

COMMISSION MEETING

INFORMATION

Date: June 11, 2018

Staff Review: Port Attorney
 Deputy Director
 Finance Manager
 Facilities Maintenance Manager

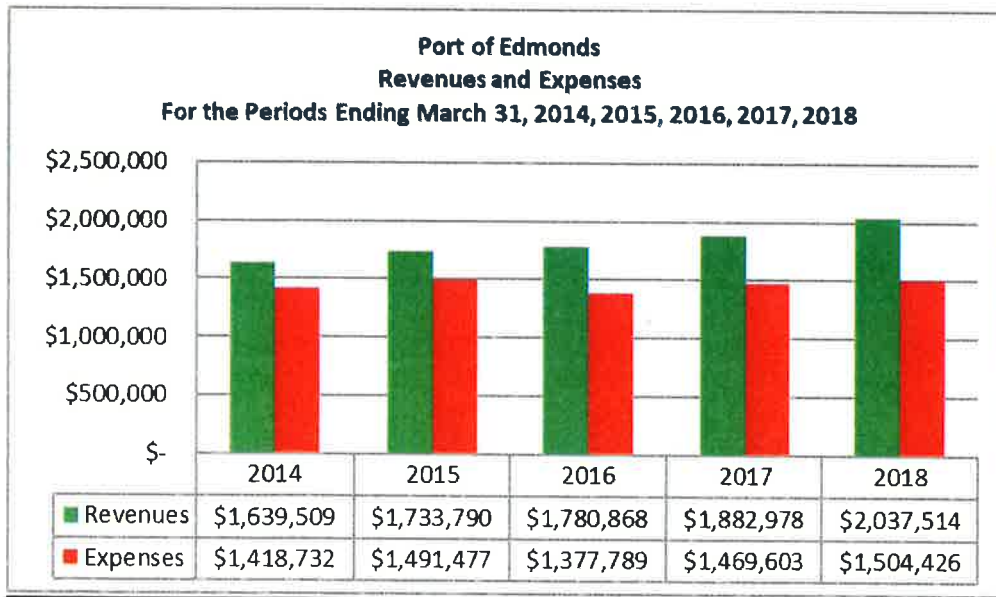
To: Port Commission

From: Tina Drennan
 Finance Manager

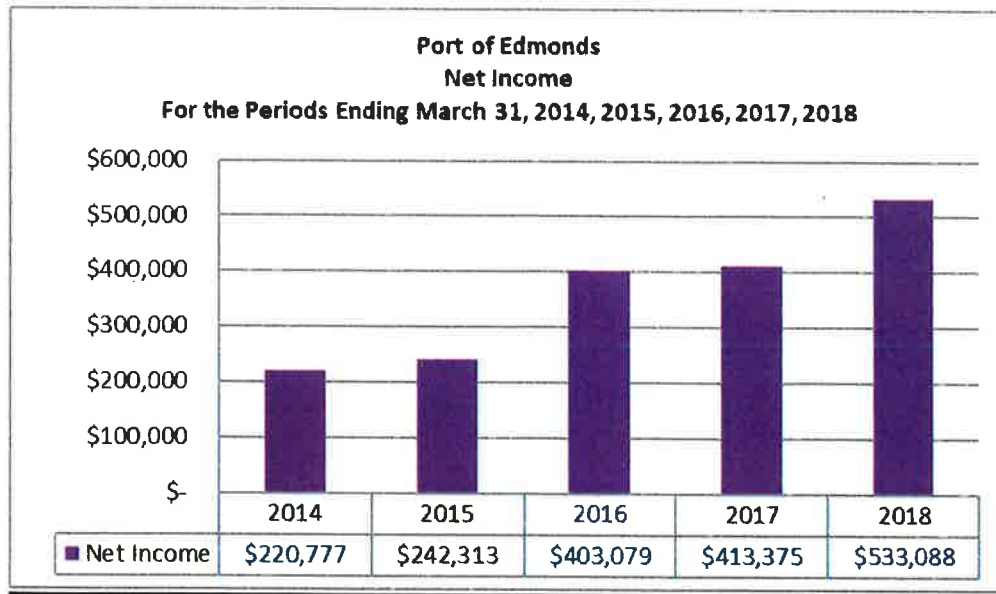
Attachments: March Income Statement
 March Marina Income Statement
 March Rental Property Income Statement
 Investment Report as of March 31, 2018

SUBJECT: 1ST QUARTER 2018 FINANCIAL STATEMENTS

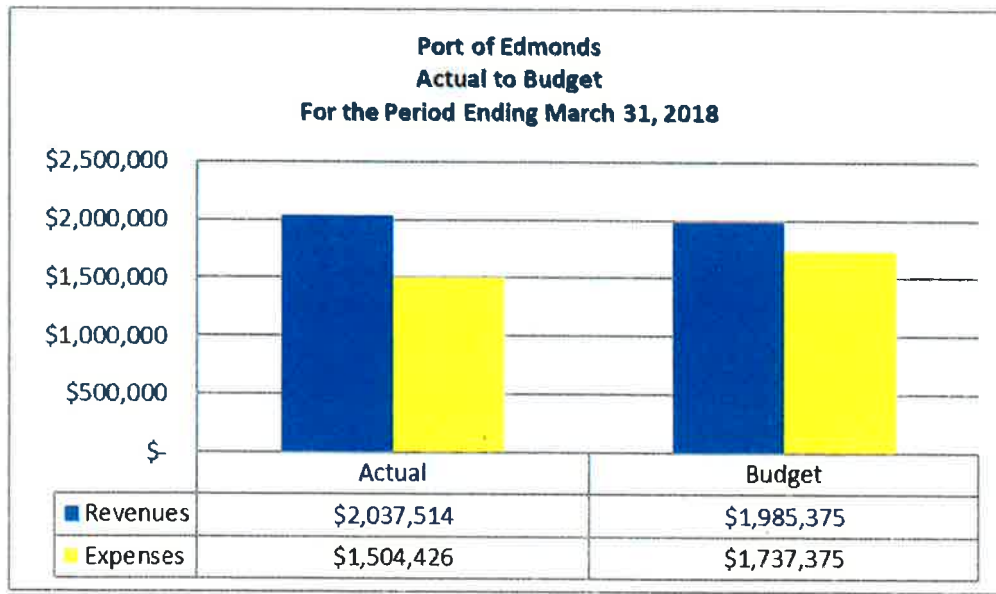
Please find attached the first quarter 2018 financial statements.



Revenues are trending upwards. Expenses are remaining at approximately \$1.5 million.



Net income has been trending upwards. 2016 and 2017 are approximately the same.



Actual revenues are approximately \$52,000 greater than budget. Actual expenses are approximately \$233,000 less than budget. Staff does not anticipate that actual expenses will remain less than budget as the Port enters the busy season.

Gross profit (revenues less cost of goods sold) for the three month period ending March 31, 2018, was \$1,804,002, which is approximately \$51,000 or 3% greater than budget. Net income for the same period was \$533,088.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	17,025	26,000	(8,975)	-34.52%
Permanent Moorage	824,116	837,500	(13,384)	-1.60%
Dry Storage Revenue	127,142	135,000	(7,858)	-5.82%

Financial Occupancy at the End of the 1st Quarter

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Budgeted</u>
Moorage	90%	91%	92%	91%	94%	95%
Dry Storage	76%	77%	77%	77%	77%	83%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	546,619	488,375	58,244	11.93%

Operating expenses before depreciation for the three month period were \$1,022,449, which is approximately \$208,000 or 17% less than budget.

Operating Expenses Actual to Budget:

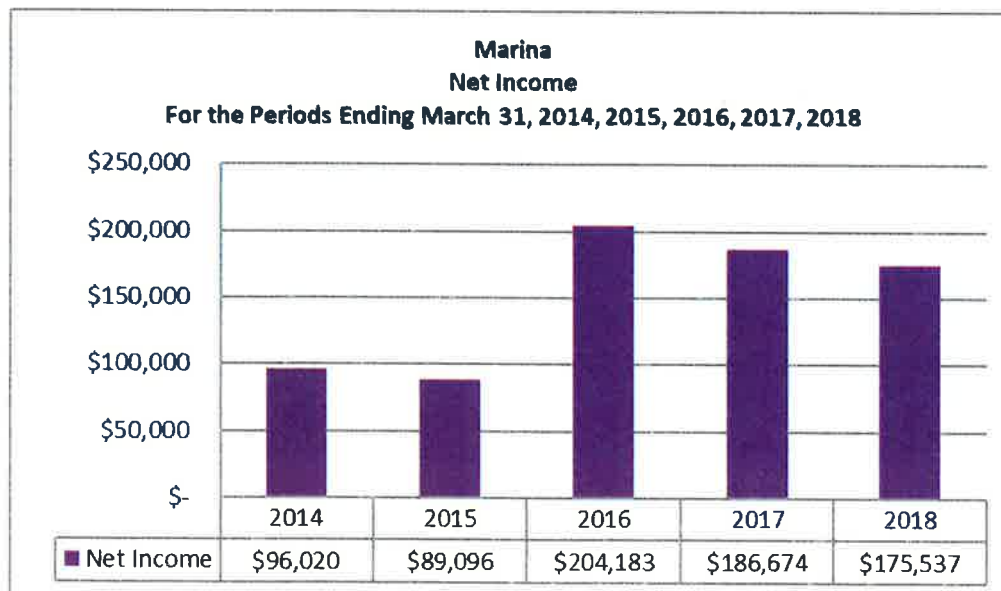
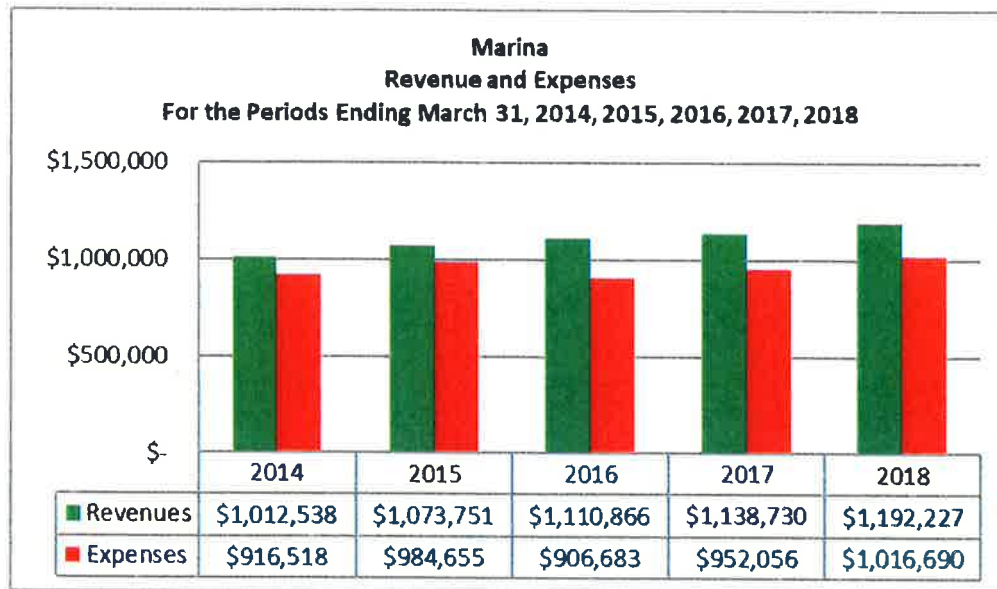
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Other Cost of Goods Sold	5,867	31,250	25,383	81.23%
Employee Benefits	156,957	198,250	41,293	20.83%
Professional Fees	21,907	46,500	24,593	52.89%
Repair & Maintenance	39,680	120,250	80,570	67.00%
Salaries & Wages	456,992	503,500	46,508	9.24%

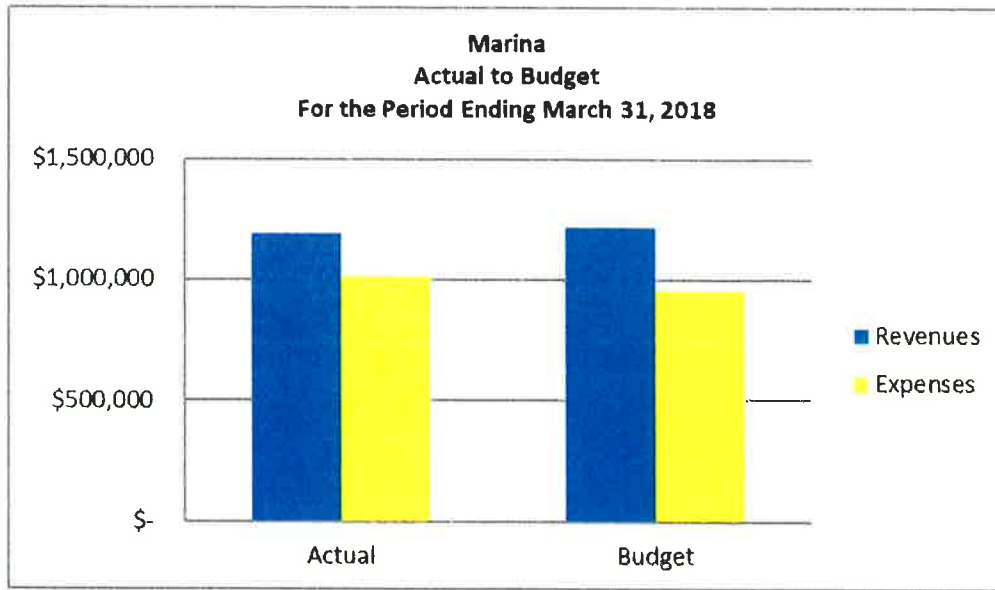
Non-Operating Items – Expenses (Revenues):

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(47,150)	(31,500)	15,650	49.68%

Net income for the three months ending March 31, 2018 was \$533,088, which is approximately \$285,000 greater than budget.

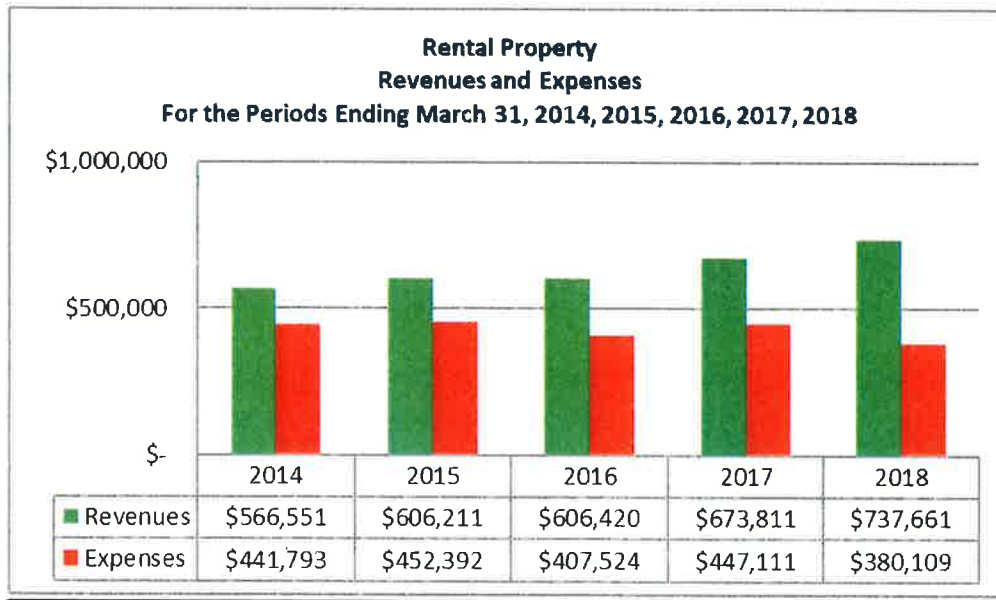
Marina Actual to Budget:

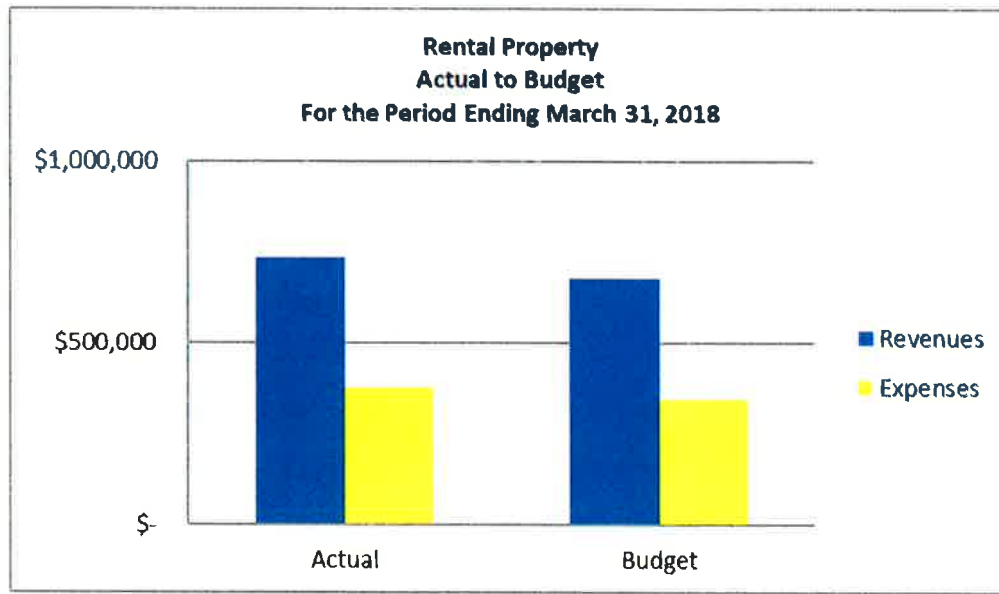
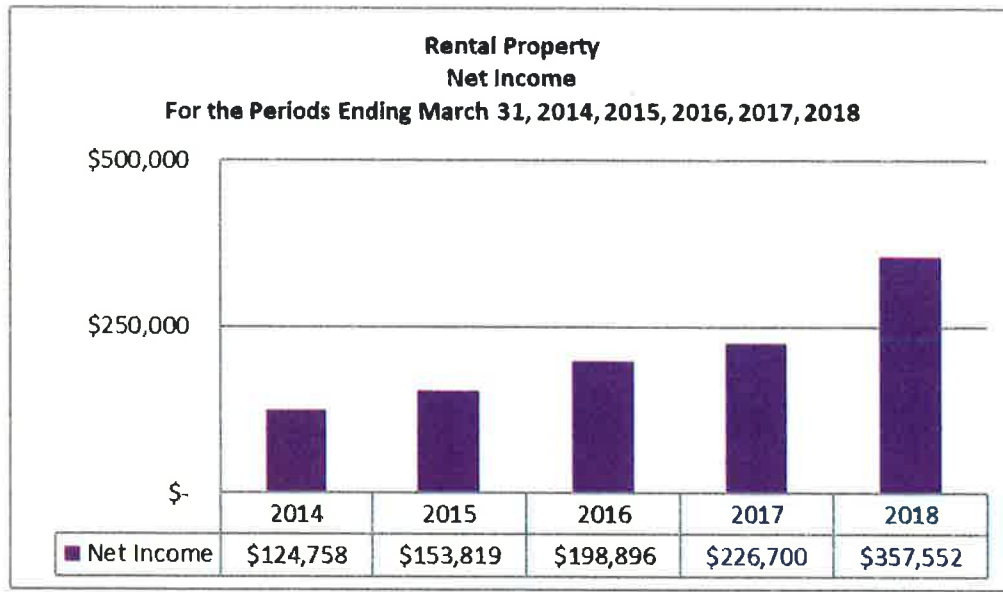




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,179,727	1,210,250	(30,523)	-2.52%
Operating Expenses Before Depr, O/H	550,973	646,250	(95,277)	-14.74%
Net Income	175,537	262,500	(86,963)	-33.13%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	692,786	633,625	59,161	9.34%
Operating Expenses Before Depr, O/H	137,810	179,250	(41,440)	-23.12%
Net Income	362,242	332,375	29,867	8.99%

Investing Summary:

- The Port has 15 long-term investments, with the first maturing in August 2018.
- One bond matured in January 2018. The Port held the bond for 4.2 years with an interest rate of 1.0%. During the majority of this time, the Port was earning less than 0.15% on its liquid funds. The Port earned interest of \$21,000 as compared to \$3,150 it would have earned if it was kept in liquid funds.
- The average liquid interest rate earned by the Port was 1.59% for the first quarter. The Port earned 1.57% in the long term investments, for an average of 1.58%. The Port has long-term investments that were purchased when the liquid rates were low. As they mature, the Port will reinvest in securities with higher interest rates.
- The Port earned interest of \$47,150 in the first quarter of 2018, which is 105% greater than 1st quarter 2017.
- The Capital Replacement Reserve is currently \$8,444,310, with a part of the reserve in Opus Bank, part in Washington Federal, and part invested long term.
- The Port has \$2,481,804 remaining in outstanding debt. \$1,338,134 of that is due within one year.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	YEAR TO DATE		PRIOR YEAR
	ACTUAL	CURRENT BUDGET	
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$11	0	11
ELECTRICAL FEES	51,071	48,000	51,512
ENVIRONMENTAL FEES	24,981	26,500	24,716
ENVIRONMENTAL FEE - WORKYARD	5,498	5,750	4,591
FUEL SALES	68,320	66,000	59,788
LAUNCHER	8,228	7,000	6,402
MISCELLANEOUS	17,083	20,500	20,851
GUEST MOORAGE	11,215	16,000	14,450
PERMANENT MOORAGE	824,116	837,500	774,226
DRY STORAGE REVENUE	127,142	135,000	123,630
PARKING	10,079	14,500	9,441
TRAVELIFT	20,131	17,000	16,542
WORKYARD	19,473	18,000	21,431
LATE FEES	8,494	8,500	8,081
GROSS REVENUE	<u>1,195,842</u>	<u>1,220,250</u>	<u>1,135,672</u>
COST OF GOODS SOLD:			
COST OF SALES	5,867	31,250	1,848
ELECTRICAL PURCHASES	27,244	28,000	27,968
FUEL & OIL	51,295	40,000	43,998
LOAN-A-SLIP CREDITS	198	1,750	178
TOTAL COST OF GOODS SOLD	<u>84,604</u>	<u>101,000</u>	<u>73,992</u>
GROSS PROFIT: MARINA OPER.	<u>1,111,238</u>	<u>1,119,250</u>	<u>1,061,680</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	546,619	488,375	479,533
ANTHONY'S	56,780	57,000	56,780
EDMONDS YACHT SALES	913	1,000	886
HARBOR SQUARE ATHLETIC CLUB	32,456	32,250	31,511
POE 2 LLC	13,375	13,500	13,049
LANDING	28,481	27,250	27,232
YACHT CLUB	14,140	14,250	13,715
TOTAL RENTAL PROPERTIES	<u>692,764</u>	<u>633,625</u>	<u>622,706</u>
GROSS PROFIT	<u>1,804,002</u>	<u>1,752,875</u>	<u>1,684,386</u>

Note: The Marina Budget and the Rental Properties Budget will not equal the total budget because overhead is allocated by expense category and then allocated a second time to marina and rental property.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$1,077	2,625	1,223
ADVERTISING - MARKETING - MARI	3,045	2,750	5,850
AUTO AND EQUIPMENT FUEL	3,696	4,625	3,447
BANK CHARGES	1,154	1,375	687
BUSINESS TAXES	4,176	5,125	4,065
CLAIMS & DAMAGES	621	3,500	123
COMMUNICATIONS	0	4,500	0
ECONOMIC DEVELOPMENT & TOURISM	3,551	5,000	3,287
EDUCATION & TRAINING	3,494	9,000	8,520
EMPLOYEE BENEFITS	156,957	198,250	136,814
HAZARDOUS WASTE DISPOSAL	3,168	5,250	9,354
INSURANCE	44,712	45,500	45,558
LICENSES & PERMITS	681	750	611
MARKETING	7,766	8,375	3,885
MASTER BUSINESS PLAN	2,957	0	8,218
MEALS	517	1,500	1,333
MEMBERSHIP DUES	5,060	4,250	5,026
MISCELLANEOUS	90	375	190
OFFICE	28,876	20,750	14,484
PAYROLL TAXES	48,261	55,750	35,125
PROMOTIONAL HOSTING	0	1,250	181
PROFESSIONAL FEES	21,907	46,500	72,352
RENT	4,430	3,250	3,226
REPAIR AND MAINTENANCE	39,680	120,250	56,837
SALARIES AND WAGES	456,992	503,500	334,159
SUPPLIES	68,583	63,250	55,372
TENANT IMPROVEMENTS	228	0	2,036
TRAVEL	2,669	5,125	2,618
UNIFORMS	952	3,000	528
UTILITIES	107,149	105,500	120,273
OPERATING EXPENSES BEFORE DEPR	1,022,449	1,230,875	935,382
DEPRECIATION	379,847	391,000	406,185
TOTAL OPERATING EXPENSES	1,402,296	1,621,875	1,341,567
INCOME FROM OPERATIONS	401,706	131,000	342,819
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	17,526	14,500	54,044
INTEREST INCOME	(47,150)	(31,500)	(22,965)
CHANGE IN FAIR VALUE OF INVEST	(138)	0	0
PROPERTY TAXES	(101,620)	(100,000)	(101,635)
OTHER EXPENSE (INCOME), NET	(131,382)	(117,000)	(70,556)
NET INCOME	\$533,088	248,000	413,375

Note: The Marina Budget and the Rental Properties Budget will not equal the total budget because overhead is allocated by expense category and then allocated a second time to marina and rental property.

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$11	0	11
ELECTRICAL FEES	51,071	48,000	51,512
ENVIRONMENTAL FEES	24,981	26,500	24,716
ENVIRONMENTAL FEE - WORKYARD	5,498	5,750	4,591
FUEL SALES	68,320	66,000	59,788
LAUNCHER	8,228	7,000	6,402
MISCELLANEOUS	6,300	10,500	11,409
GUEST MOORAGE	11,215	16,000	14,450
PERMANENT MOORAGE	824,116	837,500	774,227
DRY STORAGE REVENUE	127,142	135,000	123,629
PARKING	4,746	14,500	7,746
TRAVELIFT	20,131	17,000	16,542
WORKYARD	19,474	18,000	21,432
LATE FEES	8,494	8,500	8,080
GROSS REVENUE	<u>1,179,727</u>	<u>1,210,250</u>	<u>1,124,535</u>
COST OF GOODS SOLD:			
COST OF SALES	5,867	31,250	1,848
ELECTRICAL PURCHASES	27,244	28,000	27,968
FUEL & OIL	51,295	40,000	43,998
LOAN-A-SLIP CREDITS	198	1,750	178
TOTAL COST OF GOODS SOLD	<u>84,604</u>	<u>101,000</u>	<u>73,992</u>
GROSS PROFIT: MARINA OPER.	<u>1,095,123</u>	<u>1,109,250</u>	<u>1,050,543</u>
OPERATING EXPENSES:			
ADVERTISING	3,224	2,750	5,907
AUTO AND EQUIPMENT FUEL	1,471	2,500	1,198
BUSINESS TAXES	4,108	5,000	4,006
CLAIMS & DAMAGES	621	3,500	124
EDUCATION & TRAINING	2,985	5,000	4,950
EMPLOYEE BENEFITS	90,487	110,500	75,791
HAZARDOUS WASTE DISPOSAL	3,167	5,250	9,355
INSURANCE	32,646	33,250	33,914
LICENSES & PERMITS	466	500	439
MARKETING	7,765	5,875	3,885
MISCELLANEOUS	0	125	(2)
OFFICE EXPENSE	3,440	4,250	3,404
PAYROLL TAXES	30,053	35,750	22,182
PROFESSIONAL FEES	168	6,750	(2,827)
RENT	4,430	3,250	3,226
REPAIR AND MAINTENANCE	11,546	25,750	19,968
SALARIES AND WAGES	284,502	315,750	209,516
SUPPLIES	24,693	29,000	28,094
UTILITIES	45,201	51,500	66,121
OPERATING EXPENSES BEFORE DEPR & O/H	<u>550,973</u>	<u>646,250</u>	<u>489,251</u>
DEPRECIATION	211,965	213,000	237,882
OVERHEAD ALLOCATION - MARINA	169,148	0	141,075
TOTAL OPERATING EXPENSES	<u>932,086</u>	<u>859,250</u>	<u>868,208</u>
INCOME FROM OPERATIONS	<u>163,037</u>	<u>250,000</u>	<u>182,335</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	0	0	9,856
PROPERTY TAX ALLOCATION - MARI	(12,500)	(12,500)	(12,500)
OTHER EXPENSE (INCOME), NET	<u>(12,500)</u>	<u>(12,500)</u>	<u>(2,644)</u>
NET INCOME	<u>\$175,537</u>	<u>262,500</u>	<u>184,979</u>

Note: Marina Revenues on the Port Income Statement are greater than the Marina Revenues on the Marina Income Statement because the Port Income Statement Marina Revenues include Miscellaneous Revenues that are coded to Overhead.

PORT OF EDMONDS
RENTAL PROPERTY INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	YEAR TO DATE		PRIOR YEAR
	ACTUAL	CURRENT BUDGET	
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$444,186	442,250	426,964
HARBOR SQUARE CAMS	98,998	43,750	49,368
MISCELLANEOUS - HS	1,019	750	670
LATE FEES - HARBOR SQUARE PROP	2,363	1,250	1,721
HARB SQ CONFERENCE ROOM REV	75	375	900
ANTHONY'S	56,780	57,000	56,780
EDMONDS YACHT SALES	912	1,000	886
HARBOR SQUARE ATHLETIC CLUB	32,457	32,250	31,511
POE 2 LLC	13,375	13,500	13,049
LANDING	28,481	27,250	27,232
YACHT CLUB	14,140	14,250	13,715
	<u>692,786</u>	<u>633,625</u>	<u>622,796</u>
TOTAL RENTAL PROPERTIES			
GROSS PROFIT	<u>692,786</u>	<u>633,625</u>	<u>622,796</u>
OPERATING EXPENSES:			
HARB SQ MEETING ROOM COSTS	16	0	90
COST OF SALES - HARBOR SQUARE	6	0	0
ADVERTISING	0	125	0
AUTO & EQUIPMENT FUEL	42	125	42
BANK CHARGES	0	125	0
BUSINESS TAXES	69	125	59
EMPLOYEE BENEFITS	13,394	14,500	11,360
INSURANCE	10,417	10,500	10,038
MASTER BUSINESS PLAN	2,957	0	8,218
MISCELLANEOUS	90	250	192
OFFICE	409	250	0
PAYROLL TAXES	4,577	4,250	2,748
PROFESSIONAL FEES	0	7,500	34,390
REPAIR AND MAINTENANCE	22,079	59,000	29,623
SALARIES AND WAGES	43,901	39,500	32,006
SUPPLIES	3,433	5,750	9,609
TENANT IMPROVEMENTS	227	0	2,036
UTILITIES	40,877	37,250	43,591
	<u>142,494</u>	<u>179,250</u>	<u>184,002</u>
OPERATING EXPENSES BEFORE DEPR & O/H			
DEPRECIATION	147,597	151,500	148,884
OVERHEAD ALLOCATION - RENTAL P	72,492	0	60,461
	<u>362,583</u>	<u>330,750</u>	<u>393,347</u>
TOTAL OPERATING EXPENSES			
INCOME FROM OPERATIONS	<u>330,203</u>	<u>302,875</u>	<u>229,449</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	17,526	14,500	44,188
INTEREST INCOME	(2,375)	(1,500)	(1,015)
PROPERTY TAX ALLOCATION - RENT	(42,500)	(42,500)	(50,000)
	<u>(27,349)</u>	<u>(29,500)</u>	<u>(6,827)</u>
OTHER EXPENSE (INCOME), NET			
NET INCOME	<u>\$357,552</u>	<u>332,375</u>	<u>236,276</u>

Port of Edmonds
Investment Report
As of March 31, 2018

Long-Term Investments (1 year or more until maturity when purchased)

Security	Remaining Life	Purchased	Final Maturity	Coupon	Par Value	Amortized		Market Value at 3/31/2018	Percent of Portfolio
						Book Value	Value		
FICO STRIP PRN-7	0.33	11/16/2017	8/3/2018	0.000%	\$ 535,000	\$ 531,473	\$ 531,412	\$ 531,412	3.78%
Federal Farm Credit Bank	0.58	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 248,451	\$ 248,569	\$ 248,569	1.77%
Federal Farm Credit Bank	0.96	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 494,566	\$ 495,361	\$ 495,361	3.52%
Federal Natl Mortgage Assn	1.21	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 247,579	\$ 247,388	\$ 247,388	1.76%
FICO STRIP CPN	1.50	1/31/2018	9/26/2019	0.000%	\$ 517,000	\$ 501,945	\$ 499,797	\$ 499,797	3.55%
Federal Home Loan Bank	1.58	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 247,075	\$ 246,960	\$ 246,960	1.75%
Opus CD - restricted	1.79	1/17/2017	1/17/2020	0.900%	\$ 701,560	\$ 701,560	\$ 701,560	\$ 701,560	4.98%
Federal Natl Mortgage Assn	2.00	10/12/2016	3/20/2020	1.300%	\$ 500,000	\$ 490,391	\$ 489,947	\$ 489,947	3.48%
Resolution Funding Corporation	2.29	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 499,064	\$ 496,223	\$ 496,223	3.53%
Federal Farm Credit Bank	3.17	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 490,574	\$ 486,489	\$ 486,489	3.46%
Federal Farm Credit Bank	3.38	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 484,874	\$ 481,643	\$ 481,643	3.42%
Federal Home Loan Mtg Corp	3.71	6/20/2017	11/24/2021	2.020%	\$ 500,000	\$ 490,078	\$ 485,894	\$ 485,894	3.45%
Federal Home Loan Bank	3.83	12/1/2017	1/27/2022	2.070%	\$ 500,000	\$ 497,102	\$ 489,597	\$ 489,597	3.48%
Federal Farm Credit Bank	4.21	5/25/2017	5/23/2022	2.070%	\$ 500,000	\$ 487,370	\$ 486,525	\$ 486,525	3.46%
Federal Farm Credit Bank	4.63	11/16/2017	11/15/2022	2.230%	\$ 500,000	\$ 494,932	\$ 489,645	\$ 489,645	3.48%
					\$ 7,028,560	\$ 6,907,031	\$ 6,877,009	\$ 6,877,009	48.86%

Short-Term Investments (less than 1 year to maturity when purchased)

Entity	Type	Interest Rate	Amount	Percent of Portfolio
Port of Edmonds	Cash and change funds	0.00%	\$ 1,200	0.01%
Washington Federal	Business checking account	1.50%	\$ 3,504,653	24.90%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.02%
Opus Bank	HS checking account	1.68%	\$ 1,016,324	7.22%
Snohomish County	Tax collections	0.00%	\$ 21,024	0.15%
Washington LGIP	Short-term investments	1.58%	\$ 38,621	0.27%
Opus Bank	Money market	1.68%	\$ 2,612,088	18.56%
			\$ 7,196,909	
Total Cash and Investments			\$ 14,073,918	100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 618,816
Capital Replacement Reserve	\$ 1,993,272
	<u>\$ 2,612,088</u>

Capital Replacement Reserve consists of:

Washington Federal Money Market	\$ 124,038
Opus Bank Money Market	\$ 1,993,272
FICO STRIP PRN-7	\$ 535,000
Federal Farm Credit Bank 1.1 11/6/18	\$ 250,000
Federal Farm Credit Bank 1.12 2/22/19	\$ 500,000
Federal Ntl Mortgage 1.3 6/13/19	\$ 250,000
FICO STRIP CPN 0.00 9/26/19	\$ 517,000
Federal Home Loan Bank 1.45 11/8/19	\$ 250,000
Federal Natl Mortgage Assn 1.3 3/30/20	\$ 500,000
Resolution Funding Corp 0 7/15/20	\$ 525,000
Federal Farm Credit Bank 1.69 6/2/21	\$ 500,000
Federal Farm Credit Bank 1.44 8/16/21	\$ 500,000
Federal Home Loan Mtg Corp 2.02 11/24/21	\$ 500,000
Federal Home Loan Bank 2.07 1/27/22	\$ 500,000
Federal Farm Credit Bank 2.07 5/23/22	\$ 500,000
Federal Farm Credit Bank 2.23 11/15/22	\$ 500,000
	<u>\$ 8,444,310</u>

Outstanding Debt

2017 Revenue Bond - Opus Bank	\$ 2,481,804
Due Within 1 Year	\$ 1,338,134

Opus Bank Debt Service Reserve

	\$ 701,560
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