



## INTERNAL MEMORANDUM

TO: John Walsh, CEO  
FROM: Rodger Rees, CFO *RR*  
DATE: December 16, 2015  
SUBJECT: Unaudited financial results – October 2016

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The following is a brief summary of the financial results for the one month ending October 30, 2015. Please be aware that we are still in the process of audit and closing the books for FY2015 so the below information could still be subject to change.

### Operating Revenues:

Operating Revenues through October 31st, 2015 are \$5.9M which is \$207.5K, or 3.4%, below the FY2015 actual amount of \$6M, and \$593K or 9.2% under the current year budget of \$6.5M (see further explanations below).

### Cruise Revenue:

Total cruise revenue of \$4.6M is under budget for FY2016 by 8.7% or \$436.9K. Actual cruise revenue for FY2016 is 6.7% or \$324.3K, below for the same period in FY2015. The decrease in actual cruise revenue from prior year is due mostly from a 41.1K (14%) less in total passenger traffic and 7.7% (\$83.7K) decrease in cruise related parking revenues. Both cruise and parking revenue were also affected by reduced passenger count as a result of a 3 week dry dock of the Disney Dream. A 10% increase in passenger count on Royal Caribbean and 43% increase in port-of-call passengers from Aida and Holland America cruise lines offset small decreases in other cruise lines. There were three less voyages year-to-date FY2016 (52 voyages) as compared to the same period for FY2015 (55 voyages). Passenger count on Victory Cruise decreased slightly (3.2%) over FY2015 with 22K passengers sailing year-to-date. These decreases are projected to be temporary based on ship bookings and reports of strong demand by cruise lines.

### Cargo Revenue:

Cargo revenue of \$564.7K through October 31, 2015 was above FY2015 actual amounts by \$135K or 31.6% and above FY2015 budget by approximately \$76.8K or 13.6%. Actual tonnage for FY2015 was 307K or 144.7% more than FY2015 tonnage of 212K tons. This is due mainly due to triple digit percentage increases in fertilizer, wood pulp, granite and slag. Petroleum tonnage was up 90% over FY2015 while orange juice concentrate was up 62.8% over the same period. Salt experienced a decrease of 51% while Morton salt begins expansion construction.

### **Non-ship Revenue:**

Over all non-ship revenues were 2.5% or \$18.5K under FY2015 revenues. Land lease revenues of \$425K were below budgeted FY2016 levels by \$35.5K or 7.7%. Actual land lease revenues were 3.7% or \$15K over previous year levels. The decrease against budget is mainly a result of temporary delays in commencement of several leases while the increase over prior year is due mainly to increase leasing activity. Revenues from park operations and Exploration Tower performed above prior year actual numbers by \$13.8K (8.8%) and 3K (11.2%), respectively. Overall non-ship revenues were under budget by \$178.2K mainly due to timing of sales of permits/licenses and lower than budget for park operations and Exploration Tower. These variances from budget are expected to even out as the FY2016 progresses.

### **Non-Operating Revenues:**

Non-operating revenues consist of earnings on cash balances, revenues from grant administration and gain/loss on equipment disposal and equipment sales. Total revenues from this source for FY2016 are \$2.9K which is \$89.7K below the FY2015 actual and \$26.2K below FY2016 budget. Included in the previous year's actual total was \$67.2K which was a result of gains on disposal of equipment. Against FY2016 budget, there were no revenues booked for the current fiscal year for revenues from grant administration.

### **Total Revenues:**

Total revenue for the first month of FY2016 is approximately \$5.9M, \$297K below FY2015 actual totals of \$6.2M, a difference of 4.8%. As compared to budget and discussed above, actual total revenues are below budgeted FY2015 by \$619K or 9.5%.

### **Operating Expenses:**

Operating expenses are 2.17% or \$113.6K above actual operating expenses for the same period last year while being under FY15 budget by \$1.2M, or 17.7%. It is important to note that of the increase over FY2014 relates to increases in non-cash expenses such as depreciation and amortization. Due to the implementation of the new port wide software, amortization of software has been accelerated. Salaries and benefits across most departments are below budget due to the merit increases of 2% budgeted for October but not approved and paid until November as well as several positions not yet hired. Service contracts continue track under budget and actual as budgeted increases are mostly on a calendar year basis and new contract amounts are not yet in service.

### **Non-Operating Expenses:**

Non-operating expenses consist of amortization of bond fees/costs interest expense and state grant expenses. Expenses in this category are tracking FY2016 budget with the exception of state grant expenses. This is a timing difference relating to actual receipt of grant proceeds and payout of service fees associated with the grant. Expenses are tracking with prior year FY2015.

**Total Expenses:**

Total actual expenses for the one month ending October 31<sup>st</sup>, 2015 are \$6.2M which is \$104K or 1.7% over the same period last year while being 15.9%, or \$1.2M, under the FY15 budget amount of \$7.4M.

**Net income for Debt Service and Reinvestment in the Port:**

Our net income for debt service and reinvestment in the Port for the FY2016 one month period presented is \$562K under budget and is \$401K under FY2015 actual amount. Due to audit adjustments and addition of fixed assets to be depreciated, it is anticipated that actual net income numbers could change as a result of final audit numbers for FY2015. FY2016 financial statements for YTD November 2015 should reflect any changes in the adjusted expense amounts. In addition to net income for reinvestment in the Port, \$8.2K was also available from grant proceeds. This amount is characterized as Capital contributions in the financial statements and was used for various grant qualified capital projects. There were no Capital contributions for FY2015 actual amount. Due to the ongoing audit procedures, financial statements are not presented at this time.

**Accounts Receivable:**

Details on accounts receivable which will be updated through the day of the Commission Meeting and distributed at the meeting.