



INTERNAL MEMORANDUM

TO: **John Murray, CEO**
FROM: **Rodger Rees, CFO**
DATE: **October 25, 2017**
SUBJECT: **Fourth Quarter FY2017 – August**

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The following is a summary of the Port Canaveral's operating results for the eleven months ending August 2017.

Cruise Revenue:

Total cruise revenue is \$68.7M which is \$6.0M or 9.6% over previous year and 235.2K over FY2017 budget. Included in the total cruise revenue amount is \$2.1M attributable to gaming voyages which is 1.4% under year-to-date FY2016 revenues. Passenger count for multi-day cruises is 4.0M or 354.3K (9.7% increase) over year-to-date for August 2016 (FY2016). Also included in total cruise revenue are parking revenues of \$15.6M, which are \$2.1M or 15.8% over actual parking revenues for FY2016. Parking revenues associated with gaming voyages and included above was approximately \$181.9K. All cruise lines are posting passenger count increases over year-to-date FY2017 with Norwegian continues to show the largest increase at 48.3% increase. Disney, Royal Caribbean and Carnival have increases over prior year-to-date counts of .8%, 23.6% and 1.8%, respectively. Number of voyages for cruise ships year-to-date for August 2017 (FY2017) was 618 voyages as compared to 622 voyages in FY2016, a .6% decrease. The passenger count for Victory Cruise Lines FY17 had 271.4K passengers sailing in August.

Cargo Revenue:

Cargo revenue was \$7.4M through year-to-date August 2017 which exceeded FY2016 actual amounts by \$1.5M, or 25.6%, resulting from an 18.8% increase in ship calls over the same period of the previous year. FY2017 cargo revenues were over budget by \$342.3K or 4.9%. Actual total tonnage for FY2017 was approximately 5.6M tons or 11.2% over FY2016 tonnage of 5.0M tons. Salt is up over last year by 31.4%. Slag continues to be up at 23.6% over FY2017. Over 3.6M tons of petroleum were handled resulting in an increase of 2.0% over prior year. There were 13,062 new cars imported year-to-date August 2017 while the number of used cars and trucks were down 7.0% (1201 vs. 1298 units). Aggregate/limestone/granite was 28.9% over FY2017. There were 10,978 total TEUs moved year-to-date over North Cargo Piers which included 169 re-stows (moved twice) and 1,673 empty TEUs being handled. Year-to-date, the Port has serviced 360 cargo ships as compared to 303 for the same period year-to-date last year or 18.8% increase in ship traffic.

Non-ship Revenue:

Overall non-ship revenues of \$10.8M is 17.2% or \$1.6M over FY2016 revenues and over budget by 3.9% or 403.3K. Land lease revenues of \$6.3M were above budgeted FY2017 levels by \$79.1K or 1.3%. Revenues from Jetty Park operations were 9.5% under prior year actual numbers by \$235.9K as well as under budget by 14.4%. Special event revenues are over budget by 19.3%. Revenues from commercial vehicles were over budget by 49.3% reaching \$1.0M. Miscellaneous revenues are derived mainly from vending machines, franchise fees, billboard advertising and sales of dirt.

Non-Operating Revenues:

Non-operating revenues consist of earnings on cash balances gains on sale or disposal of assets and revenues from grant administration fees (\$234.9). Total revenues from this source for FY2017 are over FY2016 actual and FY2017 budget by \$4.1M and approximately \$4.0M, respectively. Investment earnings are up due to proceeds from Series 2016C and D not yet invested in capital projects and retained in interest bearing accounts. The majority of the increase is from sales of an off-site property in the net amount of \$3.7M.

Total Revenues:

Total revenue for the eleven months of FY2017 is approximately \$91.3M, \$13.2M over FY2016 actual totals of \$78.1M, a difference of 17.0%. As compared to budget and discussed above, actual total revenues are over budgeted FY2017 by \$5.0M or 5.8%.

Operating Expenses:

Operating expenses are 3.5% or \$2.3M above actual operating expenses for the same period last year while being under FY17 budget by \$3.5M, or 4.7%. Salaries and benefits, across all departments in the aggregate, are 2.9% (\$454.8K) below budget due mainly to several unfilled positions. Actual salaries and benefits for FY2017 of \$15.2M are over FY2016 for the same period by \$1.4M or 10.3% due to several new positions and results of the formal salary survey from a third party. Service contracts are under budget by \$340.9K (11.9%) while utilities are over budget by 3.9% and last year by \$234.6K. Maintenance and supplies are under budget by 24.8 or \$296.9K. Fuel costs are tracking budget. Depreciation and amortization represents 47.4% of operating expenses and accounts for \$1.2M of the increase over last fiscal year.

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 FY2017 budget and are over prior year by \$3.2M due to financing costs associated with Series 2016 C and D bonds (\$789.1K) and interest costs on new borrowings, Series A and B bonds and line of credit (\$2.4M).

Total Expenses:

Total actual expenses for the eleven months ending August 30, 2017 are \$80.3M which is \$5.5M or 7.4% over the same period last year while being 4.2%, or \$3.5M, under the FY2017 budget amount of \$83.8M.

Net income for Debt Service and Reinvestment in the Port:

Our net income for debt service and reinvestment in the Port for the FY2017 the eleven month period presented is approximately \$11.0M. This amount is \$8.5M over budget and is \$7.7M over FY2016 actual amount. The Port has received \$3.1M in grant proceeds year-to-date.

Accounts Receivable:

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

Canaveral Port Authority
STATEMENTS OF NET POSITION
As of August 31, 2017

	As of August 2017	As of August 2016
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	\$ 18,314,095	\$ 27,819,087
Cash & cash equivalents - restricted	34,973,401	625,698
Investments	469,035	468,566
Accounts receivable, net	4,875,536	4,450,448
Prepaid expenses	2,552,081	2,622,661
Due from other governmental units	2,244,388	442,191
Other receivables, current	117,558	529,232
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TOTAL CURRENT ASSETS	\$ 63,546,095	\$ 36,957,884
NONCURRENT ASSETS		
Cash & cash equivalents - restricted	\$ 5,234,736	\$ 1,824,502
Other receivables, long term	751,406	394,136
Capital assets:		
Land	4,602,954	4,602,954
Buildings	142,021,600	99,923,410
Improvements other than buildings	337,447,978	280,828,152
Equipment	33,619,072	33,338,303
Intangible assets	826,984	974,249
Construction in progress	77,708,031	165,181,398
Total capital assets, net of depreciation	596,226,621	584,848,468
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TOTAL NONCURRENT ASSETS	\$ 602,212,762	\$ 587,067,106
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TOTAL ASSETS	\$ 665,758,856	\$ 624,024,990
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension	\$ 180,341	\$ 75,788
Deferred loss on bond refunding	854,567	1,029,696
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Total deferred outflows of resources	\$ 1,034,908	\$ 1,105,484
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 938,063	\$ 4,080,599
Accrued compensated absences	7,129	-
Unearned revenue	1,523,846	883,328
Payroll and sales tax payable	135,931	158,685
Revenue bonds payable, current	11,281,043	11,426,854
Note payable, current portion	(0)	10,509
Line of credit, current	15,985,543	31,785,376
Other liabilities, current	98,349	705,643
Payable from restricted assets:		
Accrued interest payable	2,344,623	1,747,605
Other Current Liability	1,995,986	510,000
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TOTAL CURRENT LIABILITIES	\$ 34,310,513	\$ 51,308,599
NONCURRENT LIABILITIES		
Revenue bonds payable, less current portion	\$ 277,751,935	\$ 234,522,728
Note payable, less current portion	-	108,027
Accrued compensated absences less current portion	606,600	467,384

Net OPEB obligations, less current portion	1,704,000	1,591,000
Other liabilities, long-term portion	1,001,874	522,500
Insurance reserve	166,012	240,761
Net pension liability	<u>516,582</u>	<u>392,927</u>
TOTAL NONCURRENT LIABILITIES	\$ 281,747,003	\$ 237,845,328
TOTAL LIABILITIES	\$ 316,057,517	\$ 289,153,927
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension	\$ 75,715	\$ 78,582
Total deferred inflows of resources	<u>\$ 75,715</u>	<u>\$ 78,582</u>
NET POSITION		
Invested in capital assets, net of related debt	\$ 306,052,224	\$ 339,300,045
Restricted for future debt service	5,234,736	1,824,502
Unrestricted	<u>39,373,574</u>	<u>(5,226,582)</u>
TOTAL NET POSITION	\$ 350,660,533	\$ 335,897,965
TOTAL LIABILITIES AND NET POSITION	\$ 666,793,765	\$ 625,130,474

Canaveral Port Authority
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NP
August 2017

	August 2017	August 2016
OPERATING REVENUES		
Fees and Charges for services	\$ 86,966,623	\$ 77,863,571
OPERATING EXPENSES		
Operations	\$ 5,666,438	\$ 5,462,673
Facilities	9,140,822	7,946,582
Parks and Recreation	1,318,990	1,294,026
Exploration Tower	553,908	685,772
Public Safety	8,565,496	7,236,537
Fire Training Facility	167,483	148,471
Commission	296,587	423,360
Executive	1,692,094	1,973,546
Finance & Accounting	1,464,629	1,388,639
Administrative Services	4,650,735	4,035,657
Engineering & Environmental	1,475,609	1,500,422
Business Development	1,019,778	1,304,753
Tenant & Property Development	502,694	966,238
Communications	585,684	580,023
Depreciation expense	33,183,333	31,991,664
Amortization expense	254,962	1,238,460
TOTAL OPERATING EXPENSES	\$ 70,539,243	\$ 68,176,822
TOTAL OPERATING INCOME	\$ 16,427,380	\$ 9,686,749
NON-OPERATING REVENUES		
Investment earnings	\$ 395,073	\$ 88,345
Grant revenue	234,881	109,663
Gain on sale/disposal of assets	3,716,778	17,922
TOTAL NON-OPERATING REVENUES	\$ 4,346,732	\$ 215,930
NON-OPERATING EXPENSES		
Interest expense	\$ 8,716,521	\$ 6,346,965
Amortization of bond discounts	160,535	174,072
Commissions and fees	877,213	88,100
Grant administration fees	45,000	40,000
TOTAL NON-OPERATING EXPENSES	\$ 9,799,268	\$ 6,649,136
NET INCOME	\$ 10,974,844	\$ 3,253,542
Capital contributions	3,137,749	5,761,631
CHANGES IN NET POSITION	\$ 14,112,593	\$ 9,015,173

Canaveral Port Authority
SCHEDULE OF REV, EXP AND NET INCOME VS BUDGET
August 2017

	YTD Budget August 2017	YTD Actual August 2017	Month Budget August 2017	Month Actual August 2017	YTD Actual %	Period Actual %
Operating Revenue						
Ship Revenue	\$ 75,540,080	\$ 76,117,603	\$ 5,598,662	\$ 5,604,165	101%	100%
Operations	854,884	1,422,892	63,834	172,393	166%	270%
Facilities	8,987	11,588	817	125	129%	15%
Parks and Recreation	2,622,084	2,285,688	168,136	164,860	87%	98%
Exploration Tower	434,400	408,599	27,200	36,994	94%	136%
Public Safety	91,674	76,431	8,334	4,817	83%	58%
Fire Training Facility	114,587	109,397	10,417	10,410	95%	100%
Executive	-	96	-	-	0%	0%
Finance & Accounting	-	150,472	-	30	0%	0%
Administrative Services	-	7,376	-	7,376	0%	0%
Business Development	5,962	7,150	542	625	120%	115%
Tenant & Property Development	6,174,738	6,271,323	578,991	626,713	102%	108%
Communications	138,413	98,009	12,583	8,445	71%	67%
Total Operating Revenue	\$ 85,985,809	\$ 86,966,623	\$ 6,469,516	\$ 6,636,953	101%	103%
Non-Operating Revenues						
Non-Operating	\$ 347,987	\$ 4,346,732	\$ 4,167	\$ 39,924	1,249%	958%
Total Non-Operating Revenues	\$ 347,987	\$ 4,346,732	\$ 4,167	\$ 39,924	1,249%	958%
Total Revenues	\$ 86,333,796	\$ 91,313,355	\$ 6,473,683	\$ 6,676,877	106%	103%
Expenses						
Operating Expenses						
Operations	6,500,261	5,666,438	617,397	448,710	87%	73%
Facilities	9,636,472	9,140,822	852,555	857,104	95%	101%
Parks and Recreation	1,353,580	1,318,990	117,818	126,948	97%	108%
Exploration Tower	646,002	553,908	58,360	44,498	86%	76%
Public Safety	8,026,066	8,565,496	699,150	1,399,772	107%	200%
Fire Training Facility	214,019	167,483	18,786	17,886	78%	95%
Commission	366,723	296,587	28,941	31,795	81%	110%
Executive	1,924,899	1,692,094	163,435	149,654	88%	92%
Finance & Accounting	1,433,722	1,464,629	134,353	134,862	102%	100%
Administrative Services	5,311,692	4,650,735	479,156	415,902	88%	87%
Engineering & Environmental	2,005,194	1,475,609	186,214	126,856	74%	68%
Business Development	1,529,025	1,019,778	121,152	151,020	67%	125%
Tenant & Property Development	754,345	502,694	66,539	55,068	67%	83%
Communications	1,014,945	585,684	94,425	44,068	58%	47%
Depreciation	32,991,663	33,183,333	2,908,333	3,016,667	101%	104%
Amortization	287,278	254,962	26,117	15,345	89%	59%
Total Operating Expenses	\$ 73,995,886	\$ 70,539,243	\$ 6,572,731	\$ 7,036,154	95%	107%
Non-Operating Expenses	\$ 9,820,019	\$ 9,799,268	\$ 831,956	\$ 828,045	100%	100%
Total Expenses	\$ 83,815,905	\$ 80,338,511	\$ 7,404,687	\$ 7,864,200	96%	106%
Net Income	\$ 2,517,891	\$ 10,974,844	\$ (931,004)	\$ (1,187,323)	436%	128%

Canaveral Port Authority
SCHED OF REVENUES COMPARED TO BUDGET BY ACTIVITY
August 2017

	YTD Budget August 2017	YTD Actual August	Budget August	Actual August	YTD Actual %	Actual %
Cruise Revenue	\$ 68,496,135	\$ 68,731,375	\$ 4,962,767	\$ 4,819,256	100.34%	97.11%
Cargo Revenue	7,043,945	7,386,228	635,895	784,909	104.86%	123.43%
TOTAL SHIP RELATED OPERATING REVENUES	\$ 75,540,080	\$ 76,117,603	\$ 5,598,662	\$ 5,604,165	100.76%	100.10%
Land Leases	\$ 6,174,738	\$ 6,253,871	\$ 578,991	\$ 626,713	101.28%	108.24%
Park Operations	2,622,084	2,243,274	168,136	157,049	85.55%	93.41%
Miscellaneous	1,648,907	2,351,875	123,727	249,026	142.63%	201.27%
TOTAL NON-SHIP RELATED OPERATING REVENUES	\$ 10,445,729	\$ 10,849,020	\$ 870,854	\$ 1,032,788	103.86%	118.59%
TOTAL OPERATING REVENUES	\$ 85,985,809	\$ 86,966,623	\$ 6,469,516	\$ 6,636,953	101.14%	102.59%
TOTAL NON-OPERATING REVENUES	347,987	4,346,732	4,167	39,924	1,249.11%	958.10%
TOTAL REVENUES	\$ 86,333,796	\$ 91,313,355	\$ 6,473,683	\$ 6,676,877	105.77%	103.14%