

Lee County Port Authority
Component Unit Financial Report



Years Ended September 30, 2007 and 2006

Lee County Port Authority

Lee County, Florida

Table of Contents

Letter of Transmittal.....	ii
Independent Auditors' Report.....	iv
Management's Discussion and Analysis (unaudited).....	1
Financial Statements:	
Statements of Net Assets- September 30, 2007 and 2006.....	8
Statements of Revenues, Expenses, and Changes in Fund Net Assets for the years ended September 30, 2007 and 2006.....	9
Statements of Cash Flows for the years ended September 30, 2007 and 2006.....	10
Notes to the Financial Statements.....	12
Supplemental Schedules (Unaudited):	
Passenger Facility Charge Revenue Report.....	28
Estimated Debt Service Coverage.....	28
Airline Market Share and Passenger Information.....	29



Direct Dial: (239) 590-4400

Fax: (239) 590-4533

ROBERT M. BALL, A.A.E.
EXECUTIVE DIRECTOR

February 1, 2008

DAVID M. OWEN
PORT AUTHORITY ATTORNEY

Dear Friends:

I am pleased to present the Lee County Port Authority's financial results for the fiscal year ending September 30, 2007.

**BOARD OF
PORT COMMISSIONERS**

A. BRIAN BIGELOW

TAMMY HALL

BOB JANES

RAY JUDAH

FRANK MANN

Fiscal year 2007 was the fifth consecutive record-breaking year of passenger travel at Southwest Florida International Airport. Total passenger numbers were 8,071,654, an increase over the prior year of 6.87%, or 518,629 people. According to the U.S. Department of Transportation, overall domestic passenger traffic for the same period was up by only 3.2%. Total operating revenues were \$84.5 million, an increase over the prior year of \$2.7 million, and primarily attributed to our restaurants, retail shops, parking lots, and rental cars. Operating expenses before depreciation were \$60.8 million, an increase of \$6.9 million for the same period. Increases in this category were directly related to personnel, insurance, utilities, and maintenance items.

This past fiscal year was the second complete year of operations in our new terminal. Building upon the lessons learned from the first year of operations and applying them to the 2007 budget, we gained a better understanding of our needs. As a result, operating expenses were below budget by 1.26%. These factors have resulted in a combined refund of \$4.78 million to our airline partners and a net cost per departing passenger of \$6.44.

The rehabilitation of Runway 6/24 and the supporting taxiway system project at Southwest Florida International Airport was completed in 2007. This project included the conversion of the existing taxiway into a temporary runway in order to rehabilitate the primary runway. The project was the first of its kind for a medium-hub single runway airport in the continental United States, and it was awarded the "2007 Outstanding Commercial Service Airport Project of the Year" by the Florida Department of Transportation. Other notable awards the airport received were "Best Concession Award" by Airport Revenue News and "Best Convenience Retail Award" by Airports Council International. This past year also brought new and expanded air service to our airport, including service to Munich, Germany; White Plains, NY; and Kansas City, Missouri.

The Port Authority also remains committed to the success of Page Field General Aviation Airport. Recently completed projects include a new parallel taxiway and infrastructure improvements to attract new tenants, which will complement the future construction of the General Aviation terminal and associated apron. The design is complete on these two projects and we are actively seeking both federal and state funding.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

11000 Terminal Access Road, Suite 8677 • Fort Myers, Florida 33913-8899
www.flylcpa.com

February 1, 2008
Page Two

We are extremely pleased with the results of the past fiscal year and have settled in nicely to the new terminal. For the upcoming year, we look forward to serving the residents, visitors, and business community at both Southwest Florida International Airport and Page Field General Aviation Airport.

Sincerely,

LEE COUNTY PORT AUTHORITY

A handwritten signature in black ink, appearing to read "Robert M. Ball". The signature is fluid and cursive, with a large initial "R" and "B".

Robert M. Ball, A.A.E.
Executive Director
Enclosure



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report

The Board of County Commissioners
Lee County, Florida:

We have audited the accompanying financial statements of the Lee County Port Authority (a blended component unit of Lee County, Florida), as of and for the years ended September 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Lee County Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lee County Port Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Lee County Port Authority, as of September 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 6 is not a required part of the financial statements but is supplementary required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Lee County Port Authority's financial statements. The letter of transmittal and the supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements of the Lee County Port Authority. Such additional information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

KPMG LLP

January 31, 2008
Certified Public Accountants

