



# Annual Comprehensive Financial Report



**Fiscal Year Ended September 30, 2021**

# **PORT OF PALM BEACH DISTRICT**

## Annual Comprehensive Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2021



Prepared by

PORT OF PALM BEACH FINANCE DEPARTMENT

Michael Williams, Director of Finance

Daniel Kirchman, CPA, CGMA<sup>®</sup>, CPE<sup>™</sup>, Controller

**PORT OF PALM BEACH DISTRICT**  
**Annual Comprehensive Financial Report**  
**September 30, 2021**

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**PORT OF PALM BEACH DISTRICT**  
**Principal Officials**  
**As of September 30, 2021**

**PORT BOARD MEMBERS**

Joseph D. Anderson	Chairman
Blair J. Ciklin	Vice Chairman
Wayne M. Richards	Secretary/ Treasurer
Jean L. Enright	Commissioner
Katherine M. Waldron	Commissioner

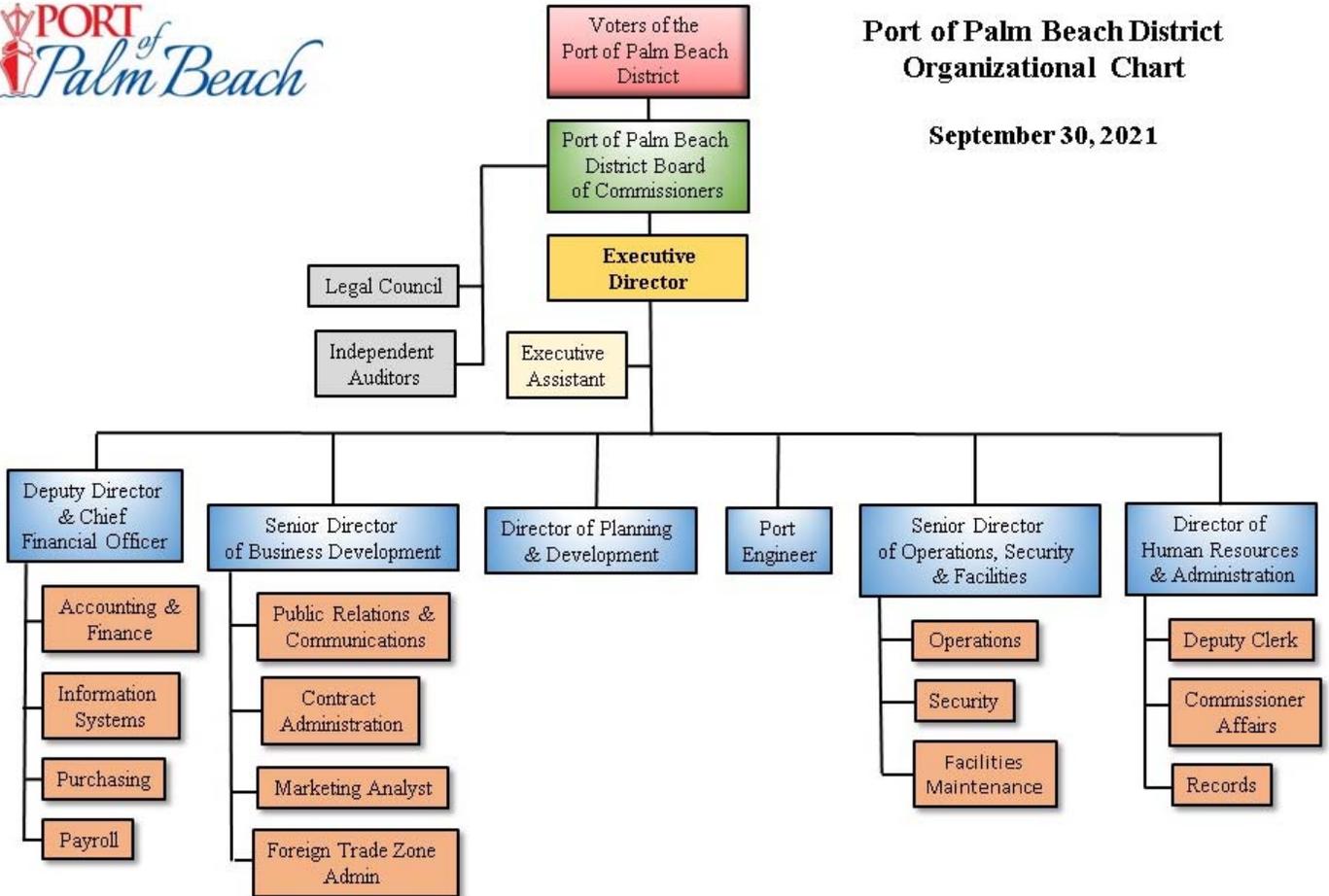
**PORT STAFF**

Manuel Almira, PPM <sup>®</sup>	Executive Director
Michael Williams	Director of Finance
Ronald Coddington, P.E.	Port Engineer
Michael Meekins	Director of Business Development and Communications
Vacant	Senior Director of Security, Facilities, Operations and Railroad
Carl Baker	Director of Planning and Development
Daniel Kirchman, CPA, CGMA <sup>®</sup> , CPE <sup>™</sup>	Controller
Richard Laird	Director of information system and Administration
Beatrice Greffin	Director of Human Resources and Administration



## Port of Palm Beach District Organizational Chart

September 30, 2021



## FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of commissioners  
Port of Palm Beach District  
Riviera Beach, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Port of Palm Beach District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Port of Palm Beach District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Palm Beach District as of September 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18, the schedule of changes in the total OPEB liability on page 61, and the pension schedules on pages 62 through 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Palm Beach District's basic financial statements. The introductory section on pages 1 through 2, accompanying schedules listed as other supplementary information on pages 65 through 71, and the statistical section on pages 72 through 82, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The prior year other supplementary information has been derived from statements audited by other auditors and is based solely on the report of the other auditors. The schedule of expenditures of state financial assistance on page 88 is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the Port of Palm Beach District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Palm Beach District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a light blue horizontal line.

West Palm Beach, Florida  
June 8, 2022

## **PORT OF PALM BEACH DISTRICT Management's Discussion and Analysis**

As management of the Port of Palm Beach District (Port), we offer readers of the Port's financial statements this narrative overview and analysis of the financial activities of the Port of Palm Beach District for the fiscal years ended September 30, 2021 and 2020. The information presented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

### **INTRODUCTION**

The Port consists of approximately 165 acres and is primarily a landlord port serving Palm Beach County, the South Florida region, the United States, and the Caribbean. The Port is a self-supporting organization and generates revenues from port users to fund all operating expenses, debt service requirements and a portion of its capital projects. Capital projects are also funded by external financing including the issuance of municipal revenue bonds, awards of federal and state grants, and surplus operating funds above those needed to cover operating expenses and debt service.

The Port publishes a uniform tariff, which contains standardized rates for conducting various port activities on port-owned facilities including wharfage, dockage, transit, storage, warehousing and handling of cargo to and from vessels. In addition to the revenue generated from these activities, the Port leases its properties to various maritime and other businesses for which it collects rents and negotiated commodity rates, and in many instances receives certain guaranteed revenue streams.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$135,434,468 (*net position*). Of this amount, \$18,275,494 (*unrestricted net position*) may be used to meet the Port's ongoing obligations to creditors.
- The Port's total net position increased by \$6,943,817. This increase consists of \$4,528,468 of income before contributions, and \$2,415,349 of capital contributions.
- At the end of the current fiscal year, unrestricted net position was 201% of cash operating expenses and the return on unrestricted net position was 25%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Governmental accounting policy, practice and procedures fall under the auspices of the Government Accounting Standards Board ("GASB"). The Port's financial transactions and subsequent statements are prepared according to the GASB Statement 34 reporting model, as mandated by the GASB. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting, governmental (such as municipalities) and proprietary (those entities that generate their own revenues and therefore are similar to a private business such as the Port).

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state and local

## **PORT OF PALM BEACH DISTRICT**

### **Management's Discussion and Analysis - Continued**

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Port has only one fund category: proprietary fund.

**Proprietary Funds.** The Port maintains only one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the basic financial statements. The Port is considered a proprietary form of government and its financial transactions are recorded in a single Enterprise Fund.

The basic financial statements report information about the Port using the full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Please refer to Note 1 to the accompanying financial statements for a summary of the Port's significant accounting policies.

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and notes to the financial statements. The basic financial statements include:

The **Statement of Net Position** presents financial information on all of the Port's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

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

The **Statement of Cash Flows** presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of when earnings are recorded, when an obligation arises, noncash amortization expense or depreciation of capital assets.

The basic proprietary fund financial statements are on pages 19 - 23 of this report.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements are on pages 24 - 60 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Port's progress in funding its obligation to provide pension and OPEB benefits to its employees, *other supplementary information*, and *statistical data*. This information is on pages 61 - 82 of this report.

### **Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as of September 30, 2021 and 2020 by \$135,434,468 and \$128,490,651, respectively.

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

The following table reflects the condensed statement of net position:

**Port of Palm Beach District's Net Position**

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 36,080,923	\$ 32,321,016
Capital assets, net	123,602,419	125,500,237
Total assets	<u>159,683,342</u>	<u>157,821,253</u>
 Total deferred outflows of resources	 <u>1,255,030</u>	 <u>1,761,595</u>
 Current liabilities	 5,636,498	 8,025,743
Noncurrent liabilities	17,357,588	22,945,942
Total liabilities	<u>22,994,086</u>	<u>30,971,685</u>
 Total deferred inflows of resources	 <u>2,509,818</u>	 <u>120,512</u>
 Net investment in capital assets	 113,954,887	 109,888,686
Restricted	3,204,087	3,412,329
Unrestricted	18,275,494	15,189,636
Total net position	<u>\$ 135,434,468</u>	<u>\$ 128,490,651</u>

Current and other assets increased by approximately \$3.76 million. This was primarily due to an increase of \$3.66 million in grant receivables due to the timing of invoices, receipts and payments of federal and state grant activity. Cash and cash equivalents, trade and interest receivables, and prepaids had an insignificant increase of only \$.10 million. Operating activities provided approximately \$6.03 million, and capital grants and contributions, net operating grants, investment interest, and insurance recoveries provided approximately \$2.05 million, these increases were offset by total uses of approximately \$8.00 million for capital asset purchases and debt service payments on the revenue bonds.

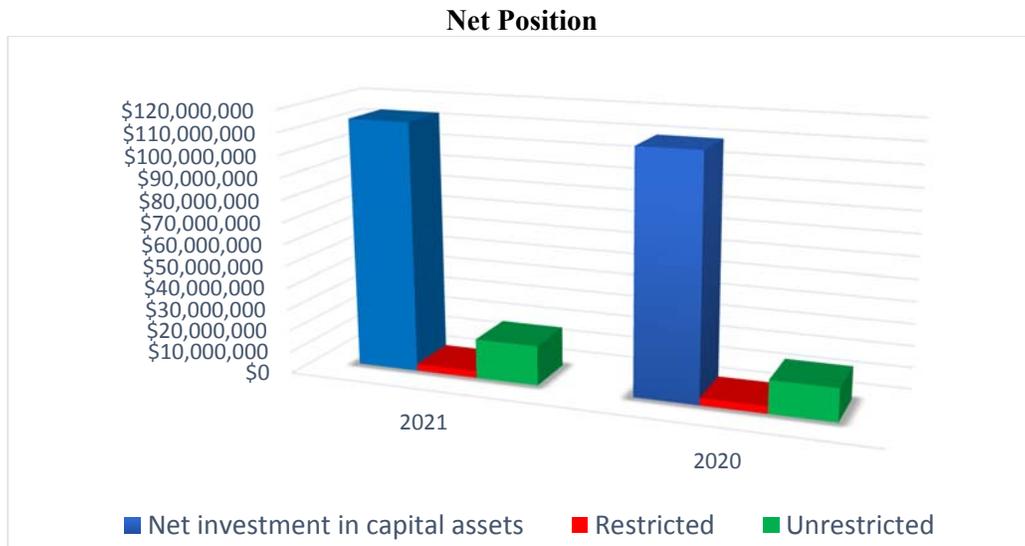
Current liabilities decreased by approximately \$2.39 million. Decreases in payables, accrued expenses, unearned revenues and the current portion of long-term debt offset an increase in customer deposits, and the current portion of capital appreciation interest payable. Significant events were the payment of the Berth 17 construction settlement, the payoff of the series 2016 revenue bond, and the renewal of debt service payments for the series 2002 revenue bond beginning in FY 22.

Deferred outflows of resources decreased approximately \$0.51 million and deferred inflows of resources increased approximately \$2.39 million primarily as a result of expected and actual experience, assumptions and proportion changes, projected and actual earnings and methods used by the FRS actuary in performing the GASB calculations to meet the parameters set by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Additional information on the Port's deferred outflows and inflows of resources of pension related items are in Note 8, in the accompanying notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Management’s Discussion and Analysis - Continued**

The decrease in noncurrent liabilities of approximately \$5.59 million is primarily the result of a decrease in the long-term debt (revenue bonds), net of bond issue discount of \$2.34 million from principal bond payments and a decrease in net pension liability of approximately \$3.06 million, as discussed below. Capital appreciation interest payable, other postemployment benefits, and compensated absences had an insignificant decrease of only \$.19 million.

The Port has recorded a liability for the fiscal years ending September 30, 2021 and 2020 of \$1,902,652 and \$4,962,859, respectively, for its proportionate share of the FRS and HIS pension plan’s net pension liability because of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in FY 2015. Additional information on the Port’s net pension liability are in Note 8, in the accompanying notes to the financial statements.



By far the largest portion of the Port’s net position as of September 30, 2021 and 2020 (84% and 85%) reflects its net investment in capital assets (e.g., land, buildings, slips, wharfs, improvements, equipment, vehicles, furniture and fixtures and construction in progress, net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the Port’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the Port’s net position as of September 30, 2021 and 2020 (2%) represents the reserve for maximum debt service, sinking, renewal and replacement, and business development funds that are restricted in accordance with existing bond covenants. The remaining balance of the Port’s net position is unrestricted and may be used to meet the Port’s ongoing obligations to creditors. At the end of FY 2021, the Port’s unrestricted net position was \$18,275,494 (14% of net position), an increase of approximately \$3.09 million or 20% from FY 2020.

The Port’s total net position increased by \$6,943,817 or over 5% in FY 2021. Of this amount, \$4,528,468 represents net income before capital contributions and \$2,415,349 represents capital contributions from

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

federal, state and private sources. There is no assurance that these capital contributions from other sources will continue in the future.

The following table reflects the condensed revenue and expense data:

**Port of Palm Beach District's Changes in Net Position**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Fees and charges for services	\$ 16,092,493	\$ 16,098,091
Non-operating revenues:		
Investment earnings	8,541	160,328
Other	29,684	2,260
Grant revenue	3,352,633	94,454
Total non-operating revenues	<u>3,390,858</u>	<u>257,042</u>
Total revenues	<u>19,483,351</u>	<u>16,355,133</u>
Operating expenses:		
General expenses	1,704,244	2,757,698
Engineering and maintenance	2,404,063	2,596,159
Security	1,526,991	1,740,390
Administration	2,344,921	2,027,942
Business development	764,368	695,735
Operations	343,197	346,744
Depreciation and amortization	4,671,824	4,768,111
Total operating expenses	<u>13,759,608</u>	<u>14,932,779</u>
Non-operating expenses:		
Grant and related expenses	28,359	140,990
Loss on disposition of assets	12,104	94,507
Interest	1,146,812	989,037
Total non-operating expenses	<u>1,195,575</u>	<u>1,224,534</u>
Total expenses	<u>14,945,883</u>	<u>16,157,313</u>
Income before contributions	4,528,468	197,820
Capital contributions	<u>2,415,349</u>	<u>2,750,351</u>
Change in net position	6,943,817	2,948,171
Net position – beginning	<u>128,490,651</u>	<u>125,542,480</u>
Net position - ending	<u>\$ 135,434,468</u>	<u>\$ 128,490,651</u>

## **PORT OF PALM BEACH DISTRICT**

### **Management's Discussion and Analysis - Continued**

Key elements of the increase in net position for the fiscal year ended September 30, 2021 are as follows.

- Operating Revenues (Fees and charges for services) remained flat in FY 2021, as a result of the continued COVID-19 pandemic as significant decreases in cruise passenger and parking volumes continued, as discussed below. Wharfage, dockage and related revenues, passenger and parking charges, and rent and related storage are the largest portion of the Ports operating revenues, accounting for over 90% each year.

The Port's operating revenues achieved a compound annual growth rate of approximately 3% over the last ten fiscal years. Economic conditions had improved, after the end of the Great Recession, from FY 2010 through FY 2019, when the Port had achieved a compound annual growth rate of approximately 6%. This was a result of Port management's continued aggressive marketing campaign, which has resulted in attracting new business and growing current business. However, the COVID-19 pandemic hit in March 2020, and continued through FY 2021, which had a seismic effect on the global economy, essentially shutting down portions of the economy, and negatively impacted the cruise and tourism industry in the Caribbean, which the Port's primarily customers and tenants serve. The Port was able to rely on its diverse revenue base and cash reserves to help it weather the economic downturn brought about by COVID-19.

Paradise Cruise Line (the cruise vessel and their owners) began their twelfth year of operations (eleventh fiscal year) as a multi-day cruise line to the Bahamas. Under the terms of the current agreement, the Port receives a Passenger Charge for each departing and arriving passenger; the net proceeds from all parking revenue generated from cruising passengers and has agreed to participate in the cost of the sales and marketing efforts of the cruise ship based upon their passenger counts. Passenger charges were approximately \$0.25 million from 14 thousand passengers and the Port's contribution to the Cruise Lines sales and marketing effort was approximately \$0.11 million, which resulted in net passenger charges of \$0.14 million for FY 2021. The Port's multiday net-passenger revenue decreased by approximately \$0.92 million or 87%, and passenger counts were down approximately 127 thousand or 90%. The decrease in net revenue was primarily from the COVID-19 pandemic, as noted above the U.S. Centers for Disease Control and Prevention (CDC) issued a cruise health travel notice which essentially shuttered the passenger cruise industry. The cruise line had no passenger sailings for most of FY 2021, and only resumed in late July 2021 with limited sailings and passenger counts.

Wharfage and cargo related revenue increased by approximately \$0.18 million or 4%, and total cargo tonnage increased by approximately 2.7%, primarily due to break-bulk (yacht and vehicle shipments) and slight increases in container tonnage, diesel, cement, and molasses. Asphalt, recyclable steel/scrap metal, sugar and TEU's had modest decreases. TEU volume has decreased over the last two fiscal years by approximately 5.1%, because of the COVID-19 pandemic, as noted above. Tropical Shipping accounts for over 90% of the TEU volume and primarily serves the Caribbean islands, which has not recovered from the decline in tourism from the travel and cruise restrictions due to COVID. The Port was ranked 20<sup>th</sup> in the nation by Logistics Management and 4<sup>th</sup> in the state by PANJIVA for seaport total TEU output.

Dockage and related revenue had an increase of approximately \$0.15 million or 4%, primarily due to increases in molasses, diesel and yacht shipments, and the Ports tenant, Berth One PB, who provides mega yacht service and berthing was back fully operational after the completion of the bulkhead and shore power expansion project.

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

Rent and related storage increased by approximately \$0.51 million or 10% primarily due to additional space assignments for land to several current and new tenants, and annual contractual inflationary increases.

Parking fees decreased by approximately \$0.31 million or 86%, primarily because of the COVID-19 pandemic, as noted above.

Miscellaneous income increased by approximately \$0.35 million or 384% primarily due to a reduction in the allowance for uncollectible accounts receivable balance, as the Port collected all its FY 2021 outstanding trade accounts receivables and additional contractual charges for missed sailings from Paradise Cruise Line chartering out the Grand Classica cruise ship for most of September 2021.

The remaining operating revenues, which consist of switching, licenses, permits, and identification badging, increased by approximately \$0.03 million or 5%, primarily due to a tariff rate increase in rail car switching, even though the volume remained flat. Rail switching volume (mostly TEU's) has decreased over the last two fiscal years by over 20%, because of the COVID-19 or coronavirus pandemic, as noted above. Tropical Shipping accounts for over 90% of the rail switching volume. In addition, increased rail rates charged by Florida East Coast Railway (FEC), the exclusive rail provider for the Port caused a move to truck road transportation.

The Schedule of Port Facilities Revenues can be found on page 68 of this report.

- Investment Earnings decreased significantly by approximately \$0.15 million, as the target range for the federal funds target interest rate and the Port's money market mutual fund and bank managed earnings rate declined significantly due to the COVID-19 or coronavirus pandemic. The federal funds rate target remains at a levels of 0.00% - 0.25%, for all of FY 2021 and is expected to remain at low levels in FY 2022.
- Other non-operating revenues of approximately \$0.03 million consist of insurance recoveries from various property and equipment damages.
- Operating Grant revenue increased significantly by approximately \$3.3 million. The Port recognized approximately \$3.2 million in operating grant revenue from the State of Florida through the Coronavirus State and Local Fiscal Recovery Fund established under the American Rescue Plan Act of 2021 to offset the negative economic impacts of COVID-19.
- Operating Expenses decreased approximately \$1.17 million or 8%. The most significant decreases were cruise line related contracted security and janitorial costs and utility usage, which were a result of the COVID-19 pandemic that hit in March 2020 and negatively impacted the cruise and tourism industry through most of FY 2021. Additional expense reductions were FRS retirement, bad debt, and depreciation. These decreases expenses offset significant increases in legal (Berth 17 litigation settlement), and group health insurance.

The Port's operating expenses have remained relatively flat over the last ten fiscal years, only rising at a compound annual rate of approximately 3%. This is a result of Port Management undertaking a significant effort to contain, if not reduce expenditures primarily through conservation and negotiation efforts, and the use of contract services personnel for security and janitorial. These changes continue to have a positive effect in reducing or containing expenses. Operating Expense

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

containment continues to be a priority for Port Management moving forward, especially due to the COVID-19 pandemic and the uncertain future recovery of the cruise and tourism industry in the Caribbean, which the Port primarily serves.

Salaries, payroll taxes and benefits (employee costs) represent the largest portion of the Port's operating expenses before depreciation and amortization, at approximately 56% and decreased by approximately \$0.68 million or 12%. Salaries and payroll taxes remained flat, primarily due to temporary unfilled positions. Group health insurance costs increased approximately \$0.11 million or 12%, due to higher premiums from spouse and dependency changes. Retirement costs decreased significantly by approximately \$0.79 million primarily from the decrease in net pension liability caused by the annual adjustments in actuarial assumptions, experience, earnings and proportions by the FRS because of GASB Statement No. 68; see Note 8, in the accompanying notes to the financial statements.

General expense (excluding employee benefits) decreased by approximately \$0.36 million or 39%, primarily due to no allowance for bad debt expenses were needed in FY 2021 versus an increase in the amount set aside in FY 2020 that was estimated by management to cover possible future delinquencies because of the COVID-19 pandemic, that ended up not being needed.

Security expense (excluding employee costs) decreased by approximately \$0.17 million or 23%. This was due primarily to decreases or discontinued contracted security and parking costs from the shutdown of the cruise line that started in the second half of FY 2020, and continued through most of FY 2021, as discussed above.

Engineering and maintenance expense (excluding employee costs) decreased by approximately \$0.16 million or 9%, primarily from decreased water usage and janitorial services from the shut down the cruise line that started in the second half of FY 2020, and continued through most of FY 2021, as discussed above; which offset increases in port-wide repairs and maintenance costs.

Administration expense (excluding employee costs) increased by approximately \$0.31 million or 51%, primarily due to significant increases in legal fees from the litigation and final settlement agreement with respect to the construction of Berth 17.

Business development expenses (excluding employee costs) decreased by approximately \$0.02 million or 10%, primarily due to COVID-19 or coronavirus pandemic, which caused trade development and industry association conventions and exhibitions to be cancelled, along with overall travel restrictions.

Operations expense (excluding employee costs) decreased by less than \$0.01 million or 5%, as there were no significant train and rail track repairs and maintenance.

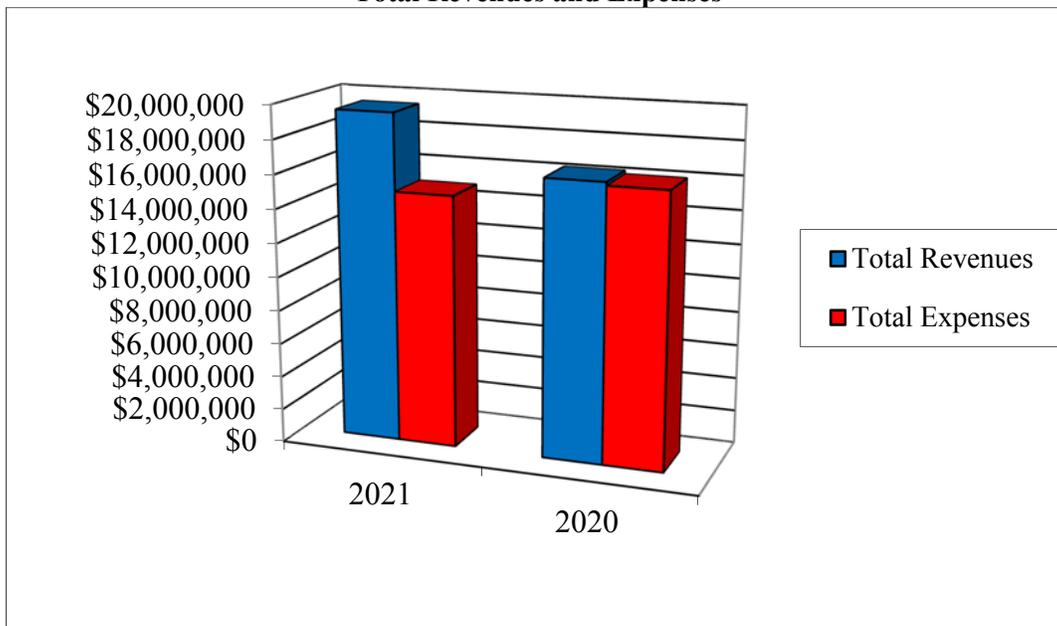
Depreciation and amortization expense decreased by approximately \$0.10 million or 2% even though several major capital projects were completed during FY 2020, namely Berth 17, Reefer Container Yard and Berth 1. However, these additions all have estimated useful lives of approximately forty to sixty years and many of the Ports other assets useful lives are ending.

**PORT OF PALM BEACH DISTRICT  
Management’s Discussion and Analysis - Continued**

The Schedule of Operating Expenses can be found on pages 68 and 69 of this report.

- The largest non-operating expense is interest, which increased by approximately \$0.16 million or 16%, primarily because there was no capitalized interest in FY 2021, versus a significant amount on the Reefer Container Yard and Berth 1 Bulkhead projects in FY 2020.
- Non-operating Grant revenue increased by approximately \$3.26 million. The Port recognized approximately \$3.24 million from a \$4.05 million Coronavirus State Fiscal Recovery Fund sub-recipient grant established under the American Rescue Plan Act of 2021 that was awarded by the State of Florida Department of Transportation for previously incurred operating expenses to be used to respond to negative economic impacts and lay the foundation for a strong and equitable recovery from the COVID-19 or coronavirus pandemic.
- Operating grant expenses decreased by approximately \$0.11 million, these were primarily administrative fees for FDOT grant funding and application.
- The insignificant loss on disposition of assets of approximately \$0.01 million was primarily due to the majority of the disposals were obsolete computer equipment whose useful lives had ended. There was also a feasibility study of \$0.01 for the purchase and relocation of radiation portal monitors that did not materialize.
- Capital contributions decreased by approximately \$1.31 million, primarily because of the Berth 1 Bulkhead and the Reefer Container Yard Expansion projects winding down and closing out. The total capital contributions of \$2.42 million consisted of approximately \$2.36 million from the Florida Department of Transportation Seaport matching grants for various capital projects and \$0.06 million in private capital contributions, primarily for the Berth 1 Shore Power.

**Total Revenues and Expenses**



**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

**CAPITAL ASSETS**

**Capital assets:** The Port's capital assets as of September 30, 2021 amounted to approximately \$123.60 million, (net of accumulated depreciation). This investment in capital assets includes land, buildings, facility and infrastructure improvements and equipment, furniture and fixtures, and construction work in progress. Capital asset acquisitions are capitalized at cost and depreciated over estimated useful lives using the straight-line method.

The total decrease in the Port's investment in capital assets after accumulated depreciation for FY 2021 was \$1.90 million. This was attributable to \$2.73 million for the acquisition and construction of Capital Assets, of which the majority were additions for the construction of Berth 1 Shore Power, which was completed in FY 2021; Annex Property Site construction costs; and the remainder for other projects, improvements, land purchases, machinery and equipment and computers, which were offset by depreciation of \$4.62 million and loss on disposition of assets of \$0.01 million.

The Port has several current major capital projects in progress and are as follows:

Annex Property Site Improvement, which began in the 1st quarter of FY 2021 and is scheduled to be completed in the 4th quarter of FY 2022, at a cost of approximately \$1.5 million. The project is developing a 5.2 acre parcel that was deeded to the Port by the State of Florida, as surplus land. Site improvements include landscaping, irrigation, drainage, paving, utility, lighting and fencing, which were required, so the property can be re-zoned and leased out as an upland cargo yard. The \$1.5 million project is being funded by the Florida Department of Transportation Seaport 50/50 matching grant.

The On Port Rail Facility Expansion project began construction in FY 2017, to start replacing the Port's aging rail system. Phase 1 of the project was completed in the 4th quarter of FY 2019, which replaced approximately 1,700 feet of aging and obsolete rail tracks (spur #1&#2), switches, turnouts, crossing arms, paving and utility infrastructure west of U.S. Highway 1. The project is being funded by the Florida Department of Transportation Seaport 50/50 matching grants of \$12.2 million. In addition, the Port was awarded a Federal Maritime Administration Port Infrastructure Development Program (MARAD) for \$26.5 million with a 50/50 required match. Both grants will allow for the redevelopment of the Port's intermodal rail yard and other significant infrastructure improvements on the west side of the Port. Design and permitting began in the 2<sup>nd</sup> quarter of FY 2021 and the project phases will be completed over the next several fiscal years.

Construction-in-progress projects total approximately \$1.36 million as of September 30, 2021 and includes the following projects:

- Annex Property Development
- Cruise Passenger Loading Bridge
- Real Estate purchase
- Other small projects

The Port's capital program is funded primarily through the Florida Department of Transportation Seaport matching grant programs and also the U.S. Department of Transportation MARAD matching grants programs, Port facility fees and charges for services, public and private contributions, non-operating revenues, and revenue bond issues. Additional information on the Port's capital assets can be found in Note 3, in the accompanying notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

**Port of Palm Beach District's Capital Assets**  
(net of accumulated depreciation)

	<u>2021</u>	<u>2020</u>
Land	\$ 28,119,220	\$ 28,119,220
Buildings and improvements	26,769,112	28,083,137
Slips and improvements	45,519,406	46,971,550
Other improvements	11,740,518	11,555,133
Wharf and loading ramps	9,060,765	9,347,636
Machinery and equipment	728,423	775,022
Computer equipment	200,798	222,393
Autos and trucks	52,757	37,126
Furniture and fixtures	49,610	77,872
Construction in progress	1,361,810	311,148
Total capital assets, net	\$ 123,602,419	\$ 125,500,237

**DEBT ADMINISTRATION**

**Long-term debt:** The Port had outstanding revenue bonds of approximately \$9.43 million as of September 30, 2021. Of this amount, approximately \$2.34 million is current and will mature by September 1, 2022. The Port's outstanding revenue bonds are secured by a first lien upon and a pledge of the operating revenues. Additional information on the Port's long-term debt can be found in Note 4, in the accompanying notes to the financial statements.

The Port of Palm Beach District is required by the terms of the Series 2002, and 2013 Revenue Refunding Bonds to generate sufficient Net Revenues to maintain a minimum ratio of 110% to the debt service requirement for that year. In FY 2021 and 2020, the Port met this requirement.

The Port's outstanding revenue bonds maintain a rating of "Baa2" with a stable outlook by Moody's Investors Service.

**Port of Palm Beach District's Outstanding Debt**  
**Revenue Bonds**

	<u>2021</u>	<u>2020</u>
Revenue bonds payable	\$ 9,452,525	\$ 13,213,445
Less deferred amounts:		
For issuance discounts	(26,439)	(31,816)
Total revenue bonds payable	\$ 9,426,086	\$ 13,181,629

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The FY 2022 Budget is based upon the following assumptions:

- Net operating revenues are budgeted to increase by approximately 2.8% for FY 2022 as a result of the increases in tariff rates, dockage volume and contractual increases. Cruise passenger counts are expected to be flat due to the lingering effects of COVID-19 or coronavirus pandemic. Operating expenses are budgeted to decrease approximately 2.4% primarily due to reduced legal fees, as the Berth 17 litigation settlement was completed, and reductions in significant repairs and maintenance costs are both offsetting salary, payroll taxes and benefit increases.
- Income before capital contributions is budgeted at approximately \$1.65 million. This represents a budgeted increase of approximately \$1.06 over FY 2021.
- The Port's operating revenues maybe negatively affected, which may cause the FY 2022 final actual results, when compared to the budget, to be adversely different, because of the COVID-19 or coronavirus pandemic that may continue to impact cruise and parking revenue, as the cruise line cancelled all sailings in mid-March 2020, and only resumed in late July 2021 with limited sailing and passenger counts, which have continued into FY 2022. This may have an impact on the cruise and tourism business activity for the remainder of the fiscal year. In addition, reductions in cargo volumes from the cruise and tourism industry, which effects all of the Caribbean economy the Port serves, may also be impacted. The future developments in the cruise and tourism industry and the coronavirus pandemic are highly uncertain and the related financial impact cannot be reasonably estimated at this time. However, the CDC did drop its cruise health travel notice on March 30, 2022, and the cruise line operator has rebranded its ship under the name "Margaritaville at Sea" which includes possible new destinations and additional cruise ships, in an effort to increase passenger counts, all of which may lessen the financial impacts.
- Thanks to the Port's cash reserves, diverse revenue stream and its long-standing practice of including minimum tonnage and inflation increases, and financial guarantees in many of its agreements with tenants and customers, combined with the cost reductions previously above, the Port continues to meet all financial obligations including maintaining its debt service coverage ratio. Looking forward the Port has acknowledged continuing disruptions to the cruise business as well as lesser impacts to other lines of business for the coming fiscal year and has taken the appropriate cost cutting measures to ensure the continued financial success of the Port in fiscal year 2022 and beyond. These include deferred hiring, reviews of non-essential maintenance and repair expenditures and capital purchases, to defer where possible, reducing business development and security costs until the cruise line resumes sailing; The Port continues to closely monitor and evaluate revenues and expenditures to enable it to proactively manage and guide the Port through these challenging times.

**PORT OF PALM BEACH DISTRICT**  
**Management's Discussion and Analysis - Continued**

**Requests for Information**

This financial report is designed to provide a general overview of the Port of Palm Beach District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Port of Palm Beach District  
Michael Williams, Director of Finance  
1 East 11<sup>th</sup> Street, Suite 600  
Riviera Beach, FL 33404

**PORT OF PALM BEACH DISTRICT**  
**Statement of Net Position**  
**September 30, 2021**

	<b>2021</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash, cash equivalents and equity in pooled cash	\$ 22,516,982
Account receivable, net	868,195
Grant receivable	3,822,454
Prepaid items	376,252
Restricted assets	
Cash and cash equivalents	8,452,266
Account receivable	44,774
<b>Total Current assets</b>	<b>36,080,923</b>
<b>Noncurrent assets</b>	
Capital assets:	
Non-depreciable	28,119,220
Depreciable, net of accumulated depreciation	95,483,199
<b>Total noncurrent assets</b>	<b>123,602,419</b>
<b>Total assets</b>	<b>159,683,342</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	1,118,305
Deferred loss on bond refunding	136,725
<b>Total deferred outflows of resources</b>	<b>\$ 1,255,030</b>

(Continued)

**PORT OF PALM BEACH DISTRICT**  
**Statement of Net Position**  
**September 30, 2021**  
(Continued)

	<b>2021</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 761,052
Contract payable	358,172
Unearned revenues	307,466
Compensated absences payable	279,300
Payable from restricted assets :	
Customer deposits	525,000
Accounts payable and accrued expenses	60,390
Accrued interest payable	75,422
Current portion of capital appreciation revenue bond interest payable	933,764
Current portion of long-term debt	2,335,932
<b>Total current liabilities</b>	<b>5,636,498</b>
<b>Noncurrent liabilities</b>	
Compensated absences payable- long-term	279,294
Other post –employments benefits	156,771
Net pension liability	1,902,652
Capital appreciation revenue bond interest payable	7,928,717
Revenue bond payable (less unamortized bond discount and current portion)	7,090,154
<b>Total noncurrent liabilities</b>	<b>17,357,588</b>
<b>Total liabilities</b>	<b>22,994,086</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
<b>Pension related items</b>	<b>2,509,818</b>
<b>NET POSITION</b>	
Net investment in capital assets	113,954,887
Restricted for renewal and replacement	2,435,608
Restricted for business development	768,479
Unrestricted	18,275,494
<b>Total net position</b>	<b>\$ 135,434,468</b>

See notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Fiscal Year Ended September 30, 2021**

	<b>2021</b>
<b>Operating revenues</b>	
Port facilities	\$ 16,201,528
Less: Direct marketing support	(109,035)
<b>Net operating revenues</b>	<b>16,092,493</b>
<b>Operating expenses</b>	
General expenses	1,704,244
Engineering and maintenance	2,404,063
Security	1,526,991
Administration	2,343,921
Business development	764,368
Operations	343,197
<b>Operating expenses before depreciation and amortization</b>	<b>9,087,784</b>
<b>Operating income before depreciation and amortization</b>	<b>7,004,709</b>
<b>Depreciation and amortization expense</b>	<b>4,671,824</b>
<b>Operating income</b>	<b>2,332,885</b>
<b>Non-operating revenues (expenses)</b>	
Investment earnings	8,541
Grant revenue	3,352,633
Grant expense	(28,359)
Insurance recoveries	29,684
Gain (loss) on disposition of assets	(12,104)
Interest expense	(1,146,812)
Miscellaneous expenses	(8,000)
<b>Total non-operating revenue (expenses)</b>	<b>2,195,583</b>
<b>Income before contributions</b>	<b>4,528,468</b>
<b>Capital contributions</b>	<b>2,415,349</b>
<b>Change in net position</b>	<b>6,943,817</b>
<b>Net position - beginning</b>	<b>128,490,651</b>
<b>Net position - ending</b>	<b>\$ 135,434,468</b>

See notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Statement of Cash Flows**  
**For the year Ended September 30, 2021**

	<b>2021</b>
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 12,754,632
Payments to employees	(4,905,054)
Payments to suppliers of goods and services	(1,819,840)
<b>Net cash provided by operating activities</b>	<b>6,029,738</b>
<b>Cash flows from non-capital financing activities</b>	
Grant revenues received	105,000
Payments for grant	(28,359)
<b>Net cash provided by non-capital financing activities</b>	<b>76,641</b>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(4,008,163)
Principal paid on debt	(3,760,921)
Interest paid on debt	(235,082)
Insurance recoveries	29,684
Capital grants received	1,948,011
<b>Net cash used in capital and related financing activities</b>	<b>(6,026,471)</b>
<b>Cash flows from investing activities</b>	
Interest earnings	8,541
<b>Net cash provided by investing activities</b>	<b>8,541</b>
<b>Net increase in cash and cash equivalents</b>	<b>88,449</b>
<b>Cash and cash equivalents – beginning</b>	<b>30,880,799</b>
<b>Cash and cash equivalents – ending</b>	<b>\$ 30,969,248</b>

(Continued)

See notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Statement of Cash Flows**  
**For the year Ended September 30, 2021**  
(Continued)

	<b>2021</b>
<b>Cash and cash equivalents classified as:</b>	
Unrestricted assets	\$ 22,516,982
Restricted assets	8,452,266
<b>Total cash and cash equivalents</b>	<b><u>\$ 30,969,248</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 2,332,885
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	4,671,824
Change in net pension liability and related deferred amounts	(157,099)
Decrease (increase) in accounts receivable	(3,637,861)
Increase ( decrease) in prepaid	(33,696)
Increase (decrease) in accounts payable and accrued expenses	2,580,149
Increase (decrease) in unearned revenue	(22,650)
Increase (decrease) in customer deposits	300,000
Increase (decrease) in compensated absences	(3,814)
Total adjustments	<u>3,696,853</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ 6,029,738</u></b>

See notes to the financial statements.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity and General Overview**

The Port of Palm Beach District (the “Port”) is an independent special taxing district established in 1915 under the provisions of Chapter 7081 of the Laws of Florida, as amended; and, as such, is a political sub-division of the State of Florida. The Port’s district is located in Palm Beach County, Florida and covers a land area of 971 square miles, or approximately half of the Palm Beach County land area. The Port derives the major portion of its operating revenues from wharfage, dockage, passenger charges, and rental income; it is a major modal point for the shipment of bulk sugar, molasses, containerized cargo, and break-bulk items.

The Port is a “public enterprise fund” operated through a Board of five Port Commissioners, each elected by districtwide vote, and is administrated by an Executive Director.

As required by generally accepted accounting principles, these financial statements include the Port (the primary government) and its component units. Component units are legally separate entities for which the Port is financially accountable. The Port is financially accountable if:

- a) it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Port, or
- b) the organization is fiscally dependent on the Port and (1) there is a potential for the organization to provide specific financial benefits to the Port or (2) impose specific financial burdens on the Port.

Organizations for which the Port is not financially accountable are also included when doing so is necessary in order to prevent the Port’s financial statements from being misleading.

Based upon application of the above criteria, the Port of Palm Beach District has determined that there are no legally separate entities to consider as potential component units.

**Basis of Presentation**

**Proprietary Fund Type**

All activities of the Port are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation**

**Proprietary Fund Type**

A proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The Port's principal operating revenues are wharfage, dockage, and rental income. Program-specific grants (operating and capital) include revenues arising from voluntary non-exchange transactions that are restricted for use in a particular program, namely grants to repair and/or purchase, construct or renovate capital assets in association with a specific program and are recognized when earned. Grant receivable is recorded when the Port has a right to reimbursement under the related grant. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Measurement Focus**

The accounting and financial reporting treatment applied by the Port is determined by "measurement focus". Measurement focus is a term used to describe which transactions are recorded within the financial statements. The transactions of the Port are accounted for on a flow of economic resources measurement focus. With this measurement focus, financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured.

**Basis of Accounting**

Basis of accounting refers to the timing when transactions are recognized in the accounts and reported in the financial statements. The transactions of the Port are accounted for using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Non-capital grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

In the statement of cash flows for proprietary funds, cash is defined as currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty. Cash equivalents are short-term (i.e., original maturity is three months or less), highly liquid investments that are readily convertible to known amounts of cash and are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rate.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deposits and Investments** (Continued)

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Port categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

**Restricted Assets**

In accordance with the 2002, 2013, and 2016 Revenue Bond covenants and resolutions of the Board of Commissioners, certain resources (consisting of cash and investments) are to be used only for specified purposes. When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed. Certain equity balances are to be restricted as follows:

*Renewal and replacement* -net position reserved for renewal and replacement represent the excess of restricted assets required for renewal or replacement of capital assets over the related liabilities payable from restricted assets.

*Business development* -net position reserved to pay the expenses of promoting trade and commerce represent the excess of restricted assets required to pay the expenses of promoting trade and commerce over the related liabilities payable from restricted assets.

*Bond sinking funds* - net position reserved for revenue bond debt service represent the excess of restricted assets required for debt service under bond covenants over the related liabilities payable from restricted assets.

**Accounts Receivable**

The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable at September 30, 2021 are shown net of allowances for doubtful accounts. The Port maintains an allowance for uncollectible accounts at a level which management believes is sufficient to cover potential credit losses.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Prepaid Items**

Payments made to vendors for services that will benefit future periods are reported as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting an expense in the year in which the services are consumed.

**Property and Equipment**

Property and equipment are carried at cost, if purchased and at estimated fair value for assets contributed, less accumulated depreciation. The Port defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years.

Costs for maintenance, repairs, minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. When property is disposed, the cost and related accumulated depreciation are eliminated from the accounts and any gain or loss on the disposition is reflected in the Statement of Revenue, Expenses and Changes in Net Position. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is computed on a straight-line basis and the useful lives range from five to fifty years on the buildings and improvements and from three to twenty years on machinery, equipment and furniture. Land and related land rights are not depreciated.

**Deferred Outflow of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflows of Resources. Deferred Outflows of Resources represent the usage of net position applicable to future periods and will not be recognized as an expense until the future period to which it applies. The Port only has two items that qualify for reporting in this category. The deferred amount on bond refunding and pension related items.

The deferred loss on current and advance refunding of bonds is being amortized, using the straight-line method, and reported as a component of interest expense through the year 2024. The amortization period of deferred losses on refunding of debt is the remaining life of the old debt or the life of the new debt, whichever is shorter.

**Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represent the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Port has only pension related items that qualify for reporting as Deferred Inflows of Resources.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Unearned Revenue**

Resources that do not meet revenue recognition requirements are recorded as unearned revenue. Unearned revenue consists primarily of unearned lease revenue.

**Compensated Absences**

The Port accrues a liability for compensated absences, as well as certain other salary costs associated with the payment of compensated absences. Paid Time Off (PTO) leave is an inclusive time off program for regular, full time employees intended for use in connection with holidays, vacations, sickness, personal business, family care, bereavement and other needs that may require time off from work. PTO is accrued as a liability as the benefits are earned by the employees.

**Unamortized Bond Discount**

Unamortized Bond Discount is amortized to non-operations through interest expense using the straight-line method over the life of the bonds. The unamortized bond discount is reported as a component of the debt liability and deducted from long-term bonds payable.

**Net Position**

Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is reported in the following three components:

*Net investment in capital assets* -This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* -Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Revenues**

Wharfage, rentals, dockage, parking, switching, passenger charges, and other revenues for the use of, and privileges at the Port’s facilities are reported as operating revenues. Receipts from operating grants, investment earnings, gains resulting from disposition of assets, and any revenue item not earned in the ordinary course of business are reported as non-operating revenues.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

**Budgetary Accounting**

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

Monthly financial statements, which compare actual performance with budget, are presented to the Commissioners for review and approval of the financial status and to measure the effectiveness of the budgetary controls.

The Commissioners are not required to present a budget comparison in its financial statements.

The budget and any amendments which require a change in total appropriations of any department are approved by the Port's Board. The Executive Director is authorized to transfer budgeted amounts within the departments.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**General Obligation Bonds and Taxes**

The Port shall have the power and is authorized to issue general obligation bonds to finance the cost or part of the cost of the construction, acquisition, reconstruction, extension, repair or improvement of any works, projects, properties, improvements, or other purposes, except for the payment of current expenses, which the Port has statutory authority to construct, acquire or undertake. The Port is also authorized and empowered to levy upon all the real and personal taxable property of said Port's district a special tax sufficient in amount to pay the interest becoming due and payable annually upon any bonds issued, or money borrowed or to be borrowed by the said Port, for which the full faith and credit of the Port is pledged (general obligation bonds), and in addition, a special tax not exceeding two (2) mills on the dollar of the assessed valuation of taxable property in the Port's district or two hundred thousand (\$200,000.00) dollars, whichever is smaller, in each year to pay the costs of operation, maintenance and other purposes of the Port under statutory authority. The Port does not have any general obligation bonds outstanding and has not levied property taxes since the fiscal year ended 1975 and does not expect to do so in the foreseeable future.

**Determination of Operating versus Non-Operating Revenues and Expenses**

The Port derives the largest portion of its operating revenues from vessel traffic and cargo moving through the port and across its docks. Additionally, the Port is considered a landlord port in that it leases its properties to various cargo operations in return for rental payments and financial guarantees from those operators.

The expense associated with operating revenue generation is recorded in eight major categories: general expenses, engineering and maintenance, security, administration, business development, operations, depreciation, and amortization.

The Port receives certain other revenue such as interest income and grant revenue that it categorizes as non-operating revenues. These types of revenue are not a direct result of vessel traffic or cargo movement. Additionally, non-operating expenses include, among others, the interest portion of debt service payments, amortization of deferred loss on refunding and amortization of bond discounts.

**Recently Issued Accounting Pronouncements**

A brief description of new accounting pronouncements that might have a significant impact on the Port's financial statements is presented below. Management is currently evaluating the impact of the adoption of these statements on the Port's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Recently Issued Accounting Pronouncements** (Continued)

In May 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Major Equity Interests*. This Statement will improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the fiscal year ending September 30, 2021.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligation*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement addresses the accounting and financial reporting effects that result from the replacement of interbank offered rates with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement is effective for the fiscal year ending September 30, 2022.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Recently Issued Accounting Pronouncements** (Continued)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by addressing issues related to public-private and public-public arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This Statement is effective for the fiscal year ending September 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. This Statement is effective for the fiscal year ending September 30, 2022.

**Subsequent Events**

Managements has evaluated subsequent events through June 8, 2022, the date the financial statements were available, and does not believe there are any additional events or transactions to be disclosed in these financial statements.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Deposits**

As of September 30, 2021, the Port's book balance for deposits in Qualified Public Depositories was \$26,302,636 and the related bank balance totaled \$26,581,455.

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

**Deposits** (Continued)

*Custodial credit risk* – For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Port 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 Port requires all deposits to be in Qualified Public Depositories to control custodial credit risk. As of September 30, 2021, the Port's deposits are considered insured for custodial credit risk purposes.

**Investments**

The Port has adopted an investment policy in accordance Florida Statutes 218.415 (17). The policy authorizes investments in direct obligations of the U.S. Treasury, interest-bearing time deposits or savings accounts in qualified public depositories, the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Florida Statutes 163.01 and Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency.

The Port is authorized to invest Revenue, Renewal and Replacement and Port Development account deposits with institutions participating in the State's security program under Chapter 280 of the Florida Statutes, and obligations of, or guaranteed by, the United States Government. The Port is authorized to invest the bond proceeds and the sinking fund account deposits in the following: (1) U.S. obligations; (2) obligations fully and unconditionally secured by the full faith and credit of the United States of America; (3) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the non-full faith and credit of U.S. governmental agencies; (4) mortgaged-backed securities and senior debt obligations; (5) certificates of deposit secured by collateral in (1) or (2) above; (6) certificates of deposit, savings accounts, deposit account or money market deposits fully insured by FDIC; (7) commercial paper rated in the single highest classification; (8) money market funds registered under the Federal Investment Company Act; (9) pre-refunded municipal bonds rated in the single highest classification; (10) investment agreements; (11) bonds or notes issued by any state or municipality rated in the two highest long term categories; (12) units of participation in the Local Government Surplus Funds Trust Fund; (13) federal funds or banker's acceptances; (14) repurchase agreements; (15) other forms of investments approved in writing by the Credit Facility Issuer.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Level 2: Inputs are other than quoted prices included within Level 1 that are for the assets or liability, either directly or indirectly. These inputs are divided from corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

Money market funds are exempt from reporting under the fair value hierarchy, and the fair value is measured at amortized cost.

As of September 30, 2021, the Port held the following investments in money market funds, which are reported as cash and cash equivalents in the statement of net position:

Investment Measured at Amortized Cost	Moody's Standard & Poor's Credit Rating	Fair Value Level	Weighted average Maturity
Wells Fargo Institutional Government Money Market Fund	Aaa-mf AAAm	\$ 2,387,945	Less than 60 days
Morgan Stanley Institutional Liquidity Funds Portfolio	Aaa-mf AAAm	<u>2,277,117</u> <u>\$ 4,665,062</u>	Less than 60 days

The Wells Fargo Government Money Market Fund (Institutional Class Shares) is a money market fund registered with the Securities and Exchange Commission. The Fund seeks current income, while preserving capital and liquidity. The Fund invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The shares are measured at amortized cost.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

The Morgan Stanley Institutional Liquidity Fund Treasury Portfolio (Institutional Share Class) is a money market fund registered with the Securities and Exchange Commission. The Portfolio seeks preservation of capital, daily liquidity, and maximum current income. The Portfolio invests in liquid, high-quality debt securities issued by the U.S. Treasury. The management team follows an investment process that seeks to select maturities based on the shape of the money market yield curve and on expectations as to future shifts in the level and shape of the curve, taking into consideration such factors as current short-term interest rates, Federal Reserve policy regarding interest rates, and U.S. economic activity. An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The shares are measured at amortized cost.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

*Credit risk* – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Port’s investment policies limit its investments to high quality investments to control credit risk.

*Concentrations of credit risk* – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. The Port places no limit on the amount they may invest in any one issuer.

*Custodial credit risk* – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At September 30, 2021, the Port’s investments consisted of open-end money market mutual funds which are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

A reconciliation of deposits and investments as of September 30, 2021, is as follows:

By category	
Deposits	\$ 26,302,636
Petty cash	1,550
Investments	4,665,062
Total deposits and investments	<u>\$ 30,969,248</u>
Presented in the statement of net position	
Cash and cash equivalents	\$ 22,517,066
Restricted cash and cash equivalents	8,452,182
Total statement of net position	<u>\$ 30,969,248</u>

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 3 – PROPERTY AND EQUIPMENT**

A summary of changes in capital assets for the year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 28,119,220	\$ -	\$ -	\$ 28,119,220
Construction in progress	311,148	2,730,674	(1,680,012)	1,361,810
Total capital assets, not being depreciated	28,430,368	2,730,674	(1,680,012)	29,481,030
Capital assets, being depreciated				
Buildings and improvements	54,503,525	151,881	-	54,655,406
Slips and improvements	62,748,067	-	-	62,748,067
Other improvements	39,300,781	1,293,120	-	40,593,901
Wharf and loading ramps	13,878,765	-	-	13,878,765
Machinery and equipment	2,992,409	109,657	(296,809)	2,805,257
Computer and equipment	1,223,606	81,256	(532,106)	772,756
Autos and trucks	463,844	44,099	(22,287)	485,656
Furniture and fixtures	383,881	-	(127,157)	256,724
Total capital assets, being depreciated	175,494,878	1,680,013	(978,359)	176,196,532
Less: accumulated depreciation	(78,425,009)	(4,616,388)	966,254	(82,075,143)
Total capital assets, being depreciated, net	97,069,869	(2,936,375)	(12,105)	94,121,389
Total capital assets, net	\$ 125,500,237	\$ (205,701)	\$ (1,692,117)	\$ 123,602,419

**NOTE 4 – LONG-TERM LIABILITIES**

**Revenue Bonds**

The Port is authorized to issue Revenue Bonds for the purpose of constructing and financing modern Port facilities. As of September 30, 2021, the following Revenue Bonds were outstanding:

- \$9,576,835 Revenue Refunding Bonds, Series 2002
- \$14,301,991 Revenue Refunding Bonds, Series 2013

These bonds are payable from and secured by a first lien upon and a pledge of the gross revenues derived from the operation of the Port facilities on parity with the parity bonds and any pari passu additional bonds hereafter issued. Principal and interest paid for the year ended September 30, 2021 totaled \$3,996,003 and pledged gross revenues were \$16,092,493. As of September 30, 2021, principal and interest to maturity in September 2026 to be paid from pledged future revenues totaled \$21,219,856.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 4 – LONG-TERM LIABILITIES** (Continued)

**Revenue Bonds** (Continued)

The pledge of the gross revenues derived from the operation of the Port facilities will not constitute a lien upon the Port facilities, or any part thereof, or any other property of the Port. The revenue bonds will not constitute an indebtedness of the Port, payable by general or special taxation, and the holders of the bonds shall not have the right to require or compel the exercise of the ad valorem taxing power of the Port, or the taxation of real estate of the Port for the payment of the principal of or interest on the bonds. Payment of the principal and interest on the bonds will be insured by a municipal or financial guaranty insurance policy issued by an insurer simultaneously with the issuance of the bonds.

The Revenue Bond indentures require that monthly deposits be made to restricted accounts for the payment of bond principal and interest, and that certain reserve accounts be maintained. The Bond indentures also require the Port to fix, establish, maintain and collect rates, fees, rents or other charges for the services and facilities of the Port which will be sufficient at all times to (a) pay the cost of maintaining, repairing and operating the Port property; (b) provide reserves for replacement of property and equipment; (c) provide for Business Development; and (d) pay debt service, sinking fund and reserve requirements, and additionally requires that rates be maintained and revised so that Net Revenues are at least 125% of the maximum annual debt service requirements for all the Port's Revenue Bonds. Notwithstanding the foregoing, Net Revenues, less all Supplemental Revenues, shall always be adequate to pay, in each year, at least 110% of the maximum annual debt service requirements for all the Port's Revenue Bonds. The Port's bond counsel is of the opinion that the 125% test would not apply if the Port had no Supplemental Revenues. Net revenues are gross revenues, after deduction only of operating expenses plus supplemental revenues. Supplemental Revenues are all revenues received by the Port pursuant to Section 320.20(3) Florida Statutes, as amended and supplemented and any other moneys received or accrued to the Port including but not limited to recurring grants (either federal or state) or State sharing revenues. For the fiscal year ended September 30, 2021, the Port had no supplemental revenues. As of September 30, 2021, the Port was in compliance with the bond covenants.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 4 – LONG-TERM LIABILITIES** (Continued)

**Revenue Refunding and Improvement Bonds, Series 2002**

On December 18, 2002, the Port issued \$9,576,835 of Revenue Refunding and Improvement Bonds, Series 2002. The issue includes \$4,535,000 of current interest bonds, with interest rates of 3.00% to 4.00%, and \$5,041,835 of capital appreciation bonds, with approximate yield to maturity of 5.40% to 5.51%. Interest on the current interest bonds is paid semiannually on March 1 and September 1. Interest on the capital appreciation bonds bear interest only at maturity, which maturity amount includes both the original principal amount and interest compounded semi-annually on each March 1 and September 1, commencing March 1, 2003 maturing September 1, 2022 through September 1, 2026. Principal payments on the current interest are due each September 1 through 2012 and the capital appreciation bonds each September 1 beginning 2022 through 2026. The proceeds were used to refund the outstanding Port Revenue Refunding Bonds, Series 1992 on a current refunding basis, pay and defease a portion of the Revenue Improvement Bonds, Series 1996A on an advance refunding basis, to finance all or a portion of the costs of additions, extensions, improvements to the Port Facilities of the Port designated as the 2002 project, and to pay the costs of issuing the 2002 Bonds, including the cost of obtaining a bond insurance policy. The 2002 bonds are not subject to redemption prior to their stated maturity dates. The remaining current interest bonds and all the capital appreciation bonds are tax exempt. The tax-exempt bonds are not subject to alternative minimum tax.

Debt service requirements to maturity are as follows at September 30, 2021:

<b>Year ending September 30,</b>	<b>Principal</b>		<b>Interest</b>		<b>Total Debt Service</b>
2022	\$	911,724	\$	1,693,276	\$ 2,605,000
2023		855,742		1,749,258	2,605,000
2024		805,831		1,799,169	2,605,000
2025		1,269,156		3,080,844	4,350,000
2026		1,199,382		3,150,618	4,350,000
<b>Total</b>	<b>\$</b>	<b>5,041,835</b>	<b>\$</b>	<b>11,473,165</b>	<b>\$ 16,515,000</b>

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 4 – LONG-TERM LIABILITIES** (Continued)

**Revenue Refunding Bonds, Series 2013**

On September 20, 2013, the Port issued \$14,301,991 of Revenue Refunding Bonds, Series 2013, with an interest rate of 3.30%. The bonds were used to refinance all the outstanding Revenue Improvement Bonds, Series 1999A; and pay the costs of issuing the 2013 Bonds, including the cost of obtaining a bond insurance policy. The remaining principal balance of \$14,115,000 of the 1999A Bonds were placed in escrow and were retired on October 21, 2013. The tax-exempt bonds are subject to alternative minimum tax. Principal and interest are payable semiannually on March 1 and September 1, with interest payments beginning March 1, 2013 and principal payments beginning on September 1, 2013. The bonds mature on September 1, 2024. The 2013 bonds are subject to optional redemption, in whole, but not in part, on any payment date prior to the maturity date at a redemption price equal to 101% of the principal amount of the bond to be optionally redeemed, plus accrued interest to the optional redemption date.

Debt service requirements to maturity are as follows at September 30, 2021:

<b>Year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,424,208	\$ 145,553	\$ 1,569,761
2023	1,469,531	98,554	1,568,085
2024	1,516,951	50,059	1,567,010
<b>Total</b>	<b>\$ 4,410,690</b>	<b>\$ 294,166</b>	<b>\$ 4,704,856</b>

**Revenue Refunding Bonds, Series 2016**

On July 7, 2016 the Port issued \$9,077,666 of Revenue Refunding Bonds, Series 2016. The Bonds bear interest at the rate of 1.85%. The Bonds were issued to pay and defease all of the outstanding Revenue Refunding Bonds, Series 2005; and pay the costs of issuing the Bonds. The tax-exempt bonds are subject to alternative minimum tax. Interest on the Bonds is due semiannually on March 1 and September 1, beginning in 2017. Principal payments are due each September 1, beginning in 2017. The Bonds matured on September 1, 2021; there is no outstanding balance as of September 30, 2021.

**Bond Insurers**

The Revenue Refunding and Improvement Bonds, Series 2002 issued by the Port in prior years are insured by Syncora Guarantee, Inc., (formerly XL Capital Assurance). Fitch Ratings, Moody's Investors Service, and Standard & Poor's Rating Service have all withdrawn ratings on Syncora Guarantee, Inc.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 4 – LONG-TERM LIABILITIES** (Continued)

**Events of Default**

In the event of a default in the payment of the principal of or interest on the Revenue Bonds, the bondholders shall be entitled to the appointment of a receiver of the port facilities by any court of competent jurisdiction. The receiver is authorized and empowered to take over, operate and manage and control such port facilities and to collect the revenues derived from the use of such port facilities to the same extent and in all the same manner as the District is authorized to do. The receiver shall operate and manage and control such port facilities only under the supervision and direction of the appropriate circuit court of the State of Florida, and such operation, management and control shall be in the name of the district and such port facilities shall be deemed to be in the district's control and management through such court and its duly appointed receiver for the joint protection of the district and the bondholders.

**Interest Expense**

Total interest costs incurred during the year ended September 30, 2021, was \$1,146,812. Total interest paid during the year was \$235,082.

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowing & Placement:					
Series 2013 Revenue Bonds	\$ 5,786,762	\$ -	\$ (1,376,072)	\$ 4,410,690	\$ 1,424,208
Series 2016 Revenue Bonds	2,384,849	-	(2,384,849)	-	-
Total Direct Borrowings & placement	8,171,611	-	(3,760,921)	4,410,690	1,424,208
Other Bonds:					
Series 2002 Revenue Bonds	5,041,835	-	-	5,041,835	911,724
Issuance discount	(31,817)	-	5,378	(26,439)	-
Total Other Bonds	5,010,018	-	5,378	5,015,396	911,724
Total Bonds Payables	13,181,629	-	(3,755,543)	9,426,086	2,335,932
Compensates absences	\$562,408	277,390	(281,204)	558,594	279,300
Net pension liability	4,962,859	-	(3,060,207)	1,902,652	-
Net OPEB Liability	149,534	7,237	-	156,771	-
Capital appreciation interest payable	8,131,637	730,844	-	8,862,481	933,764
Total long-term liabilities	\$ 26,988,067	\$ 1,015,471	\$ (7,096,954)	\$ 20,906,584	\$3,548,996

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 5 – COMMITMENTS**

**Contractual Commitments**

As of September 30, 2021, the Port had remaining contractual commitments for the following projects:

Project	Contract Balance
Master Plan	\$ 777,717
FDOT Annex Property Improvements	298,582
Merchants Drainage	23,266
Total	\$ 1,099,565

**Collective Bargaining Agreement**

The Port’s workforce is made up of approximately 49 staff and 5 Commissioners. The majority of the Port’s non-management maintenance, railroad and security employees are union employees, which represents approximately 35% of the total. The Port renewed its collective bargaining agreement with the National Association of Government Employees, effective as of October 1, 2019, for a three-year period ending September 30, 2022. The agreement is automatically renewed for an additional year unless either party gives notice of termination. The agreement defines both employee and management rights, including holidays, leaves of absence, work assignments, schedule, performance evaluation, wages, overtime, pension and health insurance benefits. The union is prohibited by law from going on strike and has also agreed not to strike, but to settle any questions or disputes through collective bargaining, grievance and arbitration procedures, or the Public Employees Relations Commissions or other appropriate governmental agency and the courts in the event of alleged unfair labor practices or other improper conduct.

**Security Services Agreement**

On April 19, 2017, the Port entered into an agreement with a security company to provide professional security services for all areas of the Port twenty-four hours a day seven days a week. Such services include without limitation the control of access to the Port, coordinated with Port security, police and fire personnel for the benefit of the Port and such other security services and activities as are generally provided for similar areas and as may be agreed between the parties and contained in a procedural manual written by the security company and approved by the Port. The term of this contract is for three (3) years and is renewable for up to three (3) additional one-year terms based on mutual agreements of both parties. However, the Port cancelled this contract and went out to bid and awarded a new security company with an agreement on January 17, 2022, with similar terms, as previously mentioned. The security company bills the Port weekly at the contract hourly rates for services provided. For the fiscal year ended September 30, 2021, the Port incurred costs of \$415,018 pursuant to the agreements.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 6 – LEASING ACTIVITIES**

The Port has entered into operating leases with tenants for the use of space at various Port facilities including vacant land, buildings, terminals, offices and commercial space for periods up to approximately 30 years. Generally, the leases are long-term leases that provide for minimum annual rentals and/or wharfage guarantees. (See also Note 10). Most leases contain a provision for periodic rental increases based on the Consumer Price Index. Total revenues from long-term leases for the period ended September 30, 2021 was \$5,642,789. Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Minimum future rentals under non-cancelable operating leases having an initial term greater than one year as of September 30,

2022	\$ 4,607,270
2023	3,374,449
2024	3,029,492
2025	2,766,746
2026	2,734,060
Thereafter	<u>13,070,938</u>
<b>Total minimum future rentals</b>	<b><u>\$ 29,582,955</u></b>

**NOTE 7 – DEFERRED COMPENSATION PLAN**

Employees of the Port may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 -Deferred Compensation Plans with Respect to Service for State and Local Governments. The deferred compensation plan is available to all employees of the Port. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. A third party administers the deferred compensation plan.

In 1999, the Port Adopted GASB-32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Port modified its Deferred Compensation Plan to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the “Act”). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, these plan assets are no longer property of the Port and will no longer be subject to the claims of the Port’s general creditors. Because the Port has little administrative involvement and does not perform the investing function for funds in the Plan, the Port’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 8 – FLORIDA RETIREMENT SYSTEM**

**General Information**

All full-time employees participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site [www.dms.myflorida.com](http://www.dms.myflorida.com).

**Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***PENSION PLAN***

**Plan Description**

The FRS 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 are as follows:

- Regular Class
- Special Risk Class
- Elected Officials Class
- Senior Management Service Class

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided**

Benefits under the 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***PENSION PLAN*** (Continued)

**Benefits Provided** (Continued)

The following table shows the percentage value for each year of service credit earned:

Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.6%
Retirement up to 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 up to age 66 or with 34 years of service	
Retirement at age 67 or with 35 years of service	1.63%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2%
Service on or after October 1, 1974	3%
Elected Officials Class	3%
Senior Management Service Class	2%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***PENSION PLAN*** (Continued)

**Contributions**

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS 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 fiscal year ended September 30, 2021 were as follows:

<b><u>Class</u></b>	<b>Percent of Gross Salary October 1, 2020 to June 30, 2021</b>		<b>Percent of Gross Salary July 1, 2021 to September 30, 2021</b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
FRS, Regular	3.00	10.00	3.00	10.82
FRS, Senior Management	3.00	27.29	3.00	29.01
Special Risk Class	3.00	24.45	3.00	25.89
FRS, Elected Officers	3.00	49.18	3.00	51.42
DROP	3.00	16.98	3.00	18.34

The employer contribution rates include a 1.66% HIS Plan subsidy. Except for the DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2021, the Port made contributions of \$ 386,476 to the Pension Plan and the Port's employees made contributions of \$104,847 for total contributions of \$491,323.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2021, the Port reported a liability of \$675,838 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Port's proportionate share of the net pension liability was based on the Port's 2020-2021 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2021, the Port's proportionate share was 0.008946922 percent, which was an increase of 0.0000005368 percent from its proportionate share measured as of June 30, 2021.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***PENSION PLAN*** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the fiscal year ended September 30, 2021, the Port recognized pension expense of \$41,460 related to the Plan. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,840	\$ -
Change of assumptions	462,442	-
Net difference between projected and actual on FRS earnings pension plan investments	-	(2,357,830)
Changes in proportion and differences between Port FRS contributions and proportionate share of FRS contributions	206,317	(23,139)
Port FRS contributions subsequent to the measurement date	91,935	-
<b>Total</b>	<b>\$ 876,534</b>	<b>\$ (2,380,969)</b>

The deferred outflows of resources related to the Pension Plan, totaling \$91,935 resulting from Port contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ (281,161)
2023	(327,860)
2024	(434,288)
2025	(556,509)
2026	3,448
Thereafter	-
Total	<u>\$ (1,596,370)</u>

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

**Actuarial Assumptions**

The total pension liability as of June 30, 2021 was determined using the following actuarial assumptions:

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Actuarial cost method	Individual Entry Age
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.8%, net of pension plan investment expense, including inflation
Mortality	Generational PUB-2010 with Projection Scale MP2018.

The actuarial assumptions that determined the total pension liability as of June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.80% consists of two building block components: 1) a real return of 4.30%, consistent with the capital market outlook model developed during 2021 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice.

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***PENSION PLAN*** (Continued)

**Actuarial Assumptions** (Continued)

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions from Milliman's model combined with the FRS Actuarial Assumption Conference's 2.4% inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class</b>	<b>(1) Target Allocation</b>	<b>Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7.0%	5.7%	5.4%	8.4%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation-mean			2.4%	1.2%

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.80%. 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 calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Port’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following represents the Port’s proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Port’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	<b>1% Decrease (5.8%)</b>	<b>Current Discount Rate (6.8%)</b>	<b>1% Increase (7.8%)</b>
Port's proportionate share of net pension liability	\$ 3,022,393	\$ 675,838	\$ (1,285,619)

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

**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, 2021, the Port reported a payable in the amount of \$37,686 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

**RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

**Plan Description**

The HIS Plan is a 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, 2021, 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. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution rate was 1.66%. The Port contributed 100% of its statutorily required contributions for the current and preceding three years. 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.

The Port's contributions to the HIS Plan totaled \$ 53,317 for the fiscal year ended September 30, 2021.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***RETIREE HEALTH INSURANCE SUBSIDY PROGRAM*** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2021, the Port reported a liability of \$1,226,814 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Port's proportionate share of the net pension liability was based on the Port's 2020-2021 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. As of June 30, 2021, the Port's proportionate share was 0.00010001357 percent, which was a decrease of 0.00000791622 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2021, the Port recognized pension expense of \$94,568. In addition, the Port reported deferred outflows of resources and deferred in flows of resources and deferred in flows of resources related to pension from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 41,052	\$ (514)
Change of assumptions	96,400	(50,548)
Net difference between projected and actual earnings on pension plan assets	1,279	-
Changes in proportion and differences between Pensions plan contributions and proportionate share of contributions	88,934	(77,787)
Port Pension Plan contributions subsequent to the measurement date	14,106	-
<b>Total</b>	<b>\$ 241,771</b>	<b>\$ (128,849)</b>

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***RETIREE HEALTH INSURANCE SUBSIDY PROGRAM*** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The deferred outflows of resources related to the HIS Plan, totaling \$14,106 resulting from Port contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS.

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 27,217
2023	8,671
2024	17,890
2025	23,747
2026	17,760
Thereafter	3,531
Total	\$ 98,816

**Actuarial Assumptions**

The total pension liability as of June 30, 2021 was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.16%
Investment rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

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

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***RETIREE HEALTH INSURANCE SUBSIDY PROGRAM*** (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2021 was 2.16%, which decreased from the discount rate of 2.21% as of June 30, 2020. 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 HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Port’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following represents the Port’s proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the Port’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(1.16%)</b>	<b>Discount Rate</b>	<b>(3.16%)</b>
	<b>_____</b>	<b>(2.16%)</b>	<b>_____</b>
Port’s proportionate share of net pension liability	\$ 1,441,505	\$ 1,226,814	\$ 1,075,507

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

At September 30, 2021, the Port reported a payable in the amount of \$8,435 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***INVESTMENT PLAN***

**Plan Description**

The Florida Retirement System Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. The Florida Legislature enacted the Plan during the 2000 legislative session, and amendments to the Plan can only be made by an act of the Florida Legislature. The Plan is administered by the State Board of Administration of Florida. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Port 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 Legislature.

**Funding Policy**

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the defined benefit 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 percent of payroll and by forfeited benefits of plan members.

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the Port’s employees for the fiscal year ended September 30, 2021, are as follows:

<b><u>Class</u></b>	<b>Percent of Gross Salary October 1, 2020 to June 30, 2021</b>		<b>Percent of Gross Salary July 1, 2021 to September 30, 2021</b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
Regular	3.00	10.00	3.00	10.82
Senior Management	3.00	27.29	3.00	29.01
Special Risk Class	3.00	24.45	3.00	25.89
Elected Officers	3.00	49.18	3.00	51.42
DROP	3.00	16.98	3.00	18.34

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – FLORIDA RETIREMENT SYSTEM** (Continued)

***INVESTMENT PLAN*** (Continued)

**Funding Policy** (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, information on the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Port.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Port's Investment Plan pension expense totaled \$46,036 for the fiscal year ended September 30, 2021, and as of the fiscal year end, the Port reported a payable in the amount of \$5,395 for outstanding contributions to the Investment Plan.

***SUMMARY DATA***

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2021.

	<b>Pension Plan</b>	<b>HIS Plan</b>	<b>Total</b>
Proportionate share of total pension liability	\$ 18,755,971	\$ 1,272,085	\$ 20,028,055
Proportionate share of plan fiduciary net pension	18,080,135	45,268	18,125,403
Proportionate share of net pension liability	675,836	1,226,816	1,902,652
Proportionate share of deferred outflows of resources	876,534	241,771	1,118,305
Proportionate share of deferred inflows of resources	2,380,969	128,849	2,509,818
Pension expense	41,460	94,568	136,028

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Port provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

**Contributions**

The Port does not directly make contributions to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Port for active employees by its healthcare provider. However, the Port's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Port or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

**Plan Membership**

The following table provides a summary of the participants in the plan as of September 30, 2021:

Active plan members	50
Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	<u>-</u>
Total members	<u><u>58</u></u>

The inactive plan members receiving benefits include two receiving health insurance, four receiving vision insurance, and seven receiving dental insurance.

**Discount Rate**

The Port does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of September 30, 2021, the municipal bond rate was 2.26% based on the daily rate of Fidelity's 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date. The discount rate as of the beginning of the measurement year was 2.25%.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

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

As of September 30, 2021, the Port reported a total OPEB liability of \$156,771. For the fiscal year ended September 30, 2021, the Port recognized OPEB expense of \$11,672. As of September 30, 2021, the Port did not report any deferred outflows of resources or deferred in flows of resources related to OPEB.

**Actuarial Methods and Assumptions**

The total OPEB liability was calculated using the Alternative Measurement Method in accordance with the GASB Statement No. 75 methodology.

Significant methods and assumptions were as follows:

Valuation date	September 30, 2021
Measurement date	September 30, 2021
Actuarial cost method	Entry Age Normal
Discount rate	2.26%
Retirement age	62
Mortality Tables	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
Healthcare cost trend rates	Medical – 4.90% initially trending to 4.30% in 10 years Pharmacy – 5.90% initially trending to 4.30% in 10 years Dental – 3.50% Vision – 3.00%
Percentage participation	5.00%
Age adjustment factor	1.386067

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Total OPEB Liability**

The components of the total OPEB liability as of September 30, 2021 were as follows:

Description	Total OPEB Liability
Balance September 30, 2020	\$ 149,534
Change due to:	
Service cost	20,762
Interest on the total OPEB liability	3,782
Economic/ demographic gains or losses	(12,721)
Change of assumptions and other inputs	(151)
Benefit payments	(4,435)
Total changes	<u>7,237</u>
Balance September 30, 2021	<u>\$ 156,771</u>

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

The following table presents the total OPEB liability of the Port calculated using the single discount rate of 2.26% as well as what the Port's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (1.26%)	Current Discount Rate (2.26%)	1% Increase (3.26%)
Total OPEB liability	\$ 173,133	\$ 156,771	\$ 142,814

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates**

The following table presents the total OPEB liability of the Port calculated using the assumed trend rates as well as what the Port's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the assumed trend rates.

	1% Decrease	Current Healthcare Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 139,619	\$ 156,771	\$ 176,999

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 10 – MAJOR CUSTOMERS**

The Port had revenue from one major customer providing more than 10% each of the Port facilities revenue during the fiscal year ended September 30, 2021. The Port facilities total revenue from that customer was as follows:

<u>Description</u>	<u>Total Revenue</u>
Tropical Shipping USA, LLC / Birdsall, Inc	\$ <u>7,006,695</u>

**NOTE 11 – RISK MANAGEMENT**

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port manages the exposure to these risks through the purchase of commercial insurance with high limits of coverage. The Port has not significantly reduced insurance coverage from the prior year nor did the amount of settlement exceed the insurance coverage for each of the past three fiscal years.

Florida Statutes limit the Port's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

**NOTE 12 – CONTINGENCY**

The impact of the present global crisis triggered by COVID-19 pandemic is still a concern to public health and the economy. For this Fiscal year the Port had a decrease in Passenger Cruise line revenue of about 89% due the COVID-19, decrease in passengers from 141,051 to 13,935. Like other special districts, the Port is in the recovery phase of the pandemic and is implementing policies to combat the effect of COVID-19 as more information and resources are available.

**NOTE 13 – SUBSEQUENT EVENTS**

Teeters Agency & Stevedoring, Inc. and Monarch Shipping Company, Limited known better as Teeters, is one of the Port of Palm Beach long term tenant who recently signed a new five year contract with two 5-year options. The Port has engaged in legal actions against Teeter for lack of payment and Teeters have ceased operation at the Port. As such, Teeters lease agreements were terminated by the Port and they were evicted from Port premises. Teeters Agency & Stevedoring, Inc. and Monarch Shipping Company, Limited financial challenges are directly related to the volatile political, military and natural disaster crises in Haiti and change in cargo handling by the Haitian government which impacted there business model.

**PORT OF PALM BEACH DISTRICT**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 13 – SUBSEQUENT EVENTS** (Continued)

Starting in the fourth quarter of fiscal year 2021, challenges to Teeters business model started to manifest itself with cash flow problems, resulting in inconsistent and/or lack of timely payments to the Port. Teeters Agency and Stevedoring, Inc. accounts receivable owed to the Port is approximately \$650,000. While the Port continue to work with the ownership group of Teeters, the Port began taking steps to mitigate financial risks. To that end, starting in FY 2022, the Port increased its allowances for doubtful accounts to align with total amounts billed and owed by both Teeters Agency & Stevedoring and Monarch Shipping Company, Limited, in FY 2022.

The Port filed legal actions against both companies consistent with maritime and applicable State and Federal laws for the arrest of the vessel M/V Countess currently in lay-in berth at the Port since January 18, 2022. In addition, the Port also filed claims against both companies' assets in an effort to recover unpaid accounts receivables and to recover costs associated with the seizure and arrest of the vessel inclusive of legal fees; removal of Teeters customer cargoes; and maintenance of lease properties which could be upward of \$250,000. Additionally, the Port is pursuing claim against Teeters Agency and Stevedoring and Monarch Shipping Company, Limited Stevedore and Steamship Performance Bonds in the amounts of \$53,000 and \$25,000, respectively.

The loss of revenues from Teeters, a top five customer for the Port, generated over \$900,000 of total revenues, in FY 2021, will be significant and management is already in discussion and performing due diligence with several viable users that could replace Teeters and generate comparable if not more revenues for the Port.

## REQUIRED SUPPLEMENTARY INFORMATION

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Changes in the Total OPEB Liability**  
**For the Fiscal Year Ended September 30, 2021**

	2018	2019	2020	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 16,117	\$ 15,897	\$ 20,762	\$ 20,762
Interest	8,350	9,421	10,876	3,782
Effect of plan Changes:				
Effect of Economic/ demographic gains or losses	20,026	11,398	(179,988)	(12,721)
Effect of assumptions changes or inputs	-	(2,529)	17,073	(151)
Benefit payments	(22,779)	(4,395)	(4,436)	(4,435)
Net change in Total OPEB Liability	21,714	29,792	(135,713)	7,237
Total OPEB Liability - Beginning of Year	233,741	255,455	285,247	149,534
Total OPEB Liability - End of Year	\$ 255,455	\$ 285,247	\$ 149,534	\$ 156,771
Covered payroll	\$ 3,298,312	\$ 3,404,291	\$ 3,707,772	\$ 3,363,157
Total OPEB Liability as percentage of covered – employee payroll	7.75%	8.38%	4.03%	4.66%

(1) GASB 75 requires information for 10 years.  
However, until a full ten- year trend is  
compiled, information will be presented for  
only those years which information is  
available.

**Notes to Schedule**

*Changes of assumptions:* The  
discount rate was changed as  
follows:

Fiscal year ending	Discount rate	Percentage participation	Age adjustment factor
9/30/2018	3.50%	5.00%	1.57673
9/30/2019	3.58%	8.00%	1.502659
9/30/2020	2.25%	5.00%	1.461404
9/30/2021	2.26%	5.00%	1.386067

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Employer Contributions**  
**Florida Retirement System Pension Plan and**  
**Health Insurance Subsidy**  
**Last 10 Fiscal Years\***

<b>Florida Retirement System Pension Plan</b>	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 386,476	\$ 266,917	\$ 235,897	\$ 222,139	\$ 206,378	\$ 191,710	\$ 184,968	\$ 175,044
FRS contributions in relation to the contractually required contribution	(386,476)	(266,917)	(235,897)	(222,139)	(206,378)	(191,710)	(184,968)	(175,044)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's covered payroll	\$ 3,609,933	\$ 3,003,462	\$ 2,861,309	\$ 2,867,752	\$ 2,790,575	\$ 2,673,155	\$ 2,428,447	\$ 2,441,446
FRS contributions as a percentage of covered payroll	10.70%	8.89%	8.24%	7.75%	7.40%	7.17%	7.62%	7.17%
<b>Florida Retirement System Pension Plan</b>	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 53,317	\$ 59,065	\$ 55,536	\$ 53,253	\$ 51,922	\$ 49,491	\$ 37,844	\$ 34,758
HIS contributions in relation to the contractually required contribution	(53,317)	(59,065)	(55,536)	(53,253)	(51,922)	(49,491)	(37,844)	(34,758)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's covered payroll	\$ 3,211,838	\$ 3,558,161	\$ 3,345,543	\$ 3,208,018	\$ 3,127,843	\$ 2,981,376	\$ 2,764,755	\$ 2,836,296
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.37%	1.23%

\* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled the pension plan will present information for those years for which the information is available.

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System Pension Plan and Health Insurance Subsidy**  
**Last 10 Fiscal Years\***

<b>Florida Retirement System Pension Plan</b>	2021	2020	2019	2018	2017	2016	2015	2014
Port's proportion of the FRS net pension liability	0.008946922%	0.008410084%	0.008068421%	0.008182944%	0.008313207%	0.008005711%	0.00825237%	0.00788821%
Port's proportionate share of the FRS net pension liability	\$ 675,838	\$ 3,645,054	\$ 2,778,652	\$ 2,464,745	\$ 2,459,835	\$ 2,021,448	\$ 1,065,905	\$ 481,297
Port's covered payroll	\$ 3,609,933	\$ 2,985,554	\$ 2,875,427	\$ 2,893,846	\$ 2,842,134	\$ 2,599,590	\$ 2,425,471	\$ 2,376,687
Port's proportionate share of the FRS net pension liability as a percentage of its covered payroll	187.21%	122.09%	96.63%	85.17%	86.55%	77.76%	43.95%	20.25%
FRS plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.80%	84.88%	92.00%	96.09%
<b>Retiree Health Insurance Subsidy Plan</b>	2021	2020	2019	2018	2017	2016	2015	2014
Port's proportion of the HIS net pension liability	0.010001357%	0.010792979%	0.009928070%	0.009912036%	0.009980882%	0.00944118%	0.009120310%	0.009320020%
Port's proportionate share of the HIS net pension liability	\$ 1,226,814	\$ 1,317,805	\$ 1,110,852	\$ 1,049,101	\$ 1,067,202	\$ 1,100,330	\$ 930,128	\$ 871,445
Port's covered payroll	\$ 3,211,838	\$ 3,538,801	\$ 3,320,372	\$ 3,237,451	\$ 3,181,401	\$ 2,914,569	\$ 2,766,916	\$ 2,777,231
Port's proportionate share of the HIS net pension liability as a percentage of its covered payroll	38.19%	37.24%	33.46%	32.41%	33.55%	37.75%	33.62%	31.38%
HIS plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for those years for which the information is available.

**PORT OF PALM BEACH DISTRICT**  
**Florida Retirement System**  
**Changes in Assumption**  
**Last 10 Fiscal Years**

**CHANGES IN ASUMPTION**

The discount rate, for the Florida retirement System Pension Plan and the Retiree Health Insurance Subsidy Program changed as follows:

<b>FLORIDA RETIREMENT SYSTEM PENSION PLAN</b>		<b>RETIREE HEALTH INSURANCE SUBSIDY PROGRAM</b>	
<b>YEAR</b>	<b>DISCOUNT RATE</b>	<b>YEAR</b>	<b>DISCOUNT RATE</b>
2014	7.65%	2014	4.29%
2015	7.65%	2015	3.80%
2016	7.60%	2016	2.85%
2017	7.10%	2017	3.58%
2018	7.00%	2018	3.87%
2019	6.90%	2019	3.50%
2020	6.80%	2020	2.21%
2021	6.80%	2021	2.16%

## OTHER SUPPLEMENTARY INFORMATION

**PORT OF PALM BEACH DISTRICT**  
**Bonds Amortization Schedule**  
**\$9,576,835 Revenue Refunding Bonds – Series 2002**  
**September 30, 2021**

Year ending September 30,	Interest	Retirement of Bonds	Total
2022	\$ 1,693,276	\$ 911,724	\$ 2,605,000
2023	1,749,258	855,742	2,605,000
2024	1,799,169	805,831	2,605,000
2025	3,080,844	1,269,156	4,350,000
2026	3,150,618	1,199,382	4,350,000
	\$ 11,473,165	\$ 5,041,835	\$ 16,515,000

**PORT OF PALM BEACH DISTRICT**  
**Bonds Amortization Schedule**  
**\$14,301,991 Revenue Refunding Bonds – Series 2013**  
**September 30, 2021**

Year ending September 30,	Interest	Retirement of Bonds	Total
2022	\$ 145,553	\$ 1,424,208	\$ 1,569,761
2023	98,554	1,469,531	1,568,085
2024	50,059	1,516,951	1,567,010
	\$ 294,166	\$ 4,410,690	\$ 4,704,856

**PORT OF PALM BEACH DISTRICT**  
**Bonds Amortization Schedule**  
**Combined Revenue Bonds**  
**September 30, 2021**

Year ending September 30,	Interest	Retirement of Bonds	Total
2022	\$ 1,838,829	\$ 2,335,932	\$ 4,174,761
2023	1,847,811	2,325,274	4,173,085
2024	1,849,229	2,322,781	4,172,010
2025	3,080,844	1,269,156	4,350,000
2026	3,150,618	1,199,382	4,350,000
	\$ 11,767,331	\$ 9,452,525	\$ 21,219,856

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Port Facilities Revenues**  
**For the Fiscal Year Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Wharfage	\$ 3,922,569	\$ 3,765,410
Rent	5,642,789	4,968,807
Dockage	2,977,232	2,770,447
Parking	49,585	460,027
Passenger charges	246,421	2,377,435
Storage	83,322	246,712
Water	126,378	212,773
Line handling	168,197	158,088
Miscellaneous	446,975	92,408
Switching	538,185	505,627
Licenses	157,750	157,800
Identification badging	7,045	6,015
Security fee	751,728	717,814
Cargo terminal fee	815,610	784,283
Harbor master fee	202,968	205,355
Vessel bunkers	64,774	90,131
Total Port Facilities Revenue	<u>\$ 16,201,528</u>	<u>\$ 17,519,132</u>

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Operating Expenses**  
**For the Fiscal Year Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>General expenses</b>		
Insurance and surety bonds	\$ 396,903	\$ 420,113
Retirement	97,348	901,803
Group insurance	1,038,985	925,132
State and local taxes	2,950	2,673
Audit and other accounting services	73,600	76,809
Bad debt expense	-	375,000
Trustee fees	2,673	4,198
Consulting	52,249	36,045
Miscellaneous	39,536	15,925
<b>Total general expenses</b>	<b><u>1,704,244</u></b>	<b><u>2,757,698</u></b>
<b>Engineering and maintenance</b>		
Salaries	638,832	666,502
Payroll taxes	48,027	49,038
Maintenance and repairs – buildings and grounds	619,198	558,107
Electricity	291,587	295,088
Water	369,058	554,695
Janitorial and trash removal	159,192	206,127
Maintenance and repairs –equipment	65,962	45,700
Engineering fees	75,394	136,992
Surveys and maps	18,786	-
Fuel and oil –port vehicles	28,581	21,298
Telephone	42,849	34,705
Uniforms	10,082	4,230
Shop maintenance and supplies	30,652	23,029
Cruise line transportation	5,863	648
<b>Total engineering and maintenance</b>	<b><u>2,404,063</u></b>	<b><u>2,596,159</u></b>
<b>Security</b>		
Salaries	908,573	951,713
Payroll taxes	68,006	69,926
Contract Services	428,819	605,750
Identification badges	6,268	6,376
Security equipment	14,413	31,967
Subscriptions	50,281	23,747
Uniforms	3,959	10,251
Telephone	9,441	8,449
Maintenance and repairs - radios	30,820	25,560
Miscellaneous	6,411	6,651
<b>Total security</b>	<b><u>1,526,991</u></b>	<b><u>1,740,390</u></b>

(Continued)

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Operating Expenses (Continued)**  
**For the Fiscal Year Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Administration</b>		
Salaries	\$ 1,342,713	\$ 1,375,412
Payroll taxes	88,812	92,403
Telephone	36,153	58,868
Maintenance and repairs	6,756	8,905
Information Systems	128,599	185,271
Supplies, stationary and printing	20,601	21,973
Postage	1,668	3,518
Dues and subscriptions	3,094	1,209
Publications	7,650	7,469
Legal fees and other professional fees	681,631	246,888
Miscellaneous	27,244	26,026
<b>Total administration</b>	<b><u>2,344,921</u></b>	<b><u>2,027,942</u></b>
<b>Business development</b>		
Salaries	519,270	453,778
Payroll taxes	35,031	30,637
Retirement	66,454	52,119
Advertising and promotion	13,748	16,451
Trade development	18,815	25,391
Community relations	13,761	16,291
Travel	7,594	13,200
Dues and subscriptions	73,222	73,052
Publications	-	8,490
Miscellaneous	16,473	6,326
<b>Total business development</b>	<b><u>764,368</u></b>	<b><u>695,735</u></b>
<b>Operations</b>		
Salaries	253,486	260,367
Payroll taxes	19,258	19,279
Customer & Tenant Operation	-	3,200
Telephone	1,364	1,168
Maintenance and repairs – train	33,542	21,128
Maintenance and repairs – track	19,179	25,801
Fuel and oil – train	15,964	15,314
Equipment rental	-	-
Miscellaneous	404	437
Training	-	50
<b>Total operations</b>	<b><u>343,197</u></b>	<b><u>346,744</u></b>
Amortization	55,436	55,196
Depreciation	4,616,388	4,712,915
<b>Total operating expenses</b>	<b><u>\$ 13,759,608</u></b>	<b><u>\$ 14,932,779</u></b>

**PORT OF PALM BEACH DISTRICT**  
**Schedule of Revenues and Expenses**  
**For the Fiscal Year Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Port facilities	\$ 16,201,528	\$ 17,519,132
Less: Direct marketing support	<u>(109,035)</u>	<u>(1,421,041)</u>
<b>Net operating revenue</b>	<u><b>16,092,493</b></u>	<u><b>16,098,091</b></u>
 <b>Operating Expenses</b>		
General expenses	1,704,244	2,757,698
Engineering and maintenance expenses	2,404,063	2,596,159
Security	1,526,991	1,740,390
Administration	2,344,921	2,027,942
Business development	764,368	695,735
Operations	<u>343,197</u>	<u>346,744</u>
<b>Total operating expenses</b>	<u><b>9,087,784</b></u>	<u><b>10,164,668</b></u>
<b>Operating income before depreciation and amortization</b>	<b>7,004,709</b>	<b>5,933,423</b>
<b>Depreciation and amortization</b>	<u><b>4,671,824</b></u>	<u><b>4,768,111</b></u>
<b>Operating income after depreciation and amortization</b>	<u><b>2,332,885</b></u>	<u><b>1,165,312</b></u>
 <b>Non-operating revenues (expenses)</b>		
Investment earnings	8,541	160,327
Grant revenue	3,352,633	94,454
Grant expense	(28,359)	(140,990)
Insurance recoveries	29,684	2,260
Gain (loss) on disposition of assets	(12,104)	(94,506)
Interest expense	(1,146,812)	(989,037)
Miscellaneous expenses	<u>(8,000)</u>	<u>-</u>
<b>Total non-operating revenues (expenses)</b>	<u><b>2,195,583</b></u>	<u><b>967,492</b></u>
<b>Income before contributions</b>	<u><b>4,528,468</b></u>	<u><b>197,820</b></u>
<b>Capital contributions</b>	<u><b>2,415,349</b></u>	<u><b>2,750,351</b></u>
<b>Change in net position</b>	<u><u><b>\$ 6,943,817</b></u></u>	<u><u><b>\$ 2,948,171</b></u></u>

# STATISTICAL INFORMATION

**PORT OF PALM BEACH DISTRICT**  
**Net Position**  
**For the Fiscal Years Ended September 30, 2012 through 2021**  
**Unaudited**

Year ending September 30,		Net Investment in Capital Assets	Restricted	Unrestricted	Total
2012		70,964,253	2,551,244	11,339,498	84,854,995
2013	(1)(2)	75,618,050	1,803,999	13,391,300	90,813,349
2014	(3)	88,705,163	1,222,146	10,784,688	100,711,997
2015		92,452,076	1,399,672	12,451,083	106,302,831
2016		93,240,172	1,102,486	16,301,307	110,643,965
2017	(4)	99,729,682	1,080,356	14,668,613	115,478,651
2018		102,315,957	1,671,605	15,439,452	119,427,014
2019		107,626,748	2,646,112	15,269,620	125,542,480
2020		109,888,686	3,412,329	15,189,636	128,490,651
2021		113,954,887	3,204,087	18,275,494	135,434,468

(1) GASB Statement No. 63 was implemented in fiscal year 2013 and identifies net position as the residual of all other elements presented in a statement of financial position. It further requires the "Capital asset, net of debt" now be titled "Net investment in capital assets" and the the last line of the statements, previously called "Net assets" now be titled "Net position".

(2) Beginning net position was restated due to prior period adjustments that were made to comply with GASB Statement No. 65 that was adopted in fiscal year 2013.

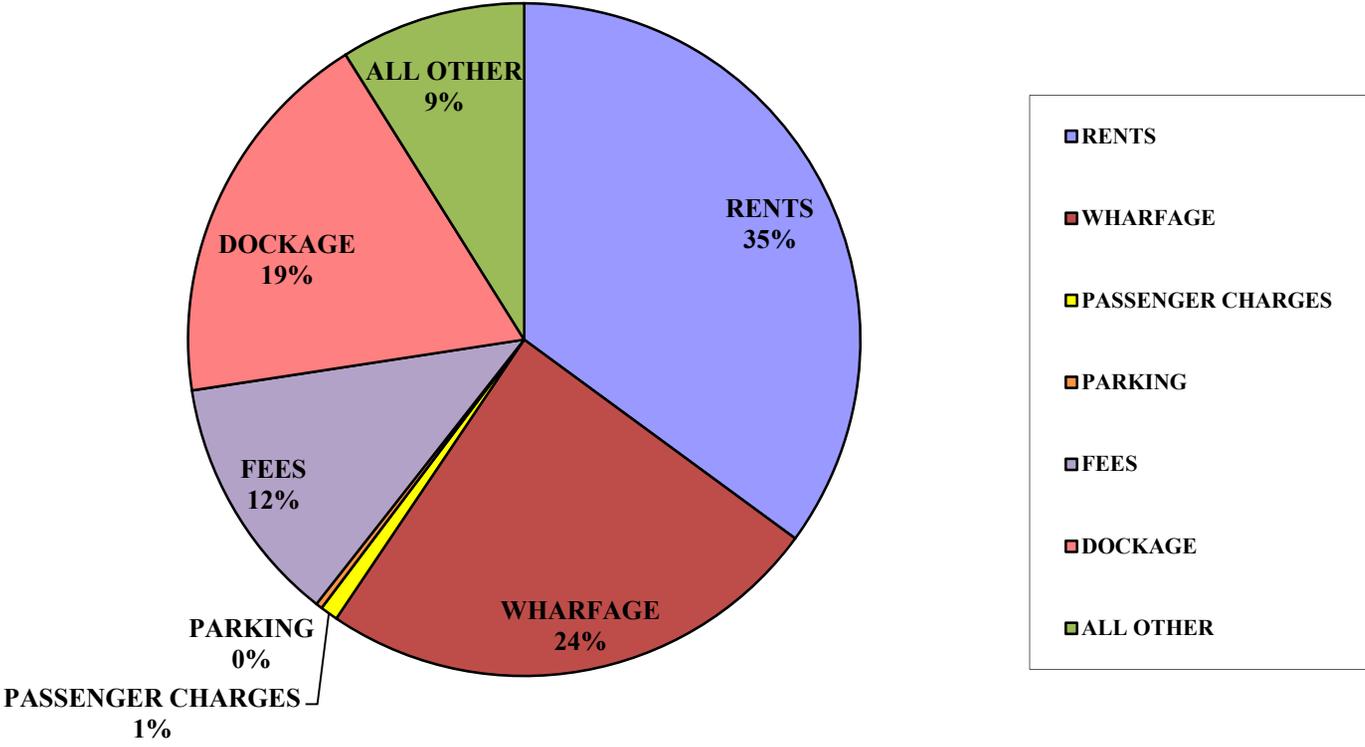
(3) Ending net position was restated due to adjustments that were made to comply with GASB Statement No. 68 that was adopted in fiscal year 2015.

(4) Ending net position was restated due to prior period adjustments that were made to comply with GASB Statement No. 75 that was adopted in fiscal year 2018.

**PORT OF PALM BEACH DISTRICT**  
**Operating Revenues by Source**  
**For the Fiscal Years Ended September 30, 2012 through 2021**  
**Unaudited**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Wharfage	\$ 3,081,238	\$ 3,465,204	\$ 3,562,456	\$ 3,030,665	\$ 3,526,606	\$ 3,586,472	\$ 3,954,805	\$ 3,663,759	\$ 3,765,410	\$ 3,922,569
Rent	4,193,930	4,565,986	4,515,033	4,524,583	4,563,441	4,239,509	4,383,957	4,691,222	4,968,807	5,642,789
Dockage	1,626,476	1,680,365	1,731,439	1,602,038	2,090,756	2,214,939	2,235,834	2,229,884	2,770,447	2,977,232
Packing	969,020	987,052	1,186,040	1,142,624	1,493,751	1,440,349	1,372,946	1,306,727	357,813	49,585
Passenger wharfage	-	61,816	59,305	65,153	384,669	-	1,410	-	-	-
Net passenger charges	1,854,073	1,839,498	2,013,881	2,060,173	1,945,396	2,533,252	3,261,832	2,430,786	1,058,608	137,386
Storage	242,344	309,647	66,939	33,977	38,705	71,384	232,482	170,296	246,712	83,322
Water	77,519	80,050	79,888	80,050	74,842	95,249	133,902	191,714	212,773	126,378
Line handling	48,600	59,200	28,000	47,200	167,800	127,600	127,704	105,881	158,088	168,197
Miscellaneous	541,606	453,320	396,087	454,739	192,069	577,194	737,307	1,124,018	92,407	446,975
Switching	392,583	421,825	528,987	595,658	527,907	628,742	703,025	667,602	505,628	538,185
Licenses	118,500	115,450	111,300	108,900	100,200	108,900	118,600	153,200	157,800	157,750
Identification badging	12,827	22,337	47,496	29,760	34,826	28,857	27,561	14,829	6,015	7,045
Security fee	505,006	535,019	536,966	494,829	615,631	589,043	625,546	642,163	717,814	715,728
Cargo terminal fee	540,615	689,458	661,301	594,948	618,438	688,159	768,863	727,511	784,283	815,610
Harbor master fee	88,740	99,980	107,500	156,450	182,615	181,962	202,872	194,202	205,355	202,968
Vessel bunkers	45,990	44,010	45,480	48,480	82,084	53,711	53,498	68,583	90,131	64,774
<b>Total</b>	<b>\$14,339,067</b>	<b>\$15,430,217</b>	<b>\$15,678,098</b>	<b>\$15,070,227</b>	<b>\$16,639,736</b>	<b>\$17,165,322</b>	<b>\$18,942,144</b>	<b>\$18,382,377</b>	<b>\$16,098,091</b>	<b>\$16,092,493</b>

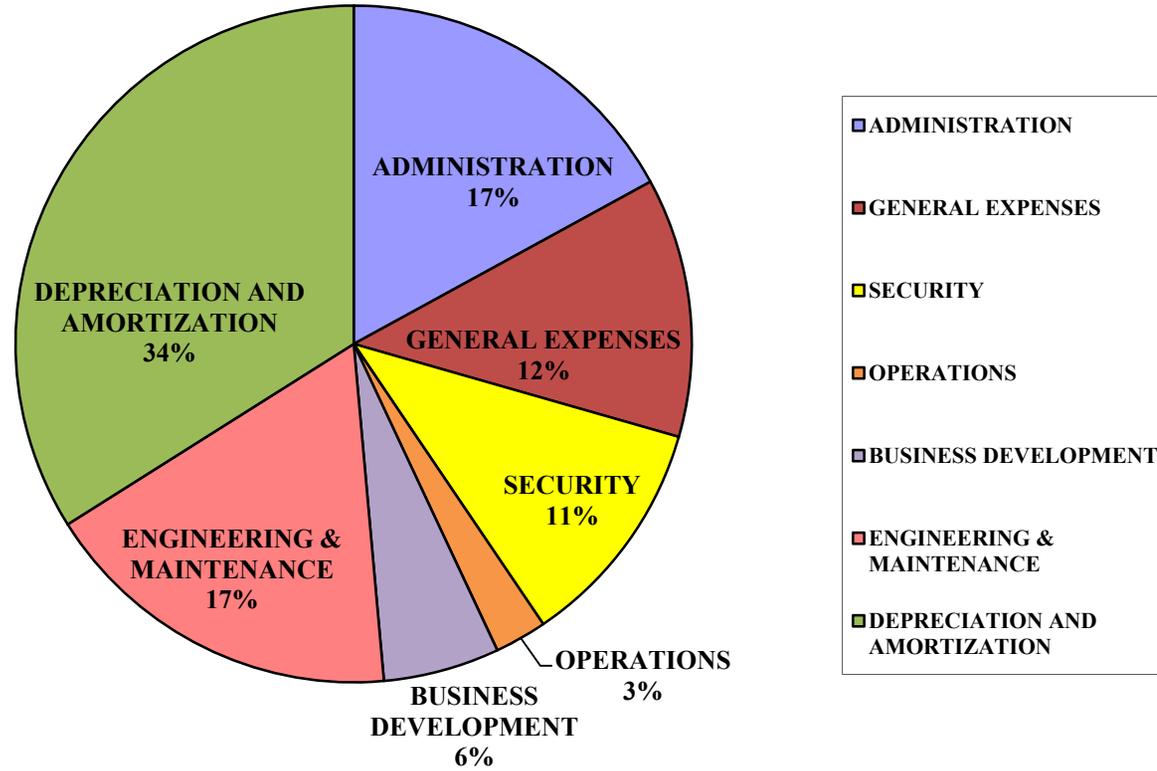
**PORT OF PALM BEACH DISTRICT**  
**Operating Revenues By Source**  
**For the Fiscal Year Ended September 30, 2021**  
**Unaudited**



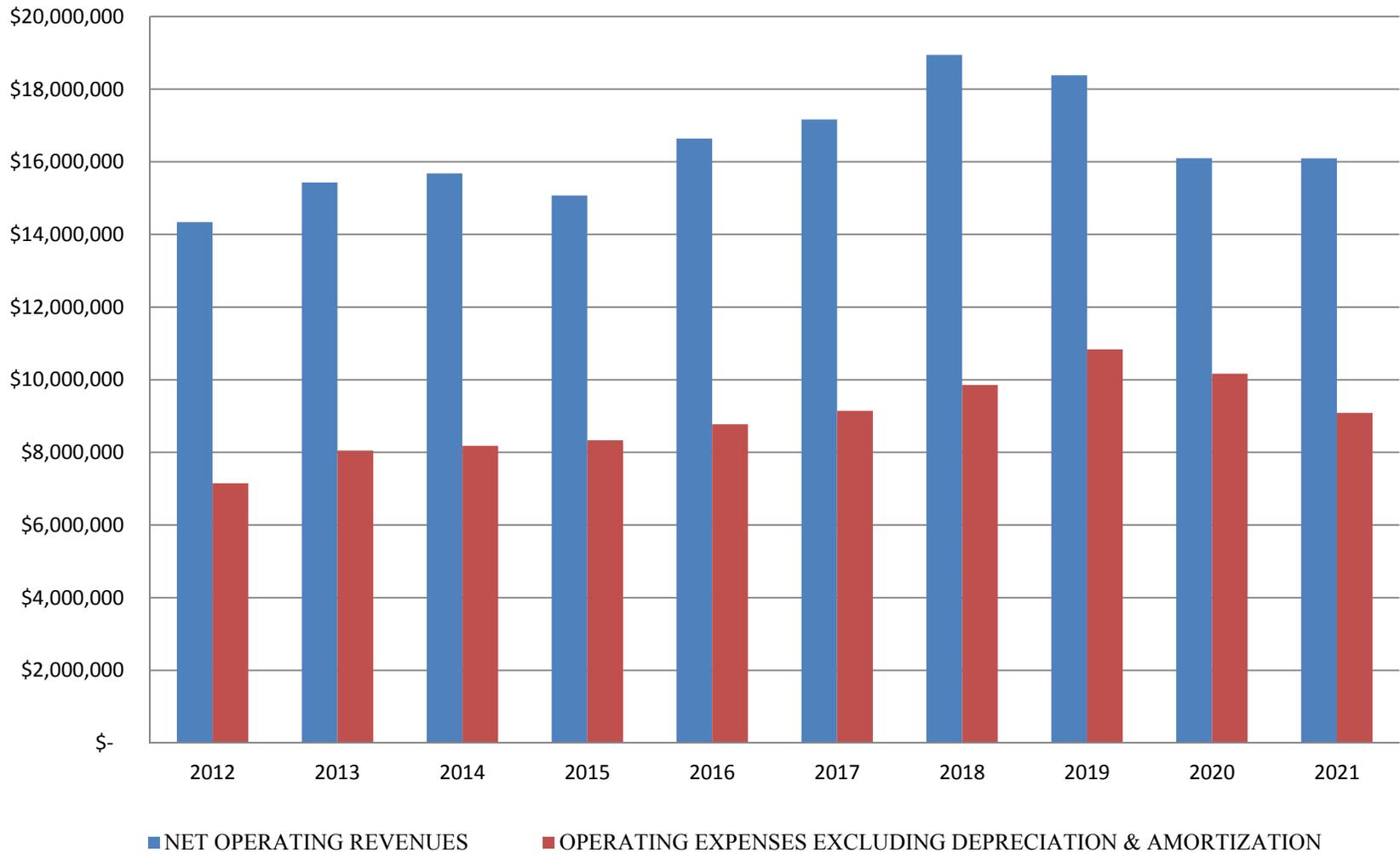
**PORT OF PALM BEACH DISTRICT**  
**Operating Expenses**  
**For the Fiscal Years Ended September 30, 2012 through 2021**  
**Unaudited**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General	\$ 1,479,517	\$ 1,632,400	\$ 1,771,389	\$ 1,590,821	\$ 1,865,103	\$ 2,213,993	\$ 2,012,394	\$ 2,622,378	\$ 2,757,698	\$ 1,704,244
Engineering & maintenance	1,774,571	2,401,307	1,989,431	2,269,742	2,408,293	2,419,325	2,931,289	2,995,644	2,596,159	2,404,063
Security	1,657,090	1,853,418	1,879,762	1,776,390	2,000,425	1,784,325	2,071,052	2,174,002	1,740,390	1,526,991
Administration	1,492,557	1,440,193	1,677,101	1,631,993	1,611,402	1,814,485	1,847,377	2,032,611	2,027,942	2,343,921
Business development	380,648	501,629	524,075	747,789	624,175	655,740	684,139	688,383	695,735	764,368
Operations	365,400	222,348	337,109	315,485	262,996	257,559	309,952	321,467	346,744	343,197
<b>Subtotal</b>	<b>7,149,783</b>	<b>8,051,295</b>	<b>8,178,867</b>	<b>8,332,220</b>	<b>8,772,394</b>	<b>9,145,427</b>	<b>9,856,203</b>	<b>10,834,485</b>	<b>10,164,668</b>	<b>9,087,784</b>
Amortization	91,018	31,809	28,817	28,817	28,817	28,817	48,992	52,025	55,196	55,436
Depreciation	4,161,428	4,178,485	4,159,615	4,218,874	4,509,802	4,757,631	4,779,661	4,452,963	4,712,915	4,616,388
<b>Subtotal</b>	<b>4,252,446</b>	<b>4,210,294</b>	<b>4,188,432</b>	<b>4,247,691</b>	<b>4,538,619</b>	<b>4,786,448</b>	<b>4,828,653</b>	<b>4,504,988</b>	<b>4,768,111</b>	<b>4,671,824</b>
<b>Total</b>	<b>\$ 11,402,229</b>	<b>\$ 12,261,589</b>	<b>\$ 12,367,299</b>	<b>\$ 12,579,911</b>	<b>\$ 13,311,013</b>	<b>\$ 13,931,875</b>	<b>\$ 14,684,856</b>	<b>\$ 15,339,473</b>	<b>\$ 14,932,779</b>	<b>\$ 13,759,608</b>

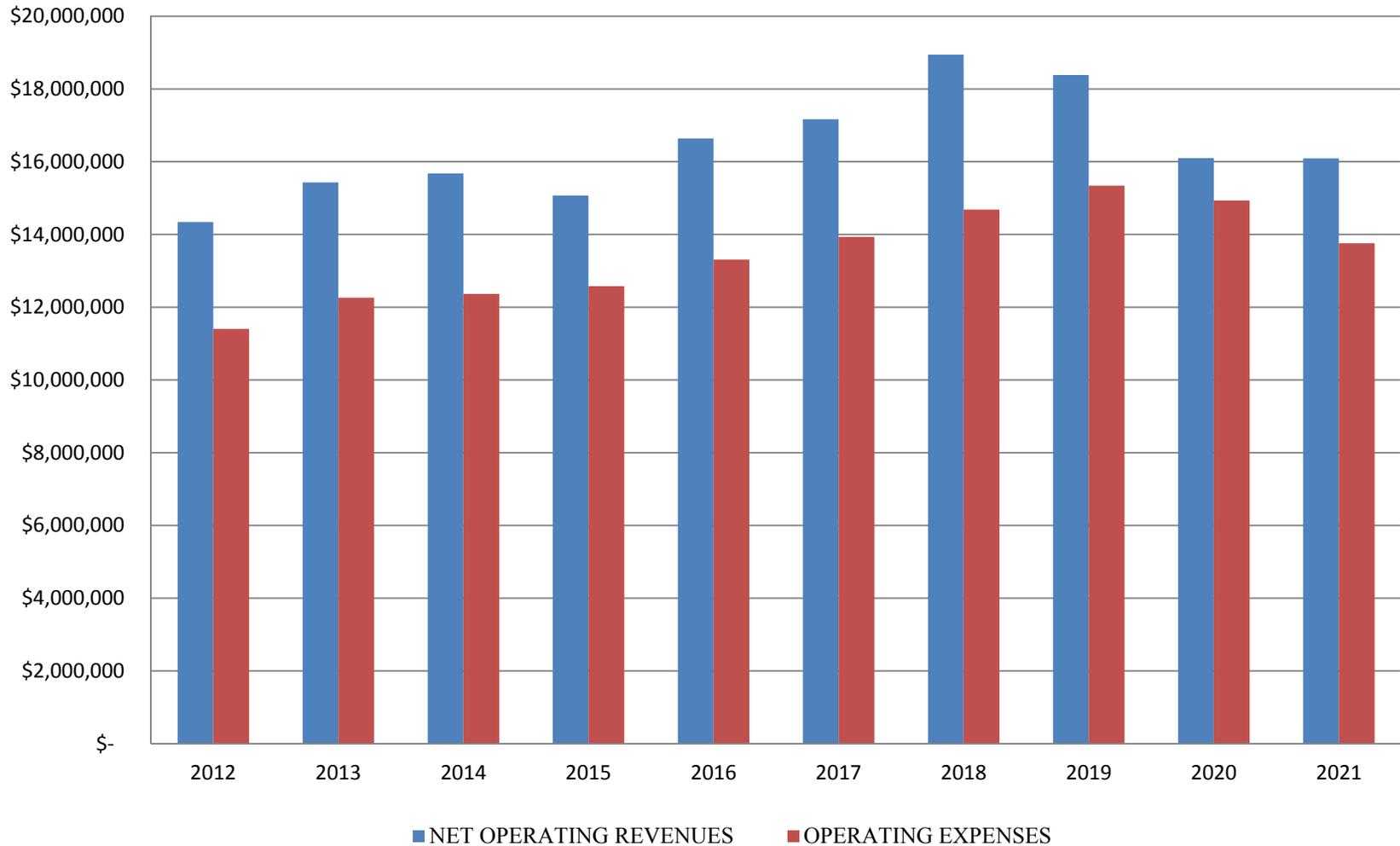
**PORT OF PALM BEACH DISTRICT**  
**Operating Expenses**  
**For the Fiscal Year Ended September 30, 2021**  
**Unaudited**



**PORT OF PALM BEACH DISTRICT**  
**Net Operating Revenues and Operating Expenses Excluding Depreciation and Amortization**  
**For the Fiscal Years Ended September 30, 2012 through 2021**  
**Unaudited**



**PORT OF PALM BEACH DISTRICT**  
**Net Operating Revenues and Operating Expenses**  
**For the Fiscal Years Ended September 30, 2012 through 2021**  
**Unaudited**



**PORT OF PALM BEACH DISTRICT**  
**Non-Operating Revenues (Expenses)**  
**For the Fiscal Year Ended September 30, 2012 through 2021**  
**Unaudited**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Investment earning	\$ 12,751	\$ 13,199	\$ 1,933	\$ 9,401	\$ 12,668	\$ 46,191	\$ 158,189	\$ 399,541	\$ 160,327	\$ 8,541
Grant revenue	1,029,354	182,428	146,674	754,466	1,537,154	55,772	230,249	179,249	94,454	3,352,633
Grant expense	(915,803)	(90,982)	(2,000)	(477,999)	(1,523,778)	(28,690)	(206,500)	(203,607)	(140,990)	(28,359)
Gain (loss) on disposition of assets	(7,093)	4,679	(562)	325,978	(6,713)	2,500	(1,088,109)	(274,780)	(94,506)	(12,104)
Insurance recoveries	-	-	-	-	31,291	60,721	67,608	4,944	2,260	29,684
Electric utility distribution line relocation	-	-	-	(126,324)	(57,050)	(97)	-	-	-	-
Feasibility study	-	(65,891)	(230,678)	(4,266)	(5,048)	-	-	-	-	(8,000)
Interest expense	(2,286,276)	(2,152,645)	(1,659,947)	(1,405,344)	(1,523,830)	(1,363,288)	(996,704)	(1,095,454)	(989,037)	(1,146,812)
<b>Total</b>	<b>\$ (2,167,067)</b>	<b>\$ 2,109,212</b>	<b>\$ (1,744,580)</b>	<b>\$ (924,088)</b>	<b>\$ (1,535,306)</b>	<b>\$ (1,226,891)</b>	<b>\$ (1,835,267)</b>	<b>\$ (990,107)</b>	<b>\$ (967,492)</b>	<b>\$ 2,195,583</b>

**PORT OF PALM BEACH DISTRICT**  
**Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2012 through 2021**  
**Unaudited**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Operating income (loss)	\$ 2,936,838	\$ 3,168,628	\$ 3,310,799	\$ 2,490,316	\$ 3,328,723	\$ 3,233,447	\$ 4,257,288	\$ 3,042,904	\$ 1,165,312	\$ 2,332,885
Net Non-operating revenue (expenses)	(2,167,067)	(2,109,212)	(1,744,580)	(924,088)	(1,535,306)	(1,226,891)	(1,835,267)	(990,107)	(967,492)	2,195,583
Income (loss) before Contributions	769,771	1,059,416	1,566,219	1,566,228	1,793,417	2,006,556	2,422,021	2,052,797	197,820	4,528,468
Capital Contributions	3,817,316	4,898,938	10,222,352	4,024,606	2,547,717	2,855,381	1,526,342	4,062,669	2,750,351	2,415,349
<b>Change in Net Position</b>	<b>\$ 4,587,087</b>	<b>\$ 5,958,354</b>	<b>\$11,788,571</b>	<b>\$ 5,590,834</b>	<b>\$ 4,341,134</b>	<b>\$ 4,861,937</b>	<b>\$ 3,948,363</b>	<b>\$ 6,115,466</b>	<b>\$ 2,948,171</b>	<b>\$ 6,943,817</b>

**PORT OF PALM BEACH DISTRICT**  
**Operating Statistics**  
**For the Fiscal Year Ended September 30, 2012 through 2021**  
**Unaudited**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>CARGO TONNAGE</b>										
<b>General Cargo</b>										
Container	1,118,662	1,243,179	1,292,505	1,303,289	1,295,490	1,351,573	1,422,801	1,344,157	1,317,997	1,389,795
Break-bulk	71,043	62,162	64,488	53,546	98,801	96,530	111,965	91,612	69,972	111,047
<b>Sub-Total</b>	<b>1,189,705</b>	<b>1,305,341</b>	<b>1,356,993</b>	<b>1,356,835</b>	<b>1,394,291</b>	<b>1,448,103</b>	<b>1,534,766</b>	<b>1,435,769</b>	<b>1,387,969</b>	<b>1,500,842</b>
<b>Bulk and Dry Cargo</b>										
Asphalt	78,902	72,768	87,817	80,732	83,909	101,023	118,191	107,034	121,288	88,583
Cement	-	-	-	-	-	-	-	-	-	17,162
Fuel Oils	120,861	63,030	30,284	53,045	98,354	122,174	233,331	139,982	75,477	83,213
Miscellaneous	4,409	11,086	-	-	-	-	-	11,665	14,855	13,310
Recyclable mental	-	-	68,950	26,604	37,122	35,618	27,705	46,420	56,873	35,490
Molasses	124,859	147,550	110,720	100,553	121,889	184,176	139,656	73,835	130,499	149,295
Sugar	537,517	547,904	496,040	544,780	783,690	593,563	513,744	494,065	705,748	671,700
<b>Sub-Total</b>	<b>866,548</b>	<b>842,338</b>	<b>793,811</b>	<b>805,714</b>	<b>1,124,964</b>	<b>1,036,554</b>	<b>1,032,627</b>	<b>873,001</b>	<b>1,104,740</b>	<b>1,058,753</b>
<b>TOTAL ALL CARGO</b>	<b>2,056,253</b>	<b>2,147,679</b>	<b>2,150,804</b>	<b>2,162,549</b>	<b>2,519,255</b>	<b>2,484,657</b>	<b>2,567,393</b>	<b>2,308,770</b>	<b>2,492,709</b>	<b>2,559,595</b>
<b>TEUs</b>	<b>223,463</b>	<b>248,211</b>	<b>257,252</b>	<b>265,245</b>	<b>260,324</b>	<b>275,538</b>	<b>286,704</b>	<b>273,902</b>	<b>266,431</b>	<b>253,427</b>
<b>RAIL CARS (IN AND OUT BOUND)</b>	<b>12,961</b>	<b>13,098</b>	<b>16,606</b>	<b>20,153</b>	<b>17,324</b>	<b>18,885</b>	<b>20,048</b>	<b>18,682</b>	<b>14,288</b>	<b>14,160</b>
<b>VESSELS</b>	<b>1,395</b>	<b>1,523</b>	<b>1,553</b>	<b>1,406</b>	<b>1,750</b>	<b>1,533</b>	<b>1,683</b>	<b>1,556</b>	<b>1,392</b>	<b>1,244</b>
<b>PASSENGERS</b>	<b>341,004</b>	<b>345,970</b>	<b>364,829</b>	<b>350,932</b>	<b>502,876</b>	<b>432,585</b>	<b>462,674</b>	<b>449,457</b>	<b>141,051</b>	<b>13,935</b>

**PORT OF PALM BEACH DISTRICT**  
**Revenue Bond Coverage**  
**For the Fiscal Year Ended September 30, 2012 through 2021**  
**Unaudited**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Gross Revenues	(1)	\$ 14,351,818	\$ 15,443,416	\$ 15,680,031	\$ 15,079,628	\$ 16,652,404	\$ 17,211,513	\$ 19,100,333	\$ 18,781,918	\$ 16,258,418	\$ 16,101,034
Operating Expenses	(2)	(7,149,783)	(8,051,295)	(8,178,867)	(8,332,220)	(8,772,394)	(9,145,427)	(9,856,203)	(10,834,485)	(10,164,668)	(9,087,784)
Supplemental Revenues		-	-	-	-	-	-	-	-	-	-
Net Revenues	(3)	7,202,035	7,392,121	7,501,164	6,747,408	7,880,010	8,066,086	9,244,130	7,947,433	6,093,750	7,013,250
Maximum Annual debt Service		4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
Required Coverage		110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Annual debt Service Requirement		4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000
Excess ( Deficiency)		\$ 2,417,035	\$ 2,607,121	\$ 2,716,164	\$ 1,962,408	\$ 3,095,010	3,281,086	\$ 4,459,130	\$ 3,162,433	\$ 1,308,750	\$ 2,228,250
<b>Coverage</b>	<b>(4)</b>	<b>151%</b>	<b>154%</b>	<b>157%</b>	<b>141%</b>	<b>165%</b>	<b>169%</b>	<b>193%</b>	<b>166%</b>	<b>127%</b>	<b>147%</b>

(1) Gross Revenues includes operating revenues and investment earnings.

(2) Operating Expenses do not include depreciation and amortization.

(3) Net revenues are gross revenues after deduction of operating expenses less supplemental revenues.

(4) Net revenues less all supplemental revenues shall always be adequate to pay, in each year, at least 110% of the annual debt service.

## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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*

Board of Commissioners  
Port of Palm Beach District  
Riviera Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Palm Beach District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Port of Palm Beach District's basic financial statements and have issued our report thereon dated June 8, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Port of Palm Beach District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a light blue horizontal line.

West Palm Beach, Florida  
June 8, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Board of Commissioners  
Port of Palm Beach District  
Riviera Beach, Florida

**Report on Compliance for Each Major State Project**

We have audited the Port of Palm Beach District's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Port of Palm Beach District's major State project for the year ended September 30, 2021. No document variable supplied. The Port of Palm Beach District's major State project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State project.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Port of Palm Beach District's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Port of Palm Beach District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance of the major State project. However, our audit does not provide a legal determination of the Port of Palm Beach District's compliance.

***Opinion on Each Major State Project***

In our opinion, the Port of Palm Beach District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended September 30, 2021 No document variable supplied.

**Report on Internal Control over Compliance**

Management of the Port of Palm Beach District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port of Palm Beach District's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port of Palm Beach District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is set against a light blue background.

West Palm Beach, Florida  
June 8, 2022

**PORT OF PALM BEACH DISTRICT**  
Schedule of Expenditures of State Financial Assistance  
September 30, 2021

<u>State Grantor/Program title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>State Expenditures</u>	<u>Amount Provided to Sub-recipients</u>
<b><u>Florida Department of transportation</u></b>				
Seaport Grants	55.005	G1W78	\$ 995,279	\$ -
Seaport Grants	55.005	G1I90	824,762	-
Seaport Grants	55.005	G1J80	<u>105,000</u>	<u>-</u>
<b>Total State Financial Assistance</b>			<b><u>\$ 1,925,041</u></b>	<b><u>\$ -</u></b>

**NOTE 1 -BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance includes State grant activity of the Port of Palm Beach District and is presented in accordance with the requirements of the Florida Single Audit Act. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the Schedule presents only a portion of the operations of the Port of Palm Beach District it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Port of Palm Beach District.

**NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES**

Expenditures are recognized on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Department of Financial Services' State Projects Compliance Supplement, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Port did not have any loan programs.

**NOTE 3 -CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Port for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable State laws and regulations.

**PORT OF PALM BEACH DISTRICT**  
 Schedule of Expenditures of State Financial Assistance  
 September 30, 2021

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued on whether the financial statement audited were prepared in accordance with GAAP:

**Unmodified**

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be a material weaknesses? \_\_\_\_\_ Yes   X   None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***State Financial Assistance***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_\_\_ Yes   X   None Reported

Type of auditor's report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550 Rules of the Auditor General? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CSFA Number(s)</u>	<u>Name of Major State Project</u>
55.005	Florida Department of Transportation <i>Berth 17 Expansion &amp; Infrastructure Project</i>
55.005	Florida Department of Transportation <i>Berth 1- Phase II- Utility Infrastructure/Shore Power</i>

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

\$ 300,000

**PORT OF PALM BEACH DISTRICT**  
Schedule of Finding and Question Costs  
September 20, 2021

**Section II - Financial Statement Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**Section III - Financial Statement Prior Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the prior year.

**Section IV – State Projects Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**Section V – State Projects Prior Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the prior year

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA

To the Board of Commissioners  
Port of Palm Beach District  
Riviera Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Port of Palm Beach District, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 8, 2022.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's 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 on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May XX, 2022, should be considered in conjunction with this Management Letter

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No findings and recommendations were made in the preceding financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information was disclosed in Note 1 to the financial statements. There are no component units included in the Port of Palm Beach District's financial statements.

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Port of Palm Beach District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Port of Palm Beach District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Port of Palm Beach District. It is management's responsibility to monitor the Port of Palm Beach District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Special District Component Units**

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that

failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Single Audits**

The Port of Palm Beach District expended less than \$750,000 of Federal awards and more than \$750,000 of State financial assistance for the fiscal year ended September 30, 2021 and was required to have a State single audit.

**Purpose of this Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and address.

West Palm Beach, Florida  
June 8, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

To the Board of Commissioners  
Port of Palm Beach District  
Riviera Beach, Florida

We have examined the Port of Palm Beach District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management of the Port of Palm Beach District is responsible for the Port of Palm Beach District's compliance with the specified requirements. Our responsibility is to express an opinion on the Port of Palm Beach District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Port of Palm Beach District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Port of Palm Beach District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Port of Palm Beach District's compliance with the specified requirements.

In our opinion, the Port of Palm Beach District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2021.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Town Commission, and is not intended to be and should not be used by anyone other than these specified parties.



West Palm Beach, Florida  
June 8, 2022