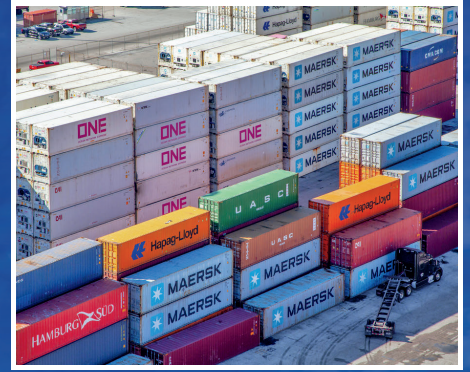




Port Everglades Department
A Major Enterprise Fund of Broward County, Florida

2025 Financial Statements

For the Fiscal Year Ended September 30, 2025



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Office of the CEO and Port Director

1850 Eller Drive, Fort Lauderdale, Florida 33316

954-468-3504 • FAX 954-523-8713 • PortEverglades.net

March 27, 2026

Monica Cepero, County Administrator
Robert Melton, County Auditor
115 South Andrews Avenue
Fort Lauderdale, Florida 33315

Ladies and Gentlemen:

We are pleased to present the annual financial report of the Port Everglades Department (“Port”) of Broward County, Florida (“County”) for the fiscal year ended September 30, 2025. This report is a complete set of the Port’s financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), as promulgated by the Governmental Accounting Standards Board (“GASB”), and which were audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“GAGAS”).

The Port, originally created in 1927 by a special act of the Florida Legislature, has a jurisdictional area of approximately 2,190 acres. As of September 30, 2025, the Port ranked as the world’s third busiest cruise homeport, the second busiest containerized cargo port in Florida, and the top seaport in Florida for receiving petroleum products.

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

Information regarding the financial position, changes in financial position, or cash flows of the County, of which the Port is a part, may be found in the County’s ACFR for the fiscal year ended September 30, 2025. The Port’s annual financial report is not a substitute for or source of such information.

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



Broward County Commissioners

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

www.broward.org



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

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

Sincerely,

Joseph Morris
Director, Port Everglades Department

Leah Brasso
Finance Director, Port Everglades Department



Broward County Board of County Commissioners

Mark D. Bogen • Alexandra P. Davis • Lamar P. Fisher • Beam Furr • Steve Geller • Robert McKinzie • Nan H. Rich • Hazelle P. Rogers • Michael Udine

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Independent Auditor's Report

Honorable Board of County Commissioners
Broward County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Broward County Port Everglades Department (the Port), a major enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of September 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of Broward County, Florida, as of September 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 16, the Port adopted the provisions of GASB Statement No. 101, *Compensated Absences*, during the fiscal year. The adoption of this statement resulted in the restatement of October 1, 2024 balances reported for compensated absences payable and net position.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the County's internal control over financial reporting of the Port and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County's internal control over financial reporting of the Port or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting of the Port and compliance.

RSM US LLP

Fort Lauderdale, Florida
March 27, 2026



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PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Annual Financial Report

The annual financial report of the Port Everglades Department ("Port") of Broward County, Florida ("County") provides an overview of the Port's financial activities for the fiscal year ("FY") ended September 30, 2025. The financial statements include the independent auditor's report, statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and the accompanying explanatory notes to the financial statements. Management's discussion and analysis should be read in conjunction with these financial statements and notes.

Management's Discussion and Analysis

The Port, a department of the County, operates as a major enterprise fund of the County. The County, which is operated by the Board of County Commissioners ("County Commission"), owns the Port. The Port was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,213 acres.

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

FY 2025 Event Highlights

Cruise

Cruise operations at Port Everglades surged to historic heights in FY 2025 with 4,773,873 passenger movements, an impressive year-over-year increase of 15.7%. This achievement not only breaks the Port's previous cruise record but also solidifies the Port's standing as the third-busiest cruise homeport in the world.

In October of 2024, the Port celebrated the arrival of Princess Cruises' newest ship, *Sun Princess*, to homeport for the 2024/2025 cruise season. This Sphere-Class vessel has a maximum guest capacity of 4,300 and has several standout features, including a three-floor main dining area with a capacity of 990 guests, and a 250-person entertainment space known as "The Dome." In addition, the *Sun Princess* is the first ship in the Princess fleet to be fueled by liquefied natural gas ("LNG"), an environmentally friendly alternative fuel.

In November of 2024, the Port welcomed the completely refurbished *Crystal Serenity* to homeport for the winter cruise season. After this refurbishment, the 740-passenger ship includes larger, updated suites with artisanal finishes, a new pickleball court, and an industry-leading space-to-guest ratio of 1 to 93.1 cubic feet.

Cargo

In April of 2025, the Port welcomed its first cargo ship fueled by LNG, the Crowley ship *Quetzal*. The *Quetzal* is one of four new-build vessels that is intended to be used for trade between the United States, Central America, and the Caribbean Basin. Like the other three forthcoming Avance Class container ships, the *Quetzal* has a capacity of 1,400 TEUs (20-foot container equivalent units) and 300 refrigerated unit plugs for transporting perishable cargo.

In May of 2025, Everglades Company Terminal, Inc. ("ECT"), a subsidiary of Mediterranean Shipping Company ("MSC"), signed a new 10-year Marine Terminal Lease and Operating Agreement with the County. The new Agreement replaces a previous lease held by MSC since 2004. The new lease is expected to generate more than \$161.0 million in business service revenue each year within the region, continue to support 425 direct jobs, and contribute approximately \$10.5 million in state and local taxes in its first year.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Audited)
Fiscal Year Ended 2025

FY 2025 Event Highlights (continued)

Cargo (continued)

In September of 2025, the County Commission approved an extension to the Marine Terminal Lease and Operating Agreement for King Ocean Services Limited (Cayman Islands) Inc. (“King Ocean”), through 2035. King Ocean, which has operated at the Port since 1994, plays a critical role in moving goods between South Florida and markets throughout the Caribbean and Central and South America. With the extended lease Agreement, King Ocean is expected to expand in the Spring of 2026 to a 40.9-acre facility, located at the Port’s recently completed Southport Turning Notch Extension (“STNE”). With the addition of the new property, King Ocean’s final leasehold will total 57.8 acres within the Port.

According to the World Bank and S&P Global Market Intelligence's 2024 Container Port Performance Index (“CPPI”) released in September of 2025, the Port ranked in the top 20% worldwide for container port performance, holding its No. 3 position in North America and No. 1 ranking in Florida. The CPPI rates container ports around the world based on six key events, including how quickly a vessel moves to a berth, how long it takes to move a vessel's containers, and the time it takes a vessel to exit the port.

Other

In April of 2025, the Port was recognized by the North American Marine Environment Protection Association (“NAMEPA”) for its commitment to sustainability through the organization's Maritime Sustainability Passport Program (“MSPP”). The MSPP is an industry-leading initiative that evaluates ports and maritime organizations based on their sustainability measures. According to the report, Port Everglades demonstrated remarkable progress in six key measures, including education, technology, waste management, and emissions reduction.

Financial Position

The Port’s performance results during the fiscal year ended September 30, 2025, and the preceding fiscal year were as follows:

	<u>FY2025</u>	<u>FY2024</u>
Operating Revenues (in Thousands)	\$ 235,612	\$ 215,468
Ship Calls	5,251	4,655
Cruise Passengers	4,773,873	4,127,715
TEUs (20-Foot Container Equivalent Units)	1,167,552	1,087,112
Petroleum Barrels	131,855,196	129,329,098
 <u>Tonnage (in 2,000-Pound Short Tons)</u>		
Total Waterborne Commerce	26,954,071	26,189,645
Containerized Cargo	7,248,707	6,748,200
Petroleum	17,863,578	17,554,225

The Port’s operating revenues totaled \$235.6 million in FY 2025. This is 9.3% higher than the \$215.5 million reported in FY 2024.

Cruise-related activity for the Port, including cruise revenue and parking revenue, accounted for 44.4% of operating revenues in FY 2025. The number of multi-day passengers increased to 4,640,146 in FY 2025, or 15.7% from 4,010,919 in FY 2024. The total number of passengers, including both single-day and multi-day was 4,773,873 in FY 2025, which is an increase of 15.7% over the FY 2024 total of 4,127,715. Cruise revenue was \$89.2 million in FY 2025, an increase of \$12.5 million, or 16.3%, compared to \$76.7 million in FY 2024. Parking revenue was \$15.3 million in FY 2025, an increase of \$1.5 million, or 10.9%, compared to \$13.8 million in FY 2024.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Financial Position (continued)

Petroleum accounted for 20.0% of operating revenue in FY 2025. Petroleum movements through the Port generated \$47.1 million in operating revenue in FY 2025, compared to \$45.1 million in FY 2024, an increase of 4.4%. Overall throughput volume increased 2.0% to approximately 131.9 million barrels in FY 2025, compared to approximately 129.3 million barrels in FY 2024.

Containerized cargo accounted for 18.5% of operating revenue in FY 2025. Revenue from containerized cargo increased by 6.9% in FY 2025 to \$43.5 million, up from \$40.7 million in FY 2024.

The Port ranks second in Florida for total container cargo activity based on total TEUs. It is also among the most active cargo ports in the United States. Total containerized cargo volume was 1,167,552 TEUs in FY 2025. This represents a 7.4% increase compared to 1,087,112 TEUs in FY 2024. Containerized cargo activity was 7,248,707 tons in FY 2025, an increase of 7.4% compared to 6,748,200 tons in FY 2024.

Total waterborne commerce, measured in short tons (2,000 pounds), was 26,954,071 tons in FY 2025, an increase of 2.9% from 26,189,645 tons recorded in FY 2024. In FY 2025, the Port hosted 5,251 ship calls, which was a 12.8% increase compared to 4,655 in FY 2024.

There are more than 20 different ocean carriers that maintain regular service at the Port. Cargo shippers provide service to more than 150 ports in more than 70 countries. The Port's primary trade lanes remain in the regional Caribbean, Central American, and South American markets, representing nearly 88.4% of the Port's cargo movements. As the nation's second leading gateway for trade with Latin America, the Port handled approximately 9.6% of all Latin American trade in the United States, and 45.5% of Florida ports' total trade with the Caribbean, Central America, and South America. The Port also ranks fourth in the United States in imports from Latin America. The Port is particularly dominant in Central America, where approximately 38.3% of its containerized cargo volume originated from or was destined to in FY 2025. With an 11.0% share of the entire Central American market in FY 2025, the Port is also first among all United States seaports operating in that market.

Required Financial Statements

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

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

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

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

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, non-capital financing, capital and related financing, and investing activities, and provides answers to such questions as where the cash came from, what it was used for, and what the change in the cash balance was during the reporting period.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Analysis of Overall Financial Position and Results of Operations

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

Statement of Net Position

The statement of net position serves as a useful indicator of the Port's financial position. It distinguishes assets, deferred outflows of resources, liabilities, and deferred inflows of resources with respect to their expected use for current operations or internally designated use for capital projects. The Port's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,231.3 million as of September 30, 2025, an increase of \$98.4 million, or 8.7%, from September 30, 2024.

The largest portion of the Port's net position represents its net investment in capital assets (e.g., land, buildings and building improvements, other improvements, equipment and vehicles, and right-to-use assets), less the related debt outstanding used to acquire those capital assets. The Port uses these capital assets to provide services to major cruise and cargo shipping lines and their agents for the movement of cruise passengers and maritime cargo; consequently, these assets are not available for future spending. Although the Port's investment in capital assets is reported net of debt as "net investment in capital assets," it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves generally are not sold to liquidate liabilities. An additional portion of the Port's net position represents resources that are subject to external restrictions. The remaining unrestricted net position may be used to meet any of the Port's ongoing obligations as defined by the revenue bond covenants.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Statement of Net Position (continued)

A condensed comparative summary of the Port's statements of net position as of September 30, 2025 and 2024 is shown below.

Condensed Statements of Net Position
(Dollars in Thousands)

	<u>FY2025</u>	<u>FY2024</u>
Assets		
Current Assets (Unrestricted)	\$ 294,075	\$ 324,470
Current Assets (Restricted)	15,038	14,567
Noncurrent Assets (Restricted)	66,417	69,081
Leases Receivable	5,152	6,161
Capital Assets, Less Accumulated Depreciation and Amortization	<u>1,542,670</u>	<u>1,435,851</u>
Total Assets	<u>1,923,352</u>	<u>1,850,130</u>
Deferred Outflows of Resources		
Deferred Charge on Refunding	918	1,335
Deferred Outflows on Other Post Employment Benefits	134	169
Deferred Outflows on Pensions	<u>3,991</u>	<u>4,927</u>
Total Deferred Outflows of Resources	<u>5,043</u>	<u>6,431</u>
Liabilities		
Current Liabilities Payable from Unrestricted Assets	33,249	42,666
Current Liabilities Payable from Restricted Assets	15,038	14,567
Noncurrent Liabilities	<u>640,239</u>	<u>659,214</u>
Total Liabilities	<u>688,526</u>	<u>716,447</u>
Deferred Inflows of Resources		
Deferred Inflows on Other Post Employment Benefits	705	804
Deferred Inflows on Pensions	3,663	1,994
Deferred Inflows on Leases	<u>4,215</u>	<u>4,445</u>
Total Deferred Inflows of Resources	<u>8,583</u>	<u>7,243</u>
Net Position		
Net Investment in Capital Assets	944,144	816,098
Restricted for:		
Debt Service	991	947
Operating and Maintenance	24,459	23,232
Renewal and Replacements	3,000	3,000
Unrestricted	<u>258,692</u>	<u>289,594</u>
Total Net Position	<u>\$ 1,231,286</u>	<u>\$ 1,132,871</u>

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Statement of Revenues, Expenses, and Changes in Net Position

A condensed comparative summary of the Port’s revenues, expenses, and changes in net position for each of the fiscal years ended September 30, 2025, and 2024 is shown below.

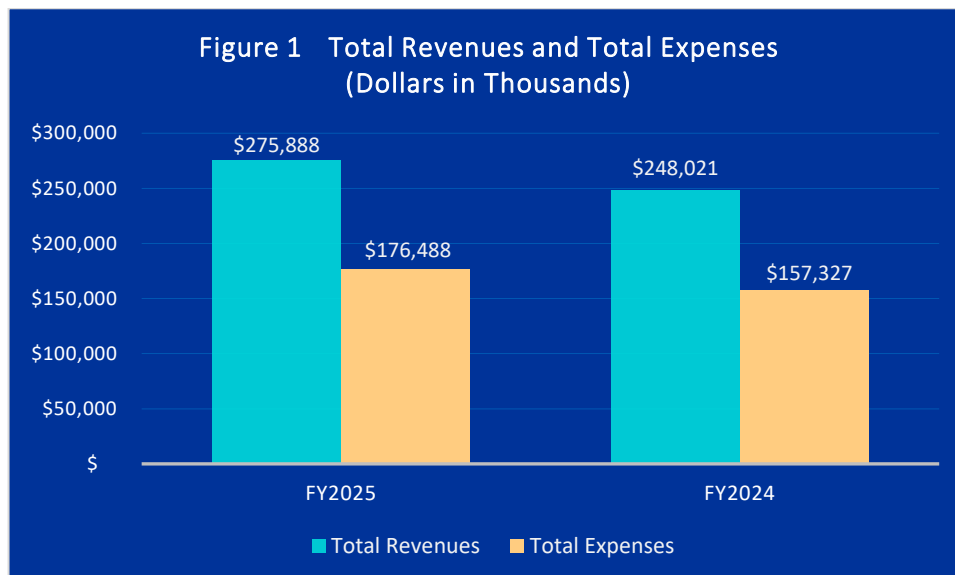
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Dollars in Thousands)

	FY2025	FY2024
Operating Revenues	\$ 235,612	\$ 215,468
Operating Expenses (Including Depreciation and Amortization)	171,595	157,327
Operating Income	64,017	58,141
Non-Operating Revenues (Expenses)	(4,893)	3,421
Income Before Capital Contributions	59,124	61,562
Capital Contributions	40,276	29,132
Change in Net Position	99,400	90,694
Net Position, Beginning of Year	1,131,886	1,042,177
Net Position, End of Year	<u>\$ 1,231,286</u>	<u>\$ 1,132,871</u>

The following table and chart summarize the Port’s results of operations, non-operating activities, and capital contributions for the fiscal years ended September 30:

Summary of Total Revenues and Total Expenses
(Dollars in Thousands)

	FY2025	FY2024
Operating & Non-Operating	\$ 235,612	\$ 218,889
Capital Contributions	40,276	29,132
Total Revenues	275,888	248,021
Total Expenses	(176,488)	(157,327)
Change in Net Position	<u>\$ 99,400</u>	<u>\$ 90,694</u>



PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

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

In FY25 Operating revenues increased 9.3% from \$215.5 to \$235.6 million. The most significant increases were in the cruise and cruise-related parking revenue categories, which had increases of 16.3% and 10.9%, respectively, from FY 2024 to FY 2025, mainly due to increased passenger movement. Real estate revenue increased by 6.1%. This was due to a change in billing for ECT to per vessel rather than monthly minimum guaranteed payments. Petroleum revenue increased 4.4% mainly due to increases in wharfage fees billed for jet fuel and diesel.

Operating expenses (including depreciation and amortization) increased 9.1% from \$157.3 to \$171.6 in FY 2025. Law Enforcement and Fire Rescue increased by 17.3% primarily due to the annual contractual increase with the Broward Sheriff's Office and an overall increase in service hours for cruise and traffic activities. Maintenance, Equipment, and Supplies decreased by 9.5% primarily due to the completion of one-time building repairs in FY 2024. General and Administrative increased by 18.5% primarily due to an increase in professional services for security software upgrades. Insurance decreased 13.8% due to decreased annual premiums. Utilities increased by 27.3%, primarily due to water usage for an increased number of cruises, along with a rate increase that took effect in October of 2024. A portion of the increase is also due to personnel-related costs associated with the implementation of GASB Statement No. 101, which changed the recognition and measurement of compensated absences. The cumulative effect of this change is reflected as an adjustment to beginning net position in FY 2025 (see Note 16), rather than as a restatement of the prior year's operating expenses in this MD&A.

Net non-operating revenues (expenses) decreased by 244.1% from \$3.4 million in FY 2024 to \$(4.9) million in FY 2025, primarily due to a decrease in the fair market value of investments.

Capital contributions increased by \$11.2 million in FY 2025 from \$29.1 million to \$40.3 million. The increase was primarily due to increases in grant-eligible expenses for the Port Everglades Bulkhead Replacement Project funded by the United States Department of Treasury ("USDOT") Coronavirus State and Local Fiscal Recovery Funds through the Florida Department of Environmental Protection ("FDEP"), and for the Fiscal Year 2024 Port Security Grant Program funded by the Federal Emergency Management Agency ("FEMA"). These increases were partially offset by a decrease in grant-eligible expenses for the U.S. Army Corps of Engineers Deepening and Widening Project, as well as full reimbursement of the grants from the Florida Department of Transportation ("FDOT") in FY 2024, which funded the Cargo Berth Improvements and Southport Upland Cargo Improvements Initiative projects. This is further discussed in Note 11 – Capital Contributions.

The Port's net position at September 30, 2025, was \$1,231.3 million, an increase of \$98.4 million, or 8.7%, from September 30, 2024. FY 2025 change in net position was \$99.4 million, compared to \$90.7 million in FY2024.

The beginning net position for FY 2025 was \$1,131.9 million, which includes a prior period adjustment relating to GASB Statement 101, Compensated Absences, as further discussed in Note 16 to the financial statements.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

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

The following table details operating revenues by revenue center for each fiscal year ended September 30, 2025, and 2024.

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

	<u>FY2025</u>	<u>FY2024</u>
Operating Revenues		
Cruise	\$ 89,234	\$ 76,689
Petroleum	47,082	45,120
Containerized Cargo	43,546	40,695
Real Estate	24,470	23,065
Parking	15,327	13,828
Bulk	6,977	6,646
Break Bulk	4,959	4,453
Other	4,017	4,972
Total Operating Revenues	<u>\$ 235,612</u>	<u>\$ 215,468</u>

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

The following table details operating expenses by function for each of the fiscal years ended September 30, 2025, and 2024.

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	<u>FY2025</u>	<u>FY2024</u>
Operating Expenses		
Personal Services	\$ 31,702	\$ 30,564
Law Enforcement and Fire Rescue	38,616	32,908
Maintenance, Equipment, and Supplies	28,476	31,489
Contractual Services	12,188	11,990
General and Administrative	7,743	6,549
Insurance	5,030	5,839
Utilities	7,015	5,488
Total Operating Expenses Before Depreciation and Amortization	<u>130,770</u>	<u>124,827</u>
Depreciation and Amortization	40,825	32,500
Total Operating Expenses	<u>\$ 171,595</u>	<u>\$ 157,327</u>

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Audited)
Fiscal Year Ended 2025

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

The following table presents non-operating revenues and non-operating expenses for each fiscal year ended September 30, 2025, and 2024.

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

	<u>FY2025</u>	<u>FY2024</u>
Non-Operating Revenues		
Interest and Investment Income	\$ 16,591	\$ 17,159
Net Increase in the Fair Value of Investments	71	8,389
Net Interest and Investment Income	16,662	25,548
Interest Revenue from Leases	292	305
Gain on Disposal or Discontinuance of Capital Assets	169	513
Other Revenues	302	69
Total Non-Operating Revenues	<u>17,425</u>	<u>26,435</u>
Non-Operating Expenses		
Interest Expense	(22,052)	(22,207)
Interest Expense on Leases	(97)	(106)
Interest Expense on Subscriptions	(10)	(10)
Other Expenses	(159)	(691)
Total Non-Operating Expenses	<u>(22,318)</u>	<u>(23,014)</u>
Non-Operating Revenues (Expenses), Net	<u>\$ (4,893)</u>	<u>\$ 3,421</u>

Capital Acquisitions and Construction Activities

During FY 2025, the Port added \$147.7 million of construction in progress and pending equipment. The major ongoing capital projects included Port-wide Bulkheads, West Lake Park Mitigation, STNE/Crane Rail Infrastructure Improvements, and North Entrance Channel Bulkhead. The Port also added approximately \$472.7 million of depreciable and amortizable capital assets in FY2025, including STNE/Crane Rail Infrastructure Improvements Phase 1 and Phase IX-A Container Yard Phase 1.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded primarily with Port revenues, grants, and revenue bonds. The Port had construction commitments of approximately \$86.2 million as of September 30, 2025, compared to \$85.7 million in FY 2024. This increase was primarily due to increased construction activity for the Bulkhead Replacement, North Entrance Channel Bulkhead, STNE/Crane Rail Infrastructure Improvements, and Phase IX-A Container Yard projects. Additional information on the Port’s capital assets and commitments can be found in Note 4 – Capital Assets and Note 14 – Commitments and Contingencies.

Capital Improvement Plan

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

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Overview of Upcoming Projects

During FY 2025, construction for several key projects included in the Port Everglades 20-Year Master/Vision Plan were substantially completed, completed, and/or are ongoing. These projects included the STNE/Crane Rail Infrastructure Improvements, Southport Crane Improvements, U.S. Army Corps of Engineers Deepening and Widening Project, as well as Northport and Southport Improvements. These projects, as further described below, added five berths, increased the Port's ability to handle containers stacked eight high and reach twenty-two containers across the ship's deck, widen and deepen the channel, and reconfigure existing space. In addition, Cruise Terminal 29 Redevelopment is included in the upcoming Midport improvements projects within the next five years.

In June of 2025, the STNE/Crane Rail Infrastructure Improvements project reached substantial completion, with final completion expected in 2026. This project lengthened the existing deepwater turn-around area for cargo ships from approximately 900 feet to 2,400 feet, allowing for five new cargo berths. The existing gantry crane rails were also extended to the full length of the extended Turning Notch berth to utilize the existing cranes, and new crane rail was added to the extended berth for the new Super Post-Panamax container gantry cranes.

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

The Port must deepen its channel to 48 feet (+1+1 overdepth) and widen it in certain areas to remain competitive with seaports in the southeastern United States that are gearing up for the Panama Canal expansion. The Port already handles post-Panamax ships, those ships too large to fit through the Panama Canal before it was expanded in 2016; however, the ships must be lightly loaded, which is inefficient and may drive ocean shipping companies to use other ports that have deeper water or are currently dredging deeper.

The project calls for deepening and widening the Outer Entrance Channel from an existing 45-foot project depth over a 500-foot channel width to a 55-foot depth, with an 800-foot channel width, for a flared extension extending 2,200 feet seaward, deepening the Inner Entrance Channel, Southport Access Channel, and Main Turning Basin from 42 feet to 48 feet (+1+1 overdepth) and widening the channels within the Port to increase the margin of safety for ships transiting to berth. This is needed to safely accommodate increasingly larger cargo ships, especially those already coming from Europe and South America. The project also addresses environmental concerns and will utilize innovative approaches to coral restoration and protection.

The total cost is currently estimated to be \$1.35 billion as of September of 2023, and the U.S. Army Corps of Engineers and the Port are currently in the preconstruction engineering and design ("PED") phase of this project. The U.S. Army Corps of Engineers achieved a significant milestone in May of 2024, by submitting the Biological Assessment to National Marine Fisheries and the Water Quality Certification Applicable to the Florida Department of Environmental Protection. These documents will result in the necessary environmental permits from each agency to move the project to construction. Currently, the U.S. Army Corps of Engineers is working with both agencies to satisfy their requirements for the permits.

The Port Everglades Bulkhead Replacement Project will replace the existing bulkheads for Berths 1, 2, and 3, and the Entrance Channel North Bulkhead. The new bulkheads are designed to accommodate additional future wall height to mitigate future sea level rise and expected flooding due to overtopping of seawalls. The project, which will be partially funded by a \$32.5 million grant from the Florida Department of Environmental Protection, commenced in June of 2024 and is expected to be completed in mid-2026.

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

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management’s Discussion and Analysis (Audited)
Fiscal Year Ended 2025

Debt Administration

As of September 30, 2025, and 2024, the Port had \$566.4 million and \$577.8 million, respectively, in outstanding long-term revenue bonds. The bonds are secured by a pledge of and lien on net revenues as defined in the Bond Resolution. Detailed information regarding the bonds is contained in Note 7 - Long-Term Obligations.

The Port’s bond ratings on outstanding revenue bonds as of September 30, 2025, are as follows:

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

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

of Broward County, Florida
Statement of Net Position
September 30, 2025
(Dollars in Thousands)

ASSETS

Current Assets

Unrestricted Assets

Cash and Cash Equivalents	\$	54,873
Investments		171,696
Receivables:		
Accounts, Net of Allowance of \$165		12,445
Leases		2,102
Other		1,121
Due from Other County Funds		19
Due from Other Governments		34,728
Inventories		15,324
Prepaid Items		1,767
Total Current Unrestricted Assets		294,075

Restricted Assets

Cash and Cash Equivalents		15,038
Total Current Restricted Assets		15,038
Total Current Assets		309,113

Noncurrent Assets

Restricted Assets

Cash and Cash Equivalents		41,958
Investments		24,459
Total Noncurrent Restricted Assets		66,417
Lease receivable		5,152

Capital assets

Land and Land Improvements		209,616
Construction in Progress and Pending Equipment		232,712
Buildings and Building Improvements		626,264
Other Improvements		859,269
Equipment and Vehicles		282,776
Right-To-Use Lease Assets		3,900
Right-To-Use Subscription Assets		797
Total Capital Assets		2,215,334
Less: Accumulated Depreciation and Amortization		(672,664)
Total Capital Assets, Net		1,542,670
Total Noncurrent Assets		1,614,239
Total Assets		1,923,352

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding		918
Deferred Outflows on Other Post Employment Benefits		134
Deferred Outflows on Pensions		3,991
Total Deferred Outflows of Resources		\$ 5,043

(continued)

of Broward County, Florida
Statement of Net Position
September 30, 2025
(Dollars in Thousands)

LIABILITIES

Current Liabilities

Payable from Unrestricted Assets	
Accounts Payable	\$ 26,367
Accrued Liabilities	1,044
Accrued Interest Payable	12
Due to Other County Funds	2,906
Due to Other Governments	1,029
Compensated Absences	1,387
Lease Liabilities	344
Subscription Liabilities	160
Total Current Liabilities Payable from Unrestricted Assets	33,249
Payable from Restricted Assets	
Accrued Interest Payable	2,146
Security Deposits	1,002
Revenue Bonds Payable	11,890
Total Current Liabilities Payable from Restricted Assets	15,038
Total Current Liabilities	48,287

Noncurrent Liabilities

Revenue Bonds Payable, Including Premiums	612,781
Compensated Absences	3,023
Lease Liabilities	2,690
Subscription Liabilities	323
Total Other Post Employment Benefits Liability	580
Net Pension Liability	20,842
Total Noncurrent Liabilities	640,239
Total Liabilities	688,526

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows on Other Post Employment Benefits	705
Deferred Inflows on Pensions	3,663
Deferred Inflows on Leases	4,215
Total Deferred Inflows of Resources	8,583

NET POSITION

Net Investment in Capital Assets	944,144
Restricted for:	
Debt service	991
Operating and Maintenance	24,459
Renewal and Replacement	3,000
Unrestricted	258,692
Total Net Position	\$ 1,231,286

See accompanying notes.

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended September 30, 2025
(Dollars in Thousands)

Operating Revenues	
Vessel, Cargo, and Passenger Services	\$ 197,407
Lease of Facilities	20,334
Vehicle Parking	15,327
Other	2,544
Total Operating Revenues	<u>235,612</u>
Operating Expenses	
Salaries and Wages	22,305
Benefits	9,397
Total Personal Services Expenses	<u>31,702</u>
Law Enforcement and Fire Rescue	38,616
Maintenance, Equipment, and Supplies	28,476
Contractual Services	12,188
General and Administrative	7,743
Insurance	5,030
Utilities	7,015
Total Non-Personal Services Expenses	<u>99,068</u>
Total Operating Expenses Before Depreciation and Amortization	130,770
Depreciation and Amortization	40,825
Total Operating Expenses	<u>171,595</u>
Operating Income	<u>64,017</u>
Non-Operating Revenues (Expenses)	
Interest and Investment Income	16,591
Net Increase in the Fair Value of Investments	71
Net Interest and Investment Income	<u>16,662</u>
Interest Revenue on Leases	292
Interest Expense	(22,052)
Interest Expense on Leases	(97)
Interest Expense on Subscriptions	(10)
Gain on Disposal or Discontinuance of Capital Assets	169
Other, Net	143
Total Non-Operating Revenues (Expenses)	<u>(4,893)</u>
Change in Net Position Before Capital Contributions	59,124
Capital Contributions	<u>40,276</u>
Change in Net Position	99,400
Net Position, Beginning of Year, As Restated - Note 16	1,131,886
Net Position, End of Year	<u>\$ 1,231,286</u>

See accompanying notes.

For the Fiscal Year Ended September 30, 2025
(Dollars in Thousands)

Cash Flows from Operating Activities

Cash Received from Customers	\$ 233,870
Payments to Suppliers for Goods and Services	(100,263)
Payments to Employees for Services	(32,661)
Other Cash Received	302
Other Cash Paid	(136)
Net Cash Provided by Operating Activities	101,112

Cash Flows from Capital and Related Financing Activities

Proceeds from the Sale of Capital Assets	321
Acquisition of Capital Assets	(156,712)
Principal Payment on Bonds	(11,360)
Payment of Interest and Fiscal Charges	(26,326)
Payment of Other Debt Service Costs	(24)
Interest Income from Leases	292
Lease and Subscription Payments	(237)
Capital Contributions	22,674
Net Cash Used in Capital and Related Financing Activities	(171,372)

Cash Flows from Investing Activities

Proceeds from the Sales and Maturities of Investments	493,362
Interest on Investments	16,499
Purchase of Investments	(416,363)
Net Cash Provided by Investing Activities	93,498

Net Change in Cash and Cash Equivalents 23,238

Cash and Cash Equivalents, Beginning of Year	88,631
Cash and Cash Equivalents, End of Year	\$ 111,869

Cash and Cash Equivalents - Unrestricted Assets	\$ 54,873
Cash and Cash Equivalents - Restricted Assets - Current	15,038
Cash and Cash Equivalents - Restricted Assets - Noncurrent	41,958
	\$ 111,869

(continued)

For the Fiscal Year Ended September 30, 2025
(Dollars in Thousands)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	<u>\$ 64,017</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	40,825
Miscellaneous Non-Operating Revenues	167
Decrease (Increase) in Assets and Deferred Outflows of Resources:	
Accounts Receivable, Trade	(1,515)
Leases Receivable	(2)
Due from Other County Funds	16
Inventories	(920)
Prepaid Items	22
Deferred Outflows on Other Post Employment Benefits Liability	35
Deferred Outflows on Pensions	936
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(2,337)
Accrued Liabilities	100
Due to Other County Funds	2,550
Due to Other Governments	(510)
Compensated Absences	126
Security Deposits	(11)
Total Other Post Employment Benefits Liability	32
Net Pension Liability	(3,759)
Deferred Inflows on Other Post Employment Benefits Liability	(99)
Deferred Inflows on Pensions	1,669
Deferred Inflows on Leases	(230)
Net Adjustments	<u>37,095</u>
Net Cash Provided by Operating Activities	<u>\$ 101,112</u>

Supplemental Information

Non-Cash from Non-Capital, Capital and Related Financing, and Investing	
Capital Assets Acquired Through Accounts Payable	\$ 21,112
Right-to-Use Assets Acquired Through Subscription Liabilities	340
Capital Contributions	17,602
Amortization of Bond Premiums	(4,643)
Amortization of Deferred Charges	416
Change in the Fair Value of Investments	71

See accompanying notes.

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Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity: These financial statements present the financial position, changes in net position, and cash flows of the Port Everglades Department ("Port") of Broward County, Florida ("County") and not the County as a whole. The Port is a department of the County and operates as a major enterprise fund thereof. The County owns Port Everglades, which is operated by the County's Board of County Commissioners ("County Commission"). The Port, formerly governed by the Port Everglades Authority ("PEA"), is located within the geographic boundaries of the County, and was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,213 acres.

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

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

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

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

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

C. Implementation of Governmental Accounting Standards Board Statements: The Port adopted the following Governmental Accounting Standards Board ("GASB") Statements during the fiscal year ended September 30, 2025:

1. GASB Statement No. 101, Compensated Absences

Statement No. 101 improves the recognition and measurement guidelines for compensated absences by aligning the recognition of and measurement guidance under a unified model and amending certain previously required disclosures. The effect of the adoption of GASB No. 101 is disclosed in Note 16.

Note 1 - Summary of Significant Accounting Policies (continued)

2. GASB Statement No. 102, Certain Risk Disclosures

Statement No. 102 improves financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The effect of this adoption did not significantly impact the Port's financial statements.

D. Deposits and Investments: Cash and cash equivalents consist of cash on hand, demand deposits, and investments with original maturities at time of purchase of three months or less. The Port participates in the cash and investment pool maintained by the County. The Port's portion of the pool is presented as "cash and cash equivalents," "investments," or "restricted assets," as appropriate. Earnings are allocated to the Port based on the average daily cash and investment balances. The Port also maintains cash and investments outside of the County pool relating to bond proceeds for the purpose of funding debt service payments, bond reserve requirements, and for investment purposes. All investments are carried at fair value.

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

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

H. Due from Other Governments: The amounts due from other governments represent grants receivable from Federal and State governments for their share of amounts expended on various capital projects. Additionally, the Port has activity with other governments for services received, and residual balances outstanding at year end are reported as due to other governments.

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

J. Capital Assets: Capital assets are stated at cost or, if donated, acquisition value on the date of donation. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more for equipment, vehicles, and right-to-use assets and \$50,000 or more for all other capital assets. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

L. Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The category of deferred outflows of resources reported in the Port’s Statement of Net Position is related to debt refunding, other post-employment benefits (“OPEB”) and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Deferred outflows on OPEB activities are more fully discussed in Note 1, Section O and Note 8. Deferred outflows on pension activities are more fully discussed in Note 1, Section P and Note 9. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The category of deferred inflows of resources reported in the Port’s Statement of Net Position is related to OPEB, pensions, and leases. Deferred inflows of resources on OPEB activities are more fully discussed in Note 1, Section O and Note 8. Deferred inflows of resources on pension activities are more fully discussed in Note 1, Section P and Note 9. Deferred inflows of resources on leases are recognized at the commencement of the lease term and are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Deferred inflows of resources on leases are more fully discussed in Note 5.

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

N. Compensated Absences: It is the County’s policy, which includes the Port, to permit employees to accumulate earned but unused vacation and sick leave. The County accounts for compensated absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. A liability is recognized for leave that (a) has been earned by employees, (b) is attributable to services already rendered, and (c) is more likely than not to be paid or settled through paid time off or other means. The cost of accumulated vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

Q. Net Position and Net Position Flow Assumption: Net position represents the residual interest in the Port's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three components: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation and amortization, reduced by outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. Sometimes, the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be liquidated. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is liquidated.

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

S. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets or liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

As of September 30, 2025, the Port's deposits and investments consisted of the following (dollars in thousands):

Cash Deposits	<u>\$ 45,969</u>
Investments:	
U.S. Treasury	191,867
Money Market	65,900
U.S. Agencies	3,624
World Bank	483
Commercial Paper	121
State of Israel Bond	60
Total Investments	<u>262,055</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 308,024</u>

As of September 30, 2025, cash and cash equivalents and investments are classified in the Statement of Net Position as follows (dollars in thousands):

Current Assets:	
Cash and Cash Equivalents - Unrestricted	\$ 54,873
Cash and Cash Equivalents - Restricted	15,038
Investments - Unrestricted	171,696
Noncurrent Assets:	
Cash and Cash Equivalents - Restricted	41,958
Investments - Restricted	24,459
Total Cash and Cash Equivalents and Investments	<u>\$ 308,024</u>

A. Deposits

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

B. Investments

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

Note 2 - Deposits and Investments (continued)

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

As of September 30, 2025, the Port's investments consisted of the following (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury	\$ 191,867	343.3
Money Market Mutual Funds	65,900	4.7
U.S. Agencies	3,624	147.6
World Bank	483	29.2
Commercial Paper	121	0.1
State of Israel Bond	60	0.3
Total Investments	\$ 262,055	
Aggregate Portfolio Weighted Average Maturity		216.9

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

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

Assets held pursuant to bond covenants are exempt from these maturity limitations. As of September 30, 2025, the portfolio-to-maturity was 216.9 days and was in accordance with the County's investment policy.

Note 2 - Deposits and Investments (continued)

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

The County's investments in U.S. Agencies were rated AA by Standard & Poor's Rating Services and Aaa by Moody's Investor Services. The County's investments in World Bank notes were rated AAA by Standard & Poor's Rating Services, and Aaa by Moody's Investor Services. Sovereign bonds of Israel were rated A-1 by Standard & Poor's Rating Services and rated A by Moody's Investor Services. The commercial paper was rated A-1 by Standard & Poor's Rating Service and P-1 by Moody's Investor Service. The County's investments in the Money Market State Street Treasury Plus were rated AAAM by Standard & Poor's Rating Services and Aaa-mf by Moody's Investor Services. All the County's investments were held in the County's name.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government and U.S. Agencies thereof, or government-sponsored enterprise securities. The County requires that all other investments be diversified, with no more than 5% of the portfolio's value invested in the securities of any single issuer at the time of purchase. GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No.3*, requires disclosure when 5% or more is invested in any one issuer (other than those explicitly guaranteed by the U.S. Government). The Port has no investments subject to concentration of credit risk as of September 30, 2025.

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

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

Note 2 - Deposits and Investments (continued)

The Port had the following recurring fair value measurements as of September 30, 2025 (dollars in thousands):

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments by Fair Level Value			
Debt Securities			
U.S. Treasury	\$ 191,867	\$ -	\$ 191,867
U.S. Agencies	3,624	-	3,624
World Bank	483	-	483
Commercial Paper	121	-	121
State of Israel Bond	60	-	60
Total Debt Securities	<u>\$ 196,155</u>	<u>\$ -</u>	<u>\$ 196,155</u>
Investments at Net Asset Value (NAV)			
Money Market Mutual Funds	65,900		
Total Investments at Fair Value	<u>\$ 262,055</u>		

- All securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- The Money Market Mutual Funds are open-ended Securities and Exchange investment funds with daily net asset value (NAV). These mutual funds are Commission registered and designed to be liquid and allow investors to see their interest daily in the fund at the published NAV, with no restrictions on redemptions and no unfunded commitments.

Note 3 - Restricted Assets

Restricted assets of the Port as of September 30, 2025, represent amounts restricted for debt service and bond reserves, operating and maintenance, and renewal and replacement under the terms of outstanding bond agreements, as well as refundable customer security deposits. The debt service accounts contain the principal due within one year and the accumulated cash for one-twelfth of the required interest payable for the subsequent year. Under the bond resolutions in effect, the bond reserve accounts contain the required amounts for the debt service reserves established by the Series 2019 and Series 2022 bonds; the operating and maintenance reserve is the required amount to be set aside to cover two months of operating expenses; and the renewal and replacement reserve is the required amount to be set aside for renewal and replacement of equipment. The security deposits represent refundable amounts received from customers to lease land and buildings within the Port.

As of September 30, 2025, assets were restricted for the following purposes (dollars in thousands):

Construction Projects	\$ 10,899
Debt Service Accounts	3,137
Bond Reserve Accounts	38,958
Operating and Maintenance	24,459
Renewal and Replacement	3,000
Security Deposits	1,002
Total Restricted Assets	<u>\$ 81,455</u>

Note 3 - Restricted Assets (continued)

As of September 30, 2025, restricted assets were classified in the Statement of Net Position as follows (dollars in thousands):

Current Assets - Restricted		
Cash and Cash Equivalents	\$	15,038
Noncurrent Assets - Restricted		
Cash and Cash Equivalents		41,958
Investments		24,459
Total Restricted Assets	\$	<u>81,455</u>

Note 4 - Capital Assets

Capital asset activity was as follows for the fiscal year ended September 30, 2025 (dollars in thousands):

	<u>Balance October 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2025</u>
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 209,616	\$ -	\$ -	\$ 209,616
Construction in Progress and Pending Equipment:				
Construction in Progress	542,831	114,874	(469,775)	187,930
Pending Equipment	14,832	32,848	(2,898)	44,782
Total Construction in Progress and Pending Equipment	<u>557,663</u>	<u>147,722</u>	<u>(472,673)</u>	<u>232,712</u>
Total Non-Depreciable Capital Assets	<u>767,279</u>	<u>147,722</u>	<u>(472,673)</u>	<u>442,328</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	627,205	299	(1,240)	626,264
Other Improvements	400,099	469,172	(10,002)	859,269
Equipment and Vehicles	286,763	2,935	(6,922)	282,776
Right-to-Use Leases	3,900	-	-	3,900
Right-to-Use Subscriptions	499	340	(42)	797
Total Depreciable Capital Assets	<u>1,318,466</u>	<u>472,746</u>	<u>(18,206)</u>	<u>1,773,006</u>
Less Accumulated Depreciation and Amortization				
Buildings and Building Improvements	(263,100)	(19,011)	1,223	(280,888)
Other Improvements	(227,065)	(12,439)	9,971	(229,533)
Equipment and Vehicles	(158,847)	(8,805)	6,819	(160,833)
Right-to-Use Leases	(715)	(390)	-	(1,105)
Right-to-Use Subscriptions	(167)	(180)	42	(305)
Total Accumulated Depreciation and Amortization	<u>(649,894)</u>	<u>(40,825)</u>	<u>18,055</u>	<u>(672,664)</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>668,572</u>	<u>431,921</u>	<u>(151)</u>	<u>1,100,342</u>
Total Capital Assets, Net	<u>\$ 1,435,851</u>	<u>\$ 579,643</u>	<u>\$ (472,824)</u>	<u>\$ 1,542,670</u>

Note 5 - Lease Agreements

A. Lessor

The Port leases its facilities for fees paid by Port users for the import and export of goods and passengers for the maritime industry. The fees associated with these arrangements are derived from lease agreements and/or are set by Tariff. As of the fiscal year ended September 30, 2025, Port leases are categorized as Passenger Cruise Terminal and Berth User Agreements (“Cruise”), Marine Terminal Lease and Operating Agreements (“Containerized Cargo”), License Agreements for petroleum pipeline and other access (“Petroleum”), and leases for office space, buildings, and/or land.

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

1. Regulated Leases

For the fiscal year ended September 30, 2025, the Port’s regulated initial lease terms range from five years to twenty years, with remaining lease terms of seven months to thirteen years. These leases are summarized by category as follows:

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

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

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

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

Note 5 - Lease Agreements (continued)

For the fiscal year ended September 30, 2025, the total regulated lease revenues recognized were as follows (dollars in thousands):

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Cruise Terminals	\$ 55,404	\$ 32,071	\$ 87,475
Marine Terminal Operators	23,855	21,018	44,873
Land	14,242	-	14,242
Building	795	-	795
Petroleum Terminals	308	47,082	47,390
Total	<u>\$ 94,604</u>	<u>\$ 100,171</u>	<u>\$ 194,775</u>

For the fiscal year ended September 30, 2025, a summary of future regulated lease revenues was as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Amount</u>
2026	\$ 80,611
2027	83,188
2028	84,514
2029	87,330
2030	88,672
2031 - 2035	303,621
2036 - 2038	72,166
Total	<u>\$ 800,102</u>

2. Non-Regulated Leases

For the fiscal year ended September 30, 2025, the Port's non-regulated lease terms range from five to fifty years with annual adjustments for inflation. Lease revenue was \$1,905,000, and interest revenue from leases was \$292,000. Total lease receivables were \$7,253,000, of which \$2,101,000 was current, and \$5,152,000 was noncurrent. Total deferred inflows of resources associated with leases were \$4,215,000.

For the fiscal year ended September 30, 2025, future annual revenues for non-regulated leases were as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,101	\$ 233	\$ 2,334
2027	1,230	174	1,404
2028	1,197	129	1,326
2029	1,253	83	1,336
2030	1,253	34	1,287
2031 - 2035	219	1	220
Total	<u>\$ 7,253</u>	<u>\$ 654</u>	<u>\$ 7,907</u>

Note 5 - Lease Agreements (continued)

B. Lessee

The Port is a party to a noncancellable lease with one vendor as a lessee for an intangible right-to-use leased structure. The lease term includes the non-cancellable period per the contract, plus/minus any extension options or termination options the Port is reasonably certain to exercise. For the fiscal year ending September 30, 2025, the Port recognized principal lease payments of \$321,000 and interest lease payments of \$97,000.

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

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 344	\$ 87	\$ 431
2027	368	76	444
2028	393	64	457
2029	418	52	470
2030	446	39	485
2031 - 2035	1,065	34	1,099
Total	<u>\$ 3,034</u>	<u>\$ 352</u>	<u>\$ 3,386</u>

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

The Port entered into non-cancellable SBITAs with various vendors for intangible right-to-use SBITA assets. The SBITA terms included non-cancellable periods per the contracts plus/minus any extension options or termination options the Port is reasonably certain to exercise. As of September 30, 2025, the capitalized right-to-use asset, net of accumulated amortization was \$492,000, and the total subscription liability was \$483,000 of which \$160,000 was current and \$323,000 was noncurrent.

For the fiscal year ending September 30, 2025, the Port recognized principal SBITA payments of \$149,000, and interest SBITA payments of \$10,000.

The future principal and interest payments as of September 30, 2025, are as follows (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 160	\$ 12	\$ 172
2027	154	7	161
2028	106	3	109
2029	63	1	64
Total	<u>\$ 483</u>	<u>\$ 23</u>	<u>\$ 506</u>

Note 7 - Long-Term Obligations

Changes in long-term obligations for the fiscal year ended September 30, 2025, were as follows (dollars in thousands):

	Balance October 1, 2024*	Additions	Deletions	Balance September 30, 2025	Due Within One Year
Revenue Bonds Payable					
2019A Port Facilities	\$ 100,080	\$ -	\$ (605)	\$ 99,475	\$ 630
2019B Port Facilities	325,085	-	(1,925)	323,160	2,015
2019C Port Facilities, Refunding	22,615	-	(4,090)	18,525	4,300
2019D Subordinate Port Facilities, Refunding	8,285	-	(2,660)	5,625	2,760
2022 Port Facilities	121,720	-	(2,080)	119,640	2,185
Total Gross Revenue Bonds Payable	577,785	-	(11,360)	566,425	11,890
Unamortized Bond Premiums	62,889	-	(4,643)	58,246	-
Total Net Revenue Bonds Payable	640,674	-	(16,003)	624,671	11,890
Compensated Absences Payable	4,283	127	-	4,410	1,387
Lease Liabilities	3,355	-	(321)	3,034	344
Subscription Liabilities	292	340	(149)	483	160
Other Post Employment Benefits Liability	548	32	-	580	-
Total Net Pension Liability	24,601	-	(3,759)	20,842	-
Total Long-Term Obligations	<u>\$ 673,753</u>	<u>\$ 499</u>	<u>\$ (20,232)</u>	<u>\$ 654,020</u>	<u>\$ 13,781</u>

*The October 1, 2024, beginning balance for compensated absences payable was restated due to the implementation of GASB Statement No. 101, *Compensated Absences*. The current year's net change is presented as a single amount, as permitted by the Statement.

Revenue Bonds Payable: The following is a summary of major provisions and significant debt service requirements for bonds outstanding as of September 30, 2025 (dollars in thousands).

Bond Issue	Primary Purpose	Type	Interest Payment		Redemption		Final Maturity Date	Original Amount Issued	Retired / Refunded	Outstanding
			Rate (%)	Dates	Optional (O) or Mandatory (M)	Redemption Year				September 30, 2025
2019A Port Facilities	Capital Improvements	Serial	4.0-5.0	3-1 9-1	O	2029	9-1-2049	\$ 42,690	\$ (1,725)	\$ 40,965
2019A Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	M	2040	9-1-2049	\$ 58,510	\$ -	\$ 58,510
2019B Port Facilities	Capital Improvements	Serial	2.25-5.0	3-1 9-1	O	2029	9-1-2049	\$143,790	\$ (5,505)	\$ 138,285
2019B Port Facilities	Capital Improvements	Term	3.0-4.0	3-1 9-1	M	2040	9-1-2049	\$184,875	\$ -	\$ 184,875
2019C Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	N/A	N/A	9-1-2029	\$ 40,565	\$ (22,040)	\$ 18,525
2019D Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	N/A	N/A	9-1-2027	\$ 20,240	\$ (14,615)	\$ 5,625
2022 Port Facilities	Capital Improvements	Serial	5.0	3-1 9-1	O	2032	9-1-2052	\$ 60,460	\$ (4,060)	\$ 56,400
2022 Port Facilities	Capital Improvements	Term	4.5-5.5	3-1 9-1	M	2043	9-1-2052	\$ 63,240	\$ -	\$ 63,240
Total Face Amount of Revenue Bonds Payable										<u>\$ 566,425</u>

Note 7 - Long-Term Obligations (continued)

The annual debt service requirements for all bonds outstanding as of September 30, 2025, were as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,890	\$ 25,757	\$ 37,647
2027	12,455	25,163	37,618
2028	14,135	24,540	38,675
2029	14,840	23,833	38,673
2030	15,430	23,245	38,675
2031-2035	89,470	103,889	193,359
2036-2040	112,395	80,976	193,371
2041-2045	138,855	54,507	193,362
2046-2050	141,560	21,476	163,036
2051-2052	15,395	1,281	16,679
Total	<u>\$ 566,425</u>	<u>\$ 384,667</u>	<u>\$ 951,095</u>

Details of the Port's bonds outstanding as of September 30, 2025, are provided in the following sections.

Series 2019A Bonds: In September 2019, the County issued Port Facilities Revenue Bonds, Series 2019A, in the par amount of \$101,200,000 (Non-AMT) ("Series 2019A Bonds"), with a premium of \$24,206,000, resulting in a true interest rate of 3.34%. The Series 2019A Bonds were issued to provide funding for the costs of the acquisition, construction, and equipping of a new multi-story parking garage structure west of Cruise Terminal 4, and an elevated horizontal pedestrian connector from the new garage to Cruise Terminal 2. These capital improvements included entrance and exit ramps, elevators, moving sidewalks, roadway improvements, utility work, parking collection systems, closed-circuit television, security standards compliance, rooftop solar panels, landscaping, and other elements. The proceeds of the Series 2019A Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019A Bonds. The Series 2019A Bonds interest rates range from 4% to 5%. As of September 30, 2025, the outstanding principal amount for the Series 2019A Bonds was \$99,475,000.

Series 2019B Bonds: In September 2019, the County issued Port Everglades Revenue Bonds, Series 2019B, in the par amount of \$328,665,000 (AMT) ("Series 2019B Bonds"), with a premium of \$45,137,000, resulting in a true interest rate of 3.22%. The Series 2019B Bonds were issued to finance the Southport Turning Notch Extension/Crane Rail Improvements ("STNE") project, which includes the lengthening of the existing deep-water turn-around area for cargo ships, the extension of the existing crane rail infrastructure, and the acquisition of three new Super Post-Panamax container gantry cranes. The proceeds of the Series 2019B Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019B Bonds. The Series 2019B Bonds interest rates range from 2.25% to 5%. As of September 30, 2025, the outstanding principal amount for the Series 2019B Bonds was \$323,160,000.

Note 7 - Long-Term Obligations (continued)

Series 2019C Bonds: In September 2019, the County issued Port Facilities Refunding Bonds, Series 2019C, in the amount of \$40,565,000 (Non-AMT) ("Series 2019C Bonds"), with a premium of \$7,890,000, resulting in a true interest rate of 1.51%. The Series 2019C Bonds were issued to refund on a current basis all of the outstanding Port Facilities Revenue Bonds, Series 2009A ("Series 2009A Bonds"), which were issued on July 8, 2009, for the primary purpose of financing the costs of the Terminal 18 improvements. The Series 2009A Bonds were callable in 2019 and subject to redemption prior to maturity, at the option of the County. A portion of the proceeds derived from the sale of the Series 2019C Bonds was deposited in an escrow account with the bond trustee and applied to refund the Series 2009A Bonds in full. The proceeds of the Series 2019C Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2019C Bonds. The Series 2019C Bonds interest rate is 5%. As of September 30, 2025, the outstanding principal amount for the Series 2019C Bonds was \$18,525,000.

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

In connection with the refunding of the outstanding Prior Subordinate Bonds, the County terminated the Prior Subordinate Bonds interest swap agreement, and a portion of the proceeds of the Subordinate Series 2019D were used to pay a swap termination fee of \$2,647,000. The proceeds of the Series 2019D Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Subordinate Series 2019D Bonds. The Subordinate Series 2019D Bonds interest rate is 5%. As of September 30, 2025, the outstanding principal amount for the Series 2019D Bonds was \$5,625,000.

Series 2022 Bonds: In July 2022, the County issued Port Facilities Revenue Bonds Series 2022 in the par amount of \$123,700,000 (AMT) ("Series 2022 Bonds"), with a premium of \$7,820,000, resulting in a true interest rate of 4.69%. The Series 2022 Bonds were issued to provide funding for the financing, including through reimbursement, additional costs of the STNE project, which includes the lengthening of the existing deepwater turn-around area for cargo ships, the extension of the existing crane rail infrastructure, and the acquisition of three additional new Super Post-Panamax container gantry cranes. The proceeds of the Series 2022 Bonds were also used to fund a subaccount of the Debt Service Reserve Account and pay for the issuance costs relating to the Series 2022 Bonds. The Series 2022 Bonds interest rates range from 4.5% to 5.5%. As of September 30, 2025, the outstanding principal amount for the Series 2022 Bonds was \$119,640,000.

Note 7 - Long-Term Obligations (continued)

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

1. Continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County, until the same are revised as provided in the Amended and Restated Master Bond Resolution;
2. Not change, revise, or reduce any such rates, fees, rentals, and other charges if such change, revision, or reduction will result in producing less Gross Revenue, unless such rates, fees, rentals, and other charges as so changed, revised, or reduced will produce sufficient Gross Revenue to comply with the following paragraph; and
3. Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals, and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) will at all times be sufficient in each fiscal year to provide an amount at least equal to:
 - a. 100% of the current expenses for the current fiscal year
 - b. The sum of 125% of Senior Lien Bonds' principal and interest requirements for the current fiscal year, and 110% of the Subordinate Bonds' principal and interest requirement for the current fiscal year.
 - c. 100% of the bond reserve requirement; and
 - d. 100% of the required current deposits to the Renewal and Replacement Fund.

The Port was in compliance with bond indenture requirements as of September 30, 2025.

The Port's bonds are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds payable as of September 30, 2025, were as follows (dollars in thousands):

	<u>Amount</u>
Current Pledged Revenues	\$ 122,074
Current Year Debt Service	\$ 37,685
Total Future Pledged Revenues	\$ 951,095
Percentage of Debt Service to Pledged Revenues (Current Year)	30.9%

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

All of the bonds are payable from the net revenues of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds.

Note 8 - Other Post Employment Benefits (“OPEB”)

Plan Description and Benefits Provided

The Port, as a department of the County, participates in the County's single-employer defined-benefit OPEB plan. The plan allows employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the plan conform to the provisions of Section 112.0801, Florida Statutes, which are the legal authority for the plan. The Port makes no direct contribution to the plan. Retirees and their beneficiaries pay the same group rates as are charged to the Port for active employees. The Plan does not issue separate OPEB financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As of September 30, 2025, the OPEB Plan covered 245 active benefit eligible Port employees. The County, excluding Broward Sheriff's Office, has 158 inactive employees currently receiving benefit payments, whereas the number of the Port's inactive employees was not available.

Actuarial Assumptions and Other Inputs: The total OPEB liability was based on an actuarial valuation as of October 1, 2024, and was rolled-forward to the measurement date of September 30, 2025, and was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Projected Salary Increases	3.50%
Healthcare Cost Trend Rates	Initial 8.00% - Ultimate 4.50%
Discount Rate	4.90%
Projected Cash Flows	Pay as you go
Municipal Bond Rate	20-Year Tax-Exempt General Obligation
Bond Rate Basis	Average rating of AA/Aa or higher
Actuarial Valuation Date	October 1, 2024
Actuarial Cost Method	Entry Age Normal Level % of Salary

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

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

Changes in the Total OPEB Liability

As of September 30, 2025, the total OPEB liability of \$580,000 was determined by an actuarial valuation as of October 1, 2024, and rolled-forward to the measurement date of September 30, 2025.

Below are the details regarding the Port’s total OPEB liability for the period from October 1, 2024, to September 30, 2025 (dollars in thousands):

	Total OPEB Liability
Balance at October 1, 2024	\$ 548
Changes for the Fiscal Year:	
Service Cost	51
Interest	20
Difference Between Expected and Actual Experience	1
Changes of Assumptions and Other Inputs	(16)
Benefit Payments	(24)
Net Changes	32
Balance at September 30, 2025	\$ 580

For the fiscal year ended September 30, 2025, the changes of assumptions and other inputs include the change in the discount rate as of the beginning of the measurement period from 4.06% to 4.90%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Port as of September 30, 2025, calculated using the discount rate of 4.90%, as well as what the Port’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (dollars in thousands):

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Total OPEB Liability	\$ 652	\$ 580	\$ 533

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Port as of September 30, 2025, as well as what the Port’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (dollars in thousands):

	1% Decrease (7.00% Decreasing to 3.50%)	Discount Rate (8.00% Decreasing to 4.50%)	1% Increase (9.00% Decreasing to 5.50%)
Total OPEB Liability	\$ 498	\$ 580	\$ 702

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

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

For the fiscal year ended September 30, 2025, the Port recognized OPEB expense of \$16,000. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experiences	\$ 79	\$ (367)
Changes of Assumptions and Other Inputs	55	(338)
Total	<u>\$ 134</u>	<u>\$ (705)</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2026	\$ (53)
2027	(53)
2028	(58)
2029	(58)
2030	(63)
Thereafter	<u>(286)</u>
Total	<u>\$ (571)</u>

Note 9 - Retirement Plans

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

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

Note 9 - Retirement Plans (continued)

A. Pension Plan

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

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

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

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

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment up to 60 months (extended to 96 months as of June 5, 2023). While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30% on the preceding month's DROP accumulation until DROP participation ends.

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

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

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

Note 9 - Retirement Plans (continued)

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

Contributions: Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2024, through June 30, 2025, and from July 1, 2025, through September 30, 2025, respectively, were as follows: Regular – 11.57% and 11.97%; Senior Management Service – 32.46% and 31.18%; and DROP participants - 19.13% and 20.02%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ended September 30, 2025, contributions, including employee contributions of \$426,000, to the Pension plan for the Port, totaled \$2,100,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2025, the Port reported a liability of approximately \$13,607,000 for its proportionate share of the Pension Plan’s net pension liability. The net pension liabilities were measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2025. The Port’s proportionate share of the net pension liability was based on its share of the County’s 2024-2025 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the Port's proportionate share was 0.03858%, which was an increase of 0.00066% from its proportionate share measured compared to June 30, 2024.

For the fiscal year ended September 30, 2025, the Port recognized pension expense of \$1,445,000. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	\$ 1,279	\$ -
Changes of Assumptions	1,391	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,999)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	249	(51)
Pension Plan Contributions Subsequent to the Measurement Date	547	-
Total	<u>\$ 3,466</u>	<u>\$ (2,050)</u>

Note 9 - Retirement Plans (continued)

As of September 30, 2025, the deferred outflows of resources related to the Pension Plan totaling \$547,000 for the Port, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as of September 30, 2025, as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows (dollars in thousands):

Fiscal Year Ending September 30,	Amount
2026	\$ 2,072
2027	(318)
2028	(492)
2029	(393)
Total	<u>\$ 869</u>

Actuarial Assumptions: The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions:

- Inflation 2.40%
- Salary Increases 3.50% average, including inflation
- Investment Rate of Return 6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023. The assumptions used in the July 1, 2025, valuation were unchanged from those used in the prior valuation as of July 1, 2024.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

Note 9 - Retirement Plans (continued)

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash Equivalents	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

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

Discount Rate: The discount rate used to measure the total pension liability was 6.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.70% rate of return assumption used in the June 30, 2025, calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Pension Plan. The discount rate used in the July 1, 2024, valuation was 6.70%.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the Port's proportionate share of the net pension liability as of September 30, 2025, calculated using the discount rate of 6.70%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollars in thousands):

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Proportionate Share of the Net Pension Liability	\$ 26,702	\$ 13,607	\$ 2,627

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, 2025, the Port reported payables in the amount of \$153,000 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

Note 9 - Retirement Plans (continued)

B. HIS Plan

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

Benefits Provided: For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. The employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rate for the period from July 1, 2024, through June 30, 2025, and from July 1, 2025, through September 30, 2025, were 2.00% and 2.00%, respectively. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. For the fiscal year ended September 30, 2025, contributions to the HIS Plan for the Port totaled \$455,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2025, the Port reported a liability of \$7,235,000 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, and roll-forward to the measurement date. The Port's proportionate share of the net pension liability was based on its share of the County's 2024-2025 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the Port's proportionate share was 0.05028%, which was an increase of 0.00229% from its proportionate share measured compared to June 30, 2024.

For the fiscal year ended September 30, 2025, the Port recognized pension expense of \$219,000. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	\$ 38	\$ (10)
Changes of Assumptions	57	(1,559)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(5)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	327	(39)
Pension Plan Contributions Subsequent to the Measurement Date	103	-
Total	\$ 525	\$ (1,613)

Note 9 - Retirement Plans (continued)

The deferred outflows of resources related to the HIS Plan, totaling \$103,000 for the Port, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows (dollars in thousands):

Fiscal Year Ending September 30,	Amount
2026	\$ (252)
2027	(331)
2028	(262)
2029	(205)
2030	(141)
Total	<u>\$ (1,191)</u>

Actuarial Assumptions: Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2024, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities as of June 30, 2025. The total pension liability as of June 30, 2025, was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.50% average, including inflation
Investment Rate of Return	5.20%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational PUB-2010 with Projection Scale BB-2021 tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate: The discount rate used to measure the total pension liability at June 30, 2025, was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The 5.20% discount rate used in the June 30, 2025 liability measurement was an increase of 1.27% from the discount rate of 3.93% used in the previous year. The change between the two measurement dates is due to the changes in the applicable municipal bond index between the dates.

Note 9 - Retirement Plans (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the Port's proportionate share of the net pension liability as of September 30, 2025, calculated using the discount rate of 5.20%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollars in thousands):

	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
Proportionate Share of the Net Pension Liability	\$ 8,159	\$ 7,235	\$ 6,461

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

Payables to the HIS Plan: At September 30, 2025, the Port reported payables in the amount of \$33,000 for outstanding contributions to the HIS plan required for the fiscal year ended September 30, 2025.

The Port's proportionate share of the County's net pension liability, deferred outflows of resources, and deferred inflows of resources as of September 30, 2025, and pension expense/adjustment for the fiscal year then ended, were allocated to the Port based on its contributions. Amounts are as follows (dollars in thousands):

	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Pension Plan	\$ 13,607	\$ 3,466	\$ (2,050)	\$ (1,445)
HIS Plan	7,235	525	(1,613)	(219)
Total	<u>\$ 20,842</u>	<u>\$ 3,991</u>	<u>\$ (3,663)</u>	<u>\$ (1,664)</u>

C. Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida State Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular Class – 8.30% and Senior Management Service Class - 9.67%.

Note 9 - Retirement Plans (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Port.

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

The Investment Plan pension expense for the Port totaled \$966,000 for the fiscal year ended September 30, 2025.

Payables to the Pension Plan: At September 30, 2025, the Port reported payables in the amount of \$59,000 for outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2025.

Note 10 - Major Customers

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

The following tables present major customers contributing to the Port's total operating revenues and accounts receivable, respectively, for the fiscal year ended September 30, 2025:

Customer	Percent of Operating Revenues
Royal Caribbean Cruises Ltd. and Its Affiliates	21.1%
Carnival Corporation and Its Affiliates	9.6%
Crowley Liner Services, Inc.	6.5%
Magical Cruise Company Ltd	6.5%
Florida International Terminal, LLC	5.8%
King Ocean Services Limited (Cayman Islands) Incorporated	5.2%
	<u>54.7%</u>

Customer	Percent of Accounts Receivable
Royal Caribbean Cruises Ltd. and Its Affiliates	41.9%
USA Maritime Enterprises, Inc.	11.5%
	<u>53.4%</u>

Note 11 - Capital Contributions

Grants and other contributions used to acquire or construct capital assets are classified as capital contributions in the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ended September 30, 2025, capital contributions were as follows (dollars in thousands):

Contributor - Purpose	Amount
Federal - Bulkhead Replacement	\$ 30,601
State of Florida - U.S. Army Corps of Engineers Deepening and Widening	7,064
Federal - Security Improvements	1,654
State of Florida - Upland Facility Improvement (New Public Works Facility)	813
State of Florida - Slip 1 Berths 9 & 10 Improvements	86
State of Florida - FY24 PTGA Traffic Variable Message Boards	39
Federal - FY25 PTGA Server Rack Modularization of Cyber Security Equipment Initiative	11
State of Florida - FY23 PTGA Seaport Security Initiative Project	8
Total Capital Contributions	<u>\$ 40,276</u>

Note 12 - Risk Management

The Port is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port participates in the County's Self-Insured Workers' Compensation program. For its Workers' Compensation exposure, the County purchases excess coverage above a \$2,000,000 retention limit and pays any claims below the retention from its Self-Insurance Fund. The Port, through the Self-Insurance Fund, also purchases commercial insurance for smaller policies that are required by lease agreements, union contracts, State Statutes, etc.

In March 2024, the Port elected to purchase commercial property insurance. For a named windstorm event, the policy limit is \$100,000,000 in excess of the \$10,000,000 deductible. For All Other Perils, the policy limit is \$150,000,000 in excess of a \$100,000 deductible. The insurer will pay up to the limits set forth in the policy. The County purchases another \$350,000,000 in coverage in excess of the \$150,000,000 coverage specific to the port. This coverage excludes named windstorm or flood. For monetary savings, the Port elected to purchase its own general liability insurance through an agent in the commercial market rather than participate in the County's general liability program. The Port's general liability insurance provides limits of \$75,000,000 per occurrence and has a \$14,950 deductible. The Port has purchased \$75,000,000 in terrorism coverage. The Owner Controlled Insurance Program ("OCIP") is a large deductible self-insurance program for County construction projects, providing qualified participants with workers' compensation, general liability, and environmental insurance coverage. The program has a \$250,000 per occurrence deductible for workers' compensation and general liability claims and a \$25,000 deductible for environmental claims. The Port participates in the OCIP program and makes contributions based on the estimated construction value, insurance costs, and estimated potential losses of its projects. This OCIP program expired in December 2019. However, there are incurred but not reported ("IBNR") responsibilities for all projects that were enrolled. There is a 7-year statute of repose and a 4-year statutory liability limit. The County is self-insured for employee health insurance and has also purchased stop-loss coverage for the group medical and pharmacy plan, with a specific deductible of \$500,000 per individual.

The Port makes payments for the Self-Insurance Programs to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and fund reserves for all losses. The Port is insured against any losses in a given year in excess of the fees charged. Fees charged are expensed as incurred. The estimated liabilities for self-insured losses were determined by independent actuarial valuations performed as of September 30, 2025. Liabilities include an amount for claims that have been IBNR. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts), and other economic and social factors. The claim liability estimates also include amounts for incremental adjustment expenses as well as estimated recoveries from salvage or subrogation. The claims liability is based on an estimate, and the ultimate settlement of the claims may differ from the amounts recorded. The claim liabilities for the Self-Insurance Programs are reported in the County's Self-Insurance Fund. The Port is not liable for amounts beyond the premiums paid to the Self-Insurance Fund.

Note 12 – Risk Management (continued)

The Port purchased several policies under the Controlled Insurance Program (“PECIP”) for a major construction project, the STNE/Crane Rail Infrastructure Improvements. The PECIP for the STNE/Crane Rail Infrastructure project is funded by the Port as part of the capital project costs. The PECIP provided project insurance coverages that included workers’ compensation, general liability, excess liability, and contractors’ pollution liability for enrolled contractors. The Port provided to the insurer as security for payment obligations a renewable twelve-month term Standby Irrevocable Letter of Credit, in the amount of \$3,650,000. The workers’ compensation and general liability insurance have a deductible amount of \$250,000 for each occurrence, respectively, and a \$375,000 deductible for a combined workers compensation and general liability claim. Under the PECIP, the Port’s maximum deductible exposure for workers’ compensation and general liability shall not exceed \$3,625,250. This amount was revised downward to \$2,000,000 during the 2024 term. Excess liability insurance has a zero-dollar deductible amount, and the limit of insurance is \$100,000,000 for each occurrence and \$100,000,000 in the aggregate. Contractor’s pollution insurance has a deductible amount of \$50,000 and a policy limit of \$50,000,000. The insurer will pay claims exceeding the deductible, up to the policy limit. The STNE/Crane Rail Infrastructure Improvements project also required the Port to purchase owner’s protection professional liability insurance (“OPPI”) and builder’s risk insurance with terms of coverage that started at the beginning of the actual construction of the project and will continue until project completion plus ten-year completed operation from substantial completion. OPPI is essentially a supplemental insurance that provides additional coverage in excess of the construction manager’s professional liability insurance. The OPPI self-insured retention amount is \$500,000, and the limit of the policy is \$20,000,000. The builder’s risk insurance policy was purchased by the Port to provide coverage protection to the property controlled by the Port while the STNE/Crane Rail Infrastructure Improvements project is under construction by the contractor. The builders’ risk policy will indemnify the Port for repairs less the \$100,000 deductible per occurrence for covered perils. For flood and named windstorm, the builder’s risk policy will cover repairs less a 5% deductible of the total insurance value at the time and place of loss, subject to a \$250,000 minimum deductible. The insurer will pay up to the limits set forth in the policy. The project reached substantial completion in June of 2025, with final completion expected in calendar year 2026. After which, there are IBNR responsibilities for all projects that were enrolled with a 7-year statute of repose and a 4-year statutory liability limit.

In 2022, the Port purchased a builder’s risk policy to cover a component of the Phase IX-A Container Yard project, which is adjacent to the STNE/Crane Rail Infrastructure Improvements project. This policy is subject to a \$100,000 deductible for insured losses other than named windstorm or flood. The applicable deductibles for losses caused by named windstorm or flood are 5% of the insured values at the time of loss, subject to a minimum deductible of \$250,000 per occurrence. The insurer will pay up to the limits set forth in the policy. The project program reached substantial completion in June of 2025, with final completion expected in calendar year 2026. After which, there are IBNR responsibilities for all projects that were enrolled with a 7-year statute of repose and a 4-year statutory liability limit.

The Port purchased a builder’s risk policy to cover improvements to Cruise Terminal 4 and its adjacent berth. The policy expired on December 1, 2023. However, there are IBNR responsibilities. There is a 7-year statute of repose and a 4-year statutory liability limit.

The Port purchased a builder’s risk policy to cover improvements to the bulkheads. The policy went into effect on September 16, 2024. This policy is subject to a \$250,000 deductible per occurrence for insured perils, except for named windstorms. In the event of a named windstorm, the deductible is based on 5% of the total insurable values at risk at the time and place of loss, subject to a \$500,000 minimum deductible. The insurer will pay up to the limits set forth in the policy.

For insured claims, there have been no significant reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded commercial coverage in the past three years.

Note 13 - Transactions with Other County Departments

The County allocates certain support department costs which include administration, legal, fiscal, internal audit, purchasing, personnel, and communication costs to other County departments. The Port's Facilities Maintenance and Seaport Engineering and Construction Divisions are also required to obtain licenses and permits from other County departments for construction projects. Certain funds are also charged for the cost of the services provided by the Fleet Services and Print Shop funds. Costs of approximately \$9,195,000 for these services were allocated to the Port during the fiscal year ended September 30, 2025.

The Port contracts directly with the Broward Sheriff's Office for law enforcement services at Port Everglades. The cost of these services from the Sheriff's Office was approximately \$23,197,000 for the fiscal year ended September 30, 2025. The Port utilizes the services of the Broward Sheriff's Office Department of Fire Rescue and Emergency Services for fire rescue and emergency medical services at the Port. The cost of these services was approximately \$14,222,000 for the fiscal year ended September 30, 2025.

The Port reimburses the Broward County Aviation Department ("BCAD") for allocated maintenance costs for the landscaping of US1 at Fort Lauderdale-Hollywood International Airport. The cost of these services from the BCAD was approximately \$36,000 for the fiscal year ended September 30, 2025.

On September 30, 2025, approximately \$2,906,000 was due to other County funds for services provided.

Note 14 - Commitments and Contingencies

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

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

Claims and Litigation: The Port is subject to claims and legal proceedings arising in the normal course of operations. In the opinion of management and the Broward County Attorney's Office, the resolution of these matters is not expected to have a material adverse effect on the Port's financial position; however, certain matters are currently pending. Crowley Liner Services, Inc., a tenant of the Port, has submitted a request for reimbursement from Broward County in the amount of \$1,105,800 for expenses allegedly incurred on County property on or about July 15, 2024, through on or about March 6, 2025.

As of the date of the financial statements, the matter has not been assigned a formal claim number, and the County is verifying the facts related to the reimbursement request. Because the outcome of this matter cannot presently be determined, no liability has been recorded in the accompanying financial statements. Management will continue to monitor the matter and will record a liability if and when a loss becomes probable and reasonably estimable.

At September 30, 2025, the Port had various uncompleted construction projects in process, with commitments totaling approximately \$86,230,000. The retainage payable on these contracts totaled approximately \$9,092,000. Funding for these projects will be provided through a combination of internally generated funds, grants, and bond proceeds.

Note 15 - Subsequent Events

In November 2025, the County issued Port Facilities Revenue Bonds, Series 2025 (AMT) ("Series 2025 Bonds"), in the par amount of \$130,160,000, with a premium of \$9,687,000, resulting in a true interest rate of 4.76%. The Series 2025 Bonds were issued to provide funding for the financing and refinancing, including through reimbursement, additional costs of the Berths 1, 2, & 3 and Entrance Channel North Wall projects, which include the renovation and construction of a series of bulkheads at Berths 1, 2, & 3 and along the North Bulkhead of the Entrance Channel to Port Everglades. The proceeds of the Series 2025 Bonds were also used to fund a subaccount of the Debt Service Reserve Account and to pay issuance costs related to the Series 2025 Bonds. The Series 2025 Bonds interest rates range from 5.0 to 5.5%.

Note 16 – Implementation of GASB Statement No. 101

Governmental Accounting Standards Board Statement No. 101, Compensated Absences, was implemented during fiscal year 2025. The new standard resulted in a restatement of October 1, 2024, beginning liability for compensated absences and net position. The adjustment to restate the beginning liability and net position is as follows:

Compensated Absences, September 30, 2024, as Previously Stated	\$ 3,298
Restatement	<u>985</u>
Compensated Absences, October 1, 2024, as Restated	<u>\$ 4,283</u>
Net Position, September 30, 2024, as Previously Stated	\$ 1,132,871
Restatement	<u>(985)</u>
Net Position, October 1, 2024, as Restated	<u>\$ 1,131,886</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Audited)
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September 30, 2025**

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Audited)
September 30, 2025**

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

Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 51	\$ 39	\$ 36	\$ 76	\$ 76	\$ 53	\$ 44	\$ 41
Interest	20	39	34	30	30	37	37	32
Differences Between Expected and Actual Experience	1	(167)	22	(292)	(50)	110	(25)	28
Changes of Assumptions and Other Inputs	(16)	(178)	(10)	(252)	(4)	165	70	(12)
Benefit Payments	(24)	(39)	(40)	(48)	(55)	(45)	(44)	(44)
Net Change in Total OPEB Liability	32	(306)	42	(486)	(3)	320	82	45
Total OPEB Liability - Beginning	548	854	812	1,298	1,301	981	899	854
Total OPEB Liability - Ending	<u>\$ 580</u>	<u>\$ 548</u>	<u>\$ 854</u>	<u>\$ 812</u>	<u>\$ 1,298</u>	<u>\$ 1,301</u>	<u>\$ 981</u>	<u>\$ 899</u>
Covered-Employee Payroll	\$ 19,181	\$ 19,464	\$ 16,662	\$ 11,939	\$ 13,162	\$ 12,714	\$ 10,693	\$ 11,443
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.02%	2.82%	5.13%	6.80%	9.86%	10.23%	9.18%	7.86%

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Port's Proportionate Share of the Net Pension Liability	0.03858%	0.03792%	0.03749%	0.03523%	0.03553%	0.03433%	0.03515%	0.03601%	0.03869%	0.03811%
Port's Proportionate Share of the Net Pension Liability	\$ 13,607	\$ 16,405	\$ 16,900	\$ 15,803	\$ 5,377	\$ 16,910	\$ 13,724	\$ 12,059	\$ 11,447	\$ 9,623
Port's Covered Payroll	\$ 15,866	\$ 15,113	\$ 14,011	\$ 12,143	\$ 11,975	\$ 12,595	\$ 12,505	\$ 12,820	\$ 12,932	\$ 12,771
Port's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	85.76%	108.55%	120.62%	130.00%	44.90%	134.25%	109.75%	94.06%	88.52%	75.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Audited)
September 30, 2025**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 2,100	\$ 1,991	\$ 1,702	\$ 1,314	\$ 1,184	\$ 1,062	\$ 994	\$ 965	\$ 930	\$ 904
Contributions in Relation to the Contractually Required Contribution	\$ (2,100)	\$ (1,991)	\$ (1,702)	\$ (1,314)	\$ (1,184)	\$ (1,062)	\$ (994)	\$ (965)	\$ (930)	\$ (904)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 15,969	\$ 15,334	\$ 15,632	\$ 12,233	\$ 11,980	\$ 12,640	\$ 12,659	\$ 12,884	\$ 13,226	\$ 13,372
Contributions as a Percentage of Covered Payroll	13.15%	12.98%	10.89%	10.74%	9.88%	8.40%	7.85%	7.49%	7.03%	6.76%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Port's Proportionate Share of the Net Pension Liability	0.05028%	0.04799%	0.04728%	0.04383%	0.04451%	0.04691%	0.04733%	0.04799%	0.05152%	0.05030%
Port's Proportionate Share of the Net Pension Liability	\$ 7,235	\$ 8,196	\$ 8,464	\$ 5,858	\$ 6,674	\$ 6,686	\$ 6,075	\$ 5,668	\$ 5,509	\$ 5,862
Port's Covered Payroll	\$ 20,940	\$ 20,794	\$ 18,771	\$ 15,991	\$ 15,746	\$ 16,277	\$ 15,816	\$ 16,030	\$ 15,930	\$ 12,771
Port's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	34.55%	39.42%	45.09%	36.63%	42.39%	41.08%	38.41%	35.36%	34.58%	45.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information (Audited)
September 30, 2025**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 455	\$ 425	\$ 370	\$ 268	\$ 262	\$ 273	\$ 267	\$ 268	\$ 271	\$ 273
Contributions in Relation to the Contractually Required Contribution	\$ (455)	\$ (425)	\$ (370)	\$ (268)	\$ (262)	\$ (273)	\$ (267)	\$ (268)	\$ (271)	\$ (273)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 22,765	\$ 21,264	\$ 18,517	\$ 16,168	\$ 15,756	\$ 16,398	\$ 16,105	\$ 16,422	\$ 16,324	\$ 16,455
Contributions as a Percentage of Covered Payroll	2.00%	2.00%	2.00%	1.66%	1.66%	1.66%	1.66%	1.63%	1.66%	1.66%

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

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Required Supplementary Information (Audited)
September 30, 2025**

Note 1 - OPEB Information

The Port did not have plan assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The discount rate used to measure the total OPEB liability at September 30, 2025, increased to 4.90% from 4.06%. The discount rate will be updated annually to reflect market conditions as of the measurement date.

Note 2 - Pension Information

The discount rate used to measure total pension liabilities at June 30, 2025, was 6.70%. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.70% rate of return assumption used in the June 30, 2025, calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standards of Practice No. 27 ("ASOP 27") for accounting purposes, which differs from the rate used for funding purposes, which is used to establish the contribution rates for the Pension Plan. Changes in assumptions, adopted in October 2024, reflect a change of rate of salary increases from 3.25% to 3.50%.



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Schedule of Revenues, Expenses, and Debt Service Coverage

**of Broward County, Florida
Supplementary Financial Information
September 30, 2025**

***Schedule of Revenues, Expenses, and Debt Service Coverage
For the Fiscal Year Ended September 30, 2025
(Dollars in Thousands)***

Operating Revenues	
Vessel, Cargo, and Passenger Services	\$ 197,407
Lease of Facilities	20,334
Vehicle Parking	15,327
Other	2,544
Total Operating Revenues	<u>235,612</u>
Eligible Non-Operating Revenues	
Interest and Investment Income	16,591
Net Increase in the Fair Value of Investments	71
Net Interest and Investment Income	<u>16,662</u>
Interest Revenue on Leases	292
Less: O&M Reserve Interest	(31)
Gain on Disposal or Discontinuance of Capital Assets	169
Property Damage Reimbursement	279
Refund of Prior Year's Expenses	19
Legal Settlement	4
Total Eligible Non-Operating Revenues	<u>17,394</u>
Total Eligible Revenues	<u>253,006</u>
Operating Expenses Before Depreciation and Amortization	<u>(130,770)</u>
Eligible Non-Operating Expenses	
Other Debt Service Costs	(24)
Payment in Lieu of Taxes	(136)
Total Eligible Non-Operating Expenses	<u>(160)</u>
Total Eligible Expenses	<u>(130,930)</u>
Net Income Available for Debt Service	<u>\$ 122,076</u>
Debt Service Requirements - Senior Lien Bonds	\$ 34,611
Actual Coverage	<u>3.53</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior and Subordinate Bonds	\$ 37,685
Actual Coverage	<u>3.24</u>
Required Coverage	<u>1.10</u>



RSM US LLP

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

Independent Auditor's Report

Honorable Board of County Commissioners
Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Broward County Port Everglades Department (the Port), a major enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated March 27, 2026.

Our report includes emphasis-of-matter paragraphs to indicate the financial statements represent only the Port, a major enterprise fund of the County, and for the implementation of GASB Statement No. 101, *Compensated Absences*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Fort Lauderdale, Florida
March 27, 2026