



## ***INTERNAL MEMORANDUM***

**TO: John Walsh, CEO**  
**FROM: Rodger Rees, CFO**  
**DATE: January 20, 2016**  
**SUBJECT: Unaudited financial results – November 2016**

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The following is a brief summary of the financial results for the two months ending November 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 and is not accompanied by financial statements.

### **Operating Revenues:**

Operating Revenues through November 30<sup>th</sup>, 2015 are \$12.4M which is \$300K, or 2.4%, below the FY2015 actual amount of \$12.7M, and \$1.2M or 9.1% under the current year budget of \$13.6M (see further explanations below).

### **Cruise Revenue:**

Total cruise revenue of \$10.1M is under budget for FY2016 by 6.3% or \$680.2K. Actual cruise revenue for FY2016 is 3.6% or \$377K, below for the same period in FY2015. While tracking FY2015 closely, the small decrease in actual cruise revenue from prior year is due mostly from 82.4K less in total passenger traffic and 18.3% (\$479.7K) 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 resulted in a 79.7K (34%) decrease in passenger count. This difference is expected to even out over the course of FY2016. The decrease in Disney passenger count was offset by a 5% increase in passenger count on Carnival and 35% increase in port-of-call passengers offset decreases in other cruise lines. There were eleven less voyages year-to-date FY2016 (115 voyages) as compared to the same period for FY2015 (126 voyages). Passenger count on Victory Cruise increased (19.2%) over FY2015 with 42.8K passengers sailing year-to-date. These decreases are projected to be temporary based on ship bookings and reports of strong booking by cruise lines.

### **Cargo Revenue:**

Cargo revenue of \$894.8K through November 30, 2015 was above FY2015 actual amounts by \$138.5K or 19.5% and above FY2015 budget by approximately \$190.3K or 17.5%. Actual tonnage for FY2015 was 834.8K or 18.8% (132K) more than FY2015 tonnage of 702.8K tons. This is due mainly due to 79.2% increases in slag and a 100% increase in granite/limestone

and pulp wood tonnage. Petroleum tonnage was up 21.3% over FY2015 while orange juice concentrate was down 16.6% over the same period. Salt experienced a decrease of 40.1% while Morton salt begins expansion construction. Automobile and truck tonnage is up 8.4% over FY2015.

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

Over all non-ship revenues were 6.9% or \$101.4K under FY2015 revenues. Land lease revenues of \$840.6K were below budgeted FY2016 levels by \$78.6K or 8.6%. Actual land lease revenues were tracking over previous year levels by \$7.8K (1%). 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 and rental rate increases tied to the consumer price index. Strong combined revenues from Jetty Park operations and Exploration Tower performed above prior year actual numbers by \$47.3 (13.2%). Overall non-ship revenues were under budget by \$371.8K 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 and revenues from grant administration fees. Total revenues from this source for FY2016 are tracking the FY2015 actual and 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 two months of FY2016 is approximately \$12.4M, \$410K below FY2015 actual totals of \$12.8M, a difference of 3.2%. As compared to budget and discussed above, actual total revenues are below budgeted FY2015 by \$1.3M or 10.5%.

### **Operating Expenses:**

Operating expenses are 10.9% or \$1.1M above actual operating expenses for the same period last year while being under FY15 budget by \$1.6M, or 12%. It is important to note that of the increase over FY2015 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 and approved for October but not paid until December as well as several positions not yet hired resulting in being 10.1% (\$311K) under budget but over FY2015 actual amounts of \$2.6M (8.6%). 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 two months ending November 30<sup>th</sup> , 2015 are \$12.5M which is \$1M or 9.2% over the same period last year while being 11%, or \$1.5M, under the FY15 budget amount of \$14M.

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

Our net income for debt service and reinvestment in the Port for the FY2016 the two month period presented is \$237.9K over budget and is \$1.3M 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 audited numbers for FY2015. FY2016 financial statements for YTD December 2015 should reflect any changes in the adjusted expense amounts. In addition to net income for reinvestment in the Port, \$15.8K 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. The Port is required to accrue benefits for employees that are still covered under the State Retirement Program (FRS). We are currently waiting on actuarial amounts to be provided by the Florida Audit General's office to finalize our audited financial statements for FY2015. The State has indicated that they may not have final numbers until late February or early March. This will cause audited statements to not be final for another 30-60 days.

**Accounts Receivable:**

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