

**PORT OF OSWEGO AUTHORITY
ANNUAL BUDGET AND FINANCIAL PLAN
2016 – 2017**

A. Relationship with unit of government on whose behalf or benefit the Authority was established.

The Port of Oswego Authority is a body corporate and politic, constituting a public benefit corporation. The authority shall have power over the survey, development and operation of port facilities and industrial projects in the port district which embraces the city of Oswego, the town of Scriba and all lands and water under and in the Oswego River and Lake Ontario lying or situated within the boundaries of the city of Oswego and/or the town of Scriba, and the coordination of the same with existing or future agencies of transportation with a view to the increase and efficiency of all such facilities and projects and the furtherance of commerce and industry, environmental protection, aesthetics, health, welfare, safety, recreational opportunities, and historical appreciation in the district.

B. Description of the budget process.

The Authority currently monitors performance against an operating budget. The operating budget governs the use of funds generated by Port operations. All expenses for administration, operations and maintenance are included in the operating budget. Development of the operating budget is coordinated by the Accounting Manager under the direction of the Executive Director. The budget is proposed to the Authority members in January prior to the beginning of the next fiscal year and is approved by the members at a meeting in February.

Throughout the year, monthly financial statements are produced, usually 30 days after the end of each month. The profit and loss statement is presented for the month and year to date in order to monitor performance against budget projections.

A capital budget is not formally done at this time. Capital projects are funded on a case by case basis using grants and matching with surplus funds from operations.

C. Description of the principal budget assumptions, including sources of revenues, staffing and future collective bargaining costs, and programmatic goals.

Revenue sources for the Port include dockage, wharfage, stevedoring, loading/unloading, rent, storage, marina slip rental, gas sales and various marina related items. In 2015-2016, stevedoring comprises 27.4% of overall revenues at \$1.48 million, with storage making up 19.5% at \$1.05 million, loading and unloading will be 15.4% at \$0.8 million, rental income is 13% at \$0.7 million, marina income is 10.2% at \$0.55 million, and the remaining \$0.8 million coming from the remaining sources.

Payroll and related benefits equaled \$2.45 million which made up 60.4% of total expenses. During fiscal year 2015-2016 the Port has received \$0.66 million in grants from New York State and MARAD in order to wrap up the rail projects at the East Terminal Connector. The Port has received \$0.35 million and \$0.30 million for the East Terminal Track and East Terminal Pier projects, respectively, along with \$0.19 million from NRBC, all allowing rehab on the rail lines at the Port. Additionally, an agricultural grant for \$0.25 and a USDA grant for \$0.10 million were received to put in place a conveyor to facilitate loading grain on vessels, as well as a CCAP grant for \$.10 million, Access Control System and Records Management grants totaling \$0.02 million.

For 2016-2017 aluminum activity is anticipated to increase. Therefore, dockage, wharfage, storage, stevedoring and loading/unloading are all expected to increase. Loading/unloading is also anticipated to increase for grain cargo as grain vessels are expected. Rental income is expected to decrease as the sale of the Hammermill property is expected to close in 2016. Dockage is anticipated to rise with expectation of grain vessels in 2016. With a breakwall project taking place and being completed in 2015, storage will be down about \$0.5 million in 2016.

Payroll expenses are anticipated to increase 3%. Additionally, the Executive Director had another salary increase after his review. NYS Retirement, Social Security, Medicare, Unemployment and disability are anticipated to increase as they are a function of the increased payroll. General insurance is expected to decrease as a change made in agent/carriers has reduced rates.

D. Provide a self-assessment of budgetary risks.

Rental income does not have significant risk as the Port has agreements with each rental customer. Additionally, Crop Production Services and Perdue are both working on renewing their agreements and both include increases. Aluminum and grain activity is dependent on the markets that they are in so there is risk involved. However, based on the director's conversations with customers they are indicating that there should be an increase in aluminum and agricultural cargo. The marina operation also holds risk as they depend on the recreational funds that people have. We are expecting the marina income to increase slightly due to capital improvements and additional services at the marina. With the reduction in gas prices we anticipate an increase in gas sales in the coming year.

Expenses related to operations are dependent on the movement of commodities. If there is a reduction in that movement then the payroll expense for operating labor, longshoremen, goes down. The longshoremen are called in based on need through the International Longshoreman's Association Local 1570A. Payroll would decrease in this instance, reducing risk.

E. Revised forecast of the current year's budget.
See Budget and Financial Plan 2016-2017

F. Reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan.

See Budget and Financial Plan 2016-2017

For fiscal year 2015-2016 storage revenue is 110% higher than budgeted. The Army Corp of Engineers repaired a portion of the breakwall for Oswego Harbor. The contractor used the Port to receive, load to barges and store the large boulders used on the project. This was not in the original budget. Dockage and Miscellaneous Income were 60% and 20% less than budgeted as there were fewer vessels than expected. Wharfage was 14% higher than budgeted because a salt vendor came in that hadn't been expected. Marina income was 31% below budget mainly due to gas sales being over estimated for the year.

Overall payroll is expected to be 15% higher than budgeted due mainly to higher longshoremen costs because vessels operations taking place mainly during overtime hours. Auto expense is expected to be 29% over budget as one of the vehicle needed significant repairs and there was more diesel use with the unexpected salt cargo to be loaded out. Communications were 39% over budget as a new phone system was installed which added to the costs. Shop use supplies are up 31% over budget due to getting supplies onsite for use as needed instead of going out to purchasing smaller items every time one is needed. Health insurance costs are 75% over budget, however this is only because of having to record OPEB for GASB 45. These are not true expenses for the year. Tying in with higher longshoremen payroll is 14% over budget ILA pension expense. The vehicle lease was over budget 57% because the director made a change to another vehicle at the end of the year.

G. Statement of the last completed fiscal year's actual financial performance in categories consistent with the proposed budget or financial plan.

See Budget and Financial Plan 2016-2017

H. Projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications.

The exact number of employees varies from day to day due to the longshoremen being called in as needed. Funding of all payroll comes from operating revenue of the Port.

There are 12 full-time employees:

- Management – 2
- Clerical – 5
- Maintenance/Mechanics – 4
- Marina – 1

This year there have been 104 part-time employees classified as:

- Longshoremen - 77
- Security – 9
- Marina – 6
- Custodial - 1
- Summer Labor – 11

The longshoremen will have hours of 21 full-time equivalent employees.

- I. Statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses and staffing.

The director continues to work to reduce labor when applicable in order to reduce expense for longshoremen and continues stricter oversight on purchasing. Additionally, the previous years' change in general insurance will continue to reduce insurance costs. Rental expense will decrease as forklifts have been put on lease which is less expensive than the rental rates.

- J. Statement of the source and amount of any material non-recurring resource that is planned for use in any given fiscal year.

In fiscal year 2016-2017, the Port expect to receive the balance of grants for the East Terminal Pier Rehab in the amount of \$0.87. Additionally, \$0.08 million is expected from FEMA for a security grant, and \$0.75 million from the 2015-2016 NYS Port and Infrastructure funding.

- K. Statement of any transactions that shift material resources from one year to another and the amount of any reserves. None

- L. Statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met.

See Attached Debt Schedule

- M. Statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget.

See Attached Capital Project Schedule

PORT OF OSWEGO AUTHORITY
Budget & Financial Plan
2016-2017

	Last Yr	Current Yr		Next Year		Proposed		Proposed	
	(Actual)	(Projected)	(Projected)	4/1/16-3/31/17	4/1/17-3/31/18	4/1/18-3/31/19	4/1/19-3/31/20	4/1/18-3/31/19	4/1/19-3/31/20
Revenue & Financial Sources	4/1/14-3/31/15	4/1/15-3/31/16	4/1/15-3/31/16	4/1/16-3/31/17	4/1/17-3/31/18	4/1/18-3/31/19	4/1/19-3/31/20	4/1/18-3/31/19	4/1/19-3/31/20
Operating Revenues									
Charges for Services	\$ 3,254,849.00	\$ 4,278,835.00	\$ 4,278,835.00	\$ 3,566,000.00	\$ 4,200,000.00	\$ 4,300,000.00	\$ 4,500,000.00	\$ 4,300,000.00	\$ 4,500,000.00
Rentals & Financing Income	\$ 621,684.00	\$ 702,000.00	\$ 702,000.00	\$ 685,000.00	\$ 669,270.00	\$ 673,836.00	\$ 688,520.00	\$ 673,836.00	\$ 688,520.00
Other Operating Revenues	\$ 632,069.00	\$ 567,826.00	\$ 567,826.00	\$ 587,500.00	\$ 577,763.00	\$ 583,541.00	\$ 589,376.00	\$ 583,541.00	\$ 589,376.00
Non-Operating Revenues									
Investment Earnings	\$ 1,146.00	\$ 1,457.00	\$ 1,457.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00
State Subsidies/Grants	\$ 1,450,951.00	\$ 1,573,119.00	\$ 1,573,119.00	\$ 2,320,821.00	\$ 26,000,000.00	\$ -	\$ -	\$ -	\$ -
Federal Subsidies/Grants	\$ 1,122,875.00	\$ 404,115.00	\$ 404,115.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Revenues	\$ 201,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from the Issuance of Debt									
Total Revenues & Financing Sources	\$ 7,284,774.00	\$ 7,527,352.00	\$ 7,527,352.00	\$ 7,160,071.00	\$ 31,447,783.00	\$ 5,558,127.00	\$ 5,778,646.00	\$ 5,558,127.00	\$ 5,778,646.00
Expenditures									
Operating Expenditures									
Salaries and Wages	\$ 1,346,276.00	\$ 1,510,786.87	\$ 1,510,786.87	\$ 1,603,898.20	\$ 1,652,015.00	\$ 1,701,575.00	\$ 1,752,623.00	\$ 1,701,575.00	\$ 1,752,623.00
Other Employee Benefits	\$ 856,036.00	\$ 933,414.00	\$ 933,414.00	\$ 967,118.00	\$ 1,015,474.00	\$ 1,066,248.00	\$ 1,119,560.00	\$ 1,066,248.00	\$ 1,119,560.00
Professional Services Contracts	\$ 81,863.00	\$ 599,287.00	\$ 599,287.00	\$ 200,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Supplies and Materials	\$ 35,675.00	\$ 29,373.00	\$ 29,373.00	\$ 32,000.00	\$ 94,760.00	\$ 97,610.00	\$ 100,530.00	\$ 97,610.00	\$ 100,530.00
Other Operating Expenditures	\$ 1,660,719.52	\$ 1,584,714.00	\$ 1,584,714.00	\$ 1,464,800.00	\$ 1,777,294.00	\$ 1,830,613.00	\$ 1,885,531.00	\$ 1,830,613.00	\$ 1,885,531.00
Non-Operating Expenditures									
Payment of Principal on Bonds and Financing Arrangements	\$ 192,642.75	\$ 567,966.46	\$ 567,966.46	\$ 122,632.00	\$ 990,988.23	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Interest and Other Financing Charges	\$ 74,765.00	\$ 62,624.00	\$ 62,624.00	\$ 54,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Subsidies to Other Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Asset Outlay	\$ 3,091,702.00	\$ 864,492.00	\$ 864,492.00	\$ 1,224,208.00	\$ 26,000,000.00	\$ 300,000.00	\$ 500,000.00	\$ 300,000.00	\$ 500,000.00
Grants and donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenditures	\$ -	\$ -	\$ -	\$ 403,746.00	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 7,339,679.27	\$ 6,152,657.33	\$ 6,152,657.33	\$ 6,072,402.20	\$ 31,630,531.23	\$ 5,146,046.00	\$ 5,508,244.00	\$ 5,146,046.00	\$ 5,508,244.00
Capital contributions									
Excess(Deficiency) of Revenues and Capital Contributions Over Expenditures	\$ (54,905.27)	\$ 1,374,694.67	\$ 1,374,694.67	\$ 1,087,668.80	\$ (182,748.23)	\$ 412,081.00	\$ 270,402.00	\$ 412,081.00	\$ 270,402.00

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Projected Debt Schedule at March 31st

	Current Yr (Projected) 4/1/15-3/31/16	Next Year 4/1/16-3/31/17	Proposed 4/1/17-3/31/18	Proposed 4/1/18-3/31/19	Proposed 4/1/19-3/31/20
Debt Outstanding (Principal)	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00
Debt Service Payments (Principal & Interest)	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00
Proposed Debt	None	None	None	None	None

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2016-2017

Capital Project Schedule

	Prior Years	Current Yr (Projected) 4/1/15-3/31/16	Next Year 4/1/16-3/31/17	Proposed 4/1/17-3/31/18	Source
East Terminal Track Rehab	\$ 335,000.00	\$ 770,000.00	\$ -	\$ -	Grant
East Terminal Pier Rehab	\$ -	\$ 445,000.00	\$ 868,000.00	\$ 438,000.00	77.8% Grant Port funds
Access Control Screen Project	\$ -	\$ 40,000.00	\$ 108,000.00	\$ -	60% Grant Port funds
Boat Launch	\$ -	\$ 12,000.00	\$ 18,000.00	\$ -	Port funds
Solar Project	\$ 7,790.00	\$ 20,000.00	\$ 2,000.00	\$ -	Port funds
Security	\$ -	\$ -	\$ 87,000.00	\$ -	Grant
Inland Port	\$ -	\$ -	\$ 750,000.00	\$ -	Grant