provide funding for the financing, including through reimbursement, additional costs of the Southport Turning Notch Extension project, which includes the lengthening of the existing deepwater turn-around area for cargo ships, the extension of the existing crane rail infrastructure, and the acquisition of three additional new Super Post-Panamax container gantry cranes. The proceeds of the Series 2022 Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2022 Bonds. The Series 2022 Bonds interest rates range from 4.5% to 5.5%. As of September 30, 2023, the outstanding principal amount for the Series 2022 Bonds was \$123,700,000.

Bond Covenants: On August 20, 2019, the County approved the adoption of the Amended and Restated Master Bond Resolution, amending and restating in its entirety Resolution No. 24-1989, which was adopted by the Port Everglades Authority on July 20, 1989, as the Master Port Facilities Revenue Bonds Resolution. Section 5.02 of the Amended and Restated Master Bond Resolution requires the compliance with the following bond covenants:

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 Amended and Restated Master 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

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Note 7 - Long-Term Obligations (continued)

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) will at all times be sufficient in each fiscal year to provide an amount at least equal to:
 - a. 100% of the current expenses for the current fiscal year;
 - b. The sum of 125% of Senior Lien Bonds' principal and interest requirements for the current fiscal year, and 110% of the Subordinate Bonds' principal and interest requirement for the current fiscal year.
 - c. 100% of the bond reserve requirement; and
 - d. 100% of the required current deposits to the Renewal and Replacement Fund.

The Port was in compliance with bond indenture requirements as of September 30, 2023.

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, 2023, were as follows (dollars in thousands):

	Amount
Current Pledged Revenues	\$ 107,657
Current Year Debt Service	36,449
Total Future Pledged Revenues	1,026,487
Percentage of Debt Service to Pledged Revenues (Current Year)	34%

Current pledged revenues are equivalent to "Net income available for debt service," as shown in the Schedule of Revenues, Expenses, and Debt Service Coverage, presented as Supplementary Financial Information following the notes to the financial statements. Total future pledged revenues reflect principal and interest payment requirements on a cash basis through fiscal year 2052.

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.

The Port follows the guidance contained in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain post-employment health care benefits provided by the County for the fiscal year ended September 30, 2023.

Note 8 - Other Post Employment Benefits (OPEB)

Plan Description and Benefits Provided

The Port, as a department of the County, participates in the County's single-employer defined-benefit OPEB 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 the provisions of Section 112.0801, Florida Statutes, which are the legal authority for the plan. 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 Port does not issue separate OPEB financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. As of September 30, 2023, the OPEB Plan covered 235 active benefit eligible Port employees. The County, excluding Broward Sheriff's Office, has 189 inactive employees currently receiving benefit payments, whereas the number of the Port's inactive employees was not available.

**PORT EVERGLADES DEPARTMENT
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Notes to Financial Statements
September 30, 2023**

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

Actuarial Assumptions and Other Inputs: The total OPEB liability in the September 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Projected Salary Increases	3.25%
Healthcare Cost Trend Rates	Initial 7.00% - Ultimate 4.50% in 2023
Discount Rate	4.87% in 2023
Projected Cash Flows	Pay as you go
Municipal Bond Rate	20-Year Tax-Exempt General Obligation
Bond Rate Basis	Average rating of AA/Aa or higher
Actuarial Valuation Date	September 30, 2023
Actuarial Cost Method	Entry Age Normal Level % of Salary

The discount rate was based on a range of three indices for the 20-year tax-exempt general obligation municipal bonds, where the range was given as the spread between the lowest and the highest rate. Mortality rates were updated from various RP-2000 Generational Tables projected generationally using Scale BB to various PUB-2010 Generational Tables projected generationally using Scale MP-2021. The actuarial assumptions used represent a reasonable long-term expectation of future OPEB outcomes. As national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary updated. Significant methods and assumptions were as follows:

Changes in the Total OPEB Liability

As of September 30, 2023, the total OPEB liability of \$854,000 was measured as of September 30, 2023. The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, and rolled forward to September 30, 2023.

Below are the details regarding the Port's total OPEB liability for the period from October 1, 2022, to September 30, 2023 (dollars in thousands):

	Total OPEB Liability
Balance at October 1, 2022	<u>\$ 812</u>
Changes for the Fiscal Year:	
Service Cost	36
Interest	34
Difference Between Expected and Actual Experience	22
Changes of Assumptions and Other Inputs	(10)
Benefit Payments	<u>(40)</u>
Net Changes	<u>42</u>
Balance at September 30, 2023	<u>\$ 854</u>

For fiscal year ended September 30, 2023, the changes of assumptions and other inputs include the change in the discount rate as of the beginning of the measurement period from 4.77% to 4.87%.

**PORT EVERGLADES DEPARTMENT
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Notes to Financial Statements
September 30, 2023**

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Port as of September 30, 2023, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.87%), or one percentage point higher (5.87%) than the current discount rate (dollars in thousands):

<u>As of September 30, 2023</u>	<u>1% Decrease (3.87%)</u>	<u>Discount Rate (4.87%)</u>	<u>1% Increase (5.87%)</u>
Total OPEB Liability	\$ 982	\$ 854	\$ 766

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Port as of September 30, 2023, as well as what the Port's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0% decreasing to 3.5%) or one percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates (dollars in thousands):

<u>As of September 30, 2023</u>	<u>1% Decrease (6.00% Decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (7.00% Decreasing to 4.50%)</u>	<u>1% Increase (8.00% Decreasing to 5.50%)</u>
Total OPEB Liability	\$ 736	\$ 854	\$ 1,029

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

For the fiscal year ended September 30, 2023, the Port recognized OPEB expense of \$45,000. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

<u>As of September 30, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experiences	\$ 112	\$ (292)
Changes of Assumptions and Other Inputs	79	(227)
Total	<u>\$ 191</u>	<u>\$ (519)</u>

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

<u>Fiscal Years Ending September 30,</u>	<u>Amount</u>
2024	\$ (24)
2025	(24)
2026	(24)
2027	(24)
2028	(29)
Thereafter	(203)
Total	<u>\$ (328)</u>

**PORT EVERGLADES DEPARTMENT
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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 annual comprehensive 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 (extended to 96 months as of June 5, 2023). 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.

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.

**PORT EVERGLADES DEPARTMENT
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Note 9 - Retirement Plans (continued)

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value (Per Year of Service)</u>
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, 2022, through June 30, 2023, and from July 1, 2023, through September 30, 2023, respectively, were as follows: Regular – 10.19% and 11.51%; Senior Management Service – 29.85% and 32.46%; and DROP Participants – 16.94% and 19.13%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ended September 30, 2023, contributions, including employee contributions of \$377,000, to the Pension plan for the Port, totaled \$1,702,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2023, the Port reported a liability of approximately \$16,900,000, for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2023. The Port's proportionate share of the net pension liability was based on its share of the County's 2022-2023 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2023, the Port's proportionate share was 0.03749%, which was an increase of 0.00226% from its proportionate share measured compared to June 30, 2022.

**PORT EVERGLADES DEPARTMENT
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September 30, 2023**

Note 9 - Retirement Plans (continued)

For the fiscal year ended September 30, 2023, the Port recognized pension expense of \$3,326,000. 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):

<u>As of September 30, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experiences	\$ 1,403	\$ -
Changes of Assumptions	974	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	624	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	559	(53)
Pension Plan Contributions Subsequent to the Measurement Date	453	-
Total	<u>\$ 4,013</u>	<u>\$ (53)</u>

The deferred outflows of resources related to the Pension Plan totaling \$453,000 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, 2024. Other amounts reported as of September 30, 2023, 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):

<u>Fiscal Years Ending September 30,</u>	<u>Amount</u>
2024	\$ 613
2025	17
2026	2,564
2027	241
2028	72
Total	<u>\$ 3,507</u>

Actuarial Assumptions: The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation
Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.	

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. The assumptions used in the July 1, 2023, valuation were unchanged from those used in the prior valuation as of July 1, 2022.

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.

**PORT EVERGLADES DEPARTMENT
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Notes to Financial Statements
September 30, 2023**

Note 9 - Retirement Plans (continued)

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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash Equivalents	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.8%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

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

Discount Rate: The discount rate used to measure the total pension liability was 6.70%. 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 6.70% rate of return assumption used in the June 30, 2023, 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 for the Pension Plan. The discount rate used on July 1, 2022, valuation was 6.70%.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the Port's proportionate share of the net pension liability calculated using the discount rate of 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate (dollars in thousands):

<u>As of September 30, 2023</u>	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Proportionate Share of the Net Pension Liability	<u>\$ 28,868</u>	<u>\$ 16,900</u>	<u>\$ 6,887</u>

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan: At September 30, 2023, the Port reported payables in the amount of \$138,000 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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Note 9 - Retirement Plans (continued)

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, 2023, 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.

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, 2022, through June 30, 2023, and from July 1, 2023, through September 30, 2023, were 1.66% and 2.00%, 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 year ended September 30, 2023, contributions to the HIS Plan for the Port totaled \$370,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2023, the Port reported a liability of \$8,464,000, for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Port's proportionate share of the net pension liability was based on its share of the County's 2022-2023 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2023, the Port's proportionate share was 0.04727%, which was an increase of 0.00344% from its proportionate share measured compared to June 30, 2022.

For the fiscal year ended September 30, 2023, the Port recognized pension expense of \$2,893,000. 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):

<u>As of September 30, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experiences	\$ 110	\$ (18)
Changes of Assumptions	197	(650)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	221	(75)
Pension Plan Contributions Subsequent to the Measurement Date	86	-
Total	<u>\$ 618</u>	<u>\$ (743)</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 9 - Retirement Plans (continued)

The deferred outflows of resources related to the HIS Plan, totaling \$86,000 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 ending September 30, 2024. 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):

Fiscal Years Ending September 30,	Amount
2024	\$ -
2025	1
2026	(42)
2027	(117)
2028	(53)
Total	\$ (211)

Actuarial Assumptions: Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2023, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities as of June 30, 2023. The total pension liability as of June 30, 2023, was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.65%, net of pension plan investment expense, including inflation
Mortality rates were based on the Generational PUB-2010 base table with Projection Scale BB-2018 tables.	

The actuarial assumptions that determined the total pension liability as of June 30, 2023, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate: The discount rate used to measure the total pension liability at June 30, 2023, was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the June 30, 2023, liability measurement was 3.65% (an increase of 0.11% from the discount rate of 3.54% used in the previous year). 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 Pension Liability to Changes in the Discount Rate: The following represents the Port's proportionate share of the net pension liability calculated using the discount rate of 3.65%, 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 (2.65%) or one percentage point higher (4.65%) than the current rate (dollars in thousands):

As of September 30, 2023	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate Share of the Net Pension Liability	\$ 9,656	\$ 8,464	\$ 7,476

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 9 - Retirement Plans (continued)

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 Annual Comprehensive Financial Report.

Payables to the HIS Plan: At September 30, 2023, the Port reported payables in the amount of \$29,000 for outstanding contributions to the HIS plan required for the fiscal year ended September 30, 2023.

The Port's proportionate share of the County's net pension liability, deferred outflows of resources and deferred inflows of resources as of September 30, 2022, and pension expense adjustment for the fiscal year ended as of September 30, 2022, was allocated to the Port based on its contributions. Amounts are as follows (dollars in thousands):

<u>As of September 30, 2023</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Pension Plan	\$ 16,900	\$ 4,013	\$ (53)	\$ 1,280
HIS Plan	8,464	618	(743)	2,580
Total	<u>\$ 25,364</u>	<u>\$ 4,631</u>	<u>\$ (796)</u>	<u>\$ 3,860</u>

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 Annual 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 0.06% 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 – 8.30% and Senior Management Service class - 9.67%.

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 year ended September 30, 2023, 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.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 9 - Retirement Plans (continued)

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 \$620,000 for the fiscal year ended September 30, 2023.

Payables to the Pension Plan: At September 30, 2023, the Port reported payables in the amount of \$49,000, for outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2023.

Note 10 - Major Customers

A significant portion of the Port's revenues are directly or indirectly attributed to the activity of three major customers operating out of the Port. The Port's revenues could be materially and adversely affected, should any 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 year ended September 30, 2023:

	Percent of Operating Revenues September 30, 2023
Customer	
Royal Caribbean Cruises Ltd. And Its Affiliates	18.0%
Carnival Corporation and Its Affiliates	10.3%
Crowley Liner Services, Inc.	7.5%
	35.8%

	Percent of Accounts Receivable September 30, 2023
Customer	
Royal Caribbean Cruises Ltd. And Its Affiliates	21.4%
USA Maritime Enterprises, Inc.	20.0%
Sunshine Shipping, Inc.	10.1%
	51.5%

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 11 - Capital Contributions

Grants and other contributions used to acquire or construct capital assets are classified as capital contributions in the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ended September 30, 2023, capital contributions were as follows (dollars in thousands):

<u>Contributor - Purpose</u>	<u>September 30, 2023</u>
Federal - Port Security Improvements	\$ 1,006
State of Florida - ACOE Deepending and Widening	385
State of Florida - Southport Upland Cargo Improvements Initiative	263
State of Florida - Slip 1 Berths 9 & 10 Improvements	82
Total Capital Contributions	<u>\$ 1,736</u>

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 \$2,000,000 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 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. This OCIP program expired in December 2019. However, there are incurred but not reported (IBNR) responsibilities for all projects that were enrolled. There is a 7-year statute of repose and a 4-year statutory liability limit. 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 \$500,000 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 Port is insured against any losses in a given year in excess of the fees charged. Fees charged are expensed as incurred. The estimated liabilities for self-insured losses were determined by independent actuarial valuations performed as of September 30, 2023. Liabilities include an amount for claims that have been IBNR. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amounts 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.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 12 - Risk Management (continued)

The Port purchased several policies under the Controlled Insurance Program (PECIP) for a major construction project, the Southport Turning Notch Extension (STNE)/Crane Rail Infrastructure Improvements. The PECIP for the STNE/Crane Rail Infrastructure project is funded by the Port as part of the capital project costs. The PECIP provides project insurance coverages including workers' compensation, general liability, excess liability, and contractors' pollution liability for enrolled contractors. The Port provided to the insurer as security for payment obligations a renewable twelve-month term Standby Irrevocable Letter of Credit, in the amount of \$3,650,000. The workers' compensation and general liability insurance have a deductible amount of \$250,000 for each occurrence, respectively, and a \$375,000 deductible for a combined workers compensation and general liability claim. Under the PECIP, the Port's maximum deductible exposure for workers' compensation and general liability shall not exceed \$3,625,250. Excess liability insurance has a zero-dollar deductible amount, and the limit of insurance is \$100,000,000 for each occurrence and \$100,000,000 in the aggregate. Contractor's pollution insurance has a deductible amount of \$50,000 and a policy limit of \$50,000,000. The insurer will pay claims exceeding the deductible, up to the policy limit. The STNE/Crane Rail Infrastructure Improvements project also required the Port to purchase owner's protection professional liability insurance (OPPI) and builder's risk insurance with terms of coverage that started at the beginning of the actual construction of the project and will continue until project completion plus ten-year completed operation from substantial completion. OPPI is essentially a supplemental insurance that provides additional coverage in excess of the construction manager's professional liability insurance. The OPPI self-insured retention amount is \$500,000 and the limit of the policy is \$20,000,000. The builder's risk insurance policy was purchased by the Port to provide coverage protection to the property controlled by the Port while the STNE/Crane Rail Infrastructure Improvements project is under construction by the contractor. The builders' risk policy will indemnify the Port for repairs less the \$100,000 deductible per occurrence for covered perils. For flood and named windstorm, the builder's risk policy will cover repairs less a 5% deductible of the total insurance value at the time and place of loss, subject to a \$250,000 minimum deductible. The insurer will pay up to the limits set forth in the policy.

The Port purchased an additional builder's risk policy to cover the new project Phase IX-A Container Yard, which is adjacent to the STNE/Crane Rail Infrastructure Improvements project. This policy is subject to a \$100,000 deductible for insured losses other than named windstorm or flood. The applicable deductibles for losses caused by named windstorm or flood are 5% of the insured values at the time of loss, subject to a minimum deductible of \$250,000 per occurrence. The insurer will pay up to the limits set forth in the policy.

The Port purchased a builder's risk policy to cover improvements to Cruise Terminal 4 and its adjacent berth. This policy is subject to a \$50,000 deductible per occurrence for insured perils, except for named windstorms. In the event of a named windstorm, the deductible is based on 5% of the total insurable values at risk at the time and place of loss, subject to a \$250,000 minimum deductible. The insurer will pay up to the limits set forth in the policy.

Settled claims have not exceed commercial coverage in the past three years.

Note 13 - Transactions with Other County Departments

The County allocates certain support department costs which include administration, legal, fiscal, internal audit, purchasing, personnel, and communication costs to other County departments. The Port's Facilities Maintenance and Seaport Engineering and Construction Divisions are also required to obtain licenses and permits from other County departments for construction projects. Certain funds are also charged for the cost of the services provided by the Fleet Services and Print Shop funds. Costs of approximately \$11,287,000 for these services were allocated to the Port during the fiscal year ended September 30, 2023.

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 \$17,430,000 for the fiscal year ended September 30, 2023. 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 \$12,035,000 for the fiscal year ended September 30, 2023.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2023**

Note 13 - Transactions with Other County Departments (continued)

The Port reimburses the Broward County Aviation Department for allocated maintenance costs for the landscaping of US1 at Fort Lauderdale-Hollywood International Airport. The cost of these services from the Aviation Department was approximately \$28,000 for the fiscal year ended September 30, 2023.

On September 30, 2023, approximately \$309,000 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 rights-of-ways, offloading 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.

At September 30, 2023, the Port had various uncompleted construction projects in process, with commitments totaling approximately \$75,076,000. The retainage payable on these contracts totaled approximately \$10,827,000. Funding of these projects is to be made through a combination of internally generated funds, grants, and bonds proceeds.

Note 15 - Implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Statement No. 96)

Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The new standard requires the reporting of certain subscription-based assets and liabilities, which were previously not reported. The result of these changes impacted the beginning subscription assets and liabilities (dollars in thousands) as follows:

	Subscription Assets	Subscription Liabilities
Statement of Net Position		
Balance September 30, 2022, as Previously Reported	\$ -	\$ -
Changes to Implement GASB Statement No. 96	402	402
Balance October 1, 2022, as Restated	\$ 402	\$ 402

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Unaudited)
September 30, 2023**

***Schedule of Changes in the Port's Total Post Employment Benefits Liability
and Related Ratios (Unaudited)
Last Ten Fiscal Years*
(Dollars in Thousands)***

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service Cost	\$ 36	\$ 76	\$ 76	\$ 53	\$ 44	\$ 41
Interest	34	30	30	37	37	32
Differences Between Expected and Actual Experience	22	(292)	(50)	110	(25)	28
Changes of Assumptions and Other Inputs	(10)	(252)	(4)	165	70	(12)
Benefit Payments	(40)	(48)	(55)	(45)	(44)	(44)
Net Change in Total OPEB Liability	42	(486)	(3)	320	82	45
Total OPEB Liability - Beginning	812	1,298	1,301	981	899	854
Total OPEB Liability - Ending	\$ 854	\$ 812	\$ 1,298	\$ 1,301	\$ 981	\$ 899
Covered-Employee Payroll	\$ 16,662	\$ 11,939	\$ 13,162	\$ 12,714	\$ 10,693	\$ 11,443
Total OPEB Liability as a Percentage of Covered-Employee Payroll	5.13%	6.80%	9.86%	10.23%	9.18%	7.86%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Port's Proportionate Share of the Net Pension Liability	0.03749%	0.03523%	0.03553%	0.03433%	0.03515%	0.03601%	0.03869%	0.03811%	0.03965%	0.03995%
Port's Proportionate Share of the Net Pension Liability	\$ 16,900	\$ 15,803	\$ 5,377	\$ 16,910	\$ 13,724	\$ 12,059	\$ 11,447	\$ 9,623	\$ 5,121	\$ 2,438
Port's Covered Payroll	\$ 14,011	\$ 12,143	\$ 11,975	\$ 12,595	\$ 12,505	\$ 12,820	\$ 12,932	\$ 12,771	\$ 12,311	\$ 12,171
Port's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	120.62%	130.00%	44.90%	134.25%	109.75%	94.06%	88.52%	75.35%	41.60%	20.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.00%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Unaudited)
September 30, 2023
Schedule of Contributions
Florida Retirement System Pension Plan (Unaudited)
Last Ten Fiscal Years
(Dollars in Thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,702	\$ 1,314	\$ 1,184	\$ 1,062	\$ 994	\$ 965	\$ 930	\$ 904	\$ 870	\$ 843
Contributions in Relation to the Contractually Required Contribution	\$ (1,702)	\$ (1,314)	\$ (1,184)	\$ (1,062)	\$ (994)	\$ (965)	\$ (930)	\$ (904)	\$ (870)	\$ (843)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 15,632	\$ 12,233	\$ 11,980	\$ 12,640	\$ 12,659	\$ 12,884	\$ 13,226	\$ 13,372	\$ 12,305	\$ 12,163
Contributions as a Percentage of Covered Payroll	10.89%	10.74%	9.88%	8.40%	7.85%	7.49%	7.03%	6.76%	7.07%	6.93%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Port's Proportionate Share of the Net Pension Liability	0.04728%	0.04383%	0.04451%	0.04691%	0.04733%	0.04799%	0.05152%	0.05030%	0.04939%	0.04959%
Port's Proportionate Share of the Net Pension Liability	\$ 8,464	\$ 5,858	\$ 6,674	\$ 6,686	\$ 6,075	\$ 5,668	\$ 5,509	\$ 5,862	\$ 5,037	\$ 4,637
Port's Covered Payroll	\$ 18,771	\$ 15,991	\$ 15,746	\$ 16,277	\$ 15,816	\$ 16,030	\$ 15,930	\$ 12,771	\$ 15,011	\$ 14,760
Port's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	45.09%	36.63%	42.39%	41.08%	38.41%	35.36%	34.58%	45.90%	33.56%	31.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Unaudited)
September 30, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 370	\$ 268	\$ 262	\$ 273	\$ 267	\$ 268	\$ 271	\$ 273	\$ 203	\$ 179
Contributions in Relation to the Contractually Required Contribution	\$ (370)	\$ (268)	\$ (262)	\$ (273)	\$ (267)	\$ (268)	\$ (271)	\$ (273)	\$ (203)	\$ (179)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 18,517	\$ 16,168	\$ 15,756	\$ 16,398	\$ 16,105	\$ 16,422	\$ 16,324	\$ 16,455	\$ 14,782	\$ 14,772
Contributions as a Percentage of Covered Payroll	2.00%	1.66%	1.66%	1.66%	1.66%	1.63%	1.66%	1.66%	1.37%	1.21%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Required Supplementary Information (Unaudited)
September 30, 2023**

Note 1 - OPEB Information

The Port did not have plan assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The discount rate used to measure the total OPEB liability at September 30, 2023, increased to 4.87% from 4.77%. The discount rate will be updated annually to reflect market conditions as of the measurement date.

Note 2 - Pension Information

The discount rate used to measure the total pension liability at June 30, 2023, was 6.70%. 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 6.70% rate of return assumption used in the June 30, 2023, calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Pension Plan.



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of Broward County, Florida
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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Supplementary Financial Information
September 30, 2023**

***Schedule of Revenues, Expenses, and Debt Service Coverage
For the Fiscal Year Ended September 30, 2023
(Dollars in Thousands)***

Operating Revenues	
Vessel, Cargo, and Passenger Services	\$ 152,385
Lease of Facilities	18,048
Vehicle Parking	9,480
Other	2,472
Total Operating Revenues	<u>182,385</u>
Eligible Non-Operating Revenues	
Interest and Investment Income	14,113
Net Increase in the Fair Value of Investments	1,570
Net Interest and Investment Income	15,683
Interest revenue on leases	348
Less: O&M Reserve Interest	(802)
Gain on Disposal or Discontinuance of Capital Assets	963
Coronavirus State Fiscal Recovery Funds (CFSRF) ARPA Grant	16,435
Shared Revenue from USACOE for Maintenance Dredging	9,773
Legal Settlement	1
Property Damage Reimbursement	196
Refund of Prior Year's Expenses	40
Total Eligible Non-Operating Revenues	<u>42,637</u>
Total Eligible Revenues	<u>225,022</u>
Operating Expenses Before Depreciation and Amortization	<u>(116,164)</u>
Eligible Non-Operating Expenses	
Other Debt Service Costs	(93)
Payment in Lieu of Taxes	(1,108)
Total Eligible Non-Operating Expenses	<u>(1,201)</u>
Total Eligible Expenses	<u>(117,365)</u>
Net Income Available for Debt Service	<u>\$ 107,657</u>
Debt Service Requirements - Senior Lien Bonds	\$ 33,319
Actual Coverage	<u>3.23</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior and Subordinate Bonds	\$ 36,449
Actual Coverage	<u>2.95</u>
Required Coverage	<u>1.10</u>



RSM US LLP

**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

Honorable Board of County Commissioners
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 (*Government Auditing Standards*), the financial statements of Broward County Port Everglades Fund (the Port), a major enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated March 25, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 25, 2024