Lee County Port Authority

Component Unit Financial Report

LEE COUNTY PORT AUTHORITY

Year Ended September 30, 2022

Lee County Port Authority

Lee County, Florida

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LEE COUNTY PORT AUTHORITY

Direct Dial: (239) 590-4521
Fax: (239) 590-4539

BENJAMIN R. SIEGEL, CPA, C.M.
EXECUTIVE DIRECTOR

RICHARD WM. WESCH
PORT AUTHORITY ATTORNEY

April 20, 2023

Dear Friends,

We are pleased to present the Lee County Port Authority's (LCPA) financial statements for the fiscal year ending September 30, 2022. LCPA experienced a record-breaking year for passenger traffic. There were significant increases in total passengers and operating revenues and a nominal increase in total operating expenses.

Passenger Traffic and Operating Revenue and Expenses

For the fiscal year, total passengers at Southwest Florida International Airport (RSW) were 11,078,463, an increase of 22.5 percent compared with the same period as last year. Total operating revenues were $137.2 million, an increase of $28.1 million compared to the prior year. Increases were in rental cars, parking, airline fees, restaurants and terminal concessions. Operating expenses were $116.8 million, an increase of $15.5 million. Increases were in contractual services, materials and supplies, salary and wages, pension and other post-employment benefits (OPEB) expenses. Contractual Services, materials and supplies included an $8.2 million increase, of which over $4 million of the increase related to the purchase of inventory of fuel for sale at Page Field. Our cost per enplaned (CPE) passenger was $4.00.

Non-operating Revenue and Expenses

To assist with recovery from the COVID-19 pandemic, LCPA was obligated approximately $80 million through three separate federal stimulus acts - Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). A total of $37.4 million has been received to date, of which $14.3 million was received in fiscal year 2022. We have until March 2025 to finish drawing the last of these funds.

Investment earnings were up as interest rates continued to rise during the year, and amounts on deposit also increased related to the issuance of series 2021B bonds to fund the construction of terminal expansion phase 1. Passenger facility charges (PFCs) were $21.3 million, an increase of $2.9 million, due to the increase in passenger activity during the fiscal year. LCPA also recorded a gain on the sale of nearby property during the year.

Major Projects at RSW

In the past year, the first phase of the terminal expansion project began. This first phase will consolidate the terminal checkpoints and greatly expand the concession options at RSW. Other major ongoing projects include, the Airport Traffic Control Tower (ATCT), which is substantially complete, and continuation of the RSW Master Plan Update.

Awards and Notable News

Southwest Florida International Airport (RSW) was ranked 38th of the top 40 airports for passenger throughput in 2022. RSW also ranked in the top tier of airports in the J.D.Power 2022 North American Airport Satisfaction Study. Base Operations at Page Field was rated in the top 5 percent of fixed-based operators in an international survey conducted by Aviation International News (AIN). Base Operations has been recognized by AIN for 10 consecutive

Air Service

From an air service perspective, we gained a new entrant carrier, Breeze Airways, and new markets in the past year included Eau Claire and Green Bay, Wisconsin, Duluth and Rochester Minnesota, Charleston, South Carolina, and Las Vegas, Nevada. Service also resumed to Frankfurt, Germany after a two year hiatus.

Page Field

Page Field had a record-breaking year in fuel sales with 2.7 million gallons of fuel sold, a 7.7 percent increase over the prior year. The new South Quad Hangars and ramp project is expected to begin in early 2023.

This fiscal year finished as the highest in RSW's history in terms of passenger traffic and the highest year for operating revenue. Our financial position remains strong, and we are positioned well to accommodate further growth at RSW and Page Field. We lookforward to continuing to serve the residents, visitors and business community at both Southwest Florida International Airport and Page Field.

Sincerely,

LEE COUNTY PORT AUTHORITY

DocuSigned by:

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Benjamin R. Siegel, CPA, C.M.
Executive Director

BRS:BWM/tam

INDEPENDENT AUDITORS' REPORT

Honorable Board of County Commissioners
Lee County, Florida
and
Honorable Board of Port Commissioners
Lee County Port Authority
Fort Myers, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Lee County Port Authority (the Authority), a blended component unit of Lee County, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 opinions.

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 Authority'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.

Honorable Board of County Commissioners
Lee County, Florida
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Lee County Port Authority

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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.

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Lee County Port Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of total other postemployment benefit liability, and schedules of the Authority's proportionate share of the net pension liability and of its contributions, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
April 20, 2023

Management's Discussion and Analysis

(Unaudited)

This discussion and analysis is intended to serve as an introduction to the Lee County Port Authority's (the Port) financial statements for fiscal years ending September 30, 2022 and 2021. The information here should be taken in conjunction with the financial statements, footnotes and supplementary information found in this report.

Financial Highlights and Summary

Table 1 reflects a summary of net position for 2022 and 2021.

Table 1
Summary of Net Position
September 30, 2022 and 2021
(amounts expressed in thousands)

	2022	2021
Current and other assets	$ 614,507	$ 239,806
Capital assets	865,355	790,619
Total assets	1,479,862	1,030,425
Deferred outflows of resources	21,470	21,862
Current liabilities	74,870	51,191
Non-current liabilities	546,262	304,880
Total liabilities	621,132	356,071
Deferred inflows of resources	138,744	34,515
Net investment in capital assets	607,455	565,238
Restricted	40,651	33,214
Unrestricted	93,350	63,249
Total net position	$ 741,456	$ 661,701

Summary of Net Position Analysis

In fiscal year 2022, activities for the Port increased total assets by $449,437,000, decreased deferred outflows of resources by $392,000, increased total liabilities by $265,061,000, decreased deferred inflows of resources by $104,229,000 and increased total net position by $79,755,000.

Net investment in capital assets is the largest portion of net position. This represents capital assets net of accumulated depreciation and the outstanding debt used to acquire the assets. The net investment in capital asset balance increased $42,217,000, or 7.5 percent, in comparison to prior year.

The restricted net position increased by $7,437,000, or 22.4 percent in comparison to prior year. This balance represents assets that are subject to external restrictions imposed by creditors, through bond covenants, by grantors, or by law on how they are used.

The unrestricted net position balance increased $30,101,000, or 47.6 percent, in comparison to prior year. The unrestricted net position balance represents assets that are available for spending at the Port Authority's discretion.

Table 2 reflects a summary of revenues, expenses, and changes in net position for 2022 and 2021.

Table 2
Summary of Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2022 and 2021
(amounts expressed in thousands)

	2022	2021
Revenues, net:		
User fees	$ 58,901	$ 51,343
Rental cars	33,416	25,370
Parking	22,158	14,002
Other, net	12,944	10,661
Total revenues, net	127,419	101,376
Expenses:		
Salaries, wages and benefits	44,057	39,895
Contractual services, materials and supplies, utilities, repairs and maintenance, and insurance	45,098	35,431
Depreciation	25,218	24,208
Other	2,381	1,683
Total expenses	116,754	101,217
Operating income (loss)	10,665	159
Non-operating revenues (expenses):		
Investment earnings	4,493	314
Interest expense	(11,896)	(10,252)
Grants	14,689	13,547
Passenger facility charges	21,265	18,365
Other revenues (expenses)	492	(1,741)
Total non-operating revenues (expenses)	29,043	20,233
Income (loss) before capital contributions	39,708	20,392
Capital contributions	40,047	28,771
Increase in net position	79,755	49,163
Beginning net position	661,701	612,538
Ending net position	$ 741,456	$ 661,701

Summary of Revenues and Expenses Analysis

In fiscal year 2022, operating revenues reached $127,419,000 as passenger traffic surged during the year. Southwest Florida International Airport experienced a record-breaking year for total passengers. The fiscal year finished with over eleven million total passengers, which is the highest passenger count for a fiscal year in the history of the Airport. Overall, passenger traffic increased 22.5 percent over the prior year. Operating revenues increased $26,043,000 or 25.7 percent, in comparison to the prior year with notable increases in rental car revenue of $8,046,000, parking revenue of $8,156,000 and user fee revenue of $7,558,000. The majority of increases in operating revenues are due to more passenger traffic.

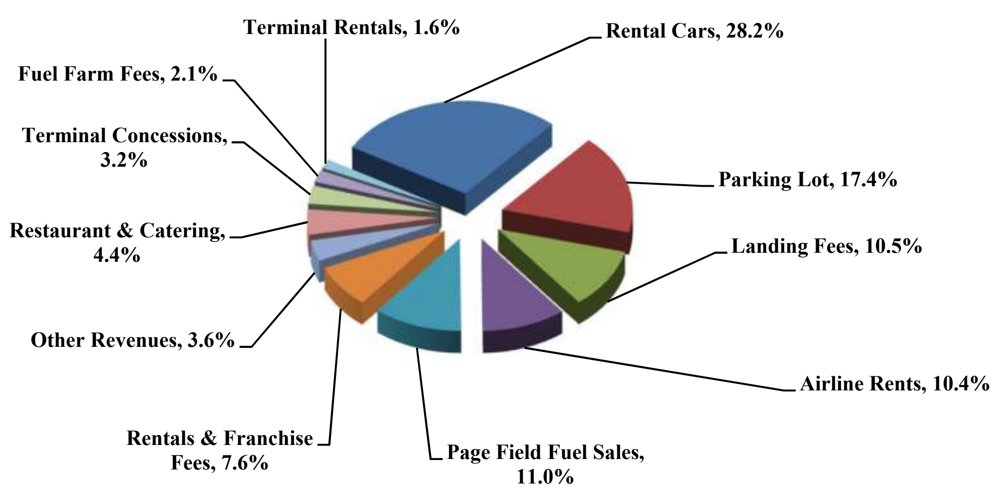
Total operating expenses increased by $15,537,000 or 15.4 percent with the largest increase in contractual services, materials and supplies, utilities, repairs and maintenance, and insurance of $9,667,000. These expenses are directly correlated to passenger traffic, and thus, experienced an increase during the year as a result of the passenger growth, as well as inflationary cost increases experienced throughout the United States and much of the world. Salaries and wages and employee benefits together increased $4,162,000, due to salary adjustments, budgeted staffing additions, and increases in health insurance premiums.

Total non-operating revenues (expenses) increased by $8,810,000. Investment earnings improved by $4,179,000 as interest rates yielded higher returns. A gain on disposal of capital assets was recorded during the year for the sale of land near Southwest Florida International Airport. Additionally, the amount of grant funds received from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARPA) increased from the prior year by $1,142,000. These increases were partially offset by higher interest expense and bond issuance costs recorded during the fiscal year due to the issuance of Series 2021B.

Capital contributions totaled $40,047,000, an increase of $11,276,000 in comparison to prior year. The increase was mainly due to grant funds received for large projects that were completed or mostly completed during the year. Major grants received this year include $30,824,000 for the RSW Terminal expansion, $2,880,000 for the RSW taxiway rehabiliataion, $2,446,000 for RSW Air Traffic Control Tower and $2,437,000 for RSW TSA baggage screening.

The following charts summarize the Net Revenues and Expenses for fiscal year 2022.

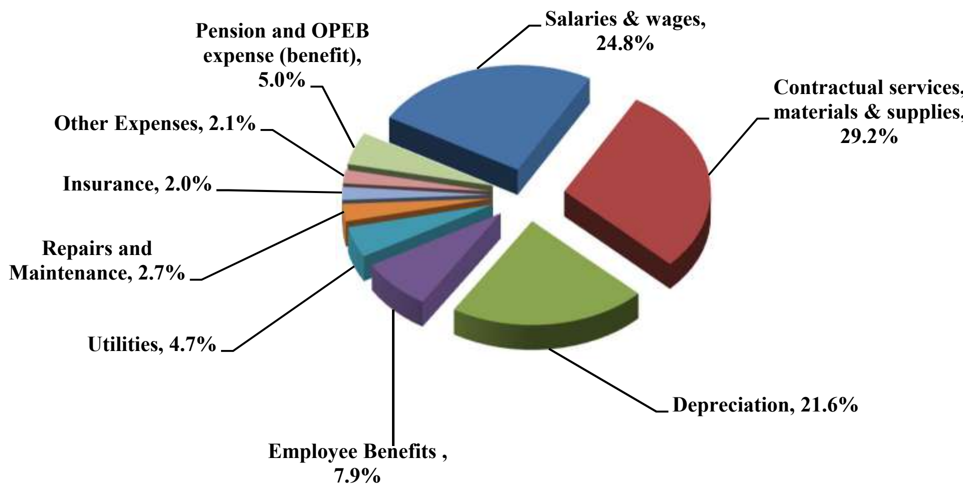
Operating Revenues for Fiscal Year 2022



Operating Revenues	2022	2021	2022 % of Total	Increase / (Decrease)	% Change
Rental Cars (w/ RAC Rents)	$35,962,000	$27,880,000	28.2%	$8,082,000	29.0%
Parking Lot	22,158,000	14,002,000	17.4%	8,156,000	58.2%
Landing Fees	13,438,000	13,473,000	10.5%	(35,000)	(0.3)%
Airline Rents	13,208,000	12,799,000	10.4%	409,000	3.2%
Page field Fuel Sales	14,057,000	9,443,000	11.0%	4,614,000	48.9%
Rentals & Franchise Fees	9,648,000	8,510,000	7.6%	1,138,000	13.4%
Other Revenues	4,465,000	4,358,000	3.6%	107,000	2.5%
Restaurants & Catering	5,537,000	3,757,000	4.4%	1,780,000	47.4%
Terminal Concessions	4,130,000	2,951,000	3.2%	1,179,000	40.0%
Fuel Farm Fees	2,736,000	2,224,000	2.1%	512,000	23.0%

Terminal Rentals	2,080,000	1,979,000	1.6%	101,000	5.1%
Total Net Operating Revenues	$127,419,000	$101,376,000	100.00%	$26,043,000	25.7%

Operating Expenses for Fiscal Year 2022



Operating Expenses	2022	2021	2022 % of Total	Increase / (Decrease)	% Change
Salaries & wages	$28,918,000	$26,627,000	24.8%	$2,291,000	8.6%
Contractual services, materials, & supplies	34,062,000	25,902,000	29.2%	8,160,000	31.5%
Depreciation	25,218,000	24,208,000	21.6%	1,010,000	4.2%
Employee benefits	9,269,000	8,743,000	7.9%	526,000	6.0%
Utilities	5,533,000	4,546,000	4.7%	987,000	21.7%
Repairs & maintenance	3,146,000	3,094,000	2.7%	52,000	1.7%
Insurance	2,357,000	1,889,000	2.0%	468,000	24.8%
Other Expenses	2,381,000	1,683,000	2.1%	698,000	41.5%
Pension & OPEB Expenses (Benefits)	5,870,000	4,525,000	5.0%	1,345,000	29.7%
Total Operating Expenses	$116,754,000	$101,217,000	100%	$15,537,000	15.4%

Passenger Facility Charges

In November 1992, the Port received approval from the Federal Aviation Administration ("FAA") to impose a Passenger Facility Charge (PFC) of $3.00 per eligible enplaned passenger. In November 2003, the Port was granted the authority to raise the PFC level from $3.00 to $4.50. In August 2019, the FAA approved amendments to Application #8 and #9 for $115,194,000 and $65,063,000 respectively increasing the total collection authority to $522,185,000 as of September 30, 2019 with an estimated expiration date of June 1, 2028. In October 2019, the FAA approved Application #10 for $385,351,000 and a third amendment to Application # 9 for $758,000 increasing the total collection and use authority to $908,294,000 and concurrently revising the estimated charge expiration date to November 1, 2039.

Capital Assets

Capital assets, net of accumulated depreciation, increased by $74,736,000. Major capital spending in 2022 included the following:

Southwest Florida International Airport:

Terminal Expansion	$ 61,436,000
Airside Pavement Rehabiltation & Cargo Ramp	$ 22,847,000
Gate 64 Relocation	$ 605,000

Page Field General Aviation Airport:

South Quad Ramp and Hangar	$ 360,000

Table 3 reflects a summary of capital assets for 2022 and 2021.

Table 3
Capital Assets
September 30, 2022 and 2021
(000's)

	2022	2021
Land, easements and rights of ways	$132,623	$132,762
Construction in progress	209,366	147,930
Buildings	362,878	361,585
Improvements	33,103	34,131
Equipment	115,527	105,260
Software	3,741	3,761
Artwork	293	293
Intangible right to use equipment	55	-
Infrastructure	403,693	380,845
Subtotal	1,261,279	1,166,567
Less accumulated depreciation	(395,924)	(375,948)
Total	$865,355	$790,619

Please see Note V to the financial statements for additional information regarding the Port Authority's capital assets.

Debt Administration

As of September 30, 2022, the Port had $402,953,000 in outstanding debt, a increase of $194,678,000.

Table 4
Outstanding Debt
September 30, 2022 and 2021
(000's)

	2022	2021
2020 Line of Credit Note	$9,008	$18,850
Series 2021B Airport Revenue Refunding Bonds	217,670	-
Series 2021A Airport Revenue Refunding Bonds	139,560	139,560
Series 2015 Airport Revenue Refunding Bonds	33,425	33,425
Series 2010A Airport Revenue Refunding Bonds	3,290	16,440
Total	$402,953	$208,275

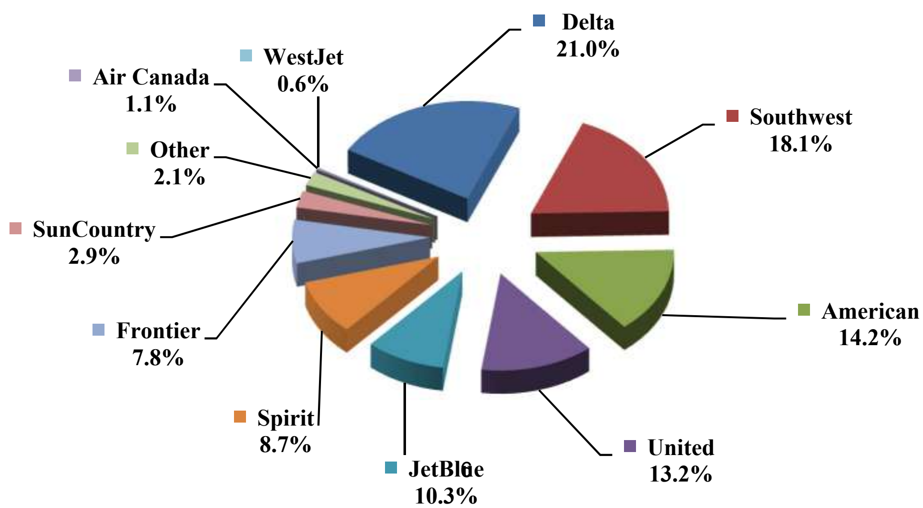
See additional information on the Port Authority's debt in note VI to the financial statements.

Airport Activities

The total passenger count for fiscal year 2022 was 11,078,000, an increase of 22.5 percent over the prior year. Below is a summary of new and increased airline service to Southwest Florida International Airport over the past year.

- Alaska: Seattle, increased to year-round
- Avelo Airlines : New Haven
- Breeze Airways: Charleston, Las Vegas
- Cubazul: Havana, Cuba
- Eurowings Discover: Frankfurt, Germany
- Frontier: Orlando, Omaha
- Spirit Airlines: Louisville, Manchester-NH, Milwaukee, St. Louis
- Southwest: Albany
- Sun Country: Duluth, Green Bay, Milwaukee, Rochester-MN
- United: Los Angeles, San Francisco

The following chart exhibits the Total Passenger Market Share for the Top Ten Airlines operating at Southwest Florida International Airport during Fiscal Year 2022.



Airline	FY 2022 Market Share	FY 2021 Market Share	Increase/ (Decrease)	% Change
Delta	21.0%	18.5%	2.5%	13.5%
Southwest	18.1%	22.8%	(4.7%)	(20.6%)
American	14.2%	14.3%	(0.1%)	(0.7%)
United	13.2%	13.3%	(0.1%)	(0.8%)
JetBlue	10.3%	9.3%	1.0%	10.8%
Spirit	8.7%	9.2%	(0.5%)	(5.4%)
Frontier	7.8%	7.2%	(0.6%)	8.3%
Sun Country	2.9%	2.8%	0.1%	3.6%
Other	2.1%	2.3%	(0.2%)	(8.7%)
Air Canada	1.1%	0.2%	0.9%	450.0%
West Jet	0.6%	0.1%	0.5%	500.0%

Airline Rates and Charges

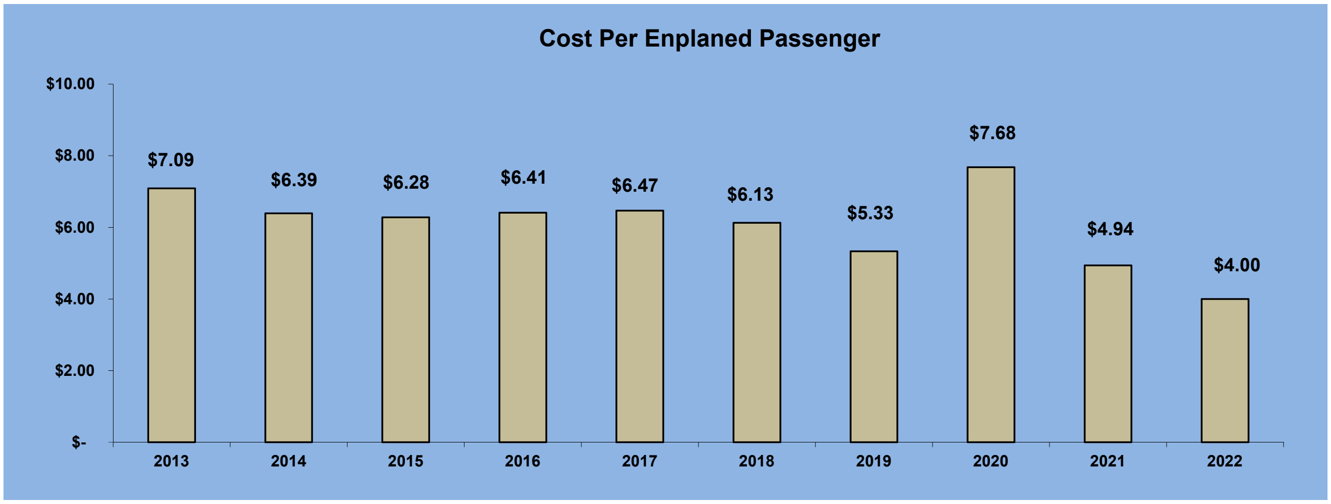
The Port negotiated a airline use agreement (Airline Airport Lease & Use Agreement) with the Participating Airlines (now referred to as Signatory Airlines) with the key terms of the agreement approved by the Board in May, 2008. The Agreement commenced on October 1, 2008, with a five-year term, expiring on September 30, 2013 and then a second five year extension expiring on September 30, 2018. The signatory airlines signed a three year extension to this agreement, expiring on September 30, 2021. Most recently, a two year extension of the original 2008 agreement was signed by the signatory carriers and will expire on September 30, 2023. All of the key terms of the agreement are the same.

The current agreement, commonly referred to as a hybrid compensatory agreement, has a revenue sharing component. In any year in which there are net remaining revenues generated at the airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided between the Port (60 percent) and the Signatory Airlines (40 percent). The agreement provides for better flexibility as there is no Majority in Interest approval required for capital projects.

Terminal premises are leased on an exclusive use, preferential use and joint use basis. The Port will lease certain terminal premises on a common use basis, as may be necessary. It is the intent of the Port to manage its terminal facilities in an efficient manner, while also respecting the schedules of its airline parties. Ticket counters, offices, operations areas, and baggage make-up facilities will be leased on an exclusive use basis. Gates/holdrooms and aircraft parking positions will be leased on a preferential use basis. Baggage claim will be leased on a joint use basis, with costs allocated to the Signatory Airlines based on twenty percent allocated to all Signatory Airlines equally, and eighty percent allocated to all Signatory Airlines based on the ratio of each Signatory Airline's enplaned passengers annually at the airport.

Landing Fees are calculated using a "residual" Airfield Cost Center approach and will be based upon the total landed weight for all airline groups (Signatory, non-Signatory, Cargo, Charter, and International). Terminal rents are calculated using a commercial compensatory method (i.e., rentable square foot divisor). Charges for the leasing of all terminal space will be assessed on a square-footage basis. In fiscal year 2022, the Signatory Airlines paid the Port $21,417,000. This amount is net of refunds of $3,199,000 and revenue sharing of $9,813,000.

It is typical for the airline industry to measure its costs by its cost per enplaned passenger. Airports use this as a management tool to assess how well they are doing compared to the industry and how effective they are in managing the airport. The following chart shows the cost per enplanement at Southwest Florida International Airport over the past 10 fiscal years.



Economic Factors and Next Year's Budget Rates

The following were factors considered when the 2023 budget was prepared:

- The total number of passengers is projected to be 10,819,915, a 30.3 percent increase over the 2022 budget.
- The total operating budget is $164.4 million, an increase of 5.8 percent or $9.1 million over the 2022 budget.
- Increases in revenues were primarily attributed to an increase in passenger activity. Increases were realized in parking, rental cars, and terminal sales.
- Increases in personnel were a result of a 5 percent salary adjustment, new positions, and an increase in the Port Authority's contribution to the Florida Retirement System.
- Operating expenses include increases in operating capital, contracted services, professional services, information technology, property insurance and utilities.
- The budgeted rates for 2023 include $2.38 for the landing fee and a terminal rental rate of $119.76.

Financial Contact

Please refer to the Lee County Annual Comprehensive Financial Report for additional financial information related to the Port. If you should have any questions regarding this report or require additional information, please contact the Lee County Port Authority Finance Department, 11000 Terminal Access Road, Suite 8671, Fort Myers, Florida, 33913.

Financial Statements

Lee County Port Authority
Lee County, Florida
STATEMENT OF NET POSITION
As of September 30, 2022
(amounts expressed in thousands)

ASSETS		
Current assets:		
Cash, cash equivalents and investments	$	184,509
Restricted assets		35,245
Receivables:		
Accounts (net)		4,199
Grants		18,473
Leases		5,396
Accrued interest		52
Inventories		287
Other		1,679
Total current assets		249,840
Noncurrent assets:		
Restricted assets		
Cash, cash equivalents and investments		260,365
Receivables		2,530
Leases receivables		101,772
Capital assets (net)		865,355
Total noncurrent assets		1,230,022
Total assets		1,479,862
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of debt		4,154
Unamortized pension costs and subsequent contributions		9,515
Unamortized other postemployment benefits costs		7,801
Total deferred outflows of resources		21,470
LIABILITIES		
Current liabilities:		
Contracts and accounts payable		20,433
Accrued liabilities		1,101
Refunds and rebates		13,013
Due to other governments		722
Leases payable		11
Customer deposits		1,156
Unearned revenues		1,570
Compensated absences		1,612
Net pension liability		7
Current liabilities payable from restricted assets:		
Contracts and accounts payable		20,707
Accrued liabilities		9,403
Revenue bonds payable		5,135
Total current liabilities		74,870

Lee County Port Authority
Lee County, Florida
STATEMENT OF NET POSITION (Continued)
As of September 30, 2022
(amounts expressed in thousands)

Noncurrent liabilities:		
Compensated absences		575
Leases payable		35
Notes payable		9,008
Revenue bonds payable		460,375
Net pension liability		36,136
Total other postemployment benefits liability		40,133
Total noncurrent liabilities		546,262
Total liabilities		621,132
DEFERRED INFLOWS OF RESOURCES		
Unamortized pension costs		1,098
Unamortized other postemployment benefits costs		31,148
Unamortized leases		106,498
Total deferred inflows of resources		138,744
NET POSITION		
Net investment in capital assets		607,455
Restricted		
Capital projects		26,678
Debt service		13,473
Renewal and replacement		500
Unrestricted		93,350
Total net position	$	741,456

The notes to the financial statements are an integral part of this statement.

Lee County Port Authority

Lee County, Florida

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended September 30, 2022

(amounts expressed in thousands)

OPERATING REVENUES		
User fees	$	58,901
Rentals		9,648
Concessions		12,829
Parking revenues		22,158
Rental car revenues		33,416
Miscellaneous		280
Total operating revenues		137,232
Less: rebates		(9,813)
Net operating revenues		127,419
OPERATING EXPENSES		
Salaries and wages		28,918
Employee benefits		9,269
Pension and OPEB expense		5,870
Contractual services, materials and supplies		34,062
Utilities		5,533
Repairs and maintenance		3,146
Insurance		2,357
Other		2,381
Depreciation		25,218
Total operating expenses		116,754
Operating income		10,665
NON-OPERATING REVENUES (EXPENSES):		
Investment earnings		4,493
Interest expense		(11,896)
Grants		14,689
Gain on disposal of capital assets		1,890
Passenger facility charges		21,265
Other revenues		248
Other expenses		(1,646)
Total non-operating revenues (expenses)		29,043
Income before contributions		39,708
Capital grants and contributions		40,047
Change in net position		79,755
Total net position - beginning		661,701
Total net position - ending	$	741,456

The notes to the financial statements are an integral part of this statement.

Lee County Port Authority
Lee County, Florida
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	125,138
Cash received from customer deposits		65
Cash returned from customer deposits		(43)
Payments to suppliers		(48,035)
Payments to employees		(35,727)
Payments for interfund services used		(7,308)
Net cash provided by operating activities		34,090
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Non-capital grants received		14,403
Net cash provided by noncapital financing activities		14,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt		260,403
Proceeds from capital grants		31,112
Proceeds from passenger facilities charges		21,265
Capital asset purchases		(73,458)
Principal paid on bonds, loans and leases		(23,002)
Interest paid on bonds, loans and leases		(13,623)
Proceeds from sale of capital assets		2,088
Net cash provided by capital and related financing activities		204,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		4,441
Net cash provided by investing activities		4,441
Net increase in cash and cash equivalents		257,719
Cash and equivalents at beginning of year		222,400
Cash and equivalents at end of year	$	480,119
Classified as:		
Current assets		
Cash, cash equivalents, and investments	$	184,509
Restricted assets		35,245
Non-current assets		
Restricted assets		260,365
Totals	$	480,119

Lee County Port Authority
Lee County, Florida
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended September 30, 2022
(amounts expressed in thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	10,665
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		25,218
Other revenues		227
Increase in accounts receivable		(147)
Increase in inventories		(78)
Increase in other assets		(317)
Decrease in contracts and accounts payable		(224)
Increase in accrued liabilities		297
Decrease in refunds and rebates		(1,755)
Decrease in due to Board of County Commissioners		(1)
Increase in due to other governments		192
Increase in customer deposits		22
Increase in unearned revenues		64
Increase in compensated absences		265
Decrease in lease receivable		3,110
Decrease in deferred inflows of resources related to leases		(3,780)
Increase in net pension liability		22,784
Increase in deferred outflows of resources related to pensions		(1,735)
Decrease in deferred inflows of resources related to pensions		(20,162)
Decrease in total other postemployment benefits liability		(19,904)
Decrease in deferred outflows of resources related to other postemployment benefits		1,456
Increase in deferred inflows of resources related to other postemployment benefits		17,893
Total adjustments		23,425
Net cash provided by operating activities	$	34,090

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Purchase of capital assets on account	$	31,832
Loss on capital assets		(198)
Issuance cost paid directly from bond proceeds		(643)

The notes to the financial statements are an integral part of this statement.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lee County (the "County") is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board"), which is governed by state statutes and regulations. The Lee County Port Authority is a blended component unit of the County and is reported as an enterprise fund in the countywide primary government financial statements. In 1987, the Board authorized the creation of the Lee County Port Authority (the "Port Authority") transferring the management and administration of the County's Department of Airports (including Page Field General Aviation Airport and the Southwest Florida International Airport, the "SWFIA") to the Port Authority. Although the Board retained ownership of the Port Authority's assets and liabilities, all of the assets and liabilities used in the operations of the Port Authority are reflected in these financial statements since the Port Authority has the rights and responsibilities of ownership. The Port Authority was established under authority of Sections 125.01 and 332.08, *Florida Statutes*, Lee County Resolution Number 87-8-9, and subsequently, Lee County Ordinance Number 90-02, subsequently amended and restated as Lee County Ordinance Number 01-14.

The Board of Port Commissioners was established as the governing body for the Port Authority and consists of the members of the Board of County Commissioners. Also created was an Airports Special Management Committee, a citizen's advisory board, whose members were appointed by the Port Commissioners for the administration and management of the Lee County Airports ("Airports").

Fund Accounting

The Port Authority uses an enterprise fund to report its activities. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where it is decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As an enterprise fund, the Port Authority records both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the enterprise fund that include user fees, rental fees, and concessions. Non-operating revenues are not related to the operations of the enterprise fund and include interest earnings, grants, and passenger facility charges. Operating expenses represent the cost of operations, which includes depreciation. Non-operating expenses, such as interest expense, are not related to operations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Port Authority is accounted for on an "economic resources" measurement focus. Accordingly, all assets, deferred outflows/inflows of resources, and liabilities are included on the Statement of Net Position, and the reported fund net position (total reported assets plus total reported deferred outflows of resources less total reported liabilities less total reported deferred inflows of resources) provides an indication of the economic net worth of the Port Authority. The Statement of Revenues, Expenses, and Changes in Net Position report increases (revenues) and decreases (expenses) in total economic net worth.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Port Authority is accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned; expenses are recognized when they are incurred.

When both restricted and unrestricted resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed.

Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements. Preparation of the financial statements also requires management to make a number of estimates and assumptions relating to the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments

The Port Authority considers cash, cash equivalents and investments to be cash on hand, demand deposits, highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased, and those included in the internal investment pool.

For accounting and investment purposes, the County maintains a cash and investment pool that the Port Authority participates in and is available for use by all funds except those whose cash and investments must be segregated due to legal or other restrictions. Investments within this pool are treated as a demand deposit account. Interest earned on investments in the pool is allocated to the various funds based upon each fund's equity balance in the pool during the allocation period.

For purposes of the Statements of Cash Flows, the Port Authority considers cash and cash equivalents and investments (restricted and unrestricted), and restricted cash and cash equivalents with fiscal agent to be cash and cash equivalents.

The Port Authority reports all investments at fair value, with the exception of the State Board of Administration's ("SBA") Florida Local Government Surplus Trust Fund Investment Pool (Florida PRIME) which is reported at amortized cost and approximates fair value. The Port Authority also participates in the Florida Cooperative Liquid Assets Securities System (FLCLASS) investment pool, the Florida Fixed Income Trust (FLFIT), and the Florida Surplus Asset Fund Trust (FLSAFE) investment pool which are measured at net asset value per share. The investment pools were created under sections 218.405 and 218.415, Florida Statutes and governed by Part IV of Chapter 218, Florida Statutes.

Accounts Receivable

The accounts receivable of the Port Authority are recorded net of an allowance for doubtful accounts. Management uses an estimate of 10 percent of the average accounts receivable balance plus any amounts to be submitted to the Board for write-off due to known uncollectible amounts to derive the allowance.

Inventory

Inventory, consisting of items for resale, is stated at cost that approximates market value. The "first - in, first - out" method of accounting is used to determine cost.

Prepaid Items

Some payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets

Capital assets include artwork, land, easements and rights of way, buildings, improvements, equipment, software, infrastructure, and intangible right-to-use assets. Infrastructure assets are defined as public domain capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the government unit. The threshold for capitalizing property, plant, and equipment is $5,000. The threshold for capitalizing software and infrastructure is $100,000. Capital assets are recorded at cost or estimated historical cost. Contributed assets are recorded at acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

Assets	Years
Buildings	30-50
Improvements other than buildings	6-50
Machinery and Equipment	3-35
Software	3-5
Infrastructure	20-50

Leases

The Port Authority is a lessee for noncancelable leases of equipment. The Port Authority recognizes a lease liability and an intangible right-to-use lease asset in the fund financial statements. The Port Authority measures the lease liability at the present value of payments expected to be made during the lease term at the commencement of the lease. The lease liability is reduced by the principal portion of lease payment made each year. The lease asset is measured as the initial amount of the lease liability and is amortized on a straight-line basis over the term of the lease. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Estimates and judgments related to leases include, (1) the discount rate used, (2) lease term, (3) lease payments. The Port Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided or cannot be readily determined, the Port Authority's incremental borrowing rate is used as the discount rate. The lease term includes the noncancelable period of the lease including options to extend (only if they are reasonably certain to extend). Lease Payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price the Port Authority is reasonably certain to exercise.

The Port Authority is a lessor for noncancelable leases of land and buildings. The Port Authority recognizes a lease receivable and a deferred inflow of resources in the fund financial statements. The lease receivable is measured at the present value of payments expected to be received during the lease term. The receivable is reduced by the principal portion of lease payment received. The deferred inflow of resources is measures as the initial amount of the lease receivable, adjusted for lease payments received on or before the lease commencement date. The deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the Port Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, (3) lease receipts. When the interest rate is not provided or cannot be readily determined, the Port Authority's prior year actual interest yield is used as the discount rate. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Port Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability or lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect those amounts.

Unearned Revenues

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered.

Compensated Absences

The Port Authority provides employees a bank of time for paid absences on an annual basis. The bank of time is referred to as Paid Time Off ("PTO"). Under this policy, employees receive a bank of PTO based on years of continuous service with the Port Authority. All unused time is bought back annually by the Port Authority.

The Port Authority also maintains a separate vacation policy for 39 members of the Southwest Florida Professional Fire Fighters, Local Chapter 1826, IAFF, Inc. Under this policy, the employees are able to accumulate earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from service if certain criteria are met.

Benefits under both policies, plus their related tax, are classified as compensated absences and are accrued when incurred. This is pursuant to GASB Statement Number 16, *Accounting for Compensated Absences*.

Unamortized Bond Premiums and Discounts

Bond premiums and discounts related to long-term debt are amortized over the life of the debt, principally by the effective-interest method. Notes Payable and Revenue bonds payable are shown net of unamortized discounts and premiums.

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The deferred outflows of resources reported in the County's Statement of Net Position represents other postemployment benefit related balances, pension related balances, and losses on refunded debt. These amounts will be recognized as increases in expense in future years.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of resources that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources reported in the Port Authority's Statement of Net Position represents other postemployment benefit related balances, pension related balances, and gains on refunded debt. These amounts will be recognized as reductions in expense in future years. The Port Authority is reporting deferred inflows of resources related to unamortized lease revenue, which will be recognized over the term of the lease.

Pensions

In the statement of net position, liabilities are recognized for the Port Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contribution are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is categorized as net investment in capital assets, restricted, and unrestricted. Restricted net position indicates amounts that have constraints on their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted for debt service is used to segregate resources accumulated for current or future debt service payments.

User Fees

User fees are generated from airlines' signatory and non-signatory leases with the Port Authority and include landing fees and rents. Also in this category are gross fuel sales from Page Field.

Rentals

Revenues from this category include rental car revenues paid to the Airports, gross parking lot revenues, and terminal concession payments to the SWFIA.

Capital Contributions

Capital contributions consist mainly of grants from Federal and State agencies. As these grants are subject to annual approved appropriations by the Federal and State agencies, they are recognized as revenue when both the expenses are incurred and the appropriations are approved by the Federal and State agencies.

NOTE II. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of September 30, 2022 the Port Authority had the following deposits, investments, and maturities (amounts in thousands):

Investment	Maturities	Fair Value	Call Date	Call Frequency	Rating
Cash on hand	N/A	$ 23	N/A	N/A	N/A
Cash with fiscal agent	N/A	14,526	N/A	N/A	N/A
Demand deposits	N/A	45,794	N/A	N/A	N/A
Local Government Investment Pool					
FLSAFE	28 days	20,570	N/A	N/A	AAAm
Florida PRIME	21 days	399,206	N/A	N/A	AAAm
Total		$ 480,119			

Reconciliation of cash, cash equivalents and investments, from the schedule of deposits and investments to the basic financial statements (dollars in thousands):

Current:	
Cash, cash equivalents and investments	$ 184,509
Restricted:	
Restricted cash, cash equivalents and investments	35,245
Non-current:	
Restricted:	
Cash, cash equivalents and investments	260,365
Total	$ 480,119

Fair Value

The Port Authority categorizes its fair value measurements within the fair value hierarchy established in Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurements and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset.

Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets. At September 30, 2022, the Port Authority held no such assets.

Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At September 30, 2022, the Port Authority held no such assets.

Level 3 – Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect the Reserve Banks' estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques. At September 30, 2022, the Port Authority held no such assets.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Port Authority has the following recurring fair value measurements as of September 30, 2022 (dollars in thousands):

Investments measured at net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Florida Surplus Asset Fund Trust (FLSAFE)	$ 20,570	$ -	Daily	1:00 p.m. EST (same day)	None
Total investments measured at the NAV	$ 20,570	$ -			

Additional information for investments measured at amortized cost:

The State Board of Administration's ("SBA") Florida Local Government Surplus Trust Fund Investment Pool (Florida PRIME) is reported at amortized cost and approximates fair value. Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. The Florida PRIME investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2022, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 34.7 percent of Florida PRIME's portfolio at September 30, 2022.

With regard to redemption gates, Section 218.409(8)(a), *Florida Statutes*, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Section 218.409(4), *Florida Statutes* provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

The Port Authority adheres to the Board's Investment Policy ("the Policy"), which limits credit risk by restricting authorized investments for their investment portfolio to the following:

A.) Direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government.
B.) U.S. Government sponsored enterprises.
C.) U.S. Government Agencies.
D.) Florida Local Government Surplus Funds Trust Fund (Florida PRIME) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
E.) Interest-bearing time deposits or savings accounts in banks organized under the laws of Florida, in national banks organized under the laws of the United States and doing business and situated in Florida. Savings and loan associations which are under federal law and supervision, provided deposits are secured by collateral as may be prescribed by law. The institution must be fully insured by Federal Deposit Insurance Corporation, or Federal Savings and Loan Insurance Corporation, and are approved by the State Treasurer as a qualified public depository.
F.) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided their portfolio is

limited to United States Government obligations and repurchase agreements fully collateralized by such United States Government obligations.

G.) Term and overnight repurchase agreements with any primary brokers/dealers that are fully collateralized by direct obligations of United States, or United States government sponsored corporation/ instrumentalities, or United States government agencies. Collateral for overnight and term repurchase agreements must maintain a minimum price of 101 percent on U.S. Treasuries and 102 percent on Agencies and Instrumentalities not to exceed five (5) years, and must be "marked to market" on a weekly basis.

H.) Bonds, notes or obligations of any state of the United States, any municipality, political subdivision, agency or authority of this state which are exempt from federal income taxation, and are rated by any nationally recognized rating agency for municipal bonds in any of the two highest classifications.

I.) SEC - registered, no-load money market mutual funds whose portfolios consist of tax exempt securities and repurchase agreements, whose shares of the mutual fund must be rated in the highest category by a nationally recognized rating service.

J.) Florida Local Government Investment Trust (FLGIT).

K.) SEC registered money market mutual funds with average portfolio maturities under 120 days, whose portfolios consist of United States Government securities and repurchase agreements secured by such securities.

The Board's Policy requires that the obligations of any state or municipality be rated by at least one of the nationally recognized rating agencies in any one of the two (2) highest classifications, and that investments in money market mutual funds must be rated in the highest category by a nationally recognized rating service.

Custodial Credit Risk

The Policy requires that bank deposits be secured as provided by Chapter 280, *Florida Statutes,* and that the banks must be fully insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") and approved by the State Treasurer as a public depository. At September 30, 2022, all of the Port Authority's bank deposits were in qualified public depositories.

Interest Rate Risk

The Policy requires an average minimum dollar amount equivalent to eight weeks of expenditures shall be held in a liquid investment, and securities will not be directly invested in or accepted as collateral that have a maturity date greater than five (5) years from the settlement date.

Concentration of Credit Risk

The Policy establishes the following guidelines on portfolio composition in order to control concentration of credit risk:

United States Treasuries/Agencies	100%
Local Government Surplus Funds Trust Fund and other investment pools	50%
Term Repurchase agreements	20%
Money Market Mutual Funds (no individual fund family over 30 percent)	65%
CD's and Savings Accounts (10 percent per institution)	30%
FLGIT	5%

No more than 25 percent of the total portfolio can be invested with one investment company. The Port Authority did not have a portion invested in Federal instrumentalities at September 30, 2022.

NOTE III. RECEIVABLES

Accounts Receivable

At September 30, 2022 accounts receivable consisted of the following (dollars in thousands):

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Unrestricted	$4,699	($500)	$4,199
Restricted	2,530	-	2,530
Total	$7,229	($500)	$6,729

Leases Receivable

The Port Authority currently leases land and buildings to various third parties. As of September 30, 2022, the Port Authority's lease receivables were valued at $107,168,000 and the deferred inflow of resources associated with these leases which will be recognized as revenue over the term of the leases was $106,498,000. The lease receivables at September 30, 2022 were as follows:

Land – During the fiscal year, the Port Authority recognized $1,639,000 in lease revenue and $317,000 in interest income related to various land leases at an interest rate of 0.86 percent, with term dates ranging from 2028 to 2092.	$91,438,000
Buildings – During the fiscal year, the Port Authority recognized $3,967,000 in lease revenue and $271,000 in interest income related to various building leases at an interest rate of 0.86 percent, with term dates ranging from 2024 to 2038.	15,730,000
Total Lease Receivables	$107,168,000

Payments for lease receivables are expected to be received in subsequent years as follows (dollars in thousands):

Fiscal Year	Principal	Interest
2023	$ 5,396	$ 602
2024	4,854	561
2025	4,756	523
2026	4,632	486
2027	4,685	450
2028 - 2032	6,473	512
2033 - 2037	11,610	1,697
2038 - 2042	7,270	1,454
2043 - 2047	7,599	1,237
2048 - 2052	7,929	999
2053 - 2057	7,504	772
2058 - 2062	6,887	571
2063 - 2067	6,669	396
2068 - 2072	6,624	214
2073 - 2077	4,920	81
2078 - 2082	3,338	28
2083 - 2087	3,109	16
2088 - 2092	2,913	6
	$ 107,168	$ 10,605

Regulated Leases

In accordance with GASB No. 87, the Port Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airport and other aeronautical users. The Port Authority has lease agreements for Land and Buildings (Hangars) which qualify to be treated as regulated in accordance with the requirements of GASB 87.

The following represents the Port Authority's regulated leases excluded from GASB 87 as of September 30, 2022:

Land – During the fiscal year, the Port Authority recognized $2,697,000 in revenue related to regulated land leases, with term dates ranging from 2023 to 2063. Variable payments related to these leases was $7,586,000 for the year.	$82,844,000
Building (Hangar) – During the fiscal year, the Port Authority recognized $198,000 in revenue related to regulated land leases, with term dates ranging from 2023 to 2032.	$2,177,000
Total Business-Type Activities Regulated Leases	$85,021,000

Payments for regulated leases are expected to be received in subsequent years as follows (dollars in thousands):

Fiscal Year(s)	Business-type Activities
2023	$ 3,394
2024	3,595
2025	3,618
2026	3,631
2027	3,677
2028 - 2032	18,629
2033 - 2037	14,460
2038 - 2042	12,806
2043 - 2047	4,478
2048 - 2052	4,944
2053 - 2057	5,459
2058 - 2062	6,027
2063	303
Total	$ 85,021

Airline Use and Lease Agreement -Signatory Airlines

The rights, services and privileges, including the lease of preferentially-assigned gates, an airline has in connection with the use of the airport and its facilities is addressed in the Airline Use and Lease Agreement for Signatory Airlines. By definition, an Airline Use and Lease Agreement is considered a regulated lease and does not recognize a receivable and corresponding deferred inflow of resources.

The County and certain Signatory airlines entered into the original Airline Use and Lease Agreement that became effective October 1, 2008 and expires on September 30, 2023. As of September 30, 2022, the County provides exclusive use to certain Signatory air carriers that lease 18 of its 28 total terminal gates at the airport or 64 percent of all gates at the airport. The County has entered into eight Signatory Airline Use and Lease agreements and recognized terminal space, gate, baggage claim and apron lease revenue of $6,094,000, $4,565,000, $5,259,000 and $3,020,000, respectively.

Due to the variable nature of the above revenues from year-to-year, expected future minimum payments are indeterminable.

NOTE IV. RESTRICTED ASSETS

At September 30, 2022, restricted assets consisted of the following (dollars in thousands):

Current:	
Cash, cash equivalents and investments	$ 20,719
Cash and cash equivalents with fiscal agent	14,526
Non-current:	
Cash, cash equivalents and investments	260,365
Accounts receivables, net	2,530
Total	$ 298,140

NOTE V. CAPITAL ASSETS

Increases and decreases in capital asset activity include transfers. Capital asset activity for the fiscal year ended September 30, 2022 is as follows (dollars in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/amortized :				
Land, easements, and rights of way	$ 132,762	$ -	$ (139)	$ 132,623
Artwork	293	-	-	293
Construction in progress	147,930	97,731	(36,295)	209,366
Total capital assets not being depreciated/amortized	280,985	97,731	(36,434)	342,282
Capital assets being depreciated/amortized:				
Buildings	361,585	1,293	-	362,878
Improvements other than buildings	34,131	67	(1,095)	33,103
Machinery and equipment	105,260	13,329	(3,062)	115,527
Software	3,761	-	(20)	3,741
Infrastructure	380,845	23,972	(1,124)	403,693
Intangible right-to-use equipment*	55	-	-	55
Total capital assets being depreciated/amortized	885,637	38,661	(5,301)	918,997
Less accumulated depreciation/amortization for:				
Buildings	120,084	7,334	-	127,418
Improvements other than buildings	20,678	1,593	(1,095)	21,176
Machinery and equipment	50,188	6,445	(3,030)	53,603
Software	3,761	-	(20)	3,741
Infrastructure	181,237	9,835	(1,097)	189,975
Intangible right-to-use equipment	-	11	-	11
Total accumulated depreciation/amortization	375,948	25,218	(5,242)	395,924
Total capital assets being depreciated/amortized, net	509,689	13,443	(59)	523,073
Capital assets, net	$ 790,674	$ 111,174	$ (36,493)	$ 865,355

*See note IX Other Information for detail on the change in beginning balance due to change in accounting principle.

NOTE VI. LONG-TERM OBLIGATIONS

Revenue Bonds

The Airport Revenue Bonds were issued for various capital projects. The bonds are secured by a lien on and a pledge of net revenues of the Southwest Florida International Airport. Principal and interest paid for the current year and pledged revenues collected were $24,890,000 and $64,553,000, respectively. Principal paid includes early redemption of Airport Revenue Refunding Bonds, Series 2010A of $9,570,000 paid with moneys received from the CARES Act. Moneys received is not included in pledged revenue. The total principal and interest remaining to be paid is $635,438,000.

Issue	Maturity	Interest Rate	Effective Interest Rate	Amount Issued	Outstanding Balances
Airport Revenue Refunding Bonds, Series 2010A	2022	3.00% to 5.50%	5.25%	$ 119,350,000	$ 3,290,000
Airport Revenue Refunding Bonds, Series 2015	2033	5.00%	4.65%	33,425,000	33,425,000
Airport Revenue Refunding Bonds, Series 2021A	2032	5.00%	1.42%	139,560,000	139,560,000
Airport Revenue Bonds, Series 2021B	2051	4% to 5.00%	3.06%	217,670,000	217,670,000
					$ 393,945,000

The annual debt service requirements for revenue bonds at September 30, 2022, were as follows (dollars in thousands):

	Port Authority	
Fiscal Year(s)	Principal	Interest
2023	$ 5,135	$ 18,653
2024	14,750	18,156
2025	15,490	17,400
2026	17,965	16,564
2027	18,865	15,643
2028-2032	103,385	63,165
2033-2037	70,200	38,649
2038-2042	38,845	28,540
2043-2047	48,560	18,457
2048-2052	60,750	6,266
Total	$ 393,945	$ 241,493

The following is a summary of bond activity of the Port Authority for the year ended September 30, 2022 (dollars in thousands):

Beginning balance	$	189,425
Additions		217,670
Reductions		(13,150)
Bonds Payable at end of fiscal year		393,945
Plus unamortized premium		71,565
Bonds payable at end of fiscal year, net	$	465,510

Bond Resolutions

The Airport Revenue Refunding Bonds, Series 2010A, the Airport Revenue Refunding Bonds, Series 2015, the Airport Revenue Refunding Bonds, Series 2021A and the Airport Revenue Bonds, Series 2021B are collateralized by a lien on and a pledge of the net revenues from the operation of SWFIA.

The Port Authority has agreed to maintain such fees and rates to provide revenues sufficient to pay all current expenses of SWFIA and the greater of 125 percent of the principal and interest payments due in the next succeeding fiscal year or 100 percent of the principal and interest payments due in the next succeeding fiscal year plus any other required payments under the bond resolutions.

The resolutions for the following bonds established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. In addition, there are various other covenants established by the official statements and resolutions, including such items as debt service coverage, reporting requirements, and maintenance of facilities. Management believes that it has complied, in all material respects, with these covenants. All required balances at year-end were maintained on the following issues:

Revenue Bonds

Airport Revenue Refunding Bonds, Series 2010A
Airport Revenue Refunding Bonds, Series 2015
Airport Revenue Refunding Bonds, Series 2021A
Airport Revenue Bonds, Series 2021B

Direct Borrowing - Variable Debt

Direct Borrowing – Business-Type Activities

The Port Authority entered into a $50,000,000 taxable subordinate revolving credit facility agreement on May 6, 2020 with a final maturity on May 6, 2025 with a commercial bank. The line of credit is to be used to finance certain airport-related capital projects at an interest rate of London Interbank Offered Rates ("LIBOR") plus 61 basis points. On September 30, 2022, the rate was 3.725 percent. The rate is variable based on the bond rating. Interest is payable monthly beginning June 1, 2020, on the unpaid balance until final maturity on May 6, 2025. The unused portion of the line of credit is subject to a non-refundable fee currently at .25 percent per annum for each day the line is unused. No fee will be issued on the days either the advances are suspended or the outstanding principal is greater than 50 percent of the maximum principal amount. The applicable margins for the interest rate and credit facility fee is based on the table below.

Interest Applicable Margin and Applicable Credit Facility Fee Margin - rate per annum associated with the Level corresponding to the lowest long-term unenhanced debt rating assigned by:

Level	Moody's Rating	S&P Rating	Fitch Rating	Interest Rate Applicable Margin	Applicable Credit Facility Fee Margin
Level 1	A2	A	A	0.61%	0.25%
Level 2	A3	A-	A-	0.68%	0.30%
Level 3	Baa1	BBB+	BBB+	0.87%	0.35%
Level 4	Baa2	BBB+	BBB+	1.18%	0.45%
Level 5	Baa3 or below	BBB- or below	BBB- or below	Default Rate	Default Rate

Default rate is 4% per annum

Principal for all draws made against the line of credit is due on May 6, 2025. The line of credit is solely collateralized by a lien on and a pledge of the net revenues of Southwest Florida International Airport. The outstanding balance and unused line of credit as of September 30, 2022 was $9,008,000 and $40,992,000 respectively. Interest paid for the current year was $244,000.

If an event of default occurs, the notes shall bear interest at the applicable interest rate plus 4 percent per annum until the default is cured to the satisfaction of the lender. A late fee equal to 4 percent of the amount due will be accessed if the amount due is not paid within 15 days of the due date.

The annual debt service requirements for variable debt at September 30, 2022, were as follows (dollars in thousands):

	Business-type Activities	
Fiscal Year(s)	Principal	Interest
2023	$ -	$ 335
2024	-	335
2025	9,008	200
	$ 9,008	$ 870

The following is a summary of variable debt activity of the Port Authority for the year ended September 30, 2022 (dollars in thousands):

Beginning balance	$ 18,850
Additions	-
Reductions	(9,842)
Variable debt at end of fiscal year	$ 9,008

Leases Payable

The Port Authority is currently committed to various non-cancelable leases of equipment with terms in excess of one year. The lease payables at September 30, 2022 were as follows:

Equipment– During the fiscal year, the Port Authority paid $11,000 in principal and $2,000 in interest related to an equipment lease at an interest rate of 4.4 percent, with a term date of 2026.	$46,000
Total Lease Payables	$46,000

The future principal and interest lease payments as of September 30, 2022 (in thousands) were as follows:

Fiscal Year(s)	Principal	Interest
2023	$ 11	$ 2
2024	11	1
2025	12	1
2026	12	-
Total	$ 46	$ 4

Compensated Absences

The following is a summary of compensated absences activity for the Port Authority for the year ended September 30, 2022 (dollars in thousands):

	2022
Beginning balance	$ 1,922
Additions	3,428
Reductions	(3,163)
Compensated absences payable at end of fiscal year	$ 2,187

Of the $2,187,000 balance at September 30, 2022, $1,612,000 is due within one year.

NOTE VII: SEGMENT INFORMATION

The County has outstanding revenue bonds and an outstanding line of credit that are financed by Southwest Florida International Airport revenues. Both activities are accounted for in a single fund (Lee County Port Authority). Summary financial information for the Southwest Florida International Airport and Page Field General Aviation Airport are presented as follows (dollars in thousands).

	Southwest Florida International Airport	Page Field General Aviation Airport
Condensed Statements of Net Position		
Assets		
Current assets	$ 160,285	$ 15,605
Restricted assets	236,253	-
Noncurrent assets	42,601	59,171
Capital assets (net)	798,943	61,560
Total assets	1,238,082	136,336
Deferred outflows of resources	19,967	1,503
Liabilities		
Current liabilities	38,343	1,026
Current liabilities payable from restricted assets	35,245	-
Noncurrent liabilities	539,480	6,782
Total liabilities	613,068	7,808
Deferred inflows of resources	75,039	63,705
Net position		
Net investment in capital assets	541,286	61,318
Restricted	14,008	-
Unrestricted	14,648	5,008
Total net position	$ 569,942	$ 66,326

NOTE VII: SEGMENT INFORMATION (continued)

	Southwest Florida International Airport	Page Field General Aviation Airport
Condensed Statements of Revenues, Expenses, and Changes in Net Position		
Operating revenues		
User fees	$ 44,246	$ 14,655
Rentals	5,831	3,817
Concessions	68,297	106
Miscellaneous	235	45
Less: Rebates	(9,813)	-
Total operating revenues	108,796	18,623
Operating expenses		
Depreciation	21,602	3,616
Other operating expenses	74,578	16,372
Total operating expenses	96,180	19,988
Operating income (loss)	12,616	(1,365)
Non-operating revenues (expenses)		
Investment earnings	$ 3,467	$ 327
Interest expense	(11,896)	-
Other non-operating	14,882	259
Total non-operating revenues (expenses)	6,453	586
Income(loss) before capital contributions and transfers	19,069	(779)
Capital contributions	39,536	511
Transfers	10,108	-
Change in net position	68,713	(268)
Beginning net position	501,229	66,594
Ending net position	$ 569,942	$ 66,326
Condensed Statements of Cash Flows		
Net cash provided (used) by:		
Operating activities	$ 32,264	$ 2,049
Noncapital financing activities	24,440	62
Capital and related financing activities	184,538	(858)
Investing activities	3,434	308
Net increase	244,676	1,561
Beginning cash and cash equivalents	124,185	11,636
Ending cash and cash equivalents	$ 368,861	$ 13,197

Certain funds that relate to activities at both the Southwest Florida International Airport and Page Field are not included in the segmented statements, including the K-9 donation fund and the discretionary fund. In addition, all of the funds related to the passenger facility charges are omitted from the segmented statements.

NOTE VIII. RETIREMENT PLAN

Defined Benefit Pension Plans

Background

The Florida Retirement System (FRS) was created by 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 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 FRS 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.

All regular Port Authority employees are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a 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. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The Port Authority's pension expenses for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2022 totaled $4,828,000.

Florida Retirement System Pension Plan (FRS Plan)

Plan Description

The Florida Retirement System Pension Plan (FRS 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* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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 FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age / Years of Service	% Value
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 up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 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 up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. In 2017, Senate Bill 7022 made several changes to FRS. The bill provides for renewed membership in the investment plan to reemployed defined contribution plan retirees, as well as, In-Line-of Duty Death Benefits.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3 percent employee contributions on a pretax basis. The contribution rates attributable to the Port Authority, effective July 1, 2021, were applied to employee salaries as follows: regular employees 9.10 percent, senior management 27.29 percent, special risk 24.17 percent, and DROP participants 16.68 percent. The Port Authority's contributions to the FRS Plan were $3,872,000 for the year ended September 30, 2022.

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

At September 30, 2022, the Port Authority reported a liability of $29,565,000 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Port Authority's proportion of the net pension liability was based on the Port Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2022, the Port Authority's proportion was 0.0795 percent, which was an increase of 0.0004 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Port Authority recognized pension expense of $4,293,000 for its proportionate share of FRS's pension expense.

In addition, the Port Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 1,404,000	$ -
Changes in Actuarial Assumptions	3,641,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,952,000	
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	548,000	14,000
Port Authority Contributions Subsequent to the Measurement Date	1,005,000	-
Total	$ 8,550,000	$ 14,000

Deferred outflows of resources related to pensions included $1,005,000 from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2023	$1,902,000
2024	795,000
2025	(482,000)
2026	5,034,000
2027	282,000

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%, per year
Salary increases	3.25%, Average
Investment rate of return	6.70%

Mortality rates were based on the PUB2010 base table which vary by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual Geometric Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Totals	100.0%			
Assumed Inflation - Mean			2.4%	1.3%

Discount Rate

The discount rate used to measure the total pension liability changed from 6.80 to 6.70 percent for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Port Authority's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70%	6.70%	7.70%
Port Authority Proportionate Share of the FRS Plan Net Pension Liability	$ 51,130,000	$ 29,565,000	$ 11,533,000

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. The report maybe obtained through the Florida Department of Management Services website: http://www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program (HIS Plan)

Plan Description

The Retiree Health Insurance Subsidy Program (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 June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, 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 June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statues. The Port Authority contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Port Authority's contributions to the HIS Plan were $469,000 for the year ended September 30, 2022.

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

At September 30, 2022, the Port Authority reported a liability of $6,578,000 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Liabilities originally calculated as of the actuarial valuation date are recalculated as of June 30, 2022 using a standard actuarial roll-forward technique. The Port Authority's proportion of the net pension liability was based on the Port Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all participating employers. At June 30, 2022, the Port Authority's proportion was 0.0621 percent, which was an increase of 0.0019 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Port Authority recognized pension expense of $535,000 for its proportionate share of HIS's pension expense. In addition, the Port Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 200,000	$ 29,000
Changes in Actuarial Assumptions	377,000	1,017,000
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,000	-
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	271,000	38,000
Port Authority Contributions Subsequent to the Measurement Date	107,000	-
Total	$ 965,000	$ 1,084,000

Deferred outflows of resources related to pensions included $107,000 resulting from Port Authority's contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Year Ended September 30:	
2023	$(41,000)
2024	14,000
2025	15,000
2026	(38,000)
2027	(120,000)
Thereafter	(56,000)

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %, per year
Salary increases	3.25 %, avg with inflation
Investment rate of return	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability changed from 2.16 to 3.54 percent for the HIS Plan. 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.

Pension Liability Sensitivity

The following presents the Port Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.54%	3.54%	4.54%
Port Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 7,526,000	$ 6,578,000	$ 5,794,000

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website: http://www.dms.myflorida.com.

Summary

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Port Authority's proportionate share of the defined benefit pension plans are summarized below.

Description	FRS Plan	HIS Plan	Total
Net Pension Liability	$ 29,565,000	$ 6,578,000	$ 36,143,000
Deferred outflows of resources related to pensions	8,550,000	965,000	9,515,000
Deferred inflows of resources related to pensions	14,000	1,084,000	1,098,000
Pension expense	4,293,000	535,000	4,828,000

Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive 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 Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit 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 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.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Port Authority.

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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Port Authority's Investment Plan pension expense totaled $234,000 for the year ended September 30, 2022.

NOTE IX. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Port Authority provides post-retirement health care benefits, through participation in the Group Health Program for Lee County (GHPLC) Plan (the Plan), to all employees who retire from the Port Authority. The Group Health Program for Lee County provides medical, dental, vision and life insurance benefits (OPEB) to Port Authority retirees and their spouses. At October 1, 2021, the date of the latest actuarial valuation, plan participation consisted of 361 current active plan members, 141 retirees and 68 eligible dependents receiving postemployment health care benefits. In addition, Medicare eligible retirees and their Medicare eligible dependents may enroll in the Medicare Advantage Plan (MAP), a fully funded insurance plan administered by Aetna.

Funding Policy

The Port Authority subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the Plan on average than those of active employees. On January 1, 2020, the Port Authority reinstated the subsidy program that had been discontinued on October 1, 2008. The subsidy program offers retirees with six or more years of consecutive employment prior to retirement a direct subsidy of 60 percent for MAP participants and 50 percent for Aetna participants. A $96 discount is applied for plan members enrolled in Medicare Part B for the self-insurance plan. No discount is offered for MAP. Vision and dental insurance are offered to retirees; however, they are not subsidized by the Port Authority. The Plan also allows retirees the option to continue to participate in the GHPLC life insurance policy. The life insurance is only available to the retiree, and has a face value of $5,000. The following table summarizes the retirees' monthly contribution rates for 2022. The Plan is funded on a pay-as-you-go basis.

	General Employee Retirees after subsidy		General Employee Retirees without subsidy	
	Aetna	MAP	Aetna	MAP
Medical/ Prescriptions:				
Retiree Only				
Pre 65 Years Old	$590	N/A	$1,180	N/A
Medicare Eligible	494	125	987	312
Retiree plus Spouse				
Pre 65 Years Old	988	N/A	1,975	N/A
Medicare Eligible	795	250	1,589	624
Retiree Plus dependent				
Pre 65 Years Old	973	N/A	1,945	N/A
Medicare Eligible	780	250	1,559	624
Retiree plus family				
Pre 65 Years Old	995	N/A	1,990	N/A
Medicare Eligible (3) (spouse + one dep)	802	374	1,604	936
Life:				
Individual Coverage	6		6	
Spouse	N/A		N/A	

Actuarial Methods and Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	N/A

Discount Rate	4.02%
Healthcare Cost Trend Rate	7.50% pre 65
	8.30% at least 65
	0.0% MAP
Retirees' share of benefit cost, percent of premium:	
Subsidy Eligible	40% MAP
	50% Aetna

The discount rate was based on the 20 Year Municipal Bond Rate at September 30, 2022, in the Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate changed from 2.26 percent at September 30, 2021.

Mortality rates were based on the PUBG.H-2010 and PUBS.H-2010 Tables for employees and retirees projected generationally with scale MP-2021 and PUBG.H-2010SB Tables for survivor beneficiaries projected generationally with Scale MP-2021.

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2021 through September 30, 2022.

The rationales for selecting each of the assumptions used in the financial accounting valuation and for the assumption changes summarized above are to best reflect the current market conditions and recent plan experience.

Total OPEB Liability

At September 30, 2022, the Port Authority reported a liability of $40,133,000 for its share of the County's GHPLC plan's other postemployment benefits liability. The liability was measured as of September 30, 2022 and determined by an actuarial valuation as of that date. The Port Authority's proportion was based on the Port Authority's number of eligible employees. At September 30, 2022, the Port Authority's proportion was 12.5220 percent, which was a decrease of 2.4888 percent from its proportion measured at September 30, 2021.

Changes in the Total OPEB Liability

Balance at September 30, 2021	$60,037,000
Changes for the year:	
Service Cost	2,286,000
Interest	1,400,000
Difference between Expected and Actual Experience	(729,000)
Changes in Assumptions	(22,093,000)
Benefit Payments	(768,000)
Net Changes	(19,904,000)
Balance at September 30, 2022	$40,133,000

The following presents the Port Authority's proportionate share of total OPEB liability as well as what the Port Authority's proportionate share of total OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

Description	1% Decrease (3.02%)	Current Rate (4.02%)	1% Increase (5.02%)
OPEB Liability	$46,629,000	$40,133,000	$34,907,000

The following presents the Port Authority's proportionate share of total OPEB liability as well as what the Port Authority's proportionate share of total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare cost trend rate.

Description	1% Decrease	Trend Rate	1% Increase
OPEB Liability	$ 33,950,000	$40,133,000	$ 48,118,000

For the year ended September 30, 2022, the Port Authority recognized an expense of $214,000 for its proportionate share of other postemployment benefits expense.

At September 30, 2022, the Port Authority reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 594,000	$ 2,218,000
Changes in Assumptions	7,207,000	28,930,000
Total	$ 7,801,000	$ 31,148,000

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

Year Ended September 30:	
2023	$(3,472,000)
2024	(3,472,000)
2025	(3,472,000)
2026	(2,301,000)
2027	(1,889,000)
Thereafter	(8,741,000)

NOTE X. RISK MANAGEMENT

The Port Authority property and casualty insurance lines are written through their broker, Alliant Insurance Services. All lines of insurance costs for 2022 was $2,357,000. There have been no significant reductions in insurance coverage that have exceeded the amount of coverage in any of the past three years.

The Port Authority participates in the County's self-insurance program for group medical and group dental coverage. Funding for this program is generated by charges to the operating departments based on management's annual estimates of claim loss funding and administration/operating costs. For the fiscal year ended September 30, 2022, the Port Authority was charged $6,912,000 for the insurance program.

The Port Authority is exposed to other various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

NOTE XI. COMMITMENTS AND CONTINGENCIES

At September 30, 2022 the Port Authority had in process various construction contracts totaling $508,508,000. Costs incurred on these contracts as of September 30, 2022 totaled $250,560,000 including retainage payable of $3,645,000.

The Port Authority is currently receiving, and has received in the past, grants that are subject to special compliance audits by the grantor agency, which may result in disallowed expense amounts. These amounts constitute a contingent liability of the Port Authority. The Port Authority does not believe any contingent liabilities to be material.

The Port Authority currently prepares rebate calculations on all debt subject to arbitrage per the United States Department of the Treasury Regulations, Section 1.148, and the Internal Revenue Service Code of 1986. Rebates, if any, are paid to the Internal Revenue Service every fifth year after the year of issuance. Within the five-year period, any positive arbitrage (liability) may be offset by any negative arbitrage (non-liability). These rebates constitute a liability of the Port Authority, which is reported as other noncurrent liabilities. The Port Authority did not have a rebate liability for the fiscal year ended September 30, 2022.

NOTE XII. PASSENGER FACILITY CHARGE

In November 1992, the Port Authority received approval from the Federal Aviation Administration ("FAA") to impose a Passenger Facility Charge (PFC) of $3.00 per eligible enplaned passenger. In November 2003, the Port Authority was granted the authority to raise the PFC level from $3.00 to $4.50. In August 2019, the FAA approved amendments to Application #8 and #9 for $115,194,000 and $65,063,000 respectively increasing the total collection authority to $522,185,000 as of September 30, 2019 with an estimated expiration date of June 1, 2028. In October 2019, the FAA approved Application #10 for $385,351,000 and a third amendment to Application #9 for $758,000 increasing the total collection and use authority to $908,294,000 and concurrently revising the estimated charge expiration date to November 1, 2039.

NOTE XIII. AIRLINE USE AGREEMENTS

Signatory Airlines

The Port Authority negotiated an airline use agreement (Airline Airport Lease & Use Agreement) with the Participating Airlines (now referred as Signatory Airlines) with the key terms of the agreement approved by the Board in May, 2008. The Agreement commenced on October 1, 2008, with a five-year term, expiring on September 30, 2013 a second five-year extension expiring on September 30, 2018, and a three-year extension expiring on September 30, 2021. The signatory airlines signed a two-year extension to this agreement, expiring on September 30, 2023. All of the key terms of the agreement are the same.

The current agreement, commonly referred to as a hybrid compensatory agreement, has a revenue sharing component. In any year in which there are net remaining revenues generated at the Airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided between the Authority (60 percent) and the Signatory Airlines (40 percent). The agreement provides for better flexibility as there is no majority-in-interest approval required for capital projects.

Refunds/Rebates are generated from settlement with the Airlines and the revenue sharing component of the Airline Airport Lease & Use Agreement.

Terminal premises are leased on an exclusive use, preferential use, and joint use basis. The Authority will lease certain Terminal premises on a common use basis, as may be necessary. It is the intent of the Authority to manage its Terminal facilities in an efficient manner, while also respecting the schedules of its airline parties. Ticket counters, offices, operations areas, and baggage make-up facilities are leased on an exclusive use basis. Gates/holdrooms and aircraft parking positions are leased on a preferential use basis. Baggage claim is leased on a joint use basis, with costs allocated to the Signatory Airlines based on twenty percent allocated to all Signatory Airlines equally, and eighty percent allocated to all Signatory Airlines based on the ratio of each Signatory Airline's annual enplaned passengers at the Airport.

Landing Fees are calculated using a "residual" Airfield Cost Center approach and are based upon the total landed weight for all airline groups (Signatory, non-Signatory, Cargo, Charter, and International). Terminal Rents are calculated using a commercial compensatory method (i.e., rentable square foot divisor). Charges for the leasing of all Terminal space are assessed on a square-footage basis.

In fiscal year 2022, the Signatory Airlines paid the Port Authority $21,417,000. This amount is net of refunds of $3,199,000 and revenue sharing of $9,813,000.

Nonparticipating Airlines

The Port Authority has also entered into short- term use agreements or permits with the airlines serving the airport other than the Signatory Airlines. Nonparticipating airlines are assessed fees no less than those paid by the Signatory Airlines and do not share in any rebates.

NOTE XIV. OTHER

Litigation

The Port Authority is involved in ongoing litigation arising in the ordinary course of operations. It is the opinion of management and legal counsel that the outcome of this litigation will not materially affect the financial position of the Port Authority.

Change in Accounting Principle

During the year ended September 30, 2022, the Port Authority implemented GASB Statement No. 87, "Leases". The statement requires the recognition of certain lease assets and lease liabilities that previously were classified as operating leases. It establishes a single model for lease accounting based upon the foundational principle that leases are financings of the right to use an underlying asset. Leases where the maximum possible lease term is one year or less continue to be reported as operating leases. Leases that transfer ownership and contain no cancelation provision are reported as debt by the lessee and sale of an asset by the lessor.

As a result of implementing GASB Statement 87, the Port Authority has recorded the following to adjust beginning balances (dollars in thousands):

Port Authority as Lessee:	Statement of Net Position
Intangible right to use asset	$ 55
Lease payable	(55)
	$ -

Port Authority as Lessor:	Statement of Net Position
Lease receivable	$ 110,278
Deferred Inflows of Resources: Unamortized leases	(110,278)
	$ -

Required Supplementary Information

Lee County Port Authority
Required Supplementary Information
September 30, 2022

Other Postemployment Benefits Plan
(unaudited)

Group Health Program for Lee County Plan
Schedule of the Port Authority's Proportionate Share of Total OPEB Liability

	Measurement Date					
Total OPEB liability	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Service cost	$ 1,829,000	$ 1,059,000	$ 975,000	$ 1,148,000	$ 2,619,000	$ 2,286,000
Interest	1,606,000	1,523,000	1,690,000	1,483,000	1,420,000	1,400,000
Difference between expected and actual experience	98,000	146,000	861,000	(529,000)	(1,549,000)	(729,000)
Changes in assumptions	(12,236,000)	(2,899,000)	12,556,000	(1,452,000)	(3,544,000)	(22,093,000)
Change in benefit terms	-	-	-	7,253,000	-	-
Benefit Payments	(1,204,000)	(1,193,000)	(1,113,000)	(725,000)	(1,053,000)	(768,000)
Net change in total OPEB liabilty	(9,907,000)	(1,364,000)	14,969,000	7,178,000	(2,107,000)	(19,904,000)
Total OPEB liability beginning	51,268,000	41,361,000	39,997,000	54,966,000	62,144,000	60,037,000
Total OPEB liability ending	$ 41,361,000	$ 39,997,000	$ 54,966,000	$ 62,144,000	$ 60,037,000	$ 40,133,000
Port Authority's Proportion of the total OPEB liability	13.6942%	11.3933%	11.5040%	12.3054%	15.0108%	12.5220%
Port Authority's Covered-employee Payroll	$ 23,211,000	$ 24,009,000	$ 24,365,000	$ 25,002,000	$ 25,976,000	$ 28,641,000
Port Authority's Proportion Share of the total OPEB liability as a percentage of covered payroll	178.20%	166.59%	225.59%	248.56%	231.12%	140.12%

Notes to Schedule

For the measurement date September 30, 2022, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 2.26% at September 30, 2021 to 4.02% at September 30, 2022.

For the measurement date September 30, 2021, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 2.21% at September 30, 2020 to 2.26% at September 30, 2021.
- Change in the mortality improvement scale from Scale MP-2020 to Scale MP-2021.
- A change in future medical plan election for new Medicare eligible retirees from 60% Aetna Select or POS2, 40% Medicare Advantage to 50% Aetna Select or POS2, 50% Medicare Advantage. Select or POS2, 50% Medicare Advantage.
- Expected claims costs and premiums updated to reflect actual claims experience and known premiums.
- The health care cost trend rates updated to reflect recent experience and expectations.

For the measurement date September 30, 2020, the amount reported as changes in assumptions resulted from the following:
- Effective January 1, 2020, employees of the Port Authority hired after December 31, 2007 became eligible for premium subsidies. The change increased the liability by $7,253,000 and was recognized in expense for the fiscal year ending September 30, 2020.
- The discount rate changed from 2.66% at September 30, 2019 to 2.21% at September 30, 2020.
- Change in the mortality assumption from the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2018 to the PUBG.H-2010 Tables and PUBS. H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2020.
- The removal of the excise tax trend adjustment.
- Change in retirement rates, termination rates and disability rates to reflect the 2019 FRS experience study.

For the measurement date September 30, 2019, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 4.18% at September 30, 2018 to 2.66% at September 30, 2019.
- Change in the mortality assumption from the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2017 to the PUBG.H-2010 Tables and PUBS. H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2018.

For the measurement date September 30, 2018, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 3.64% at September 30, 2017 to 4.18% at September 30, 2018.
- Change in the mortality assumption from the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2017 to the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2017.

For the measurement date September 30, 2017, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 4.00% at September 30, 2016 under GASB 45 to 3.06% at September 30, 2016 under GASB 75 and to 3.64% at September 30, 2017.
- Change in the mortality assumption from the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2016 to the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2017.
- Change in the percentage of future Medicare eligible retirees assumed to enroll in the Aetna plan from 50% to 60%, and a change in the percentage assumed to enroll in the Medicare Advantage plan from 50% to 40%.
- Change in the percentage of subsidy eligible retirees assumed to enroll in pre-65 medical coverage from 70% to 65%, to enroll initially in post-65 coverage from 56% to 49%, and to continue coverage upon attaining Medicare eligibility from 80% to 75%.
- Change in the percentage of non-subsidy eligible retirees assumed to enroll in pre-65 medical coverage from 40% to 25%, to enroll initially in post-65 coverage from 30%to 18%, and to continue coverage upon attaining Medicare eligibility from 75% to 70%.
- Health care claims rates and trend rates were updated to reflect the latest available information.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is completed, the Port Authority will present information for only those years for which information is available.

Lee County Port Authority
Required Supplementary Information
September 30, 2022

Florida Retirement System Pension Plan
(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 9 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Port Authority's Proportion of the Net Pension Liability	0.0762%	0.0767%	0.0822%	0.0793%	0.0805%	0.0790%	0.0776%	0.0791%	0.0795%
Port Authority's Proportionate Share of the Net Pension Liability	$ 4,561,000	$ 9,905,000	$ 20,749,000	$ 23,467,000	$ 24,235,000	$ 27,217,000	$ 33,634,000	$ 5,975,000	$ 29,565,000
Port Authority's Covered Payroll**	$ 17,856,000	$ 20,871,000	$ 21,611,000	$ 22,841,000	$ 23,884,000	$ 24,192,000	$ 24,613,000	$ 26,586,000	$ 27,247,000
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	25.54%	47.46%	96.01%	102.74%	101.47%	112.50%	136.65%	22.47%	108.51%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%

*The amounts presented for each fiscal year were determined as of June 30.
** For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

Schedule of Port Authority Contributions
Last 9 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	$ 1,872,000	$ 2,049,000	$ 2,077,000	$ 2,265,000	$ 2,439,000	$ 2,641,000	$ 2,818,000	$ 3,190,000	$ 3,872,000
Contributions in Relation to the Contractually Required Contribution	(1,872,000)	(2,049,000)	(2,077,000)	(2,265,000)	(2,439,000)	(2,641,000)	(2,818,000)	(3,190,000)	(3,872,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,917,000	$ 21,765,000	$ 21,954,000	$ 23,139,000	$ 23,934,000	$ 24,322,000	$ 24,789,000	$ 25,891,000	$ 28,240,000
Contributions as a percentage of covered payroll	10.45%	9.41%	9.46%	9.79%	10.19%	10.86%	11.37%	12.32%	13.71%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Port Authority will present information for only those years for which information is available.

Lee County Port Authority
Required Supplementary Information
September 30, 2022

Retiree Health Insurance Subsidy Program

(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 9 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Port Authority's Proportion of the Net Pension Liability	0.0568%	0.0495%	0.0522%	0.0563%	0.0606%	0.0581%	0.0590%	0.0602%	0.0621%
Port Authority's Proportionate Share of the Net Pension Liability	$ 5,313,000	$ 5,044,000	$ 6,082,000	$ 6,017,000	$ 6,414,000	$ 6,496,000	$ 7,205,000	$ 7,383,000	$ 6,578,000
Port Authority's Covered Payroll	$ 20,339,000	$ 20,871,000	$ 21,611,000	$ 22,841,000	$ 23,884,000	$ 24,192,000	$ 24,613,000	$ 26,586,000	$ 27,247,000
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	26.12%	24.17%	28.14%	26.34%	26.85%	26.85%	29.27%	27.77%	24.14%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%

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

Schedule of Port Authority Contributions
Last 9 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	$ 258,000	$ 296,000	$ 364,000	$ 384,000	$ 397,000	$ 404,000	$ 411,000	$ 430,000	$ 469,000
Contributions in Relation to the Contractually Required Contribution	(258,000)	(296,000)	(364,000)	(384,000)	(397,000)	(404,000)	(411,000)	(430,000)	(469,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,496,000	$ 21,765,000	$ 21,954,000	$ 23,139,000	$ 23,934,000	$ 24,322,000	$ 24,789,000	$ 25,891,000	$ 28,240,000
Contributions as a percentage of covered payroll	1.26%	1.36%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Port Authority will present information for only those years for which information is available.