Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

PORT OF PALM BEACH DISTRICT

Annual Comprehensive Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by

PORT OF PALM BEACH FINANCE DEPARTMENT

James Voyer, Director of Finance

Daniel Kirchman, CPA, CGMA®, CPE™, Controller

PORT OF PALM BEACH DISTRICT
Annual Comprehensive Financial Report
September 30, 2025

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PORT OF PALM BEACH DISTRICT
Principal Officials
As of September 30, 2025

ELECTED OFFICIALS - COMMISSIONERS

Blair J. Ciklin	Chair
Deandre J. Poole	Vice Chair
Jean L. Enright	Secretary/Treasurer
Varisa Lall Dass	Commissioner
Wayne M. Richards	Commissioner

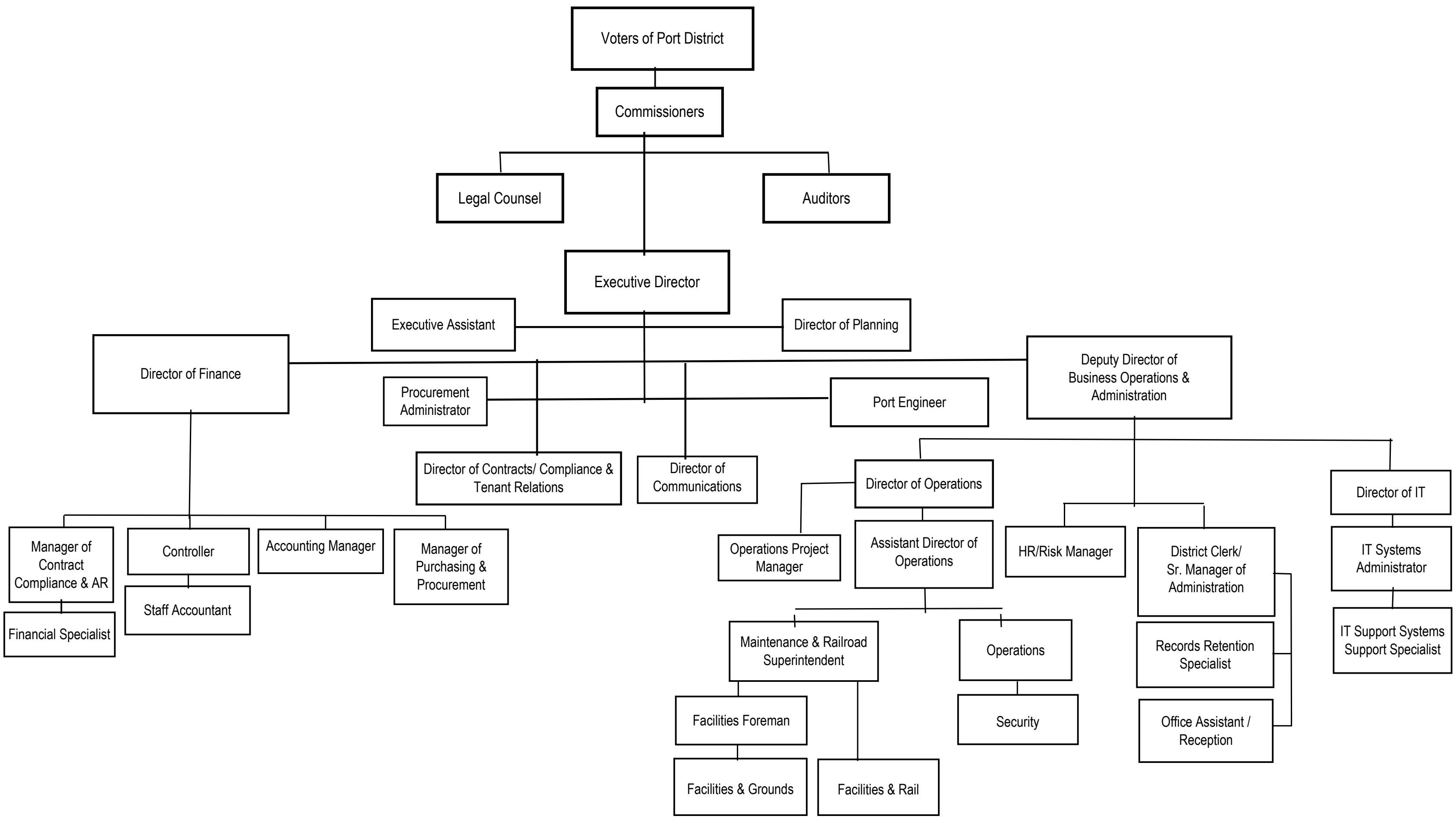
APPOINTED OFFICIAL

Michael Meekins	Executive Director

PORT STAFF

Beatrice Greffin, MA, CPE™, CMC	Deputy Director of Business Operations and Administration
James Voyer	Director of Finance
Gary R. Dunmyer, MBA, P.E., CGC	Port Engineer
Carl Baker, CPE™	Director of Planning and Development
Tacaria Anderson Jones	Director of Contract Compliance & Tenant Relations
Rick Placeres	Director of Operations
Richard Laird, MSCE, CNE, CCNA	Director of Information Technology
Daniel Kirchman, CPA, CGMA®, CPE™	Controller
Jackelin Machado, MBA, MMC	District Clerk - Senior Manager of Administration
Raquel Rivera	Manager of Human Resources Administration and Risk Management
Yaremi Farinas	Public Information Officer & Communications Specialist

Organizational Chart



FINANCIAL SECTION

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Certified Public Accountants & Consultants

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Member: American Institute of Certified Public Accountants | Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Port of Palm Beach District as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Port of Palm Beach District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port of Palm Beach District, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Palm Beach District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port of Palm Beach District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Palm Beach District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, the schedule of changes in the total OPEB liability on page 58, and the pension schedules on pages 59 through 61, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Palm Beach District's basic financial statements. The accompanying schedule of expenditures of federal awards, and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and Chapter 10.550, Rules of the Auditor General on pages 84 through 87 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state projects are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on pages 1 and 2, accompanying schedules listed as other supplementary information on pages 62 through 67 and statistical sections on pages 68 through 78, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 11, 2026 on our consideration of the Port of Palm Beach District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port of Palm Beach District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Palm Beach District's internal control over financial reporting and compliance.

S. Davis & Associates, P.A.

West Palm Beach, Florida
June 11, 2026

PORT OF PALM BEACH DISTRICT
Management's Discussion and Analysis

As management of the Port of Palm Beach District (the Port), we offer readers of the Port's financial statements this narrative overview and analysis of the financial activities of the Port for the fiscal years ended September 30, 2025. The information presented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

INTRODUCTION

The Port consists of approximately 167 operational acres and is primarily a landlord port serving Palm Beach County, South Florida region, the United States, and the Caribbean. The Port is a self-supporting organization and generates revenues from port users to fund all operating expenses, debt service requirements and a portion of its capital projects. Capital projects are also funded by external financing including the issuance of municipal revenue bonds, awards of federal and state grants, and surplus operating funds above those needed to cover operating expenses and debt service.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $181,117 (*net position*). Of this amount, $29,661 (*unrestricted net position*) and is available to meet the Port's ongoing obligations to creditors.

- The Port's total net position increased by $24,389. This increase consists of $5,697 of income before contributions, and $18,692 of capital contributions.

- At the end of the current fiscal year, unrestricted net position was 159% of total expenses and the return on unrestricted net position was 19%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Port has only one fund category: proprietary fund.

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

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

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

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

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

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

The basic proprietary fund financial statements are on pages 16 - 20 of this report.

The ***Notes to the Financial Statement***s provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes for the financial statements are on pages 21 - 57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Port's progress in funding its obligation to provide pension and OPEB benefits to its employees, *other supplementary information*, and *statistical data*. This information is on pages 58 - 78 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Port's financial position.

The following table reflects the condensed statement of net position, in actual dollars, as of September 30:

			Change	
	2025	**2024**	Amount	%
Current and other assets	$ 119,245,237	$ 106,898,918	$ 12,346,319	11.5%
Capital assets, net	153,681,123	127,466,225	26,214,898	20.57%
Total assets	272,926,360	234,365,143	38,561,217	16.5%
Total deferred outflows of resources	1,059,842	1,446,594	(386,752)	-26.7%
Current liabilities	8,922,040	7,457,940	1,464,100	19.6%
Noncurrent liabilities	4,858,083	9,882,910	(5,024,827)	-50.8%
Total liabilities	13,780,123	17,340,850	(3,560,727)	-20.5%
Total deferred inflows of resources	79,088,955	61,743,071	17,345,884	28.1%
Net position:				
Invested in capital assets, net of related debt	151,456,257	124,536,982	26,919,275	21.6%
Restricted	-	2,392,373	(2,392,373)	-100.0%
Unrestricted	29,660,867	29,798,461	(137,594)	-0.5%
Total net position	$ 181,117,124	$ 156,727,816	$ 24,389,308	15.6%

Current and other assets increased by approximately $12,346 due to strong overall operating revenues. This was primarily due to an increase of $17,005 in GASB Statement No. 87, *Leases,* lease receivable from additional leases and options to extend the leases, $2,546 for decreases in cash, from operating and investing activities, $1,551 decreases in grants receivable from federal and state grants and a $657 decrease in trade receivables primarily due from additional Teeters cash and sale of capital assets receipts and a remaining $95 increase in the current and other assets. Capital and right to use leased assets, net increased by $26,215 primarily from the MARAD and FDOT PIDP, Port intermodal rail yard, cargo transfer facility and other significant infrastructure improvements projects.

Current and noncurrent liabilities decreased by approximately $3,561 primarily from decreases of $3,933 in revenue bonds, capital appreciation and accrued interest due to normal debt service payments and no new bond issuances. Increases in accounts and contracts and leases payables, compensated absences, and other post-employment benefits mostly offset decreases in unearned revenue and the FRS and HIS pension plan's net pension liability and by the remaining $372.

Pension related items of deferred outflows decreased approximately $387 and deferred inflows increased by approximately $17,346, and net pension liability decreased approximately $1,001 to $4,237 as of September 30, 2025, for the Port's proportionate share, as a result of expected and actual experience, assumptions and proportion changes, projected and actual earnings and methods used by the FRS actuary in performing the annual GASB calculations to meet the parameters set by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which was implemented in FY 2015. Additional information on the Port's pension related items is in Note 8, in the accompanying notes to the financial statements.

Lease related items of deferred inflows increased by approximately $17,005 from additional leases and options to extend the leases and meet the parameters set by GASB Statement No. 87, *Leases*, which was implemented in FY 2022. Additional information on the Port's lease related items is in Note 6, in the accompanying notes to the financial statements.

By far the largest portion of the Port's net position as of September 30, 2025, ($151,456 or 83.6%) an increase of $26,919 from the previous FY 2024, reflects its net investment in capital assets (e.g., land, buildings, slips, wharfs, improvements, equipment, vehicles, furniture and fixtures and construction in progress, net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the Port's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the Port's net position as of September 30, 2025, ($0), represents the reserve for maximum debt service, sinking, renewal and replacement, and business development funds that are restricted in accordance with existing bond covenants. The remaining balance of the

Port's net position is unrestricted and may be used to meet the Port's ongoing obligations to creditors. At the end of FY 2025, the Port's unrestricted net position was ($29,661 or 16.4%), a decrease of $138 or 0.5% from FY 2024.

The Port's total net position increased by approximately $24,389 or 15.6% in FY 2025. Of this amount, approximately $5,697 represents income before capital contributions and approximately $18,692 represents capital contributions from federal, state and private sources. There is no assurance that these capital contributions from other sources will continue in the future.

The following table reflects the condensed revenue and expense data and changes in net position, in actual dollars, for the years ended September 30:

			Change	
	FY 2025	**FY 2024**	Amount	%
Operating revenues:				
Fees and charges for services	$ 22,450,059	$ 22,873,206	$ (423,147)	-1.8%
Non-operating revenues:				
Investment earnings	1,458,498	1,503,050	(44,552)	-3.0%
Other	494,523	73,799	420,724	570.1%
Total non-operating revenues	1,953,021	1,576,849	376,172	23.9%
Total revenues	24,403,080	24,450,055	(46,975)	-0.2%
Operating expenses:				
General expenses	2,328,750	2,311,278	17,472	0.8%
Engineering and maintenance	3,654,496	3,266,555	387,941	11.9%
Security	2,307,796	2,157,579	150,217	7.0%
Administration	3,039,774	2,574,857	464,917	18.1%
Business development	640,608	717,986	(77,378)	-10.8%
Operations	983,714	749,825	233,889	31.2%
Depreciation and amortization	4,511,341	4,265,795	245,546	5.8%
Total operating expenses	17,466,479	16,043,875	1,422,604	8.9%
Non-operating expenses:				
Grant expenses	531,383	76,505	454,878	594.6%
Interest	416,725	638,338	(221,613)	-34.7%
Loss on Disposal of Assets	291,578	-	291,578	100.0%
Total non-operating expenses	1,239,686	714,843	524,843	73.4%
Total expenses	18,706,165	16,758,718	1,947,447	11.6%
Income before contributions	5,696,915	7,691,337	(1,994,422)	-25.9%
Capital contributions	18,692,393	3,668,603	15,023,790	409.5%
Change in net position	24,389,308	11,359,940	13,029,368	114.7%
Net position – beginning	156,727,816	145,367,876	11,359,940	7.8%
Net position - ending	$ 181,117,124	$ 156,727,816	$ 24,389,308	15.6%

Key elements of the increase in net position for the fiscal year ended September 30, 2025, are as follows:

- Total operating revenues (fees and charges for services) amounted to $22,450, an decrease of approximately $423 or 1.8%. The net operating revenues achieved a compound annual growth rate of approximately 6.9% over the last five years.

- The Port had increases in the following: cargo related items of approximately $324 million or 2.9%, primarily from tonnage increases in cement, and recyclable metal; leases/rents and storage decreased approximately $3 or 0.0%, primarily from storage that offset increases in annual contract escalation clauses, and additional space assignments; passenger and parking revenues, decreased by approximately (311) or -6.8%, primarily from cruise passenger counts decreased by 20.2% to 306 from the previous fiscal year of 383 as a result of the cruise line changing the itinerary to different islands in the Bahamas, Key West and Mexico which reduced the monthly sailing days; the remaining operating revenues, which consist of licenses, permits, identification badging, and other miscellaneous items decreased by approximately $(423) or -56.6%, primarily due to cash collections from a previous tenant, Teeters that was written-off as bad debt last FY 2024, this was a normal FY 2025 for miscellaneous items. Wharfage, dockage and related cargo revenues, passenger and parking charges, and leases/rent and related storage are the largest portion of the Ports operating revenues, accounting for approximately 98.5%.

- Investment earnings decreased by approximately $45 or 3.0% as the target range for the federal funds interest rate and the Port's money market mutual fund and bank managed earnings rate was lowered by the Federal Reserve board which accounted for the decrease in earnings, that offset additions to the Port investing additional monies to the money market mutual fund from increased operating income. The federal funds rate target rate dropped to 4.0% - 4.25% at the end of FY 2025.

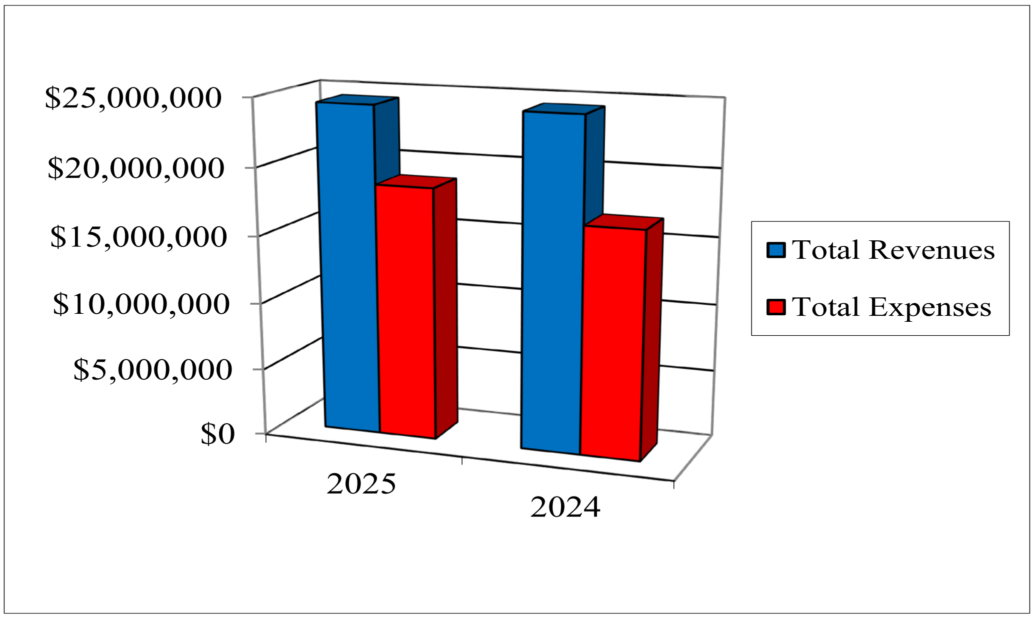
- Other non-operating revenues increases by approximately $421 primarily from FEMA Port Security sub-recipient grant reimbursements.

- Operating Expenses (including depreciation and amortization) increased approximately $1,423 or 8.9%, primarily from increases in salaries, and payroll taxes, increasing approximately 353 or 7.0% and benefits, (see paragraph below). Operating expenses (excluding salaries, payroll taxes and benefits) increased by approximately $1,055 or 11.3%. The most significant increases were Security – contract services; Engineering & Maintenance – Buildings & Grounds, Utilities – water, Janitorial services, and supplies; and Depreciation – new assets.

- Salaries, payroll taxes and benefits (employee costs) represent the largest portion of the Port's operating expenses before depreciation and amortization, at approximately 54.5% and increased by approximately $368 or 5.0%. This was primarily due to additional positions, budget, promotions and market rate increases at 7.0%; a 14.5% increase in premiums for the group health insurance costs which increased at approximately 316 or

37.0%, and FRS retirement costs decreased by approximately $301 or -38.0% from the decrease in net pension liability caused by the annual adjustments in actuarial assumptions, experience, and investment gains and earnings, and proportions by the FRS per the requirements of GASB Statement No. 68, see Note 8, in the accompanying notes to the financial statements.

- Capital contributions from federal MARAD PIDP and state FDOT Seaport grants for capitalized projects increased by approximately $15,024. The significant main project underway in FY 2025, was the MARAD PIDP - FDOT intermodal rail yard, cargo transfer facility infrastructure improvements.



CAPITAL ASSETS

Capital assets: The Port's capital assets as of September 30, 2025 and 2024 amounted to approximately $153,681 and $127,466, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, facility and infrastructure improvements and equipment, furniture and fixtures, intangibles and construction work in progress.

Additions to capital assets for the fiscal year ended September 30, 2025, amounted to approximately $2,842, accumulated depreciation was $99,410, and depreciation and amortization expense of was $4,511.

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

The Port is redeveloping the intermodal rail yard and cargo transfer facility and other significant infrastructure improvements. The project is being funded by the Federal Maritime Administration Port Infrastructure Development Program (MARAD) grant for $26,448 and FDOT Seaport matching grants of $19,711, both with a 50/50 required match. Design/built criteria, planning, bidding, permitting, and engineering services began in FY 2021, and rail supplies were purchased in FY 2022. Engineering and construction management services and the western portion of the rail rehabilitation were awarded in FY 2023 and were completed in FY 2024 and moved from construction in progress to capital assets of $3,783. Construction of the eastern portion of the rail rehabilitation and cargo transfer facility and other significant infrastructure improvements began in FY 2024. The construction projects will be in phases and completed in FY 2026 for approximately $33,113.

The Port purchased six parcels (1.17 acres) for approximately $1,185 in FY 2022 with no grant funding. This was the start of an expansion project to purchase additional lots as they become available in the 10th and 11th Steet portion on the north boundary of the Port. The Port needs additional land for cargo laydown area and office/warehousing for its current and future tenants. Additionally, the Port purchased one parcel (0.17 acre) for $197 in FY 2024, and two parcels (0.32 acres) for $988, in FY 2025, in FY 2026 the Port will purchases additional lots based on scope, pricing and availability of willing sellers next to additional land owned by the Port. Funded by FDOT providing a 50/50 matching grant of $7,347 million, and the Florida Department of Commerce has provided a 67/33 matching grant of $750.

The Cathodic Protection for Metal Sheet Piles grant is funded by FDOT providing a 75/25 match grant of $1,333 with an approximate cost of 1,344 for purchase and installing anodes, system design, consulting, diving and installation services. The Warehouse 13 rehabilitation grant is funded by FDOT providing a 50/50 matching grant of $1,500 with an approximate cost of $1,665 for construction, design, consulting, and construction management services. The Container Yard Improvements grant is funded by FDOT providing a 50/50 match grant of $2,900 with an approximate cost of $1,042 for repair and replacement of a stormwater culvert pipe and box which includes construction, consulting engineering, and construction management services. Additional costs may be needed.

The Port started in FY 2024, the $939 phase 2 rehabilitation to the Maritime Office Complex (MOC) and Cruise Terminal (CT) HVAC system and was completed in FY 2025, the $1,185 phase 3a rehabilitation started and will be completed in FY 2026: the $1,810 Mullin's Property Improvements for building demolition, drainage system, building site walls, asphalt paving and fencing, to upgrade an unimproved area, and will be completed in FY 2026; the $1,794 million MOC/CT elevator moderation is scheduled to start in FY 2025 and will be completed in FY 2026; these projects are funded by the renewal and replacement budget.

The Port's capital program is funded primarily through the Florida Department of Transportation Seaport matching grant programs and the U.S. Department of Transportation MARAD matching grants programs, Port facility fees and charges for services, public and private contributions, non-operating revenues, and revenue bond issues. Additional information on the Port's capital assets can be found in Note 4, in the accompanying notes to the financial statements.

The following table shows capital assets by category, in actual dollars, for the years ended September 30:

	2025	2024	Change Amount	Change %
Land	$ 30,599,504	$ 29,611,442	$ 988,062	3.3%
Buildings and improvements	23,456,298	24,090,218	(633,920)	-2.6%
Slips and improvements	40,276,653	41,743,404	(1,466,751)	-3.5%
Other improvements	14,747,131	15,466,566	(719,435)	-4.7%
Wharf and loading ramps	7,973,982	8,243,885	(269,903)	-3.3%
Machinery and equipment	854,451	678,630	175,821	25.9%
Computer equipment	206,172	204,442	1,730	0.8%
Autos and trucks	410,073	245,818	164,255	66.8%
Furniture and fixtures	50,457	34,048	16,409	48.2%
Intangibles - Master Plan	691,211	769,094	(77,883)	-10.1%
Construction in progress	34,415,191	6,378,678	28,036,513	439.5%
Total capital assets, net	$ 153,681,123	$ 127,466,225	$ 26,214,898	20.6%

DEBT ADMINISTRATION

Long-term debt: The Port had outstanding revenue bonds of approximately $1,199 as of September 30, 2025. This amount, $1,199 is current and will mature by September 1, 2026. The decrease in the total revenue bonds, noted below, was due to regular scheduled principal payments and no new issuances this fiscal year. The Port's outstanding revenue bonds are secured by a first lien upon and a pledge of the operating revenues. The Port's outstanding revenue bonds have a rating of "Baa2" with a stable outlook by Moody's Investors Service. Additional information on the Port's long-term debt is in Note 4, in the accompanying notes to the financial statements.

The Port of Palm Beach District is required by the terms of the Series 2002 Revenue Refunding Bonds to generate sufficient Net Revenues to maintain a minimum ratio of 110% to the debt service requirement for that year. In FY 2025 and 2024, the Port met this requirement.

The following table shows the outstanding debt of revenue bonds, in actual dollars, for the years ended September 30:

	2025	2024	Change Amount	Change %
Revenue bonds payable	$ 1,199,382	$ 2,468,538	$ (1,269,156)	-51.4%
Less deferred amounts:				
For issuance discounts	(4,929)	(10,307)	5,378	-52.2%
Total	$ 1,194,453	$ 2,458,231	$ (1,263,778)	-51.4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For FY 2026, the Port has budgeted the following:

- Net operating revenues (fees and charges for services) of $24,011 due to projected cruise-parking, cargo related business and lease-rents at a 5.6% increase.

- Operating expenses of $18,675 (including $4,428 for depreciation and amortization) are based on the level of service expectations at the departmental level at a 2.9% increase.

- Non-operating revenues of $1,214 which is mostly investment earnings offsetting interest on revenue bonds.

- The Port's cash reserves, diverse revenue stream and its long-standing practice of including minimum tonnage and inflation increases, and financial guarantees in many of its agreements with tenants and customers, combined with continued income before capital contributions budgeted at over $6,550. The Port will continue to meet all financial obligations including maintaining its debt service coverage ratio.

Requests for Information

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

Port of Palm Beach District
Daniel Kirchman, Controller
1 East 11th Street, Suite 600
Riviera Beach, FL 33404

PORT OF PALM BEACH DISTRICT
Statement of Net Position
September 30, 2025

	2025
ASSETS	
Current assets	
Cash, cash equivalents and equity in pooled cash	$ 36,432,810
Accounts receivable, net	1,549,638
Grant receivable	1,004,880
Leases receivable	5,492,102
Prepaid items	202,414
Dividend and interest receivable	44,740
Restricted assets	
Cash and cash equivalents	2,112,456
Total Current assets	**46,839,040**
Noncurrent assets	
Leases receivable	72,381,668
Right-to-Use lease assets, net amortization	24,529
Total other noncurrent assets	**72,406,197**
Capital assets:	
Non-depreciable	65,014,695
Depreciable, net of accumulated depreciation	88,666,428
Total capital assets	153,681,123
Total noncurrent assets	**226,087,320**
Total assets	**272,926,360**
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,059,842
Total deferred outflows of resources	**1,059,842**

(Continued)

See notes to the financial statements.

PORT OF PALM BEACH DISTRICT
Statement of Net Position
September 30, 2025
(Continued)

		2025
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$	2,885,364
Contract payable		758,620
Unearned revenues		92,813
Compensated absences payable		392,337
Payable from restricted assets:		
Customer deposits		630,000
Accounts payable and accrued expenses		-
Accrued interest payable		17,580
Current portion of capital appreciation revenue bond interest payable		2,939,662
Current portion of long-term debt, net		1,194,453
Current portion of leases payable		11,211
Total current liabilities		**8,922,040**
Noncurrent liabilities		
Compensated absences payable		392,337
Lease payable in more than one year		13,318
Other post-employment benefits		215,281
Net pension liability		4,237,147
Capital appreciation revenue bond interest payable		-
Revenue bond payable (less unamortized bond discount and current portion)		-
Total noncurrent liabilities		**4,858,083**
Total liabilities		**13,780,123**
DEFERRED INFLOWS OF RESOURCES		
Lease related items		78,002,016
Pension related items		1,086,939
Total deferred inflows of resources		**79,088,955**
NET POSITION		
Net investment in capital assets		151,456,257
Restricted for renewal and replacement		-
Restricted for business development		-
Unrestricted		29,660,867
Total net position	**$**	**181,117,124**

See notes to the financial statements.

PORT OF PALM BEACH DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2025

	2025
Operating revenues	
Port facilities	$ 25,874,901
Less: Direct marketing support	(3,424,842)
Net operating revenues	**22,450,059**
Operating expenses	
General expenses	2,328,750
Engineering and maintenance	3,654,495
Security	2,307,797
Administration	3,039,774
Business development	640,608
Operations	983,714
Operating expenses before depreciation and amortization	**12,955,138**
Operating income before depreciation and amortization	**9,494,921**
Depreciation and amortization expense	**4,511,341**
Operating income	**4,983,580**
Non-operating revenues (expenses)	
Investment earnings	1,458,498
Grant revenue	484,708
Grant expense	(531,383)
Insurance recoveries	9,815
Loss on disposition of CIP of assets	(291,578)
Interest expense	(416,725)
Total non-operating revenue (expenses)	**713,335**
Income before contributions	**5,696,915**
Capital contributions	**18,692,393**
Changes in net position	**24,389,308**
Net position - beginning	**156,727,816**
Net position - ending	**$ 181,117,124**

See notes to the financial statements.

PORT OF PALM BEACH DISTRICT
Statement of Cash Flows
For the Year Ended September 30, 2025

	2025
Cash flows from operating activities	
Receipts from customers and users	$ 24,859,455
Payments to employees	(7,397,002)
Payments to suppliers of goods and services	(7,057,192)
Net cash provided by operating activities	**10,405,261**
Cash flows from non-capital financing activities	
Grant revenues received	484,708
Payments for grant	(531,383)
Net cash used in non-capital financing activities	**(46,675)**
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(30,322,641)
Principal paid on debt	(1,269,156)
Interest paid on debt	(3,080,844)
Insurance recoveries	9,815
Capital grants received	20,243,438
Net cash used in capital and related financing activities	**(14,419,388)**
Cash flows from investing activities	
Interest earnings	1,514,600
Net cash provided by investing activities	**1,514,600**
Net decrease in cash and cash equivalents	**(2,546,202)**
Cash and cash equivalents – beginning	**41,091,468**
Cash and cash equivalents – ending	**$ 38,545,266**

(Continued)

See notes to the financial statements.

PORT OF PALM BEACH DISTRICT
Statement of Cash Flows
For the Year Ended September 30, 2025
(Continued)

		2025
Cash and cash equivalents classified as:		
Unrestricted assets	$	36,432,810
Restricted assets		2,112,456
Total cash and cash equivalents	**$**	**38,545,266**

Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$**	4,983,580
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization		4,511,341
Change in net pension liability and related deferred amounts		(177,037)
Decrease (increase) in accounts receivable		21,946
Decrease (increase) in prepaid		113,816
Increase (decrease) in accounts payable and accrued expenses		986,795
Increase (decrease) in unearned revenue		(75,000)
Increase (decrease) in compensated absences		39,820
Total adjustments		5,421,681
Net cash provided by operating activities	**$**	**10,405,261**

See notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity and General Overview

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

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

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

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

b) the organization is fiscally dependent on the Port and (1) there is a potential for the organization to provide specific financial benefits to the Port or (2) impose specific financial burdens on the Port.

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

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

Basis of Presentation

Proprietary Fund Type

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

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

Basis of Presentation

Proprietary Fund Type

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

Measurement Focus

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

Basis of Accounting

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

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

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

Cash and Cash Equivalents

Florida Statutes authorize the Port to invest in Local Government Surplus Funds Trust Fund (Florida PRIME), external investment pools, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury.

Florida PRIME is administered by the Florida State Board of Administration, which provides regulatory oversight. The Port's investment in Florida PRIME is reported at amortized cost. The fair value of the Port's position in Florida PRIME is equal to the value of pooled shares. Florida PRIME is managed by the Florida State Board of Administration and issues annual audited financial statements, which are available on its website: https://prime.sbafla.com.

The Port also invests in Florida Cooperative Liquid Assets Securities System (FLCLASS). FLCLASS is a common law trust organized as an independent local government investment pool authorized under section 218.415, Florida Statutes, and offers a short-term investment program with the objective of maintaining a net asset value (NAV) of $1 per share. FLCLASS is managed by a Board of Trustees. FLCLASS issues annual audited financial statements, which are available on its website: https://www.flclass.com.

Cash and cash equivalents include cash deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and Investments

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

Restricted Assets

In accordance with the 2002 Revenue Bond covenants and resolutions of the Board of Commissioners, certain resources (consisting of cash and investments) are to be used only for specified purposes**.** When both restricted and unrestricted resources are available for use, it is the

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

Port's policy to use restricted resources first, then unrestricted resources as they are needed. Certain equity balances are to be restricted as follows:

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

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

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

Accounts Receivable

The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable at September 30, 2025 are shown net of allowances for doubtful accounts. The Port maintains an allowance for uncollectible accounts at a level which management believes is sufficient to cover potential credit losses.

Prepaid Items

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

Property and Equipment

Property and equipment are carried at cost, if purchased and at estimated fair value for assets contributed, less accumulated depreciation. The Port defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years.

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

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

Leases

The Port is a lessee for noncancellable leases of equipment. The Port recognize a lease liability and an intangible right-to-use lease assets (lease asset) in the financial statements. The Port recognizes lease assets and liability with an initial value of $35,000 or more.

At the commencement of a lease, the Port initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Port determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The Port uses the interest rate charged by the lessor as the discount rate. When the interest rate charge by the lessor is not provided, the Port generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Port is reasonable certain to exercise.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Port is a lessor for noncancellable leases of land, terminals, parking space and building space. The Port recognizes a lease receivable and deferred inflow of resources in the financial statements.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payment received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Port determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

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

***Leases* -** (Continued)

- The Port uses the incremental borrowing rates as discount for the leases.
- The lease term includes the nonconcellable period of the lease. Lease receipts includes in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflow of Resources

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

The deferred loss on current and advance refunding of bonds is being amortized, using the straight-line method, and reported as a component of interest expense through the year 2025. The amortization period of deferred losses on refunding of debt is the remaining life of the old debt or the life of the new debt, whichever is shorter.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represent the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Port has pension related items and certain leases in accordance with GASB Statement No.87 that qualify for reporting as Deferred Inflows of Resources.

Unearned Revenue

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

Compensated Absences

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

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

Other Post-Employment Benefits

The Port obtains actuarial valuation reports for its postemployment benefit plan and records the OPEB liability as required under GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions.* Disclosure information required by GASB 75 is found in Note 9.

Net Position

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

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

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

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

Revenues and expenses

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

Grants

Grants restricted for capital acquisition and construction are recorded as capital contributions. Other grant revenue is classified as non-operating revenue. They are considered earned when all applicable eligibility requirements have been met and it is earned by the Port.

Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and useful lives and impairment of tangible and intangible assets, among others.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates **–** (Continued)

Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

Budgetary Accounting

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

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

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

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

General Obligation Bonds and Taxes

The Port shall have the power and is authorized to issue general obligation bonds to finance the cost or part of the cost of the construction, acquisition, reconstruction, extension, repair or improvement of any works, projects, properties, improvements, or other purposes, except for the payment of current expenses, which the Port has statutory authority to construct, acquire or undertake.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determination of Operating versus Non-Operating Revenues and Expenses

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

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

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

Recently Issued and adopted Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which was effective for the Port in fiscal year 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this statement did not have a material impact on the Port's financial statements and did not result in a cumulative effect adjustment to beginning net position.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which was effective for the Port in fiscal year 2025. The objective of this statement is to better meet the information needs of financial statement users by providing enhanced disclosure about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the Port's financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for the Port in fiscal year 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which will be effective for the Port in fiscal year 2026. The objective of this statement is to provide the users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by GASB Statement No. 34, Basic Financial Statements and Management Discussions and Analysis for State and Local Governments. This statement also requires additional disclosures for capital assets held for sale.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Managements has evaluated subsequent events through June 11, 2026, the date the financial statements were available, and does not believe there are any additional events or transactions to be disclosed in these financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2025, the Port's bank balance for deposits in Qualified Public Depositories was $2,000,797 and the related book balance totaled $1,915,679.

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act (the Act), the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Custodial credit risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Port will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Port requires all deposits to be in Qualified Public Depositories to control custodial credit risk. As of September 30, 2025, the Port's deposits are considered insured for custodial credit risk purposes.

Investments

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

The Port is authorized to invest Revenue, Renewal and Replacement and Port Development account deposits with institutions participating in the State's security program under Chapter 280 of the Florida Statutes, and obligations of, or guaranteed by, the United States Government. The Port is authorized to invest the bond proceeds and the sinking fund account deposits in the following: (1) U.S. obligations; (2) obligations fully and unconditionally secured by the full faith and credit of the United States of America; (3) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the non-full faith and credit of U.S. governmental agencies; (4) mortgaged-backed securities and senior debt obligations; (5) certificates of deposit secured by collateral in (1) or (2) above; (6) certificates of deposit, savings accounts, deposit account or money market deposits fully insured by FDIC; (7) commercial paper rated in the single highest classification; (8) money market funds registered under

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – (Continued)

the Federal Investment Company Act; (9) pre-refunded municipal bonds rated in the single highest classification; (10) investment agreements; (11) bonds or notes issued by any state or municipality rated in the two highest long term categories; (12) units of participation in the Local Government Surplus Funds Trust Fund; (13) federal funds or banker's acceptances; (14) repurchase agreements; (15) other forms of investments approved in writing by the Credit Facility Issuer.

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

The hierarchy is based on valuation inputs used to measure the fair value as follows:

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

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

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

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

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

The investment of public funds in Florida PRIME is governed by Section 218.407, Florida Statutes. Florida PRIME is subject to the regulatory oversight of the State of Florida. This investment pool consists of bank instruments, asset-backed securities and commercial paper.

The investment of public funds in FLCLASS is governed by Section 218.415, Florida Statutes. FLCLASS is under the direction of a Board of Trustees. This investment pool consists of commercial paper, bank deposits, asset backed commercial paper, repurchase agreements, collateralized bank deposits, and money market funds.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – (Continued)

Although the pool operates in a manner similar to a money market fund, it is classified as an external investment pool. The dollar-weighted average days to maturity of Florida PRIME and FLCLASS were 47 and 42 days, respectively, as of September 30, 2025.

As of September 30, 2025, the Port held the following investments in money market funds, which are reported as cash and cash equivalents in the statement of net position:

Investment Measured at Amortized Cost	Moody's Standard & Poor's Credit Rating and S&P Global Ratings	Fair Value Level	Weighted average Maturity
Wells Fargo Institutional			
Allspring Government	Aaa-mf		
Money Market Fund	AAAm	$ 15,954,856	Less than 60 days
Florida PRIME	AAAm	10,076,290	Less than 60 days
FLCLASS	AAAm	10,121,763	Less than 60 days
Morgan Stanley Institutional	Aaa-mf		
Liquidity Funds Portfolio	AAAm	475,128	Less than 60 days
		$ 36,628,037	

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – (Continued)

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

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

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

Custodial credit risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At September 30, 2025, the Port's investments consisted of open-end money market mutual funds which are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

A reconciliation of deposits and investments as of September 30, 2025, is as follows:

By category	
Deposits	$ 1,915,679
Petty cash	1,550
Investments	36,628,037
Total deposits and investments	$ 38,545,266
Presented in the statement of net position	
Cash and cash equivalents	$ 36,432,810
Restricted cash and cash equivalents	2,112,456
Total statement of net position	$ 38,545,266

NOTE 3 – RIGHT-TO USE LEASE ASSETS ACTIVITY

The classes and amounts of right to use leased assets at September 30, 2025, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Right to use assets:				
Leased office equipment	$ 56,054	$ -	$ -	$ 56,054
Total right to use assets	56,054	-	-	56,054
Less: accumulated amortization for :				
Leased office equipment	(20,314)	-	(11,211)	(31,525)
Right to use assets, net	$ 35,740	$ -	$ (11,211)	$ 24,529

The Port has recorded the right-to-use lease assets as a result of implementing GASB Statement No. 87. Refer to Note 5 and 6 for information on the liabilities relating to right-to-use lease assets.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in capital assets for the year ended September 30, 2025, is as follows:

	Beginning	Additions	Reductions	Ending
Capital assets, not being depreciated:				
Land	$ 29,611,442	$ 988,062	$ -	$ 30,599,504
Construction in progress	6,378,678	30,878,796	(2,842,283)	34,415,191
Total capital assets, not being depreciated	35,990,120	31,866,858	(2,842,283)	65,014,695
Capital assets, being depreciated				
Building and improvements	56,448,650	983,036	-	57,431,686
Slips and improvements	63,351,860	-	-	63,351,860
Other improvements	46,916,062	-	-	46,916,062
Wharf and loading ramps	13,878,765	-	-	13,878,765
Machinery and equipment	3,166,756	326,432	-	3,493,188
Computer equipment	1,022,998	96,157	-	1,119,155
Autos and trucks	647,546	424,062	(264,237)	807,371
Furniture and fixtures	275,044	24,534	-	299,578
Intangible assets*	778,829	-	-	778,829
Total capital assets, being depreciated	186,486,510	1,854,221	(264,237)	188,076,494
Less: accumulated depreciation	(95,010,405)	(4,500,130)	100,469	(99,410,066)
Total capital assets, being depreciated, net	91,476,105	(2,645,909)	(163,768)	88,666,428
Total capital assets, net	$ 127,466,225	$ 29,220,949	$ (3,006,051)	$ 153,681,123

* Intangible assets include the Port's master plan.

NOTE 5 – LONG-TERM LIABILITIES

Revenue Bonds

The Port is authorized to issue Revenue Bonds for the purpose of constructing and financing modern Port facilities. As of September 30, 2025, the following Revenue Bonds were outstanding:

- $9,576,835 Revenue Refunding Bonds, Series 2002

These bonds are payable from and secured by a first lien upon and a pledge of the gross revenues derived from the operation of the Port facilities on parity with the parity bonds and any pari passu additional bonds hereafter issued. Principal and interest paid for the year ended September 30, 2025, totaled $4,350,000 and pledged gross revenues were $23,908,557. As of September 30, 2025, principal and interest to maturity in September 2026 to be paid from pledged future revenues totaled $4,350,000.

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

The Revenue Bond indentures require that monthly deposits be made to restricted accounts for the payment of bond principal and interest, and that certain reserve accounts be maintained. The Bond indentures also require the Port to fix, establish, maintain and collect rates, fees, rents or other charges for the services and facilities of the Port which will be sufficient at all times to (a) pay the cost of maintaining, repairing and operating the Port property; (b) provide reserves for replacement of property and equipment; (c) provide for Business Development; and (d) pay debt service, sinking fund and reserve requirements, and additionally requires that rates be maintained and revised so that Net Revenues are at least 125% of the maximum annual debt service requirements for all the Port's Revenue Bonds. Notwithstanding the foregoing, Net Revenues, less all Supplemental Revenues, shall always be adequate to pay, in each year, at least 110% of the maximum annual debt service requirements for all the Port's Revenue Bonds. The Port's bond counsel is of the opinion that the 125% test would not apply if the Port had no Supplemental Revenues. Net revenues are gross revenues, after deduction only of operating expenses plus supplemental revenues. Supplemental Revenues are all revenues received by the Port pursuant to Section 320.20(3) Florida Statutes, as amended and supplemented and any other moneys received or accrued to the Port including but not limited to recurring grants (either federal or state) or State sharing revenues. For the fiscal year ended September 30, 2023, the Port had no supplemental revenues. As of September 30, 2025, the Port was in compliance with the bond covenants.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Revenue Refunding and Improvement Bonds, Series 2002

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

Debt service requirements to maturity are as follows at September 30, 2025:

Year Ending September 30	Principal	Interest	Total Debt Services
2026	$ 1,199,382	$ 3,150,618	$ 4,350,000
	$ 1,199,382	$ 3,150,618	$ 4,350,000

Bond Insurers

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

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Events of Default

In the event of a default in the payment of the principal of or interest on the Revenue Bonds, the bondholders shall be entitled to the appointment of a receiver of the port facilities by any court of competent jurisdiction.

The receiver is authorized and empowered to take over, operate and manage and control such port facilities and to collect the revenues derived from the use of such port facilities to the same extent and in all the same manner as the District is authorized to do. The receiver shall operate and manage and control such port facilities only under the supervision and direction of the appropriate circuit court of the State of Florida, and such operation, management and control shall be in the name of the district and such port facilities shall be deemed to be in the district's control and management through such court and its duly appointed receiver for the joint protection of the district and the bondholders.

Interest Expense

Total interest costs incurred during the year ended September 30, 2025, was $416,725. Total interest paid during the year was $3,080,844.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Public SEC Bonds:					
Series 2002 Revenue Bonds	$ 2,468,538	$ -	$ (1,269,156)	$ 1,199,382	$ 1,194,453
Issuance discount	(10,307)	-	5,378	(4,929)	-
Total Public SEC Bonds	2,458,231	-	(1,263,778)	1,194,453	1,194,453
Compensates absences	744,854	704,095	(664,275)	784,674	392,337
Net pension liability	5,238,491	-	(1,001,344)	4,237,147	-
Net OPEB Liability	118,726	96,555	-	215,281	-
Capital appreciation interest payable	5,590,941	-	(2,651,279)	2,939,662	2,939,662
Leases payable	35,740	-	(11,211)	24,529	11,211
Total long-term liabilities	$ 14,186,983	$ 800,650	$ (5,591,887)	$ 9,395,746	$ 4,537,663

NOTE 6 – COMMITMENTS

Contractual Commitments

As of September 30, 2025, the Port had contractual commitments for the following major projects:

Project	Contract Balance	
Port Infrastructure Development Project	$	2,514,809
Mullins Property Drainage & Paving		69,418
MOC/CT Elevatore Modernization		207,517
Ciller Plant - MOC/CT HVAC Phase 2		2,056,718
Total	$	4,848,462

Collective Bargaining Agreement

The Port's workforce is made up of approximately 56 staff and 5 Commissioners. The majority of the Port's non-management maintenance, railroad and security employees are union employees, which represents approximately 50% of the total. The Port renewed its collective bargaining agreement with the National Association of Government Employees, effective as of October 1, 2022, for a three-year period ending September 30, 2025. The agreement is automatically renewed for an additional year unless either party gives notice of termination. The agreement defines both employee and management rights, including holidays, leaves of absence, work assignments, schedule, performance evaluation, wages, overtime, pension and health insurance benefits. The union is prohibited by law from going on strike and has also agreed not to strike, but to settle any questions or disputes through collective bargaining, grievance and arbitration procedures, or the Public Employees Relations Commissions or other appropriate governmental agency and the courts in the event of alleged unfair labor practices or other improper conduct.

Security Services Agreement

On April 19, 2017, the Port entered into an agreement with a security company to provide professional security services for all areas of the Port twenty-four hours a day seven days a week. Such services include without limitation the control of access to the Port, coordinated with Port security, police and fire personnel for the benefit of the Port and such other security services and activities as are generally provided for similar areas and as may be agreed between the parties and contained in a procedural manual written by the security company and approved by the Port. The term of this contract is for three (3) years and is renewable for up to three (3) additional one-year terms based on mutual agreements of both parties. However, the Port cancelled this contract and went out to bid and awarded a new security company with an agreement on January 17, 2022, with similar terms, as previously mentioned. The security company bills the Port weekly at the contract hourly rates for services provided. For the fiscal year ended September 30, 2025, the Port incurred costs of $660,750 pursuant to the agreements.

NOTE 6 – COMMITMENTS (Continued)

Grant Programs

The Port participates in federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is conditional upon compliance with terms and conditions of the grant agreement an applicable federal and state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Port. Assessments from such audits, if any, are recorded when the amounts of such assessments become reasonably determinable.

Commitments Under Leases

The Port as Lessee

The Port has recorded the right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made. The right-to-use lease assets are amortized on a straight-line basis over the shorter of the life of the asset or of the related lease.

Future payment requirements related to the Port's lease liability under lease agreement at September 30, 2025, are as follows:

Year Ending September 30	Principal Payments	Interest	Total
2026	$ 11,211	$ 1,790	$ 13,001
2027	8,635	1,440	10,075
2028	4,289	771	5,060
2029	394	53	447
Total	$ 24,529	$ 4,054	$ 28,583

The Port as Lessor

The Port is a lessor for various leases including vacant land, buildings, terminals, offices and commercial space for periods up to approximately 30 years. Generally, the leases are long-term leases that provide for minimum annual rentals and/or wharfage guarantees. (See also Note 10). Most leases contain a provision for periodic rental increases based on the Consumer Price Index. During the year ended September 30, 2025, the Port recognized $6,319,620 of lease revenue. At September 30, 2025, the Port recorded a lease receivable of $77,873,770 and a deferred inflow of resources of $78,002,016 related to the leases.

NOTE 6 – COMMITMENTS (Continued)

Commitments Under Leases

The Port as Lessor

Futures payments included in the measurement of leases receivable, as of September 30, 2025 are as follows:

Year Ending September 30	Principal Payments	Interest	Total
2026	$ 5,620,348	$ 214,697	$ 5,835,045
2027	5,391,584	419,785	5,811,369
2028	4,536,781	540,029	5,076,810
2029	4,105,439	664,180	4,769,619
2030	3,951,086	814,558	4,765,644
Thereafter	54,396,778	50,564,509	104,961,287
Total	$ 78,002,016	$ 53,217,758	$ 131,219,774

NOTE 7 – DEFERRED COMPENSATION PLAN

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

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM

General Information

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

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

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

Significant Accounting Policies

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All vested members, enrolled in the Plan on or after July 1, 2011, are eligible for normal retirement at age 65 or any age after 33 years of service.

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

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

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

Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement up to age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement up to age 66 or with 34 years of service	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%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2%
Service on or after October 1, 1974	3%
Elected Officials Class	3%
Senior Management Service Class	2%

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

PENSION PLAN (Continued)

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year ended September 30, 2025, were as follows:

	Percent of Gross Salary October 1, 2024 to June 30, 2025		Percent of Gross Salary July 1, 2025 to September 30, 2025	
Class	**Employee**	**Employer**	**Employee**	**Employer**
HA, Regular	3.00	13.63	3.00	14.03
HM, Senior Management	3.00	34.52	3.00	33.24
HI, Elected Officials	3.00	58.68	3.00	54.57
DP, DROP	-	21.13	-	22.02

The employer contribution rates include a 2% HIS Plan subsidy. Except for the DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2025, the Port made contributions of $601,709 to the Pension Plan and the Port's employees made contributions of $108,921 for total contributions of $710,630.

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

At September 30, 2025, the Port reported a liability of $2,857,915 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Port's proportionate share of the net pension liability was based on the Port's 2024-2025 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the Port's proportionate share was 0.009208644 percent, which was a decrease of 0.000139926 percentage points from its proportionate share measured as of June 30, 2025.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

PENSION PLAN (Continued)

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

For the fiscal year ended September 30, 2025, the Port recognized pension expense of $340,523 related to the Plan. In addition, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 305,255	$ -
Change of assumptions	331,878	-
Net difference between projected and actual on FRS earnings pension plan investments	-	(477,158)
Changes in proportion and differences between Port FRS contributions and proportionate share of FRS contributions	167,214	(246,526)
Port FRS contributions subsequent to the measurement date	148,683	-
Total	$ 953,030	$ (723,684)

The deferred outflows of resources related to the Pension Plan, totaling $148,683 resulting from Port contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. 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:

Year Ending September 30	Amount
2026	$ 233,524
2027	(41,491)
2028	(62,093)
2029	(49,277)
2030	-
Thereafter	-
Total	$ 80,663

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2025 was determined using the following actuarial assumptions:

Valuation date	July 1, 2025
Measurement date	June 30, 2025
Actuarial cost method	Individual Entry Age
Inflation	2.4%
Salary increases	3.5%, average, including inflation
Investment rate of return	6.7%, net of pension plan investment expense, including inflation
Mortality	Generational PUB-2010 with Projection Scale MP2021.

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

The long-term expected rate of return of 6.7% was unchanged from 2023. This rate consists of two building block components: 1) a real return of 4.2%, consistent with the capital market outlook model developed by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.4% as adopted by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice.

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

PENSION PLAN (Continued)

Actuarial Assumptions – (Continued)

The target allocations and arithmetic returns for each major asset class are summarized below:

Asset Class	(1) Target Allocation	Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	3.2%	3.2%
Fixed income	29.0%	5.5%	5.4%
Global equity	45.0%	8.5%	6.9%
Real estate (property)	12.0%	8.4%	7.1%
Private equity	11.0%	12.4%	8.8%
Strategic investments	2.0%	6.5%	6.1%
Total	100.0 %		
Assumed inflation - mean			2.4%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.7%, unchanged from the prior measurement date. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

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

The following represents the Port's proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
Port's proportionate share of net pension liability	$5,608,614	$2,857,915	$551,769

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2025, the Port reported a payable in the amount of $47,729 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution rate was 2%. The Port contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Port's contributions to the HIS Plan totaled $108,921 for the fiscal year ended September 30, 2025.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (Continued)

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

At September 30, 2025, the Port reported a liability of $1,379,232 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Port's proportionate share of the net pension liability was based on the Port's 2024-2025 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. As of June 30, 2025, the Port's proportionate share was 0.01076058 percent, which was an decrease of 0.00005220 percentage points from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2025, the Port recognized pension expense of $40,016. In addition, the Port reported deferred outflows of resources and deferred in flows of resources and deferred in flows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,233	$ (2,188)
Change of assumptions	12,208	(333,601)
Net difference between projected and actual earnings on pension plan assets	-	(1,148)
Changes in proportion and differences between Pension plan contributions and proportionate share of contributions	60,580	(26,319)
Port Pension Plan contributions subsequent to the measurement date	25,791	-
Total	$ 106,812	$ (363,256)

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (Continued)

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

The deferred outflows of resources related to the HIS Plan, totaling $25,791 resulting from Port contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS are as follows:

Year Ending September 30,	Amount
2026	$ (62,261)
2027	(74,542)
2028	(62,759)
2029	(50,295)
2030	(32,378)
Thereafter	-
Total	$ (282,235)

Actuarial Assumptions

The total pension liability as of June 30, 2025 was determined using the following actuarial assumptions:

Valuation date	July 1, 2024
Measurement date	June 30, 2025
Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal bond rate	5.20%
Investment rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2021
Actuarial cost method	Individual Entry Age

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 5.20%, which increased from the discount rate of 3.93% as of June 30, 2024. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the Port's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Port's proportionate share of net pension liability	$1,555,307	$1,379,232	$1,231,562

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2025, the Port reported a payable in the amount of $7,420 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

INVESTMENT PLAN

Plan Description

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Port employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature.

Funding Policy

The Investment Plan is funded with the same employer and employee contribution rates as the defined benefit Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the Port's employees for the fiscal year ended September 30, 2025, are as follows:

	Percent of Gross Salary October 1, 2024 to June 30, 2025		Percent of Gross Salary July 1, 2025 to September 30, 2025	
Class	**Employee**	**Employer**	**Employee**	**Employer**
HA, Regular	3.00	13.63	3.00	14.03
HM, Senior Management	3.00	34.52	3.00	33.24
HI, Elected Officials	3.00	58.68	3.00	54.57
DP, DROP	-	21.13	-	22.02

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

INVESTMENT PLAN (Continued)

Funding Policy – (Continued)

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

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

The Port's Investment Plan pension expense totaled $157,438 for the fiscal year ended September 30, 2025, and as of the fiscal year end the Port reported a payable in the amount of $13,934 for outstanding contributions to the Investment Plan.

SUMMARY DATA

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2025.

	Pension Plan	HIS Plan	Total
Proportionate share of total pension liability	$ 22,434,143	$ 1,472,877	$ 23,907,020
Proportionate share of plan fiduciary net position	19,576,227	93,645	19,669,872
Proportionate share of net pension liability	2,857,915	1,379,232	4,237,147
Proportionate share of deferred outflows of resources	953,030	106,812	1,059,842
Proportionate share of deferred inflows of resources	723,684	363,256	1,086,940
Pension expense	340,523	40,016	380,539

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General information about the OPEB Plan

Retirees of the Port pay an amount equal to the actual premium for health insurance charged by the carrier. The premium charged includes an implied subsidy, as the amount charged for all participants (active employee or retiree) is the same, regardless of age. Under GASB 75, an implied subsidy is considered other post-employment benefits (OPEB).

Plan Description

The Port provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their eligible beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The Board can only amend benefit provisions. The Board approves the port's annual budget and, therefore, indirectly approves the annual costs associated with the Healthcare Plan. The Port has not established a trust fund for the Healthcare Plan and there are no assets accumulated in a trust. The Port does not issue standalone financial statements for the Healthcare Plan. All financial information related to the Healthcare Plan is accounted for in the Port's basic financial statements.

Contributions

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

Plan Membership

The following table provides a summary of the participants in the plan as of September 30, 2025:

Active plan members	57
Inactive plan members or beneficiaries currently receiving benefits	9
Total members	66

Discount Rate

The Port does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average rating equivalent of a Moody's Aa2 and a Standard & Poor's AA as of the measurement date. As of the measurement date of September 30, 2025, the municipal bond rate was 4.50% based on the daily rate of Municipal Market 20-Year Municipal General Obligation Index closest to but not later than the measurement date. The discount rate as of the beginning of the measurement year was 3.82%.

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

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

As of September 30, 2025, the Port reported a total OPEB liability of $215,281. For the fiscal year ended September 30, 2025, the Port recognized OPEB expense of $112,607. As of September 30, 2025, the Port did not report any deferred outflows of resources or deferred in flows of resources related to OPEB.

Actuarial Methods and Assumptions

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

Significant methods and assumptions were as follows:

Valuation date	September 30, 2025
Measurement date	September 30, 2025
Actuarial cost method	Entry Age Normal
Discount rate	4.50%
Retirement age	62
Mortality Tables	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
Healthcare cost trend rates	Medical 5.8% initially trending to 4.1% in 10 years; Pharmacy 11.7% initially trending to 4.1% in 10 years; Dental 3.5% initially trending to 3.0%; Vision 3.0%
Percentage participation	5.0%
Age adjustment factor	1.308930

Total OPEB Liability

The components of the total OPEB liability as of September 30, 2025, were as follows:

Description	Total OPEB Liability
Balance September 30, 2024	$ 118,726
Change due to:	
Service cost	12,918
Interest on total OPEB liability	4,725
Economic / demographic gains or loses	108,134
Effect of assumptions changes or inputs	(13,171)
Benefit payments	-
Employer contributions	(16,051)
Employee contributions	-
Net investment income	-
Administrative expenses	-
Balance September 30, 2025	$ 215,281

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

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

The following table presents the total OPEB liability of the Port calculated using the single discount rate of 4.5% as well as what the Port's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5 %)
Total OPEB liability	$235,106	$215,281	$198,034

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

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

	1% Decrease	Current Healthcare Trend Rate Assumption	1% Increase
Total OPEB liability	$195,867	$215,281	$237,468

NOTE 10 – MAJOR CUSTOMERS

The Port had revenue from two major customers providing more than 10% each of the Port facilities revenue during the fiscal year ended September 30, 2025. The Port facilities total revenue from these customers were as follows:

Description	Total Revenue
Tropical Shipping USA, LLC / Birdsall, Inc.	$ 7,734,919
Paradise Cruise Line (Multi-Day Cruise)	6,127,282
Total	$ 13,862,201

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 manages and mitigates these risks through the purchase commercial insurance to cover the risk of loss for general liability, property and casualty, comprehensive crime and flood and fire. In the past three years, there have been no claims that have exceeded the Authority's insurance coverage.

NOTE 11 – RISK MANAGEMENT (Continued)

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

NOTE 12 – CAPITAL CONTRIBUTIONS

For the year ended September 30, 2025, the Port recognized capital contributions of $18,692,393, composed primarily of federal and state grants used for various capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF PALM BEACH DISTRICT
Schedule of Changes in the Total OPEB Liability
Last 10 Fiscal Years*

Total OPEB Liability	2018	2019	2020	2021	2022	2023	2024	2025
Service cost	$ 16,117	$ 15,897	$ 20,762	$ 20,762	$ 20,762	$ 12,998	$ 12,918	$ 12,918
Interest	8,350	9,421	10,876	3,782	3,964	6,382	10,500	4,725
Effect of Plan Changes:								
Effect of Economic/Demographic Gains or Losses	20,026	11,398	(179,988)	(12,721)	7,542	60,976	(109,861)	108,134
Effect of Assumptions Changes or Inputs	-	(2,529)	17,073	(151)	(25,770)	(21,308)	9,800	(13,171)
Benefit payments	(22,779)	(4,395)	(4,436)	(4,435)	(4,294)	(8,177)	(14,477)	(16,052)
Net change in Total OPEB Liability	21,714	29,792	(135,713)	7,237	2,204	50,871	(91,120)	96,554
Total OPEB Liability - Beginning of Year	233,741	255,455	285,247	149,534	156,771	158,975	209,846	118,726
Total OPEB Liability - End of Year	$ 255,455	$ 285,247	$ 149,534	$ 156,771	$ 158,975	$ 209,846	$ 118,726	$ 215,280
Covered payroll	$ 3,298,312	$ 3,404,291	$ 3,707,772	$ 3,363,157	$ 3,733,947	$ 4,462,771	$ 4,654,672	$ 4,699,874
Total OPEB Liability as percentage of covered employee payroll	7.75%	8.38%	4.03%	4.66%	4.26%	4.70%	2.55%	4.58%

* GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is are no assets accumulated in a trust to pay

Changes in assumption: The discount rate was changed as follows:

Fiscal year ending	Discount rate	Percentage participation	Age adjustment factor
9/30/2018	3.50%	5.0%	1.576730
9/30/2019	3.58%	8.0%	1.502659
9/30/2020	2.25%	5.0%	1.461404
9/30/2021	2.26%	5.0%	1.386067
9/30/2022	3.80%	10.0%	1.366098
9/30/2023	4.87%	5.0%	1.353415
9/30/2024	3.82%	5.0%	1.280522
9/30/2025	4.5%	5.0%	1.308930

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

Florida Retirement System Pension Plan	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	$601,709	$579,731	$569,000	$469,585	$386,476	$266,917	$235,897	$222,139	$206,378	$191,710
FRS contributions in relation to the contractually required contribution	(601,709)	(579,731)	(569,000)	(469,585)	(386,476)	(266,917)	(235,897)	(222,139)	(206,378)	(191,710)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Port’s covered payroll	$3,830,407	$3,766,752	$4,427,781	$3,988,100	$3,609,933	$3,003,462	$2,861,309	$2,867,752	$2,790,575	$2,673,155
FRS contributions as a percentage of covered payroll	15.71%	15.39%	15.01%	11.77%	10.71%	8.89%	8.24%	7.75%	7.40%	7.17%

Health Insurance Subsidy	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	$108,921	$92,146	$77,553	$59,994	$53,317	$59,065	$55,536	$53,253	$51,922	$49,491
HIS contributions in relation to the contractually required contribution	(108,921)	(92,146)	(77,553)	(59,994)	(53,317)	(59,065)	(55,536)	(53,253)	(51,922)	(49,491)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Port’s covered payroll	$3,830,407	$4,607,283	$4,427,781	$3,614,118	$3,211,838	$3,558,161	$3,345,543	$3,208,018	$3,127,843	$2,981,376
HIS contributions as a percentage of covered payroll	2.84%	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

Florida Retirement System Pension Plan	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Port's proportion of the FRS net pension liability	0.009208644%	0.009348570%	0.010413898%	0.009653480%	0.008946922%	0.008410084%	0.008068421%	0.008182944%	0.008313207%	0.008005711%
Port's proportionate share of the FRS net pension liability	$2,857,915	$3,616,467	$4,149,605	$3,591,867	$675,838	$3,645,054	$2,778,652	$2,464,745	$2,459,835	$2,021,448
Port's covered payroll	$4,895,903	$4,607,283	$4,427,781	$3,988,100	$3,609,933	$2,985,554	$2,875,427	$2,893,846	$2,842,134	$2,599,590
Port's proportionate share of the FRS net pension liability as a percentage of its covered payroll	58.37%	78.49%	93.72%	90.06%	187.21%	122.09%	96.63%	85.17%	86.55%	77.76%
FRS plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.80%	84.88%

Retiree Health Insurance Subsidy Plan	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Port's proportion of the HIS net pension liability	0.010760589%	0.010812790%	0.010719910%	0.010485477%	0.010001357%	0.010792979%	0.009928070%	0.009912036%	0.009980882%	0.009441180%
Port's proportionate share of the HIS net pension liability	$1,379,232	$1,622,024	$1,702,465	$1,110,580	$1,226,814	$1,317,805	$1,110,852	$1,049,101	$1,067,202	$1,100,330
Port's covered payroll	$4,895,903	$4,607,283	$4,427,781	$3,614,118	$3,211,838	$3,538,801	$3,320,372	$3,237,451	$3,181,401	$2,914,569
Port's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.17%	35.21%	38.45%	30.73%	38.19%	37.24%	33.46%	32.41%	33.55%	37.75%
HIS plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

CHANGES IN ASSUMPTION

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN		RETIREE HEALTH INSURANCE SUBSIDY PROGRAM	
YEAR	**DISCOUNT RATE**	**YEAR**	**DISCOUNT RATE**
2016	7.60%	2016	2.85%
2017	7.10%	2017	3.58%
2018	7.00%	2018	3.87%
2019	6.90%	2019	3.50%
2020	6.80%	2020	2.21%
2021	6.80%	2021	2.16%
2022	6.70%	2022	3.54%
2023	6.70%	2023	3.65%
2024	6.70%	2024	3.93%
2025	6.70%	2025	5.20%

OTHER SUPPLEMENTARY INFORMATION

PORT OF PALM BEACH DISTRICT
Bonds Amortization Schedule
$9,576,835 Revenue Refunding Bonds – Series 2002
September 30, 2025

Year Ending September 30	Principal	Interest	Total Debt Services
2026	$1,199,382	$ 3,150,618	$ 4,350,000
	$1,199,382	$ 3,150,618	$ 4,350,000

PORT OF PALM BEACH DISTRICT
Schedule of Port Facilities Revenues
For the Fiscal Years Ended September 30, 2025 and 2024

	2025	2024
Wharfage	$ 4,639,001	$ 4,300,832
Leases/Rent	6,319,620	6,313,097
Dockage	3,445,468	3,409,978
Parking	1,861,862	1,861,499
Passenger charges	5,834,555	7,093,520
Storage	142,636	152,158
Water	115,042	132,657
Line handling	118,744	149,856
Switching	776,165	793,167
Licenses	145,263	155,488
Identification badging	7,950	9,555
Security fee	951,108	1,011,863
Cargo terminal fee	989,184	943,293
Harbor master fee	232,335	207,000
Vessel bunkers	116,778	111,064
Miscellaneous	179,190	600,618
Total Port Facilities Gross Operating Revenues	$ 25,874,901	$ 27,245,645

PORT OF PALM BEACH DISTRICT
Schedule of Operating Expenses
For the Fiscal Years Ended September 30, 2025 and 2024

	2025	2024
General expenses		
Property and liability insurance	$ 590,028	$ 590,740
Retirement	433,218	721,984
Group health insurance	1,176,989	860,968
State and local taxes	783	2,624
Membership Due - Administration	2,799	-
Audit and other accounting services	69,750	68,650
Trustee fees	1,275	1,275
Governmental consulting	48,000	48,045
Miscellaneous	5,908	16,992
Total general expenses	**2,328,750**	**2,311,278**
Engineering and maintenance		
Salaries	682,572	882,724
Payroll taxes	50,718	65,460
Maintenance and repairs – buildings and grounds	885,770	646,700
Electricity	356,761	385,580
Water	1,046,527	773,123
Janitorial and trash removal	279,227	191,947
Maintenance and repairs –equipment	43,451	71,947
Engineering fees	39,384	81,144
Fuel and oil –port equipment	55,523	52,361
Telephone	61,868	56,752
Uniforms	16,313	7,673
Shop maintenance and supplies	136,381	51,144
Total engineering and maintenance	**3,654,495**	**3,266,555**
Security		
Salaries	1,049,883	1,075,034
Payroll taxes	77,956	79,548
Contract Services	1,002,735	861,206
Identification badges	8,586	5,173
Maintenance and repairs - Security equipment	84,721	63,631
Subscriptions	30,633	22,122
Uniforms	9,636	7,042
Telephone	13,671	12,212
Maintenance and repairs - radios	23,296	25,942
Miscellaneous	6,680	5,669
Total security	**2,307,797**	**2,157,579**

(Continued)

PORT OF PALM BEACH DISTRICT
Schedule of Operating Expenses (continued)
For the Fiscal Years Ended September 30, 2025 and 2024

	2025	2024
Administration		
Salaries	$ 2,259,320	$ 1,899,254
Payroll taxes	161,972	136,843
Telephone	20,505	18,179
Maintenance and repairs	16,641	7,682
Information Systems	343,173	222,516
Supplies, stationary and printing	47,323	26,748
Postage	3,838	1,400
Dues and subscriptions	-	4,460
Publications	1,588	6,270
Legal fees	108,295	201,206
Miscellaneous	77,119	50,299
Total administration	**3,039,774**	**2,574,857**
Business development		
Salaries	349,315	363,078
Payroll taxes	25,304	25,520
Retirement	59,393	71,779
Advertising and promotion	19,286	32,574
Trade development	15,337	35,610
Community relations	37,850	42,691
Travel	33,228	33,624
Dues and subscriptions	73,086	78,878
Publications	4,010	15,067
Miscellaneous	23,799	19,165
Total business development	**640,608**	**717,986**
Operations		
Salaries	687,189	479,783
Payroll taxes	51,377	35,496
Customer & Tenant Operation	114,081	105,929
Telephone	1,018	1,328
Maintenance and repairs – train	37,291	27,411
Maintenance and repairs – track	48,037	63,896
Fuel and oil – train	39,463	35,874
Miscellaneous	5,258	108
Total operations	**983,714**	**749,825**
Amortization	**89,094**	**20,552**
Depreciation	**4,422,247**	**4,245,243**
Total operating expenses	**$17,466,479**	**$16,043,875**

PORT OF PALM BEACH DISTRICT
Schedule of Revenues and Expenses
For the Fiscal Years Ended September 30, 2025 and 2024

	2025	2024
Revenue		
Port facilities	$ 25,874,901	$ 27,245,645
Less: Direct marketing support	(3,424,842)	(4,372,439)
Net operating revenue	**22,450,059**	**22,873,206**
Expenses		
General expenses	2,328,750	2,311,278
Engineering and maintenance expenses	3,654,495	3,266,555
Security	2,307,797	2,157,579
Administration	3,039,774	2,574,857
Business development	640,608	717,986
Operations	983,714	749,825
Operating expenses	**12,955,138**	**11,778,080**
Operating income before depreciation and amortization	**9,494,921**	**11,095,126**
Depreciation and amortization	**4,511,341**	**4,265,795**
Operating income after depreciation and amortization	**4,983,580**	**6,829,331**
Non–operating revenues (expenses)		
Investment earrings	1,458,498	1,503,050
Grant revenue	484,708	13,046
Grant expense	(531,383)	(76,505)
Insurance recoveries	9,815	60,753
Gain (loss) on disposition of assets	(291,578)	
Interest expense	(416,725)	(638,338)
Total non-operating revenues (expenses)	713,335	862,006
Income before contributions	**5,696,915**	**7,691,337**
Capital contributions	**18,692,393**	**3,668,603**
Change in net position	**$ 24,389,308**	**$ 11,359,940**

PORT OF PALM BEACH DISTRICT
Schedule of Revenues and Expenses – Budget to Actual
For the Fiscal Year Ended September 30, 2025

	Original Final Budget	Actual	$ Variance with Final Budget Positive (Negative)
Operating Revenues:			
Wharfage	$ 4,216,680	$ 4,639,001	$ 422,321
Dockage	3,046,141	3,445,468	399,327
Parking	2,528,172	1,861,862	(666,310)
Passengers - Cruise Lines	7,232,567	5,834,555	(1,398,012)
Storage	165,618	142,636	(22,982)
Water	189,133	115,042	(74,091)
Line Handling	155,812	118,744	(37,068)
Switching	729,437	776,165	46,728
Licenses and Permits	142,800	145,263	2,463
Vessel Bunkers	134,516	116,778	(17,738)
Cargo Terminal Fee	968,056	989,184	21,128
Security Fees - Cargo	679,861	771,729	91,868
Special Detail Security Fees	370,470	179,379	(191,091)
Identification Badging	7,357	7,950	593
Harbor Master Fee	227,901	232,335	4,434
Lease/Rent	6,286,700	6,319,620	32,920
Miscellaneous Income	56,449	179,190	122,741
Total Operating Revenues	27,137,670	25,874,901	(1,262,769)
Less: Direct Marketing Support	(4,371,803)	(3,424,842)	(946,961)
Net Operating Revenues	22,765,867	22,450,059	(315,808)
Operating Expenses:			
Administrative and HR	1,297,344	1,324,792	27,448
Office - Finance	950,110	923,182	(26,928)
Information Technology	657,617	641,305	(16,312)
Engineering	150,000	39,384	(110,616)
Government Consultanting	50,000	48,000	(2,000)
Legal	100,000	108,295	8,295
General Maintenance	2,089,486	2,456,745	367,259
Railroad	406,068	348,712	(57,356)
Operations	631,931	635,002	3,071
General Expense	3,237,890	2,300,418	(937,472)
Security	2,089,740	2,307,797	218,057
Business Development	881,941	640,608	(241,333)
Cruise Terminal	295,000	344,241	49,241
Maritime Office Complex	341,500	480,778	139,278
Southgate Complex	95,500	120,329	24,829
Renewal and Replacement	300,000	235,550	(64,450)
Total Operating Expenses	13,574,127	12,955,138	(618,989)
Oper. Income Before Depr & Amort	9,191,740	9,494,921	303,181
Less: Depreciation Expense	4,500,000	4,422,247	(77,753)
Less: Amortization Expense	80,000	89,094	9,094
Operating Income (Loss)	4,611,740	4,983,580	371,840
Non-Oper. Revenues (Expenses):			
Interest Income	1,000,000	1,458,498	458,498
Insurance Recoveries	-	9,815	9,815
Grant Revenue	-	484,708	484,708
Gain or (Loss) on Disposal of Assets	(15,000)	(291,578)	(276,578)
Feasibility Study	-	-	-
Grant Expenses	(10,000)	(531,383)	(521,383)
Interest Expense	(416,726)	(416,725)	1
Total Non-Oper. Revenue (Expenses)	558,274	713,335	155,061
Income before contributions	$ 5,170,014	5,696,915	$ 526,901
Capital Contributions		18,692,393	
Change in Net Position		$ 24,389,308	

STATISTICAL INFORMATION

PORT OF PALM BEACH DISTRICT
Net Position
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

Year Ending September 30		Net Investment in Capital Assets	Restricted	Unrestricted	Total
2016		93,240,172	1,102,486	16,301,307	110,643,965
2017	(1)	99,729,682	1,080,356	14,668,613	115,478,651
2018		102,315,957	1,671,605	15,439,452	119,427,014
2019		107,626,748	2,646,112	15,269,620	125,542,480
2020		109,888,686	3,412,329	15,189,636	128,490,651
2021		113,954,887	3,204,087	18,275,494	135,434,468
2022	(2)	117,053,432	2,901,141	20,001,064	139,955,637
2023		119,911,380	2,109,510	23,346,986	145,367,876
2024		124,536,982	2,392,373	29,798,461	156,727,816
2025		151,456,257	-	29,660,867	181,117,124

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

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

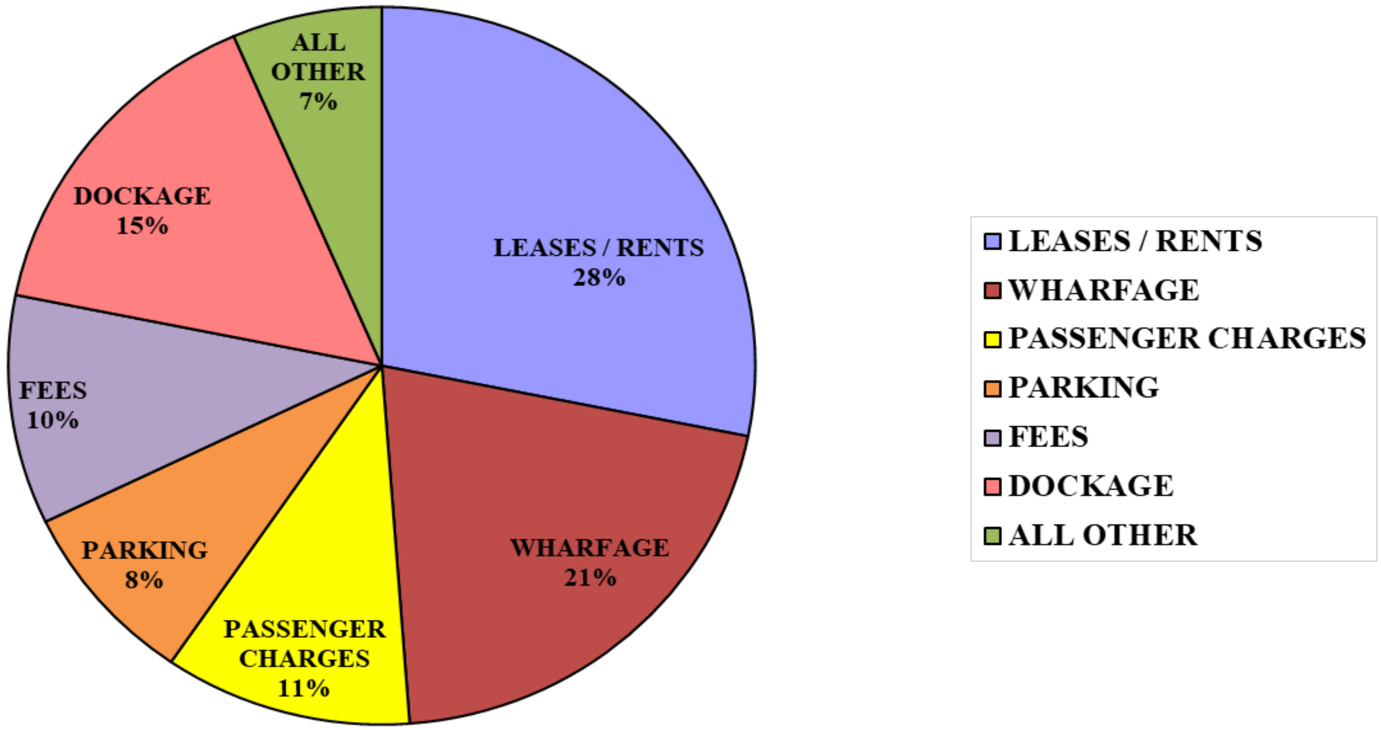
(2) Beginning net position was restated due to prior period errors that were made in accounting for the voluntary employee insurance deductions.

PORT OF PALM BEACH DISTRICT
Operating Revenues by Source
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

	2016	2017	2018	2019	2020
Wharfage	$ 3,526,606	$ 3,586,472	$ 3,954,805	$ 3,663,759	$ 3,765,410
Leases / Rent	4,563,441	4,239,509	4,383,957	4,691,222	4,968,807
Dockage	2,090,756	2,214,939	2,235,834	2,229,884	2,770,447
Parking	1,493,751	1,440,349	1,372,946	1,306,727	357,813
Passenger wharfage	384,669		1,410		
Net passenger charges	1,945,396	2,533,252	3,261,832	2,430,786	1,058,608
Storage	38,705	71,384	232,482	170,296	246,712
Water	74,842	95,249	133,902	191,714	212,773
Line handling	167,800	127,600	127,704	105,881	158,088
Miscellaneous	192,069	577,194	737,307	1,124,018	92,407
Switching	527,907	628,742	703,025	667,602	505,628
Licenses	100,200	108,900	118,600	153,200	157,800
Identification badging	34,826	28,857	27,561	14,829	6,015
Security fee	615,631	589,043	625,546	642,163	717,814
Cargo terminal fee	618,438	688,159	768,863	727,511	784,283
Harbor master fee	182,615	181,962	202,872	194,202	205,355
Vessel bunkers	82,084	53,711	53,498	68,583	90,131
Total	**$ 16,639,736**	**$ 17,165,322**	**$ 18,942,144**	**$ 18,382,377**	**$ 16,098,091**

	2021	2022	2023	2024	2025
Wharfage	$ 3,922,569	$ 3,717,925	3,891,868	4,300,832	4,639,001
Leases / Rents	5,642,789	5,817,780	5,944,436	6,313,097	6,319,620
Dockage	2,977,232	3,273,116	2,830,082	3,409,978	3,445,468
Parking	49,585	529,118	1,586,653	1,861,499	1,861,862
Passenger wharfage					
Net passenger charges	137,386	1,711,126	2,798,315	2,721,081	2,409,713
Storage	83,322	95,034	154,737	152,158	142,636
Water	126,378	99,943	118,486	132,657	115,042
Line handling	168,197	109,640	126,324	149,856	118,744
Miscellaneous	446,975	253,296	154,330	600,618	179,190
Switching	538,185	662,854	735,116	793,167	776,165
Licenses	157,750	149,000	160,250	155,488	145,263
Identification badging	7,045	8,580	9,540	9,555	7,950
Security fee	751,728	854,441	905,994	1,011,863	951,108
Cargo terminal fee	815,610	813,031	875,569	943,293	989,184
Harbor master fee	202,968	202,291	203,344	207,000	232,335
Vessel bunkers	64,774	111,147	111,955	111,064	116,778
Total	**$ 16,092,493**	**$ 18,408,322**	**$ 20,606,999**	**$ 22,873,206**	**$ 22,450,059**

PORT OF PALM BEACH DISTRICT
Operating Revenues By Source
For the Fiscal Year Ended September 30, 2025
Unaudited

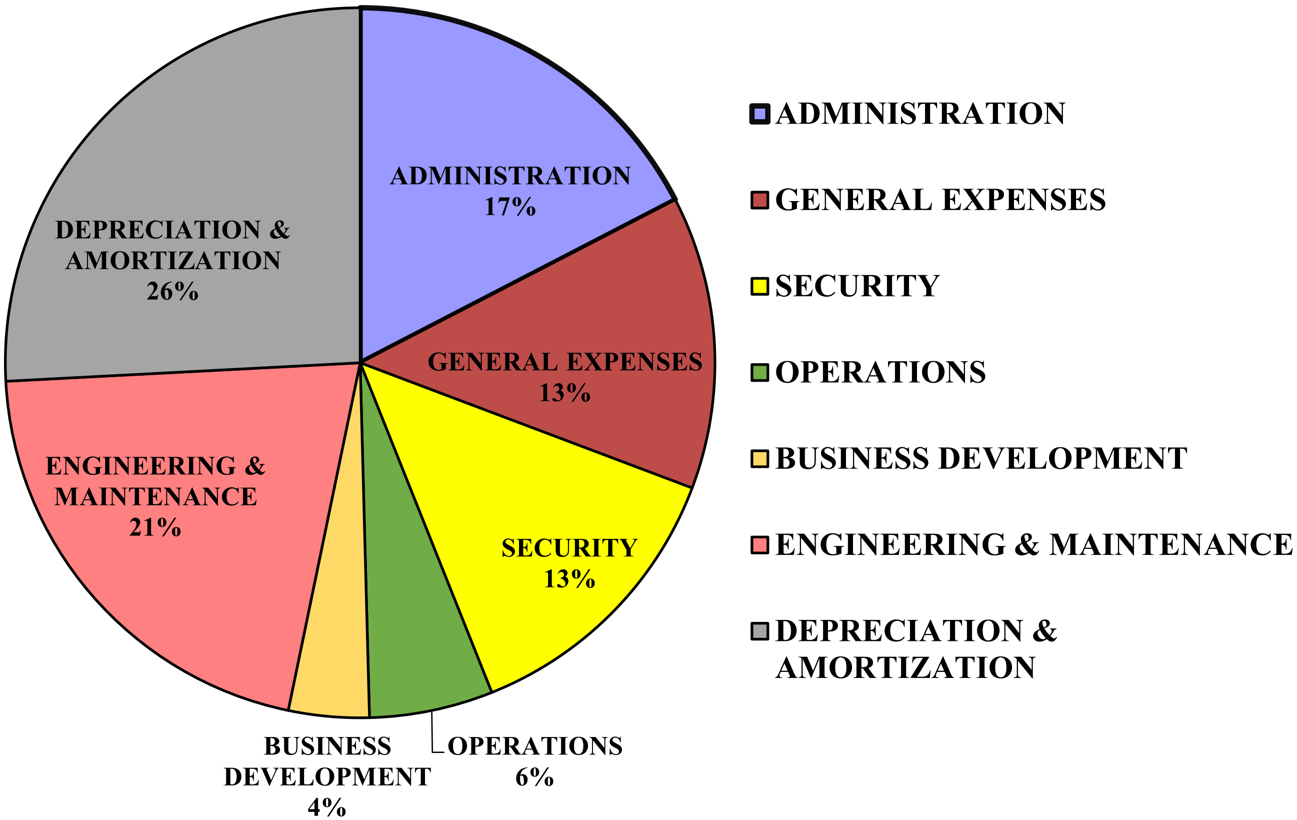


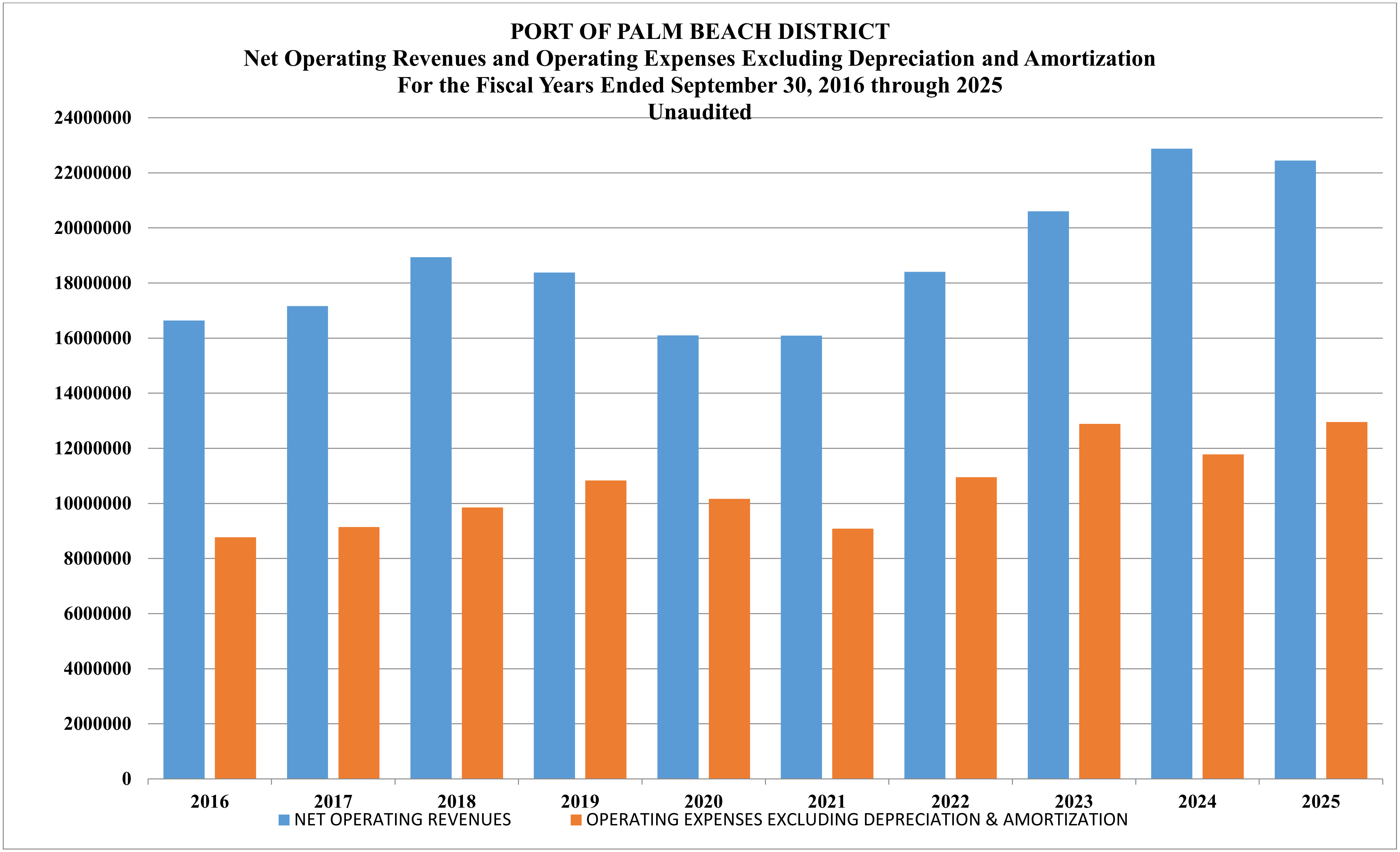
PORT OF PALM BEACH DISTRICT
Operating Expenses
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

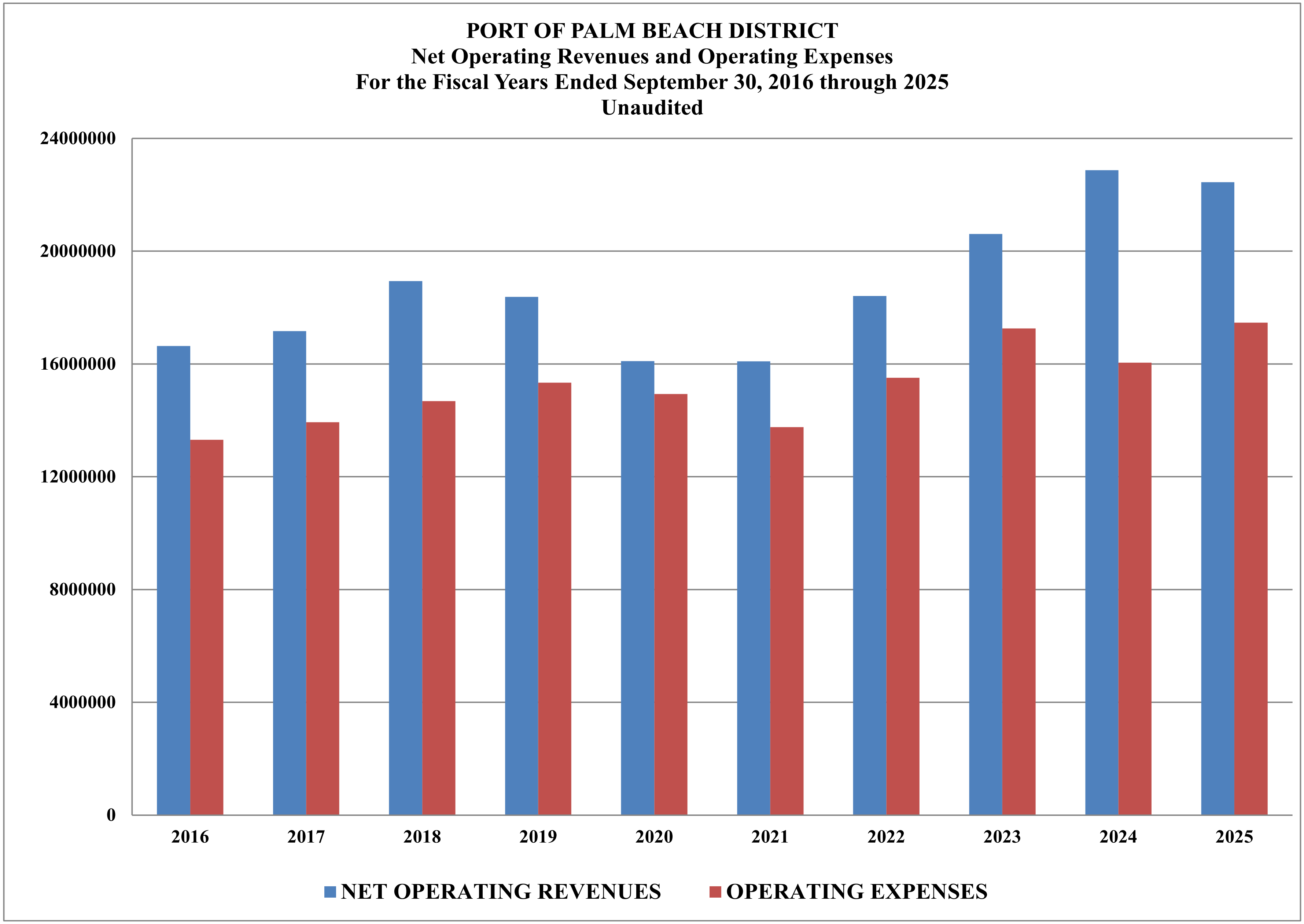
	2016	2017	2018	2019	2020
General expenses	$ 1,865,103	$ 2,213,993	$ 2,012,394	$ 2,622,378	$ 2,757,698
Engineering and maintenance	2,408,293	2,419,325	2,931,289	2,995,644	2,596,159
Security	2,000,425	1,784,325	2,071,052	2,174,002	1,740,390
Administration	1,611,402	1,814,485	1,847,377	2,032,611	2,027,942
Business development	624,175	655,740	684,139	688,383	695,735
Operations	262,996	257,559	309,952	321,467	346,744
Subtotal	8,772,394	9,145,427	9,856,203	10,834,485	10,164,668
Amortization	28,817	28,817	48,992	52,025	55,196
Depreciation	4,509,802	4,757,631	4,779,661	4,452,963	4,712,915
Subtotal	4,538,619	4,786,448	4,828,653	4,504,988	4,768,111
Total	**$ 13,311,013**	**$ 13,931,875**	**$ 14,684,856**	**$ 15,339,473**	**$ 14,932,779**

	2021	2022	2023	2024	2025
General expenses	$ 1,704,244	$ 3,251,480	$ 3,401,927	$ 2,311,278	$ 2,328,750
Engineering and maintenance	2,404,063	2,455,397	3,001,204	3,266,555	3,654,496
Security	1,526,991	1,680,535	2,065,339	2,157,579	2,307,796
Administration	2,344,921	2,285,262	2,679,771	2,574,857	3,039,774
Business development	764,368	655,106	815,115	717,986	640,608
Operations	343,197	621,459	927,665	749,825	983,714
Subtotal	9,087,784	10,949,239	12,891,021	11,778,080	12,955,138
Amortization	55,436	57,532	11,258	20,552	89,094
Depreciation	4,616,388	4,506,976	4,359,473	4,245,243	4,422,247
Subtotal	4,671,824	4,564,508	4,370,731	4,265,795	4,511,341
Total	**$ 13,759,608**	**$ 15,513,747**	**$ 17,261,752**	**$ 16,043,875**	**$ 17,466,479**

PORT OF PALM BEACH DISTRICT
Operating Expenses
For the Fiscal Year Ended September 30, 2025
Unaudited




PORT OF PALM BEACH DISTRICT
Net Operating Revenues and Operating Expenses Excluding Depreciation and Amortization
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited
24000000
22000000
20000000
18000000
16000000
14000000
12000000
10000000
8000000
6000000
4000000
2000000
0
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
NET OPERATING REVENUES
OPERATING EXPENSES EXCLUDING DEPRECIATION & AMORTIZATION


PORT OF PALM BEACH DISTRICT
Net Operating Revenues and Operating Expenses
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited
24000000
20000000
16000000
12000000
8000000
4000000
0
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
NET OPERATING REVENUES
OPERATING EXPENSES

PORT OF PALM BEACH DISTRICT
Non-Operating Revenues (Expenses)
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

	2016	2017	2018	2019	2020
Investment earnings	$ 12,668	$ 46,191	$ 158,189	$ 399,541	$ 160,328
Grant revenue	1,537,154	55,772	230,249	179,249	94,454
Grant expense	(1,523,778)	(28,690)	(206,500)	(203,607)	(140,990)
Gain (loss) on disposition of assets	(6,713)	2,500	(1,088,109)	(274,780)	(94,507)
Electric utility distribution line relocation					
Insurance recoveries	31,291	60,721	67,608	4,944	2,260
Bond issue costs	(57,050)	(97)	-	-	-
Feasibility study	(5,048)				
Interest expense	(1,523,830)	(1,363,288)	(996,704)	(1,095,454)	(989,037)
Total	**$ (1,535,306)**	**$ (1,226,891)**	**$ (1,835,267)**	**$ (990,107)**	**$ (967,492)**

	2021	2022	2023	2024	2025
Investment earnings	$ 8,541	$ 110,752	$ 1,163,953	$ 1,503,050	$ 1,458,498
Grant revenue	3,352,633	813,742	-	13,046	484,708
Grant expense	(28,359)	(64,372)	(85,582)	(76,505)	(531,383)
Gain (loss) on disposition of assets	(12,104)	(12,316)	100	-	(291,578)
Electric utility distribution line relocation					
Insurance recoveries	29,684	1,346	7,256	60,753	9,815
Bond issue costs					
Feasibility study	(8,000)	-	-	-	-
Interest expense	(1,146,812)	(943,723)	(795,501)	(638,338)	(416,725)
Total	**$ 2,195,583**	**$ (94,571)**	**$ 290,226**	**$ 862,006**	**$ 713,335**

PORT OF PALM BEACH DISTRICT
Changes in Net Position
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

	2016	2017	2018	2019	2020
Net Operating Income	$ 3,328,723	$ 3,233,447	$ 4,257,288	$ 3,042,904	$ 1,165,312
Net Non-Operating Revenue (Expense)	(1,535,306)	(1,226,891)	(1,835,267)	(990,107)	(967,492)
Income before Contributions	1,793,417	2,006,556	2,422,021	2,052,797	197,820
Capital Contributions	2,547,717	2,855,381	1,526,342	4,062,669	2,750,351
Change in Net Position	**$ 4,341,134**	**$ 4,861,937**	**$ 3,948,363**	**$ 6,115,466**	**$ 2,948,171**

	2021	2022	2023	2024	2025
Net Operating Income	$ 2,332,885	$ 2,894,575	$ 3,345,247	$ 6,829,331	$ 4,983,580
Net Non-Operating Revenue (Expense)	2,195,583	(94,571)	290,226	862,006	713,335
Income before Contributions	4,528,468	2,800,004	3,635,473	7,691,337	5,696,915
Capital Contributions	2,415,349	1,768,260	1,776,766	3,668,603	18,692,393
Change in Net Position	**$ 6,943,817**	**$ 4,568,264**	**$ 5,412,239**	**$ 11,359,940**	**$ 24,389,308**

PORT OF PALM BEACH DISTRICT
Operating Statistics
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

	2016	2017	2018	2019	2020
CARGO TONNAGE					
General Cargo					
Container	1,295,490	1,351,573	1,422,801	1,344,157	1,317,997
Break-bulk	98,801	96,530	111,965	91,612	69,972
Sub-Total	1,394,291	1,448,103	1,534,766	1,435,769	1,387,969
Bulk and Dry Cargo					
Asphalt	83,909	101,023	118,191	107,034	121,288
Cement					
Fuel Oils	98,354	122,174	233,331	139,982	75,477
Miscellaneous				11,665	14,855
Recyclable metal	37,122	35,618	27,705	46,420	56,873
Molasses	121,889	184,176	139,656	73,835	130,499
Sugar	783,690	593,563	513,744	494,065	705,748
Sub-Total	1,124,964	1,036,554	1,032,627	873,001	1,104,740
TOTAL ALL CARGO	2,519,255	2,484,657	2,567,393	2,308,770	2,492,709
TEUs	260,324	275,538	286,704	273,902	266,431
RAIL CARS (IN AND OUT BOUND)	17,324	18,885	20,048	18,682	14,288
VESSELS	1,750	1,533	1,683	1,556	1,392
PASSENGERS	502,876	432,585	462,674	449,457	141,051

	2021	2022	2023	2024	2025
CARGO TONNAGE					
General Cargo					
Container	1,389,795	1,483,467	1,518,737	1,438,383	1,473,712
Break-bulk	111,047	106,178	162,354	153,580	182,668
Sub-Total	1,500,842	1,589,645	1,681,091	1,591,963	1,656,380
Bulk and Dry Cargo					
Asphalt	88,583	108,616	93,339	138,046	128,150
Cement	17,162	41,172	90,467	203,643	344,333
Fuel Oils	83,213	43,829			
Miscellaneous	13,310				
Recyclable metal	35,490	53,776	41,364	38,070	45,404
Molasses	149,295	108,526	101,561	224,852	218,826
Sugar	671,700	482,631	515,200	610,816	595,910
Sub-Total	1,058,753	838,550	841,931	1,215,427	1,332,623
TOTAL ALL CARGO	2,559,595	2,428,195	2,523,022	2,807,390	2,989,003
TEUs	253,427	262,233	272,516	254,241	262,244
RAIL CARS (IN AND OUT BOUND)	14,160	16,029	14,802	13,800	13,178
VESSELS	1,269	1,385	1,412	1,377	1,437
PASSENGERS	13,935	146,033	412,701	383,125	305,570

PORT OF PALM BEACH DISTRICT
Revenue Bond Coverage
For the Fiscal Years Ended September 30, 2016 through 2025
Unaudited

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Revenues	(1)	$ 16,652,404	$ 17,211,513	$ 19,100,333	$ 18,781,918	$16,258,419	$16,101,034	$18,519,074	$21,770,953	$24,376,256	$23,908,557
Operating Expenses	(2)	(8,772,394)	(9,145,427)	(9,856,203)	(10,834,485)	(10,164,622)	(9,087,784)	(10,949,239)	(12,891,021)	(11,778,080)	(12,955,138)
Supplemental Revenues		-	-	-	-	-	-	-	-	-	-
Net Revenues	(3)	7,880,010	8,066,086	9,244,130	7,947,433	6,093,797	7,013,250	7,569,835	8,879,932	12,598,176	10,953,419
Maximum Annual Debt Service		4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
Required Coverage		110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Annual Debt Service Requirement		4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000	4,785,000
Excess (Deficiency)		$ 3,095,010	$ 3,281,086	$ 4,459,130	$ 3,162,433	$ 1,308,797	$ 2,228,250	$ 2,784,835	$ 4,094,932	$ 7,813,176	$ 6,168,419
Coverage	(4)	**165%**	**169%**	**193%**	**166%**	**127%**	**147%**	**158%**	**186%**	**263%**	**229%**

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

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

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

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

COMPLIANCE SECTION

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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 Commissioners
Port of Palm Beach District
Riviera Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Port of Palm Beach District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Port of Palm Beach District's basic financial statements, and have issued our report thereon dated June 11, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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* - Continued

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port of Palm Beach District'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.

S. Davis & Associates, P.A.

West Palm Beach, Florida
June 11, 2026

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

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

Report on Compliance for Each Major Federal and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Port of Palm Beach District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and in the State of Florida's Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the Port of Palm Beach District's major federal programs and state projects for the year ended September 30, 2025. The Port of Palm Beach District's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Port of Palm Beach District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Florida Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port of Palm Beach District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Port of Palm Beach District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Port of Palm Beach District's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port of Palm Beach District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General,* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Port of Palm Beach District's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Chapter 10.550, *Rules of the Auditor General,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port of Palm Beach District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Port of Palm Beach District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Port of Palm Beach District's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

S. Davis & Associates, P.A.

West Palm Beach, Florida
June 11, 2026

PORT OF PALM BEACH DISTRICT
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Name of Grant	Grant/Contract #	Federal Expenditures
U. S. Department of Transportation				
Pass-Through Maritime Administration (MARAD)	20.823	Port Infrastructure Development Program (PIDP)	693JF72140003	$ 11,256,332
Total Expenditures of Federal Awards				$ 11,256,332

State Grantor/Program title	CSFA Number	Grant/Contract Number	State Expenditures
Florida Department of Transportation			
Seaport Grants	55.005	G2558	$4,998,575
Seaport Grants	55.005	G1L41	1,029,730
Seaport Grants	55.005	G2382	529,538
Seaport Grants	55.005	HL242	500,000
Seaport Grants	55.005	G2W33	131,998
Seaport Grants	55.005	G1Z04	35,255
Seaport Grants	55.005	G3A40	90,286
Total Expenditures of Sate Financial Assistance			$ 7,315,382

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the expenditures activity of all federal awards and all state financial assistance projects activity of the Port of Palm Beach District for the year ended September 30, 2025. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of the Florida Single Audit Act. Because the Schedule present only a selected portion of the expenditures of the Port, it is not intended to and does not present the financial position, changes in net position or cash flows of the Port. Some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements. The Port's reporting entity is defined in Note 1 of the Port's basic financial statements. All federal awards and state financial assistance received directly from federal, state and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards and state financial assistance.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Department of Financial Services' State Projects Compliance Supplement, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Port did not have any loan programs and did not receive any Federal or State non – cash assistance for the fiscal year ended September 30, 2025.

NOTE 3 - INDIRECT COST RATE

The Port did not recover its indirect costs using the 15% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

NOTE 4 - CONTINGENCIES

Grant monies received and disbursed by the Port are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Port does not believe that such disallowances, if any, would have a material effect on the financial position of the Port. As of June 11, 2026 management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by a governmental agency of any item charged to a program or project cannot be determined at this time.

PORT OF PALM BEACH DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

<u>Section I - Summary of Auditor's Results</u>

Financial Statements

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

• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified that are not considered to be a material weaknesses?	____Yes __X__None Reported
• Noncompliance material to financial statements noted?	____Yes __X__No

Federal Awards and State Projects

Internal control over major programs:

• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified that are not considered to be a material weakness?	____Yes __X__None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.550 Rules of the Auditor General? ____Yes __X__No

Identification of major federal program:

ALN	**Name of Major Federal Program**
20.823	Port Infrastructure Development Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,000,000

Auditee qualified as a low-risk auditee? __X__Yes ____No

Identification of major state project:

CSFA Number	**Name of Major State Project**
55.005	Seaport Grants

Dollar threshold used to distinguish between Type A and Type B projects: $ 750,000

Section II - Financial Statement Current Year Findings and Questioned Costs

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

Section III - Financial Statement Prior Year Findings and Questioned Costs

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

Section IV – Federal Awards Current Year Findings and Questioned Costs

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

Section V – Federal Awards Prior Year Findings and Questioned Costs

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

Section VI – State Projects Current Year Findings and Questioned Costs

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

Section VII – State Projects Prior Year Findings and Questioned Costs

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

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

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

Report on the Financial Statements

We have audited the financial statements of the Port of Palm Beach District, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 11, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of the title *2 U.S. Code of Federal Regulations* Part *200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 11, 2026, should be considered in conjunction with this Management Letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Port of Palm Beach District's management represented that the PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Port of Palm Beach District's geographical boundaries during the fiscal year under audit.

Special District Component Units

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

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Port of Palm Beach District, reported:

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 55.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 2.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $4,928,125.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $241,552.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as reported in note 6 – Contractual Commitments page 38.

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes as presented in this report, page 67, Schedule of Revenues and Expenses – Budget to Actual. The budget was not amended during the year.

Additional Matters

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

Purpose of this Letter

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

S. Davis & Associates, P.A.

West Palm Beach, Florida
June 11, 2026

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

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

We have examined the Port of Palm Beach District's compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2025. Management is responsible for the Port of Palm Beach District's compliance with those requirements. Our responsibility is to express an opinion on the Port of Palm Beach District's compliance based on our examination.

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

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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Port of Palm Beach District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2025.

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

S. Davis & Associates, P.A.

West Palm Beach, Florida
June 11, 2026