Budget Methodology
Budget Development Phases

- Create realistic tonnage and revenue goals
- Determine personnel costs
- Set sensible operating expense levels
- Collaborate with Directors to develop the capital budget
Traffic & Tonnage

- Traffic schedule developed with assistance from Operations and Sales & Marketing
- Master revenue sheet details traffic for each commodity by month
- Rates reflect current contracts / tariff
- Dockage rates – three-year average by commodity
2010 Budgeted Cargo

- Green Coke: 48%
- Barite: 12%
- Rutile: 4%
- Other Bulk: 6%
- Limestone: 4%
- Bulk & Bagged Grains: 2%
- Gearbulk: 20%
- Rubber: 4%
- 4%
Leases & Other Revenue

- Lease and rental revenues – by tenant – by month
- Non-operating revenues
  - Investment income
  - Ad valorem tax
- Non-operating expense
  - Arbitrage
Budget Revenue Breakdowns

**Total Revenue ($)**

- Vessel & Cargo Services: 61%
- Rentals: 29%
- Other: 2%
- Non-Operating Revenue: 8%

**Vessel & Cargo Services ($)**

- Handling Charges: 62%
- Dockage: 14%
- Wharfage: 7%
- Other: 17%
Expenses

- Departmental Directors develop expense budget – by line item – by month
- Insurance and depreciation – budgeted by Accounting and Finance
  - Insurance – based upon discussions with Broker / Underwriters
  - Depreciation – timing of completion of individual capital projects
Salaries and Benefits

- Departments provide overtime hours – by employee – by month
- New positions
- Merit increases
- Develop salaries and benefits schedule by employee by month
Budgeted Expenses

- Wages & Benefits: 1% (Red)
- Contract Services: 31% (Blue)
- Supplies & Maintenance: 36% (Yellow)
- Utilities: 15% (Dark Green)
- Depreciation: 15% (Purple)
- Dredging: 15% (Orange)
- Non-Operating Expense: 2% (Green)

Legend:
- Wages & Benefits
- Contract Services
- Supplies & Maintenance
- Utilities
- Depreciation
- Dredging
- Non-Operating Expense
Departmental / Consolidated Income Statements

- Departmental income statements rollup to a consolidated detailed income statement
- Summary level income statement
  - Previous year actual results
  - Current year projected results
  - Budget for upcoming year
Capital Budget

Created through a combined effort of the Departmental Directors

Includes projected cost and funding sources:
- Previous years actual
- Current year budget
- Next five years budget
- Total by project
Analytical Tools

- Expense analysis sheets
- Tonnage analysis sheets
- Revenue and expenses by department
Cash Flow

- Beginning cash and investment balances (restricted / unrestricted)
- Plus – cash flow generated (op / non – op)
- Less – cash used by capital projects
- Ending cash and investment (restricted / unrestricted)
Recap

Data is received from the various departments

Data is entered and compiled into a preliminary budget

Prelim budget is reviewed and adjusted

Final budget delivered to Audit Committee / Board
Board Submission

- Consolidated Income Statements
  - Departmental income statements excluded
- Consolidated Capital Budget
  - Includes a recap of individual projects
Additional

- Quarterly forecasts
- Departmental – Budget to Actual Reports - Monthly
- Variable Based Budget Reports – Monthly