Annual Financial Report
for the

Port Everglades Department
of Broward County, Florida

A Major Enterprise Fund of Broward County, Florida

For The Fiscal Years Ended
September 30, 2015 and 2014

Prepared by the Finance Division - Port Everglades Department of Broward County, Florida

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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September 30, 2015

BROWARD COUNTY FLORIDA
PORT EVERGLADES DEPARTMENT – Chief Executive/Port Director's Office
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May 11, 2016

Bertha Henry, Broward County Administrator
Evan Lukic, 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, 2015. 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, 2015, the Port ranked amongst the world's 3 busiest cruise ports, the 10th busiest international containerized cargo port in the United States, and South Florida's main seaport for receiving petroleum products.

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

Information regarding the financial position, changes in financial position, or cash flows of the County, of which the Port is a part, may be found in the County's CAFR for the fiscal year ended September 30, 2015. The Port's annual financial report is not a substitute for or source of such information.

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

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

Glen A. Walton for

Steven Cernak
Chief Executive & Port Director

Leah Brasso

Leah Brasso
Director of Finance

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Broward County, Florida
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Port Everglades Department (the "Port") of Broward County, Florida (the "County"), an enterprise fund of the County, as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Port's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of September 30, 2015 and 2014, the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port and do not purport to, and not, present fairly the financial position of the County as of September 30, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, during the year ended September 30, 2015, the Port adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The Port applied the provisions of these Statements retroactively by restating the financial statements for the year ended September 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedules of the proportionate share of the net pension liability, and schedules of contributions, on pages FS.4 through FS.14, FS.55, FS.56 through FS.60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements. The letter of transmittal is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 11, 2016 on our consideration of Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
May 11, 2016

Annual Financial Report

The annual financial report of the Port Everglades Department (the "Port") provides an overview of the Port's financial activities for the fiscal years (FY) ended September 30, 2015, 2014, and 2013. The financial statements include the independent auditor's report; statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; and the accompanying explanatory notes to financial statements. Management's discussion and analysis should be read in conjunction with these financial statements and notes.

Management's Discussion and Analysis

The Port, a department of Broward County, Florida (the "County"), operates as a major enterprise fund of the County. The County, which is operated by the Board of County Commissioners (the "County Commission"), owns the Port. The Port was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,277 acres.

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

Financial Position

The Port's performance results during the fiscal year ended September 30, 2015 and the two preceding fiscal years were as follows:

	FY 2015	FY 2014	FY 2013
Operating revenues (dollars in thousands)	$ 153,324	$ 153,194	$ 146,825
Ship calls	3,768	3,970	3,850
Cruise passengers	3,773,386	4,001,354	3,600,636
TEUs (equivalent number of 20' container units)	1,060,507	1,013,344	927,572
Petroleum (barrels)	116,856,258	112,370,083	109,080,601
Tonnage (in 2,000-pound short tons)			
Total waterborne commerce	24,001,663	23,273,318	22,452,473
Containerized cargo	6,693,446	6,529,771	6,045,588
Petroleum	16,509,409	15,889,998	15,427,385

Port operating revenues reached a sixth consecutive record high year of $153.3 million for FY 2015. This is 0.1% higher than the Port's previous record high of $153.2 million achieved in FY 2014, and 4.4% higher than in FY 2013, when operating revenues were $146.8 million. Total operating expenses before depreciation increased to $79.8 million from $78.8 million in FY 2014, resulting in operating income of $45.7 million in FY 2015. The increase in net position of $42.0 million over the previous fiscal year was due primarily to an increase in leasing of facilities, interest income, and reductions in interest expense and discontinued projects.

Total waterborne commerce, measured in short tons (2,000 pounds), reached 24,001,663 tons, which is an increase of 3.1% over the 23,273,318 tons recorded in FY 2014, and an increase of 6.9% from 22,452,473 tons in FY 2013. In FY 2015 and FY 2014, the Port hosted 3,768 and 3,970 ship calls respectively, from vessels ranging from naval warships and mega cruise ships to container ships and tankers of all sizes.

Financial Position (Continued)

Cruise-related activity for the Port, including both cruise revenue and parking revenue, accounted for 39.8% of the operating revenues for FY 2015. Cruise revenue decreased $7.1 million or 12.0%, which is attributable to a decrease in cruise passengers as a result of the repositioning and dry docking of Royal Caribbean ships during the fiscal year, as well a decrease in port user charge revenues resulting from the completion of the capital cost recovery payments associated with the 2009 renovation of Cruise Terminal 18 in January of 2014. Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated $8.8 million in FY 2015, compared to $8.9 million in FY 2014 and $7.0 million in FY 2013. The number of multi-day passengers decreased to 3,622,229 in FY 2015, or a 6.6% decrease from 3,880,033 in FY 2014. The total number of passengers, including both single-day and multi-day, was 3,773,386 in FY 2015, which is a decrease of 5.7% over the FY 2014 total of 4,001,354 for the reasons described above.

Containerized cargo accounted for 22.7% of operating revenue in FY 2015. The Port ranks first in Florida in international container cargo activity, based on total TEUs (20-foot equivalent units, the standard measure for containerized cargo). The Port also ranks 11th among U.S. seaports for containerized cargo trade, according to data from the American Association of Port Authorities. Containerized cargo activity increased in FY 2015 to 6,693,446 tons and 1,060,507 TEUs, an increase of approximately 2.5% and 4.7% respectively, from FY 2014 levels of 6,529,771 tons and 1,013,344 TEUs. From FY 2006 to FY 2015, the volume of containerized cargo billed at the Port increased from 5,688,442 tons to 6,693,446 tons, representing growth of 17.7%, and from 864,030 TEUs to 1,060,507 TEUs, representing growth of 22.7%. Revenue from containerized cargo increased 5.5% in FY 2015 to $34.8 million, up from $33.0 million in FY 2014. This increase is due to volume increases by the Port's top shipping lines. Of note, beginning in FY 2014, to be consistent with other top North American ports, Port Everglades changed its TEU counting methodology to include partial TEUs associated with containers longer than 40 feet. This change in methodology resulted in an increase of reported TEUs of 16,537, or 1.6%.

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. In FY 2015, import activity exceeded export activity, with imports growing 5.3% over the past year.

The Port's primary trade lanes remain in the regional Caribbean, Central America, and South America markets, representing nearly 87.1% of the Port's cargo movements. As the nation's leading gateway for trade with Latin America, Port Everglades handled approximately 15.4% of all Latin American trade in the United States, and 38.0% of Florida's total trade with South America, Central America, and the Caribbean. The Port also leads the United States in both exports and imports with Latin America. The Port is particularly dominant in Central America, where approximately 36.1% of the Port's containerized cargo volume was destined in FY 2015. With a projected 17.0% share of the entire Central American market in FY 2015, the Port is also first among all U.S. seaports operating in that market.

Petroleum movements through the Port generated $32.7 million in operating revenue in FY 2015, an increase of 11.5% compared to $29.4 million in FY 2014, and representing 21.4% of the Port's operating revenue. This revenue increase was partially due to a $.01 per barrel fire suppression fee implemented in October of 2014 to pay for fire protection system upgrades at the petroleum berths. Overall throughput volume increased 4.0% to approximately 116.9 million barrels, compared to approximately 112.4 million barrels in FY 2014. This increase was driven by higher regional demand for transportation fuels including gasoline, diesel, and jet fuel.

FY 2015 Event Highlights

<u>Planning & Development</u>

On June 25, 2015, Port Everglades received a signed Chief of Engineers Report from the U.S. Army Corps of Engineers which cleared the way for the Port to begin the pre-construction engineering and design phase

FY 2015 Event Highlights (Continued)

of deepening and widening its channels. The project can now also be included in federal legislation expected in 2016 that will authorize similar water and navigation-related projects.

In July of 2015, the Port completed planting of more than 70,000 nursery-grown mangroves and native Florida plants on 16-plus acres of Port property that has been transformed from dry uplands to wetlands. As a critical component of the Port's Southport Turning Notch Extension, the mangrove enhancement project will replace 8.7 acres of existing mangroves so that the Port can add much-needed cargo berths in Southport. The new plants will need to "Trend Towards Success" for one year before the old plants can be removed.

In October of 2014, CG/LA Infrastructure Inc. awarded Port Everglades' 20-Year Master/Vision Plan its 2014 Projects of the Year Award for Job Creation during the 6th Annual North American Strategic Infrastructure Leadership Forum in Washington, D.C. The national awards were selected from an initial list of 400 projects valued at $370 billion.

In December of 2014, the Eller Drive Overpass opened to connect the east end of I-595 directly to the Port's main entrance. The Florida Department of Transportation (FDOT) invested $42.5 million to build the Overpass, which allows vehicles entering Port Everglades to travel unimpeded over two new at-grade rail tracks that lead into the Florida East Coast Railway's (FECR) new Intermodal Container Transfer Facility (ICTF). I-595 connects directly to I-95, I-75 and Florida's Turnpike.

Cruise

In December of 2014, the Port completed renovations of Cruise Terminal 4. This $24 million project included a number of renovations and upgrades designed for greater efficiency and guest convenience such as:

- Moving passenger drop-off from the east side of the terminal to the west side to separate the traffic from neighboring Cruise Terminal 2 and reduce traffic congestion
- Providing covered loading/drop-off areas as part of the ground transportation area
- Adding 172 surface parking spaces at ground level adjacent to the ground transportation area
- Replacing the single escalator and older elevators with two new escalators and two new elevators for improved passenger flow
- Improving lighting and acoustics, and a high-efficiency air conditioning system
- Adding an additional new loading bridge to expedite embark and debark processes
- Installing prominent art pieces by celebrated glass artist Dale Chihuly and South Florida artist Xavier Cortada
- Receiving certification as Leadership in Energy and Environmental Design (LEED) - a first for Port Everglades due to the terminal's energy efficiency

Cargo

On July 14, 2015, Florida East Coast Railway (FECR) celebrated its first-year anniversary operating its new Intermodal Container Transfer Facility (ICTF) at the Port with a 26% increase in volume year-over-year.

On August 27, 2015 Port Everglades became the first and last U.S. calls for SeaLand and APL's North American Express Service (NAE/ACX) to Latin America. One northbound and one southbound port call are made each week, year-round. SeaLand, an ocean freight shipping company recently revived by Maersk Line, the world's largest container shipping company, and APL, a wholly owned subsidiary of

FY 2015 Event Highlights (Continued)

Singapore-based Neptune Orient Lines, a global transportation and logistics company, selected Florida International Terminal, LLC (FIT) at Port Everglades to provide cargo handling and stevedoring services. The new service is expected to generate more than 20,000 container moves annually. In addition, SeaLand established its headquarters in Miramar.

Other

In January of 2015, the Port received a bond rating upgrade from A2 to A1 from Moody's Investors Service on its outstanding senior lien debt. As cited in the rating report, the upgrade is attributable to the Port's strong fundamentals with respect to its size and region of operation, continued stable financial performance, revenue diversity, strong management team, and competitive position. The Port's bond ratings of A and A- were also affirmed by Fitch and Standard & Poor's respectively.

Required Financial Statements

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

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

The assets and liabilities are presented in a classified format, which distinguishes between current and non-current assets and liabilities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 65, deferred outflows 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 & cash equivalents resulting from operating, financing, and investing activities and provides answers to such questions as where the cash came from, what it was used for, and what the change in the cash balance was during the reporting period.

Analysis of Overall Financial Position and Results of Operations

One of the most important questions asked about the Port's financial statements is, "Is the Port as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of revenues, expenses, and changes in net position report information about the Port's activities in ways that will help answer this question. One can think of the Port's net position — the difference between assets plus deferred outflows of resources and liabilities — 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.

Statements of Net Position

The statements of net position serve as a useful indicator of the Port's financial position. They distinguish assets, deferred outflows of resources, liabilities, and deferred inflows of resources with respect to their expected use for current operations or internally-designated use for capital projects. The Port's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $671.8 million and $629.8 million as of September 30, 2015 and 2014, respectively, a $42.0 million increase from September 30, 2014, and a $32.8 million increase from September 30, 2013 to September 30, 2014. A condensed comparative summary of the Port's statements of net position as of September 30, 2015, 2014, and 2013 are shown below:

Condensed Statements of Net Position
(Dollars in Thousands)

	FY 2015	FY 2014	FY 2013
Assets			
Current assets (unrestricted)	$ 232,410	$ 235,054	$ 178,593
Current assets (restricted)	26,940	25,424	58,395
Other assets	28,320	27,572	27,511
Capital assets, less accumulated depreciation	633,932	617,377	608,892
Total assets	921,602	905,427	873,391
Deferred Outflows of Resources			
Deferred charge on refunding	2,379	3,584	4,789
Deferred outflows on pensions	1,801	1,171	223
Accumulated decrease in fair value of interest rate swap	4,895	3,991	4,084
Total deferred outflows of resources	9,075	8,746	9,096
Liabilities			
Current liabilities payable from unrestricted assets	13,943	20,134	11,810
Current liabilities payable from restricted assets	26,940	25,424	58,395
Non-current liabilities	216,601	234,605	225,975
Total liabilities	257,484	280,163	296,180
Deferred Inflows of Resources			
Deferred inflows on pensions	1,435	4,259	-
Net Position			
Net investment in capital assets	425,094	388,482	360,460
Restricted for			
Debt service	1,823	941	1,932
Operating and maintenance	14,993	14,245	14,184
Renewal and replacement	3,000	3,000	3,000
Unrestricted	226,848	223,083	217,372
Total net position	$ 671,758	$ 629,751	$ 596,948

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

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

Statements of Revenues, Expenses, and Changes in Net Position

A condensed comparative summary of the Port's revenues, expenses, and changes in net position for each of the fiscal years ended September 30, 2015, 2014, and 2013 is shown below:

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

	FY 2015	FY 2014	FY 2013
Operating revenues	$ 153,324	$ 153,194	$ 146,825
Operating expenses (including depreciation)	107,593	107,406	102,376
Operating income	45,731	45,788	44,449
Non-operating revenues (expenses), net	(8,416)	(13,677)	(11,734)
Income before capital contributions	37,315	32,111	32,715
Capital contributions	10,249	11,333	4,400
Transfers out	(5,557)	-	-
Change in net position	42,007	43,444	37,115
Net position - beginning of year, as restated	629,751	586,307 **	559,833 *
Net position - end of year	$ 671,758	$ 629,751	$ 596,948

* The October 1, 2012 beginning balance in the table above was restated due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

** The October 1, 2013 beginning balance in the table above was restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

The following table details operating revenues by revenue center for each of the fiscal years ended September 30, 2015, 2014, and 2013:

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

	FY 2015	FY 2014	FY 2013
Operating revenues			
Cruise	$ 52,315	$ 59,422	$ 62,153
Containerized cargo	34,847	33,019	31,671
Petroleum	32,749	29,364	27,530
Real estate	15,486	14,577	12,779
Parking	8,765	8,885	6,998
Other	2,663	2,345	1,863
Break Bulk	3,672	2,767	2,130
Bulk	2,827	2,815	1,701
Total operating revenues	$ 153,324	$ 153,194	$ 146,825

In FY 2015, operating revenues increased 0.1% from $153.2 million in 2014 to $153.3 million. The increase can primarily be attributed to a $3.4 million or 11.5% increase in petroleum revenue, $0.9 million or 6.2% increase in real estate revenue, and $1.8 million or 5.5% increase in containerized cargo revenue, offset by a $7.1 million or 11.9% reduction in cruise revenues.

In FY 2014, operating revenues increased 4.3% from $146.8 million in 2013 to $153.2 million. The increase can be primarily attributed to a $1.9 million or 27.0% increase in parking revenue, $1.8 million or 14.1% increase in real estate revenue, and 1.8 million or 6.7% increase in petroleum revenue, offset by a $2.7 million or 4.4% reduction in cruise revenue.

Statements 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, 2015, 2014, and 2013:

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	FY 2015	FY 2014	FY 2013
Operating expenses			
Personal services	$ 19,180	$ 18,660	$ 18,097
Law enforcement and fire rescue	24,144	23,043	21,676
Contractual services	16,449	16,544	15,961
Insurance	4,868	5,129	5,470
Utilities	4,358	4,031	4,168
Maintenance, equipment, and supplies	6,160	6,314	5,423
General and administrative	4,685	5,083	4,143
Total operating expenses before depreciation	79,844	78,804	74,938
Depreciation	27,749	28,602	27,438
Total operating expenses	$ 107,593	$ 107,406	$ 102,376

In FY 2015, personal services increased $0.5 million from FY 2014 due to wage increases and additional staff. Law enforcement and fire rescue services expense increased $1.1 million primarily due to provider increases. Contractual services decreased by $0.1 million from the FY 2014 amount. This decrease was primarily due to a negotiated decrease in monthly parking management costs. Insurance expense decreased from the FY 2014 amount by $0.3 million, primarily due to a reduction in annual premiums. Utilities expense increased approximately $0.3 million over FY 2014 due to increases in water usage and rate costs. The cost of maintenance, equipment, and supplies also decreased by $0.2 million over the prior year, primarily due to lower costs related to building and facility maintenance and materials. General and administrative expense decreased by $0.4 million from FY 2014 primarily due to a reduction in licenses and fee and a cost allocation. Depreciation expense decreased by $0.9 million due to assets reaching the end of their useful lives, resulting in less depreciation being recorded.

In FY 2014, personal services increased $0.6 million from FY 2013 due to wage increases and additional staff. Law enforcement and fire rescue services expense increased $1.4 million primarily due to provider increases. Contractual services increased by $0.6 million from the FY 2013 amount. This increase was primarily due to an increase in engineering and architectural consulting costs. Insurance expense decreased from the FY 2013 amount by $0.2 million, primarily due to a reduction in annual premiums. Utilities expense decreased approximately $0.1 million over FY 2013 due to a reduction in electricity and water costs. The cost of maintenance, equipment, and supplies also increased by $0.9 million over the prior year, primarily due to higher costs related to building and facility maintenance and materials. General and administrative expense increased by $0.9 million from FY 2013 primarily due to a reduction in the capitalization of overhead costs. Depreciation expense decreased by $1.2 million due to full year of depreciation on $79.2 million of new capital assets placed in service in FY 2013.

In FY 2015, operating income of $45.7 million decreased by $0.1 million or 0.12% over $45.8 million in FY 2014, and operating income increased in FY 2014 by $1.4 million or 3.1% over $44.4 million in FY 2013 due to the reasons discussed on previous pages.

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

The following table presents non-operating revenues and non-operating expenses for each of the fiscal years ended September 30, 2015, 2014, and 2013:

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

	FY 2015	FY 2014	FY 2013
Non-operating revenues			
Interest Income	$ 1,113	$ 763	$ 390
Gain (loss) on disposal of capital assets	(138)	16	61
Other revenues, net	1,695	265	2,241
Total non-operating revenues	2,670	1,044	2,692
Non-operating expenses			
Interest expense	(9,561)	(11,942)	(12,051)
Discontinued project costs	(489)	(1,497)	(1,054)
Other expenses, net	(1,036)	(1,282)	(1,321)
Total non-operating expenses	(11,086)	(14,721)	(14,426)
Non-operating revenues (expenses), net	$ (8,416)	$ (13,677)	$ (11,734)

In FY 2015, net non-operating expense decreased by $5.3 million to $8.4 million from net expense of $13.7 million in 2014. This decrease was due to an increase in interest income of $0.4 million, increase in gain on disposal of capital assets of $0.1 million, a FEMA claim due to hurricanes of $1.4 million, an increase in capitalized interest of $1.8 million offset by a decrease in discontinued project costs of $0.8 million, debt service interest expense of $0.5 million, and other debt service costs of $0.3 million.

In FY 2014, net non-operating expense increased $2.0 million to $13.7 million from net expense of $11.7 million in 2013. This increase was due primarily to a non-recurring capitalization of project related insurance costs in FY 2013 of $1.6 million, and increase in discontinued project costs of $0.4 million, offset by a decrease in debt service interest expense of $0.1 million, and other debt service costs of $0.1 million. During the fiscal years ended September 30, 2015, 2014, and 2013, the Port received approximately $10.2 million, $11.3 million, and $4.4 million respectively, in state and federal grant money to be used for capital expenditures.

In summary, net position during fiscal years 2015, 2014, and 2013 increased $42.0 million, $32.8 million, and $37.1 million respectively. This increase included a prior period adjustment pertaining to the beginning balance for FY 2014 that reduced total net pension by $10.6 million as a result of the implementation of Governmental Accounting Standards Board (GASB) Statements No. 68, "*Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*".

Capital Improvement Plan

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

Capital Acquisitions and Construction Activities

During FY 2015, the Port put into use approximately $18.2 million of new and improved capital assets. The major additions were roadway improvements, building and land improvements, and security and other equipment.

During FY 2014, the Port put into use approximately $7.9 million of new and improved capital assets. The major additions were crane improvements, passenger loading bridges, security and other equipment.

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 $24.9 million as of September 30, 2015. Additional information on the Port's capital assets and commitments can be found in Note D – Capital Assets and Note J – Commitments and Contingencies.

Overview of Upcoming Projects

During FY 2015, the Port continued implementing several key projects included in the Port Everglades 20-Year Master/Vision Plan adopted by the Board in June of 2014. These projects include the Southport Turning Notch Extension, U.S. Army Corps of Engineers Deepening and Widening Project, Northport and Southport Improvements, Cruise Terminal 25 Improvement/Expansion, and Foreign Trade Zone Relocation. These projects, as further described below, are expected to be completed over the next three to seven years, and will add up to five berths, widen and deepen the channel to 48 feet, plus 1 foot required overdepth, plus one foot allowable overdepth (48+1+1), reconfigure existing space, and implement cruise terminal improvements to accommodate larger cruise ships and better service passenger flows and luggage handling.

Southport Turning Notch (STN) Extension (Berth Additions)

The STN extension project will lengthen the existing deep water turn-around area for cargo ships from 900 feet to 2,400 feet, which will allow for up to five new cargo berths. This project is projected to provide a $10.7 billion annual increase in economic activity related to the Port, create 3,045 construction jobs in the near term, and 5,529 regional jobs by the year 2027. The design and permitting contract for this project with DeRose Design Consultants was awarded on March 27, 2012, and design and permitting for various elements of the project are continuing at this time.

Westward extension of the existing STN is essential to increasing berthing capacity at the Port. This project will require excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed the Upland Mangrove Enhancement Project which will convert 16.5 acres of Port land into mangrove habitat. The construction of the Upland Mangrove Enhancement project was completed in July of 2015, and the mangroves must grow for at least one year before FDEP will provide the approval to remove the existing mangroves. Construction for the extension is then expected to begin in FY 2017. Port officials worked closely with Port users, the environmental community, and FDEP to develop the plan for the new mangrove habitat. In addition, the plan supports completing a number of environmental improvements in West Lake Park, part of an overall initiative covering more than 70 acres of the park.

Overview of Upcoming Projects (Continued)

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

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

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

The total cost is estimated to be $369 million, including a $183 million investment by the Port. Deepening and widening the channel at the Port is projected to create 4,789 construction jobs in the near term, and 1,491 direct regional jobs in the longer-term.

The Port is currently in the pre-construction engineering and design phase of this project.

Northport and Southport Improvements

An additional project for Northport will replace the existing bulkheads at Berths 9 and 10 in a new location approximately 175 feet south of their current location, which will widen Slip 1. The programming and design of this project will commence in FY 2016.

The Southport Phase 9B container yard is an approximately 18 acre parcel that will be developed to support container terminal operations. This project is currently in the design and permitting phase with construction estimated to begin in March of 2016.

Additionally, the Southport Gate Lane addition on McIntosh Road will add an additional outbound lane (increasing outbound lanes to 3) and shift the inbound lanes to the west with a reservation for an additional inbound lane. The objective of the project is to increase efficiency of Southport gate operations and reduce wait times, both inbound and outbound, through the gate. Design and permitting is expected to begin in FY 2016.

Cruise Terminal Improvements - Cruise Facility Upgrades

The Slip 2 lengthening project will extend the current slip approximately 250 feet to the west in order to accommodate larger cruise vessels. This project is related to the Cruise Terminal 4 renovations, and will be completed in CY 2016.

The Cruise Terminal 25 Improvements/Expansion project will involve renovating the terminal in order to better service passenger flows and handling of luggage. The design contract for this project was approved by the Board on June 23, 2015, and construction is expected to begin by April of 2017. Several alternatives will be evaluated during the programming phase.

Overview of Upcoming Projects (Continued)

Foreign-Trade Zone (FTZ)

The County (and its predecessor, the Port Everglades Authority) has operated a foreign-trade zone (FTZ) at the Port since 1978, when the Port's Foreign-Trade Zone No. 25 became Florida's first such facility offering businesses duty-related advantages for import and export goods. Under the Port's Master/Vision Plan, the existing 21.87-acre FTZ site #1, containing four warehouse buildings and totaling approximately 390,000 square feet, will be converted to container yard area to replace existing container yards displaced by the STN. The Port intends to relocate the FTZ and construct new warehouses on undeveloped Port land west of the current location.

Debt Administration

As of September 30, 2015, 2014, and 2013, the Port had $217.9 million, $238.9 million, and $259.3 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 E - Long-term Obligations.

The Port's most recent bond ratings on outstanding revenue bonds as of September 30, 2015 are as follows:

Issue	Insured	Fitch Inc.	Moody's Investors Service	Standard & Poor's
2008 Subordinate Port Facilities Refunding Revenue	RBC Letter of Credit	-	A2	-
2009A Port Facilities Revenue	No	A	A1	A-
2011A Port Facilities Refunding Revenue	Assured Guarantee	A	A1	A-
2011B Port Facilities Refunding Revenue	Assured Guarantee	A	A1	A-
2011C Port Facilities Refunding Revenue	Assured Guarantee	A	A1	A-

The changes in ratings to FY 2015 from FY 2014 for the 2008 Subordinate Port Facilities Refunding Revenue Bonds were due to the Port obtaining a rating from Moody's Investors Service.

Contacting the Port Department's Financial Management

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

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position
September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
ASSETS		
Current Assets		
Unrestricted assets		
Cash and cash equivalents	$ 26,764	$ 9,273
Investments	187,285	202,000
Accounts receivable, trade (less estimated uncollectible accounts of $432 in 2015 and $2 in 2014)	7,228	6,315
Accounts receivable, other (less estimated uncollectible accounts and unamortized discounts of $29 in 2015 and $43 in 2014)	196	210
Due from other governments	2,409	7,976
Inventories	5,349	5,661
Prepaid items	3,179	3,619
Total current unrestricted assets	232,410	235,054
Restricted assets		
Cash and cash equivalents	2,756	1,953
Investments	24,184	23,471
Total current restricted assets	26,940	25,424
Total current assets	259,350	260,478
Noncurrent assets		
Restricted assets		
Cash and cash equivalents	13,327	13,327
Investments	14,993	14,245
Total noncurrent restricted assets	28,320	27,572
Capital assets		
Land and land improvements	50,550	50,550
Construction in progress and pending equipment	76,374	49,978
Buildings, piers, and other improvements	521,121	508,594
Equipment and vehicles	172,862	171,991
Property held for leasing	259,108	255,503
Total capital assets	1,080,015	1,036,616
Less accumulated depreciation	(446,083)	(419,239)
Total capital assets, net	633,932	617,377
Total noncurrent assets	662,252	644,949
Total assets	921,602	905,427
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,379	3,584
Deferred outflows on pensions	1,801	1,171
Accumulated decrease in fair value of interest rate swap	4,895	3,991
Total deferred outflows of resources	9,075	8,746

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position (Continued)
September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
LIABILITIES		
Current liabilities		
Payable from unrestricted assets		
Accounts payable	$ 10,968	$ 15,580
Accrued liabilities	836	741
Due to other County funds	209	1,200
Due to other governments	750	894
Unearned revenue	-	510
Compensated absences	1,180	1,209
Total current liabilities payable from unrestricted assets	13,943	20,134
Payable from restricted assets		
Accrued interest payable	934	1,012
Security deposits	4,191	3,467
Revenue bonds payable	21,815	20,945
Total payable from restricted assets	26,940	25,424
Total current liabilities	40,883	45,558
Noncurrent liabilities		
Revenue bonds payable, net of discounts and premiums	199,729	221,861
Compensated absences	1,209	1,118
Other post employment benefits	610	560
Fair value of interest rate swap	4,895	3,991
Net pension liability	10,158	7,075
Total noncurrent liabilities	216,601	234,605
Total liabilities	257,484	280,163
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	1,435	4,259
NET POSITION		
Net investment in capital assets	425,094	388,482
Restricted for		
Debt service	1,823	941
Operating and maintenance	14,993	14,245
Renewal and replacement	3,000	3,000
Unrestricted	226,848	223,083
Total net position	$ 671,758	$ 629,751

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
Operating revenues		
Vessel, cargo, and passenger services	$ 127,734	$ 128,659
Lease of facilities	14,823	13,923
Vehicle parking	8,765	8,885
Other	2,002	1,727
Total operating revenues	153,324	153,194
Operating expenses		
Salaries and wages	14,400	14,482
Benefits	4,780	4,178
Total personal services expenses	19,180	18,660
Law enforcement and fire rescue	24,144	23,043
Contractual services	16,449	16,544
Insurance	4,868	5,129
Utilities	4,358	4,031
Maintenance, equipment, and supplies	6,160	6,314
General and administrative	4,685	5,083
Total non-personal services expenses	60,664	60,144
Total operating expenses before depreciation	79,844	78,804
Depreciation	27,749	28,602
Total operating expenses	107,593	107,406
Operating income	45,731	45,788
Non-operating revenues (expenses)		
Interest income	1,113	763
Interest expense, net of capitalized interest	(9,561)	(11,942)
Gain (loss) on disposal of capital assets	(138)	16
Discontinued project costs	(489)	(1,497)
Other, net	659	(1,017)
Total non-operating revenues (expenses)	(8,416)	(13,677)
Income before capital contributions and transfers	37,315	32,111
Capital contributions	10,249	11,333
Transfer out	(5,557)	-
Change in net position	42,007	43,444
Net position, beginning of year, as restated	629,751	586,307
Net position, end of year	$ 671,758	$ 629,751

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
Cash flows from operating activities:		
Cash received from customers	$ 152,652	$ 154,695
Payments to suppliers for goods and services	(61,082)	(58,902)
Payments to employees for services	(19,344)	(18,910)
Other cash paid	(527)	(469)
Other cash receipts	1,694	264
Net cash provided by operating activities	73,393	76,678
Cash flows from non-capital financing activities:		
Transfer out	(5,557)	-
Net cash used for non-capital financing activities	(5,557)	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(47,400)	(30,573)
Principal payments on bonds	(20,945)	(20,425)
Payment of interest and fiscal charges	(11,123)	(11,647)
Payment of other debt service costs	(377)	(725)
Proceeds from sale of capital assets	134	16
Capital contributions	15,816	4,521
Net cash used for capital and related financing activities	(63,895)	(58,833)
Cash flows from investing activities:		
Purchase of investments	(206,084)	(242,008)
Proceeds from sale and maturities of investments	219,338	221,576
Interest on investments	1,099	804
Net cash provided by (used for) investing activities	14,353	(19,628)
Net increase (decrease) in cash and cash equivalents	18,294	(1,783)
Cash and cash equivalents, beginning of year	24,553	26,336
Cash and cash equivalents, end of year	$ 42,847	$ 24,553
Cash and cash equivalents - unrestricted assets	$ 26,764	$ 9,273
Cash and cash equivalents - restricted assets - current	2,756	1,953
Cash and cash equivalents - restricted assets - noncurrent	13,327	13,327
	$ 42,847	$ 24,553

(Continued)

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows (Continued)
For the Fiscal Years Ended September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 45,731	$ 45,788
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	27,749	28,602
Miscellaneous non-operating revenues (expenses)	1,167	(205)
Decrease (increase) in assets and deferred outflows of resources:		
Accounts receivable, trade	(913)	588
Accounts receivable, other	28	69
Inventories	312	469
Prepaid items	(33)	147
Deferred outflows on pensions	(630)	(948)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	438	(286)
Accrued liabilities	95	116
Due to other County funds	(991)	900
Due to other governments	(144)	12
Unearned revenue	(510)	510
Compensated absences	62	64
Security deposits	723	334
Other post employment benefits	50	48
Net pension liabilities	3,083	(3,789)
Deferred inflows on pensions	(2,824)	4,259
Net adjustments	27,662	30,890
Net cash provided by operating activities	$ 73,393	$ 76,678
Supplemental information		
Non-cash investing, capital, and financing activities		
Capital assets acquired through current accounts payable	$ 7,572	$ 12,622
Capital contributions	2,409	7,976
Amortization of bond discounts and premiums	(317)	(317)
Amortization of deferred charges	1,205	1,205
Change in fair value of interest rate swap	904	(93)
Change in fair value of investments	(361)	(41)

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity: These financial statements present the financial position, changes in net position, and cash flows of the Port Everglades Department (the "Port") of Broward County, Florida (the "County") and not the County as a whole. The Port is a department of the County and operates as a major enterprise fund thereof. The County owns Port Everglades, which is operated by the County's Board of County Commissioners (the "County Commission"). The Port, formerly known as Port Everglades Authority ("PEA") is located within the geographic boundaries of the County and was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,277 acres.

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

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

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

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

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

C. Implementation of Governmental Accounting Standards Board Statements: The Port adopted the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2015:

1. GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68"

Note 1 - Summary of Significant Accounting Policies (Continued)

Statement No. 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans within the scope of this Statement. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

The adoption of Statement No. 68 and Statement No. 71 resulted in the restatement of the October 1, 2014 net position (see Note 1, Section D).

2. GASB Statement No. 69 "Government Combinations and Disposals of Government Operations"

Statement No. 69 establishes accoutning and financial reporting standards related to government combinations and disposals of government operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. Conversely, government acquisitions are transactions in which a goverment acquires another entity, or its operations, in exchange for significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a governement merger, and requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for tranfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.. This Statement had no impact on the Port's financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Change in Accounting Principle: The implementation of Statement No. 68 and Statement No. 71 resulted in the restatement of the October 1, 2013 beginning net position. The adjustment to restate the beginning net position, which includes deferred outflows for contributions made after the measurement date, was as follows (dollars in thousands):

Net position, October 1, 2013, as previously stated	$ 596,948
Restatement	(10,641)
Net position, October 1, 2013, as restated	$ 586,307

E. 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 investement balances. The Port also maintains cash and investments outside of the County pool relating to bond proceeds for the purpose of funding debt service payments and bond reserve requirements, as well as for investment purposes. All investments are carried at fair value as determined from quoted market prices.

F. Accounts Receivable: The Port invoices customers for vessel, cargo, and passenger services, and leasing of facilities. The Port records accounts receivable at the estimated net realizable value. Accordingly, accounts receivable are shown net of estimated uncollectible accounts and unamortized discounts, as determined by management policies.

G. 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.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Capitalization of Interest Costs: Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The Port incurred interest of $11,937,000 and $12,491,000 for the fiscal years ended September 30, 2015 and 2014, respectively, and, of this, $2,376,000 and $549,000 respectively, was included as part of the cost of construction in progress and assets placed into service.

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 position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The category of deferred outflows of resources reported in the Port's statements of net position is related to debt refunding, the interest rate swap and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. A deferred outflow of resources has been reported for the accumulated decrease in fair value of the interest rate swap in the statements of net position. Deferred outflows on pension activities are more fully disclosed in Note 1, Section P and Note 8.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the Port relate to pension activities and are more fully disclosed in Note 1, Section P and Note 8.

M. Unearned Revenue: Unearned revenue represents amounts collected in advance that do not meet the criteria for revenue recognition.

N. Long-term Obligations**:** Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums or discounts are amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable unamortized bond premium or discount.

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

P. Pensions**:** In the Statement of Net Position, pension liabilities are recognized for the Port's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows or resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proprotionate 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, and consists of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

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

R. Capital Contributions: Capital contributions consist mainly of grants from Federal and State governments. These capital contributions are recognized as earned as related project costs are incurred.

S. Reclassifications: Certain amounts presented in the prior year's data have been reclassified in order to be consistent with the current year's presentation. The reclassifications did not affect the total net position of the Port or the changes in net position for the year ended September 30, 2015.

T. 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 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.

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Note 2 - Deposits and Investments

As of September 30, 2015 and 2014, the Port's deposits and investments consisted of the following (dollars in thousands):

	September 30, 2015	September 30, 2014
Cash deposits	$ 20,462	$ 24,553
Investments:		
U.S. Treasuries	70,443	41,491
U.S. Agencies	166,370	177,010
World Bank	389	-
Commercial paper	11,645	21,215
Total investments	248,847	239,716
Total cash and cash equivalents and investments	$ 269,309	$ 264,269

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

	September 30, 2015	September 30, 2014
Current assets		
Cash and cash equivalents - unrestricted	$ 26,764	$ 9,273
Cash and cash equivalents - restricted	2,756	1,953
Investments - unrestricted	187,285	202,000
Investments - restricted	24,184	23,471
Non-current assets		
Cash and cash equivalents - restricted	13,327	13,327
Investments - restricted	14,993	14,245
Total cash and cash equivalents and investments	$ 269,309	$ 264,269

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 market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories' collateral pledging level. The pledging level may range from 25% to 200% depending upon the depositories' financial condition and establishment period. 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.

Note 2 - Deposits and Investments (Continued)

At September 30, 2015, $16,067,000 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department, but not in the County's name.

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

Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, World Bank notes, bonds and discount notes, certificates of deposit, certain money market funds, and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreements.

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	20%
3 years to 4 years	15%
4 years to 5 years	10%

Assets held pursuant to bond covenants are exempt from these maturity limitations. As of September 30, 2015, the portfolio weighted average maturity was 477 days, and was in accordance with the County's investment policy.

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

The County's investments in U.S. Treasuries and U.S. Agencies, except for investments in the Federal Agricultural Mortgage Corporation which are not rated, are rated AA+ by Standard & Poor's

Note 2 - Deposits and Investments (Continued)

Rating Services and Aaa by Moody's Investors Service. The County's investments in commercial paper and World Bank notes are rated A-1+ by Standard & Poor's Ratings Services and P-1 by Moody's Investors Service.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government and U.S. Agencies thereof, or government-sponsored corporation securities. The County requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*" requires disclosure when 5% or more is invested in any one issuer. The investment in the Federal Home Loan Bank is 17.39%, the Federal Home Loan Mortgage Corporation is 25.50%, the Federal National Mortgage Association is 16.27%, the Federal Farm Credit Bank is 6.78%, and the Federal Agricultural Mortgage Corporation is 6.38%.

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Note 3 - Restricted Assets

Restricted assets of the Port as of September 30, 2015 and 2014 represent amounts restricted for debt service, bond reserves, operating and maintenance, and renewal and replacement under the terms of outstanding bond agreements, as well as refundable customer security deposits. The debt service accounts contain the principal due within one year and the accumulated cash for one-twelfth of the required interest payable for the subsequent year. Under the bond resolutions in effect, the bond reserve accounts contain the required amounts for the debt service reserves prescribed by the Series 2008 and the Series 2009A bonds; the operating and maintenance reserve is the required amount to be set aside to cover two months of operating expenses; and the renewal and replacement reserve is the required amount to be set aside for renewal and replacement of equipment.

As of September 30, 2015 and 2014, assets were restricted for the following purposes (dollars in thousands):

	September 30, 2015	September 30, 2014
Debt service accounts	$ 22,749	$ 21,957
Bond reserve accounts	10,327	10,327
Operating and maintenance	14,993	14,245
Renewal and replacement	3,000	3,000
Security deposits	4,191	3,467
	$ 55,260	$ 52,996

As of September 30, 2015 and 2014, restricted assets were classified in the statements of net position as follows (dollars in thousands):

	September 30, 2015	September 30, 2014
Current assets – restricted		
Cash and cash equivalents	$ 2,756	$ 1,953
Investments	24,184	23,471
Noncurrent assets - restricted		
Cash and cash equivalents	13,327	13,327
Investments	14,993	14,245
Total restricted assets	$ 55,260	$ 52,996

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Note 4 - Capital Assets

Capital asset activity was as follows for the fiscal years ended September 30, 2015 and 2014 (dollars in thousands):

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Capital assets not being depreciated				
Land and land improvements	$ 50,550	$ -	$ -	$ 50,550
Property held for leasing - land and land improvements	157,530	2,538	-	160,068
Construction in progress and pending equipment				
Construction in progress	49,208	32,440	(9,073)	72,575
Pending equipment	770	3,430	(401)	3,799
Total construction in progress and pending equipment	49,978	35,870	(9,474)	76,374
Total non-depreciable capital assets	258,058	38,408	(9,474)	286,992
Capital assets being depreciated				
Buildings, piers, and other improvements	508,594	12,527	-	521,121
Property held for leasing - buildings, piers, and other improvements	97,973	1,717	(650)	99,040
Equipment and vehicles	171,991	1,398	(527)	172,862
Total depreciable capital assets	778,558	15,642	(1,177)	793,023
Less accumulated depreciation				
Buildings, piers, and other improvements	(258,999)	(18,318)	-	(277,317)
Property held for leasing - buildings, piers, and other improvements	(64,198)	(2,338)	650	(65,886)
Equipment and vehicles	(96,042)	(7,093)	255	(102,880)
Total accumulated depreciation	(419,239)	(27,749)	905	(446,083)
Total capital assets being depreciated, net	359,319	(12,107)	(272)	346,940
Total capital assets, net	$ 617,377	$ 26,301	$ (9,746)	$ 633,932

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Capital assets not being depreciated				
Land and land improvements*	$ 56,756	$ -	$ (6,206)	$ 50,550
Property held for leasing - land and land improvements*	151,324	6,206	-	157,530
Construction in progress and pending equipment				
Construction in progress	20,110	33,122	(4,024)	49,208
Pending equipment	597	5,339	(5,166)	770
Total construction in progress and pending equipment	20,707	38,461	(9,190)	49,978
Total non-depreciable capital assets	228,787	44,667	(15,396)	258,058
Capital assets being depreciated				
Buildings, piers, and other improvements	503,117	5,477	-	508,594
Property held for leasing - buildings, piers, and other improvements	97,858	115	-	97,973
Equipment and vehicles	170,753	2,263	(1,025)	171,991
Total depreciable capital assets	771,728	7,855	(1,025)	778,558
Less accumulated depreciation				
Buildings, piers, and other improvements	(241,042)	(17,957)	-	(258,999)
Property held for leasing - buildings, piers, and other improvements	(61,766)	(2,432)	-	(64,198)
Equipment and vehicles	(88,815)	(8,213)	986	(96,042)
Total accumulated depreciation	(391,623)	(28,602)	986	(419,239)
Total capital assets being depreciated, net	380,105	(20,747)	(39)	359,319
Total capital assets, net	$ 608,892	$ 23,920	$ (15,435)	$ 617,377

* During the 2014 fiscal year, vacant land that was held for operational use became available for leasing, and was therefore reclassified from land and land improvements to property held for leasing.

Note 4 - Capital Assets (Continued)

As of September 30, 2015, property held for leasing included both non-depreciable capital assets (land and land improvements of $160,068,000) and depreciable capital assets (buildings, piers, and other improvements of $99,040,000), totaling $259,108,000, less accumulated depreciation of $65,886,000 for a net book value of $193,222,000.

As of September 30, 2014, property held for leasing included both non-depreciable capital assets (land and land improvements of $157,530,000) and depreciable capital assets (buildings, piers, and other improvements of $97,973,000), totaling $255,503,000, less accumulated depreciation of $64,198,000 for a net book value of $191,305,000.

Note 5 - Lease Agreements

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

Fiscal Year(s)		Amount
2016	$	9,307
2017		9,562
2018		9,683
2019		8,523
2020		6,203
2021-2025		15,400
2026-2030		7,160
2031-2035		3,200
2036-2040		3,283
2041-2045		3,994
2046-2050		4,859
2051-2055		5,912
2056-2060		7,193
2061-2065		8,751
2066-2070		10,647
2071-2075		12,954
2076-2080		15,760
2081-2085		19,174
2086-2090		23,329
2091-2093		11,149
Total	$	196,043

Note 6 - Long-term Obligations

Changes in long-term obligations for the fiscal years ended September 30, 2015 and 2014 were as follows (dollars in thousands):

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015	Due within One Year
Revenue bonds payable					
2008 Subordinate Port Facilities, Refunding	$ 33,735	$ -	$ (2,075)	$ 31,660	$ 2,145
2009A Port Facilities	69,950	-	(3,195)	66,755	3,355
2011A Port Facilities, Refunding	12,370	-	-	12,370	-
2011B Port Facilities, Refunding, Serial	69,055	-	(9,835)	59,220	-
2011B Port Facilities, Refunding, Term	31,640	-	-	31,640	-
2011C Port Facilities, Refunding	22,155	-	(5,840)	16,315	16,315
Total face amount of revenue bonds payable	238,905	-	(20,945)	217,960	21,815
Unamortized bond discounts	(1,257)	-	909	(348)	-
Unamortized bond premiums	5,158	-	(1,226)	3,932	-
Total net revenue bonds payable	242,806	-	(21,262)	221,544	21,815
Compensated absences payable	2,327	1,034	(972)	2,389	1,180
Other post employment benefits	560	98	(48)	610	-
Net pension liability	7,075	3,083	-	10,158	-
Total	$ 252,768	$ 4,215	$ (22,282)	$ 234,701	$ 22,995

	Balance October 1, 2013 *	Additions	Reductions	Balance September 30, 2014	Due within One Year
Revenue bonds payable					
2008 Subordinate Port Facilities, Refunding	$ 35,735	$ -	$ (2,000)	$ 33,735	$ 2,075
2009A Port Facilities	72,995	-	(3,045)	69,950	3,195
2011A Port Facilities, Refunding	12,370	-	-	12,370	-
2011B Port Facilities, Refunding, Serial	69,055	-	-	69,055	-
2011B Port Facilities, Refunding, Term	31,640	-	-	31,640	9,835
2011C Port Facilities, Refunding	37,535	-	(15,380)	22,155	5,840
Total face amount of revenue bonds payable	259,330	-	(20,425)	238,905	20,945
Unamortized bond discounts	(1,341)	-	84	(1,257)	-
Unamortized bond premiums	5,559	-	(401)	5,158	-
Total net revenue bonds payable	263,548	-	(20,742)	242,806	20,945
Compensated absences payable	2,263	1,190	(1,126)	2,327	1,209
Other post employment benefits	512	92	(44)	560	-
Net pension liability	10,864	-	(3,789)	7,075	-
Total	$ 277,187	$ 1,282	$ (25,701)	$ 252,768	$ 22,154

*The October 1, 2013 beginning balances were restated due to the implementation of GASB Statements No. 68 and No. 71.

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Note 6 - Long-term Obligations (Continued)

Revenue Bonds Payable: The following is a summary of the major provisions and significant debt service requirements for bonds outstanding as of September 30, 2015 and 2014 (dollars in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment Rate (%)	Interest Payment Dates	Optional (O) or Mandatory (M) Redemption	Redemption Year	Final Maturity Date	Issued	Retired / Refunded	Outstanding September 30, 2015	Outstanding September 30, 2014
2008 Subordinate Port Facilities Refunding	Refunding Issue	Demand	3.642 *	Monthly	O	2015	9-1-2027	$ 46,145	$ (14,485)	$ 31,660	$ 33,735
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	O	2019	9-1-2025	$ 48,085	$ (16,480)	31,605	34,800
2009A Port Facilities	Capital Improvements	Term	5.25 - 5.5	3-1 9-1	M	2023	9-1-2029	$ 35,150	$ -	35,150	35,150
2011A Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	O	2021	9-1-2025	$ 12,370	$ -	12,370	12,370
2011B Port Facilities	Refunding Issue	Serial	5.0	3-1 9-1	O	2021	9-1-2023	$ 69,055	$ (9,835)	59,220	69,055
2011B Port Facilities	Refunding Issue	Term	4.625	3-1 9-1	M	2025	9-1-2027	$ 31,640	$ -	31,640	31,640
2011C Port Facilities	Refunding Issue	Serial	1.098 - 3.0	3-1 9-1	N/A	N/A	9-1-2016	$ 54,195	$ (37,880)	16,315	22,155
Total face amount of revenue bonds payable										$ 217,960	$ 238,905

*Synthetic fixed rate per swap agreement

The annual debt service requirements for all bonds outstanding as of September 30, 2015 are as follows (dollars in thousands):

Fiscal Year(s)	Principal	Interest	Total
2016	$ 21,815	$ 10,245	$ 32,060
2017	13,020	9,509	22,529
2018	13,645	8,889	22,534
2019	14,320	8,220	22,540
2020	15,010	7,522	22,532
2021-2025	86,620	26,061	112,681
2026-2029	53,530	5,369	58,899
	$ 217,960	$ 75,815	$ 293,775

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Note 6 - Long-term Obligations (Continued)

Details of the Port's bonds outstanding as of September 30, 2015 and 2014 are provided in the following sections. Terms not defined in these Notes to Financial Statements that are capitalized are defined in the underlying agreements.

Series 2008 Bonds: In July 2008, the Port issued $46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008 (the "Series 2008 Bonds"). The Series 2008 Bonds were issued to refund $43,160,000 of outstanding Series 1998 Bonds. The Series 2008 Bonds bear interest at a weekly variable rate. The variable rate as of September 30, 2015 and 2014 was 0.02% and 0.04%, respectively.

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

An irrevocable Direct-Pay Letter of Credit was issued by the Royal Bank of Canada (RBC) pursuant to a Letter of Credit Reimbursement Agreement dated July 1, 2014, between the County and RBC as a replacement for the original expiring Direct-Pay Letter of Credit provided by the Bank of Nova Scotia. The Letter of Credit was issued in an amount equal to the outstanding $35,735,000 of original aggregate principal of the Series 2008 Bonds, plus 56 days' interest thereon at the rate of 15% per annum, totaling $822,000. The Letter of Credit will terminate upon the earlier to occur of RBC's close of business on (a) October 2, 2019 (as extended from time to time) or (b) earlier dates as defined in the Letter of Credit Reimbursement Agreement.

In the event that a demand for purchase by an owner or a mandatory tender for purchase of the Series 2008 Bonds is not remarketed, the Trustee, complying with the terms of the Letter of Credit Reimbursement Agreement, is authorized to draw an amount sufficient to pay principal and interest when due and to pay the applicable portion of the purchase price of the Series 2008 Bonds and accrued interest. Letter of Credit drawings to pay the portion of the purchase price of principal not remarketed bear interest at a Base Rate, which is defined as a per annum rate equal to the highest of (i) the sum of the Prime Rate for such day plus 2.5%, (ii) the sum of the Federal Funds Rate for such day plus 3.0%, and (iii) 8%. Within the first 90 days, interest is at the Base Rate. Between 91-180 days, interest is at the Base Rate plus 1%; thereafter, interest is at the Base Rate plus 2%. Letter of Credit drawings that remain outstanding on the first day of the third month following the draw date are payable quarterly, in an amount equal to one-twelfth of the outstanding principal amount plus accrued interest, up to a maximum of two years, after which time the remaining outstanding balance becomes payable in full. As of September 30, 2015, no amounts have been drawn from the Letter of Credit.

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Note 6 - Long-term Obligations (Continued)

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

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

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

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

Fair value — As of September 30, 2015 and 2014, the swap had a negative fair value of $4,895,000 and $3,991,000, respectively. This represented an increase of $904,000 as of September 30, 2015 compared to the prior year. The swap’s fair value is reported as a deferred outflow of resources as “Accumulated Decrease in Fair Value of Interest Rate Swap” and as a liability as “Fair Value of Interest Rate Swap” in the accompanying statements of net position. The swap’s notional amount as of September 30, 2015 and 2014, which equaled the principal outstanding on the Series 2008 Bonds as of those dates, was $31,660,000 and $33,735,000, respectively. The fair value is developed by a pricing service that considers the significant assumptions to be proprietary.

Credit risk — As of September 30, 2015 and 2014, the Port was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value become positive, the Port could be exposed to credit risk in the amount of the swap’s fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

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

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Note 6 - Long-term Obligations (Continued)

Termination risk — Under certain conditions, the Port or the counterparty may terminate the swap. If the swap is terminated, the Port would be exposed to variability in the amount of its debt service payments resulting from changes in the variable interest rate on the Series 2008 Bonds. While this could increase the Port's total debt service, if at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the Port for any other compensation.

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

Swap payment and associated debt – As interest rates vary, the variable-rate interest payments and swap payments will vary. The debt service requirements to maturity of the variable-rate bonds as of September 30, 2015, assuming the synthetic fixed rate of 3.642%, were as follows (dollars in thousands):

Year(s)	Principal	Interest	Total
2016	$ 2,145	$ 1,153	$ 3,298
2017	2,230	1,075	3,305
2018	2,310	994	3,304
2019	2,395	909	3,304
2020	2,480	822	3,302
2021-2025	13,840	2,688	16,528
2026-2027	6,260	344	6,604
Total	$ 31,660	$ 7,985	$ 39,645

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

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

Note 6 - Long-term Obligations (Continued)

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

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

		Principal Outstanding September 30,	
Year of Defeasance	**Bond Issue Defeased**	**2015**	**2014**
1989	Port Facilities Revenue Bonds Series 1986	$ 15,335	$ 22,245

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

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

The 2008 Subordinate bond covenants require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c, and d above and, furthermore, the following:

a. 100% of the aggregate of current expenses, the reserve account deposit requirement, and the amount required to be deposited in the Renewal & Replacement Fund for the current fiscal year;
b. 100% of the administrative expenses for the current fiscal year;
c. 110% of the composite principal and interest requirements for the current fiscal year; and
d. 100% of the debt service reserve fund deposit requirement for the current fiscal year.

The Port was in compliance with bond indenture requirements as of September 30, 2015 and 2014.

Note 6 - Long-term Obligations (Continued)

Schedule of Revenues, Expenses, and Debt Service Coverage
For the Fiscal Years Ended September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
Operating revenues		
Vessel, cargo, and passenger services	$ 127,734	$ 128,659
Leasing of facilities	14,823	13,923
Vehicle parking	8,765	8,885
Other	2,002	1,727
Total operating revenues	153,324	153,194
Eligible non-operating revenues		
Interest income	1,113	763
Less O&M reserve interest	(8)	(26)
Less 2008 sinking fund interest	(1)	(2)
Less 2008 debt service reserve interest	(4)	(6)
Gain (loss) on disposals of capital assets	(138)	16
Refund of prior year's expenditures	20	69
Total eligible non-operating revenues	982	814
Total eligible revenues	154,306	154,008
Operating expenses before depreciation	(79,844)	(78,804)
Eligible non-operating expenses		
Other debt service costs	(373)	(678)
Payment in lieu of taxes	(527)	(469)
	(900)	(1,147)
Total eligible expenses	(80,744)	(79,951)
Net income available for debt service	$ 73,562	$ 74,057
Debt service requirements - senior lien bonds	$ 28,758	$ 28,758
Actual coverage	2.56	2.58
Required coverage	1.25	1.25
Composite debt service requirements -- senior and subordinate bonds	$ 32,068	$ 32,072
Actual coverage	2.29	2.31
Required coverage	1.10	1.10

Note 6 - Long-term Obligations (Continued)

The Port's bonds are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds payable as of September 30, 2015 and 2014 were as follows (dollars in thousands):

	September 30,			
	2015		**2014**	
Current pledged revenues	$	73,191	$	73,579
Current year debt service	$	32,068	$	32,072
Total future pledged revenues	$	293,775	$	325,836
Percentage of debt service to pledged revenues (current year)		43.8%		43.6%

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

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

Note 7 - Other Post Employment Benefits (OPEB)

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

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

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

Note 7 - Other Post Employment Benefits (OPEB) (Continued)

The annual OPEB cost for the Port as of September 30, 2015 and 2014 and the related information for the plan are as follows (dollars in thousands):

	September 30, 2015	September 30, 2014
Required contribution rates:		
Employer	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 101	$ 95
Interest on net OPEB obligation	23	20
Adjustment to annual required contribution	(26)	(23)
Annual OPEB cost	98	92
Contributions made	(48)	(44)
Increase in net OPEB obligation	50	48
Net OPEB obligation, beginning of year	560	512
Net OPEB obligation, end of year	$ 610	$ 560

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015, 2014, and 2013 for the Port were as follows (dollars in thousands):

	September 30, 2015	2014	2013
Annual OPEB cost	$ 98	$ 92	$ 99
Percentage of annual OPEB cost contributed	49.99 %	47.92 %	49.61 %
Net OPEB obligation	$ 610	$ 560	$ 512

<u>Funded Status and Funding Progress</u>: The funded status of the County's plan as of October 1, 2013, the date of the most recent actuarial valuation, was as follows (dollars in thousands):

Actuarial accrued liability	$ 25,389
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$ 25,389
Funded ratio	0.00 %
Covered payroll	$ 242,246
Unfunded actuarial accrued liability as a percentage of covered payroll	10.48 %

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

Note 7 - Other Post Employment Benefits (OPEB) (Continued)

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

Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2013
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	23 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	3.75%
Projected salary increases*	4.00% - 8.38%
Healthcare cost trend rate	8.5% initial, 4.5% ultimate

*Includes general inflation at 3.00%

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Note 8 – Retirement Plans

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

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

A. Pension Plan

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

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

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

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

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

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

Note 8 – Retirement Plans (Continued)

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

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

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

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The employer contribution rates by job class for the periods from July 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular - 6.07% and 5.56%, Senior Management Service - 19.84% and 19.73% and DROP participants 11.02% and 11.22%. The employer contribution rates by job class for the period from July 1, 2013 through June 30, 2014 were as follows: Regular - 5.72%, Senior Management Service - 17.08% and DROP participants 11.64%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal years ended September 30, 2015 and 2014, contributions, including employee contributions of $391,000 and $395,000, to the Pension Plan for the Port totaled $1,272,000 and $1,262,000, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015 and 2014, the Port reported liabilities of $5,121,000 and $2,438,000, respectively, for its proportionate share of the Pension Plan’s net pension liability. The net pension liabilities were measured as of June 30, 2015 and June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2015 and July 1, 2014. The Port’s proportionate share of the net pension liability was based on its share of the County’s 2014-2015 and 2013-2014 fiscal year contributions relative to the 2014-2015 and 2013-2014 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was 0.79799%, which was a decrease of 0.00620% from its proportionate share measured as of June 30, 2014. At June 30, 2014, the County's proportionate share was 0.80419%, which was an increase of 0.04441% from its proportionate share measured at June 30, 2013.

Note 8 – Retirement Plans (Continued)

For the fiscal years ended September 30, 2015 and 2014, the Port recognized pension expense of $347,000 and $252,000, respectively. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources (dollars in thousands):

As of September 30, 2015		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$	541	$	(122)
Change of Assumptions		340		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments				(1,223)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		259		(40)
Pension Plan Contributions Subsequent to the Measurement Date		205		
Total	$	1,345	$	(1,385)

As of September 30, 2014		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$		$	(151)
Change of Assumptions		422		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments				(4,067)
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		320		
Pension Plan Contributions Subsequent to the Measurement Date		219		
Total	$	961	$	(4,218)

The deferred outflows of resources as of September 30, 2015 related to the Pension Plan 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows (dollars in thousands):

Years Ending September 30		
2016	$	(352)
2017		(352)
2018		(352)
2019		656
2020		128
Thereafter		28
Total	$	(244)

Note 8 – Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. Assumption changes adopted by the FRS Assumptions Conference were incorporated into the July 1, 2014 valuation.

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

As of September 30, 2015

Asset Class	*Target Allocation**	*Annual Arithmetic Return*	*Compound Annual (Geometric) Return*	*Standard Deviation*
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	7.0%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

As of September 30, 2014

Asset Class	*Target Allocation**	*Annual Arithmetic Return*	*Compound Annual (Geometric) Return*	*Standard Deviation*
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad U.S. Equities	26.50%	8.51%	6.95%	9.00%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	11.00%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed Inflation - Mean		2.60%		2.00%

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

Note 8 – Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability as of July 1, 2015 and 2014 was 7.65%. 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.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.65% as of September 30, 2015 and 2014, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate (dollars in thousands):

As of September 30, 2015	**1% Decrease 6.65%**	**Current Discount Rate 7.65%**	**1% Increase 8.65%**
Proportional Share of the Net Pension Liability	$ 13,269	$ 5,121	$ (1,659)

As of September 30, 2014	**1% Decrease 6.65%**	**Current Discount Rate 7.65%**	**1% Increase 8.65%**
Proportional Share of the Net Pension Liability	$ 10,426	$ 2,438	$ (4,207)

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

Payables to the Pension Plan - At September 30, 2015 and 2014, the Port reported payables in the amount of $67,000 and $72,000, respectively, for outstanding contributions to the Pension Plan required for the fiscal years ended September 30, 2015 and 2014.

B. HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Note 8 – Retirement Plans (Continued)

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the periods from July 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 were 1.26% and 1.66%, respectively. The employer contribution rate for the period from July 1, 2013 through June 30, 2014 was 1.20%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal years ended September 30, 2015 and 2014, contributions to the HIS Plan for the Port totaled $164,000 and $158,000, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015 and 2014, the Port reported liabilities of $5,037,000 and $4,637,000 respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2014. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2015 using a standard actuarial roll-forward technique. The Port's proportionate share of the net pension liability was based on its share of the County's 2014-2015 and 2013-2014 fiscal year contributions relative to the 2014-2015 and 2013-2014 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was 0.99405%, which was a decrease of 0.00414% from its proportionate share measured as of June 30, 2014. At June 30, 2014, the County's proportionate share was 0.99819%, which was a decrease of 0.01108% from its proportionate share measured at June 30, 2013.

For the fiscal years ended September 30, 2015 and 2014, the Port recognized pension expense of $327,000 and $295,000, respectively. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources (dollars in thousands):

As of September 30, 2015	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$	$
Change of Assumptions	396	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3	
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		(50)
Pension Plan Contributions Subsequent to the Measurement Date	57	
Total	$ 456	$ (50)

Note 8 – Retirement Plans (Continued)

As of September 30, 2014	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$	$
Change of Assumptions	165	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2	
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		(41)
Pension Plan Contributions Subsequent to the Measurement Date	43	
Total	$ 210	$ (41)

The deferred outflows of resources as of September 30, 2015 related to the HIS Plan 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows (dollars in thousands):

Years Ending September 30	
2016	$ 60
2017	60
2018	60
2019	59
2020	59
Thereafter	51
Total	$ 349

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2014 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2015. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2015 using a standard actuarial roll-forward technique. The total pension liabilities as of June 30, 2015 and 2014 were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.80% in 2015 and 4.29% in 2014, net of pension plan investment expense, including inflation

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

The actuarial assumptions that determined the total pension liability as of June 30, 2015 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 and 2014 was 3.80% and 4.29%, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the

Note 8 – Retirement Plans (Continued)

applicable municipal bond index. The discount rate used in the 2014 valuation was updated from 4.29% to 3.80%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2015.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Port's proportionate share of the net pension liability calculated as of September 30, 2015 and 2014 using the discount rate of 3.80% and 4.29%, respectively, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80% and 3.29%) or one percentage point higher (4.80% and 5.29%) than the current rate (dollars in thousands):

As of September 30, 2015	**1% Decrease 2.80%**	**Current Discount Rate 3.80%**	**1% Increase 4.80%**
Proportional Share of the Net Pension Liability	$ 5,739	$ 5,037	$ 4,451

As of September 30, 2014	**1% Decrease 3.29%**	**Current Discount Rate 4.29%**	**1% Increase 5.29%**
Proportional Share of the Net Pension Liability	$ 5,274	$ 4,637	$ 4,105

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

Payables to the HIS Plan - At September 30, 2015 and 2014, the Port reported payables in the amount of $17,000 and $13,000, respectively, for outstanding contributions to the HIS plan required for the fiscal years ended September 30, 2015 and 2014.

C. Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

Note 8 – Retirement Plans (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal years ended September 30, 2015 and 2014, 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 $145,000 and $126,000 respectively for the fiscal years ended September 30, 2015 and 2014.

Payables to the Investment Plan - At September 30, 2015 and 2014, the Port reported payables in the amount of $18,000 and $18,000, respectively, for outstanding contributions to the Investment Plan required for the fiscal years ended September 30, 2015 and 2014.

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Note 9 - Major Customers

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

The following tables present major customers contributing to the Port's total operating revenues and accounts receivable, respectively, for the fiscal years ended September 30, 2015 and 2014:

	Percent of Operating Revenues September 30,	
Customer	**2015**	**2014**
Royal Caribbean Cruises Ltd. and its affiliates	18.0%	23.3%
Carnival Corporation and its affiliates	15.8%	15.0%
	33.8%	38.3%

	Percent of Accounts Receivable September 30,	
Customer	**2015**	**2014**
Royal Caribbean Cruises Ltd. and its affiliates	20.8%	10.4%
Carnival Corporation and its affiliates	17.0%	13.2%
	37.8%	23.6%

Note 10 - Capital Contributions

Grants and other contributions used to acquire or construct capital assets are classified as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position. For the fiscal years ended September 30, 2015 and 2014, capital contributions were as follows (dollars in thousands):

	September 30,	
Contributor - Purpose	**2015**	**2014**
State of Florida - McIntosh Road Realignment	$ 80	$ 870
State of Florida - Southport Turning Notch Extension	9,503	9,742
Federal - Port Security Improvements	666	721
Total capital contributions	$ 10,249	$ 11,333

Note 11 - 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 and Health Insurance programs. For its Workers' Compensation exposure, the County purchases excess coverage above a $1,500,000 retention limit and pays any claims below the retention from its Self-Insurance Fund. The County has entered into a contract with Humana to provide for employee health insurance through a self-insurance program with Humana as a third party payer. The County has also purchased stop-loss coverage for the group medical and pharmacy plan with a specific deductible of $400,000. The County (through the Risk Management Fund) purchases commercial insurance for property damage and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port does not participate in the County's general liability program, electing instead to purchase its own general liability insurance through an agent in the commercial market. The Port's general liability insurance provides limits of $75,000,000 per occurrence and has a $14,950 deductible. The Port has purchased $75,000,000 in excess terrorism coverage. Settled claims have not exceeded this commercial coverage in the past three years.

The Port makes payments for the Self-Insurance Program to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish reserves for all losses. The estimated liabilities for self-insured losses were determined by independent actuarial valuations performed as of September 30, 2015. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The claim liability estimates also include amounts for incremental adjustment expenses as well as estimated recoveries from salvage or subrogation. The claim liabilities for the Self-Insurance Program are reported in the County's Self-Insurance Fund.

Note 12 - Transactions with Other County Departments

The County allocates certain support department costs which include administration, legal, fiscal, purchasing, personnel, audit, and communication costs to other County departments. Certain funds are also charged for the cost of the services provided by the Self-Insurance, Fleet Services, and Print Shop funds. Costs of approximately $7,663,000 and $7,934,000 for these services were allocated to the Port during the fiscal years ended September 30, 2015 and 2014, respectively.

The Port contracts directly with Broward Sheriff's Office for law enforcement services at Port Everglades. The cost of these services from the Sheriff's Office was approximately $15,470,000 and $14,773,000 for the fiscal years ended September 30, 2015 and 2014, respectively. The Port utilizes the services of the Broward Sheriff's Office Department of Fire Rescue and Emergency Services for fire rescue and emergency medical services at the Port. The cost of these services was approximately $8,692,000 and $8,155,000 for the fiscal years ended September 30, 2015 and 2014, respectively.

The Port reimburses the Broward County Aviation Department for allocated maintenance costs for the landscaping of U.S. 1 at Fort Lauderdale-Hollywood International Airport. The cost of these services from the Aviation Department was approximately $11,000 and $16,000 for the fiscal years ended September 30, 2015 and 2014, respectively.

At September 30, 2015 and 2014, approximately $209,000 and $1,200,000, respectively, was due to other County funds for services provided.

Note 13 - Commitments and Contingencies

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

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

At September 30, 2015, the Port had various uncompleted construction projects in process, with commitments totaling approximately $25,510,000. The retainage payable on these contracts totaled approximately $1,602,000. Funding of these projects is to be made through a combination of internally-generated funds and grant proceeds.

Required Supplementary Information

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2015

Schedule of Funding Progress – Other Post Employment Benefits

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of covered Payroll [(b-a)/c]
10/1/2009	$0	$40,098	$40,098	0.00%	$245,050	16.36%
10/1/2011	0	24,800	24,800	0.00%	231,302	10.72%
10/1/2013	0	25,389	25,389	0.00%	242,246	10.48%

This schedule shows the County's actuarial accrued liability (AAL). An estimated 4% of this liability can be attributed to Port Everglades for the 10/1/2013 valuation.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2015

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

	2015	2014
Port's proportion of the net pension liability (asset)	0.03965%	0.03995%
Port's proportionate share of the net pension liability (asset)	$ 5,121	$ 2,438
Port's covered-employee payroll	$ 11,672	$ 12,894
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.87%	18.91%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.00%

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

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

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2015

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

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

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

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

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

	2015	2014
Port's proportion of the net pension liability (asset)	0.04939%	0.04959%
Port's proportionate share of the net pension liability (asset)	$ 5,037	$ 4,637
Port's covered-employee payroll	$ 11,672	$ 12,894
Port's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.15%	35.96%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

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

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

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2015

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

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

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

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

Note 1 - Pension Information

The discount rate used to measure the pension liability of the HIS plan at June 30, 2015 was decreased from 4.29% to 3.80%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2015.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of County Commissioners
Broward County, Florida
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port Everglades Department (the "Port") of Broward County, Florida (the "County"), an enterprise fund of the County, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated May 11, 2016. 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 the County, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
May 11, 2016