

**COMMISSION MEETING
INFORMATION**

Date: August 8, 2016

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

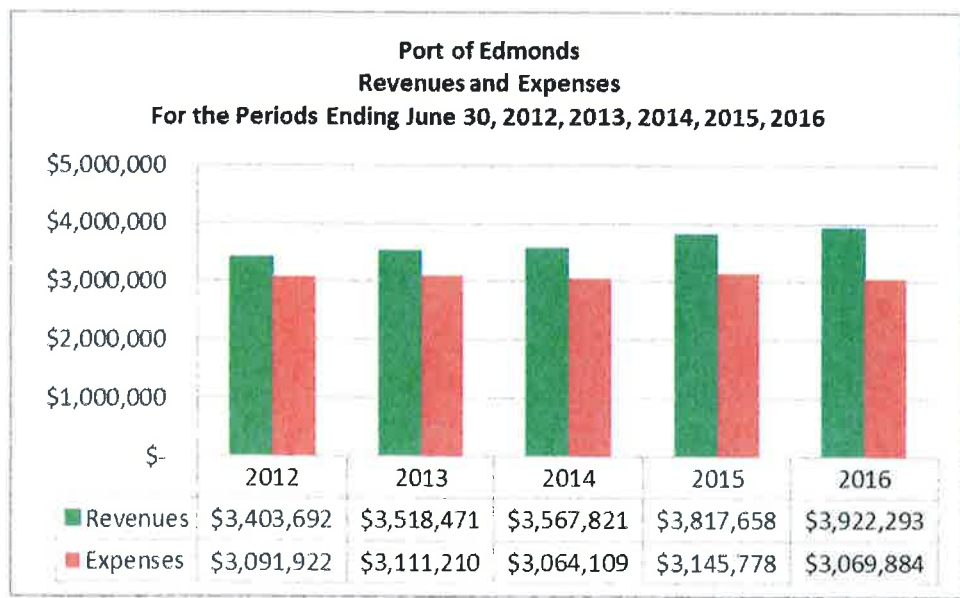
To: Port Commission

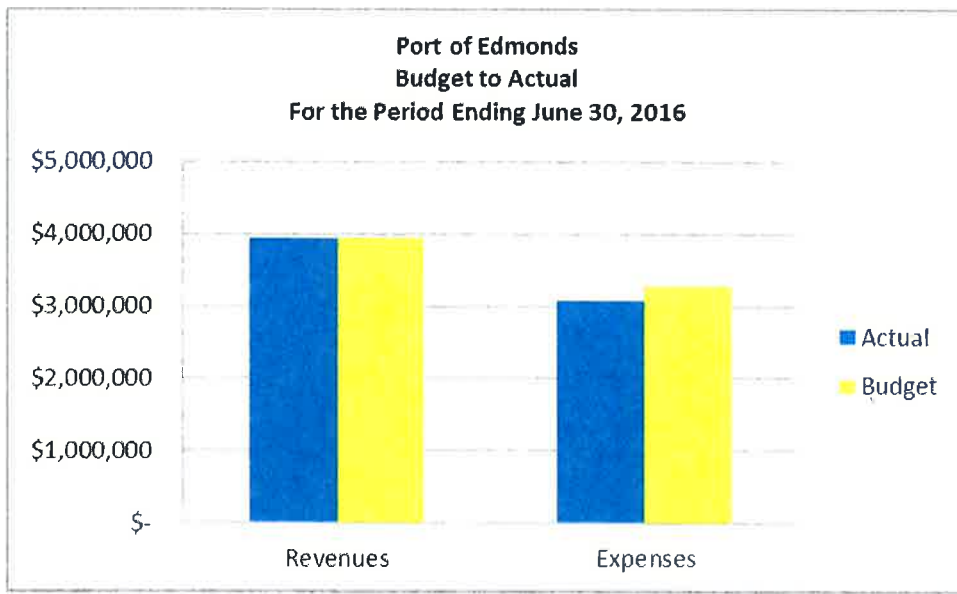
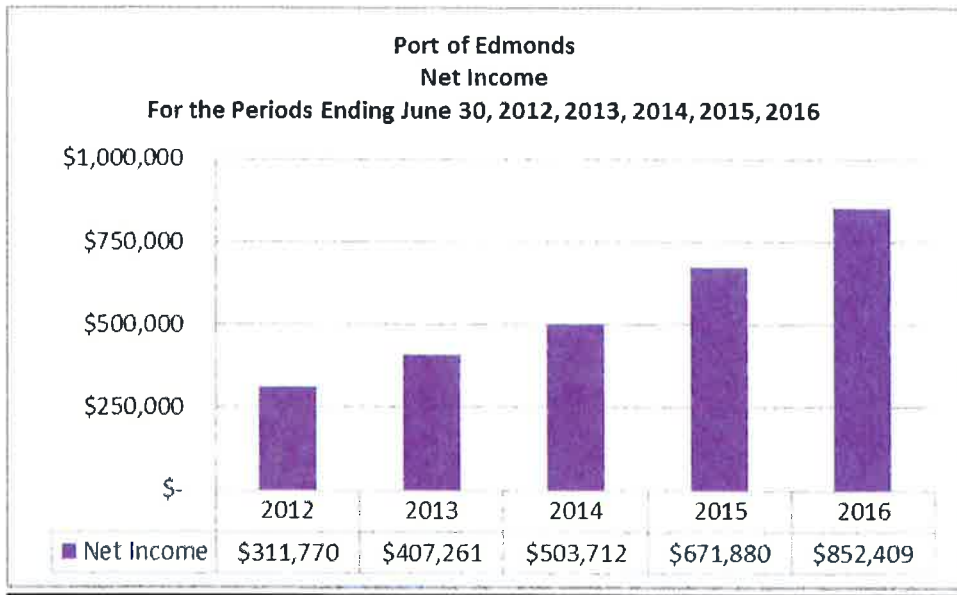
From: Tina Drennan
 Finance Manager

Attachments: June Income Statement
 June Marina Income Statement
 June Rental Property Income Statement
 Investment Report as of June 30, 2016

SUBJECT: 2ND QUARTER 2016 FINANCIAL STATEMENTS

Please find attached the second quarter 2016 financial statements.





Gross profit for the six month period ending June 30, 2016, was \$3,453,180, which is \$54,404 or 1.6% greater than budget. Net income for the same period was \$852,409.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	61,950	43,000	18,950	44.07%
Guest Moorage, Net	66,298	53,750	12,548	23.35%
Permanent Moorage	1,572,766	1,596,000	(23,234)	-1.46%
Dry Storage Revenue	304,056	339,716	(35,660)	-10.50%
Travelift	62,795	51,000	11,795	23.13%
Workyard	49,807	29,500	20,307	68.84%
Late Fees	21,736	10,000	11,736	117.36%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	843,232	814,500	28,732	3.53%

Operating expenses without depreciation for the six month period were \$1,936,600, which is \$88,982 or 4.6% less than budget.

Operating Expenses Actual to Budget:

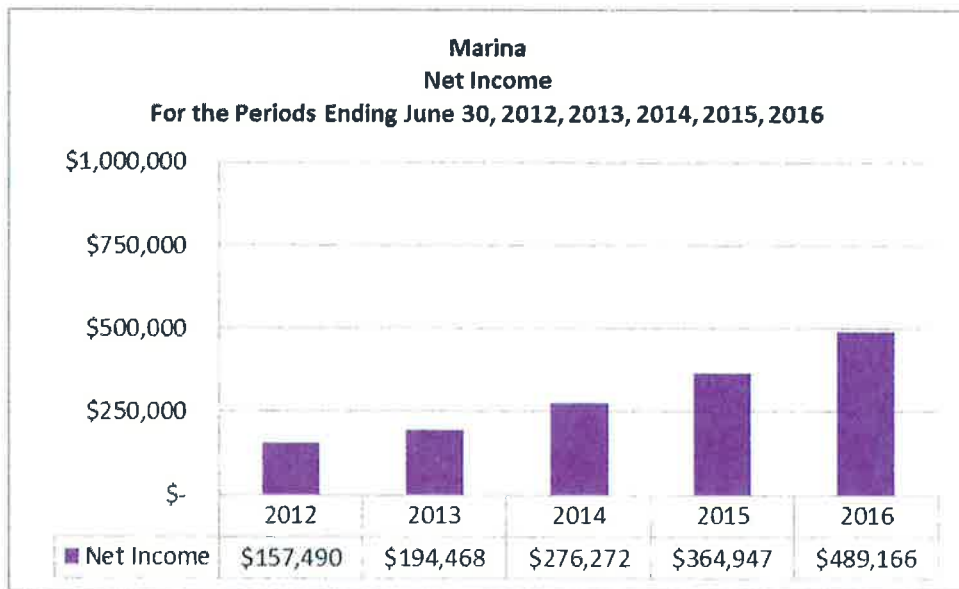
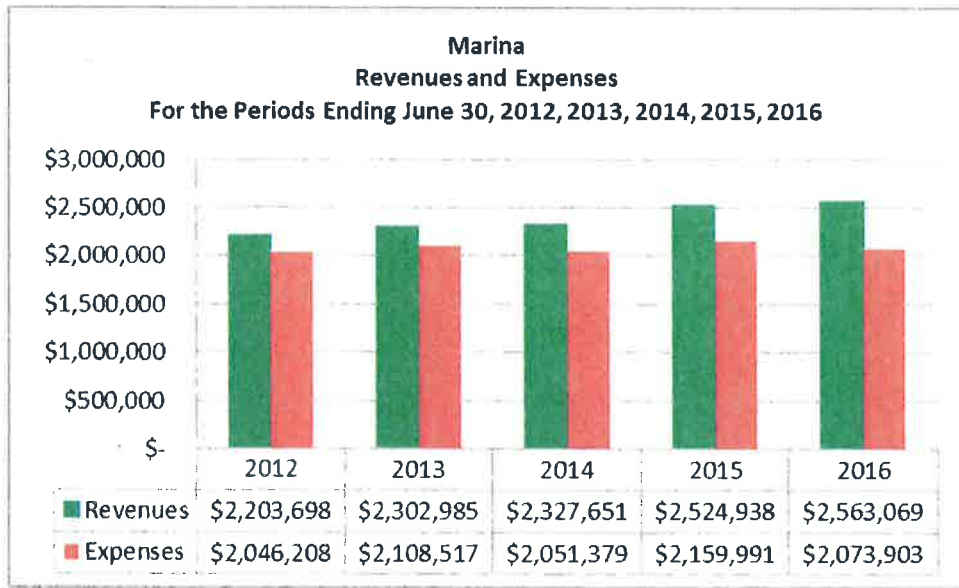
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Employee Benefits	305,633	285,500	(20,133)	-7.05%
Master Business Plan	24,161	2,500	(21,661)	-866.44%
Payroll Taxes	87,090	101,000	13,910	13.77%
Repair & Maintenance	84,743	119,000	34,257	28.79%
Salaries & Wages	776,109	820,250	44,141	5.38%
Depreciation	837,155	880,000	42,845	4.87%

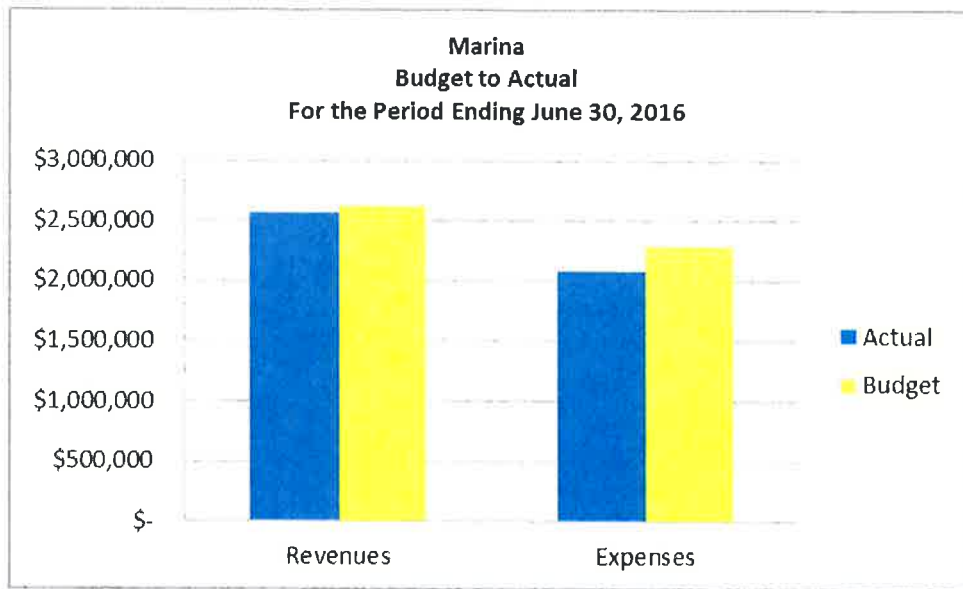
Non-Operating Items – Expenses (Revenues) Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(30,569)	(20,250)	10,319	50.96%

Net income for the six months ending June 30, 2016 was \$852,409, which is \$202,483 greater than budget.

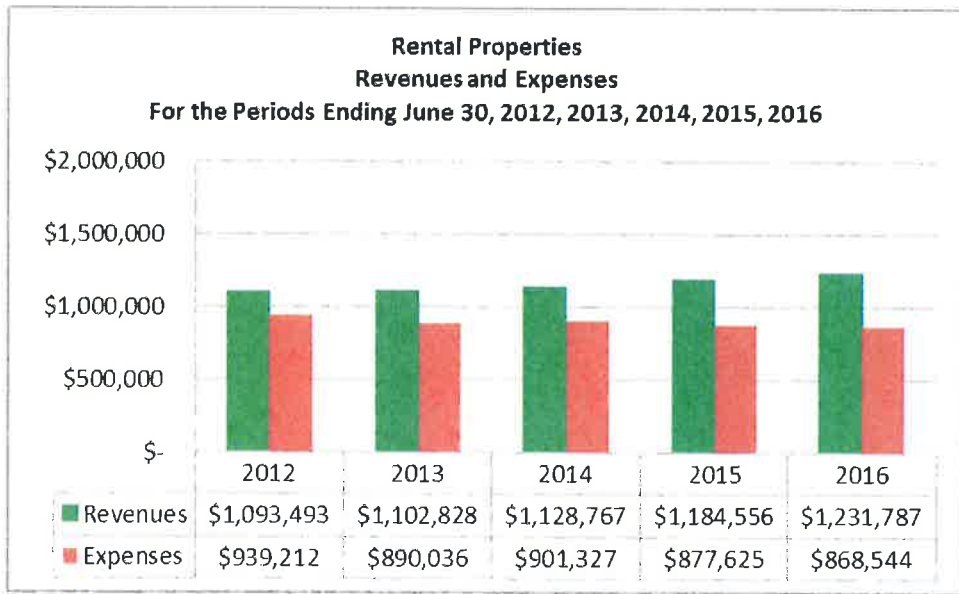
Marina Actual to Budget:

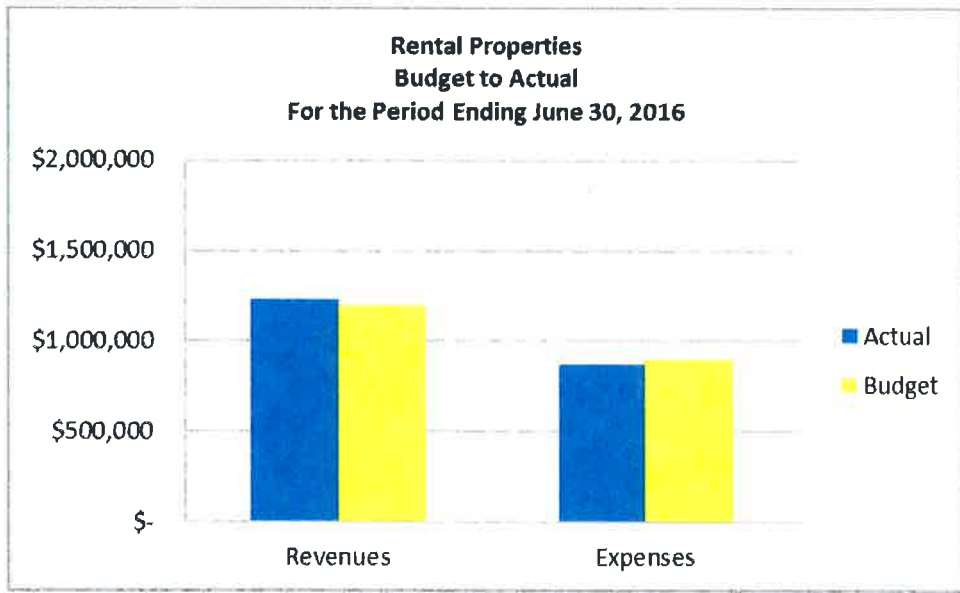
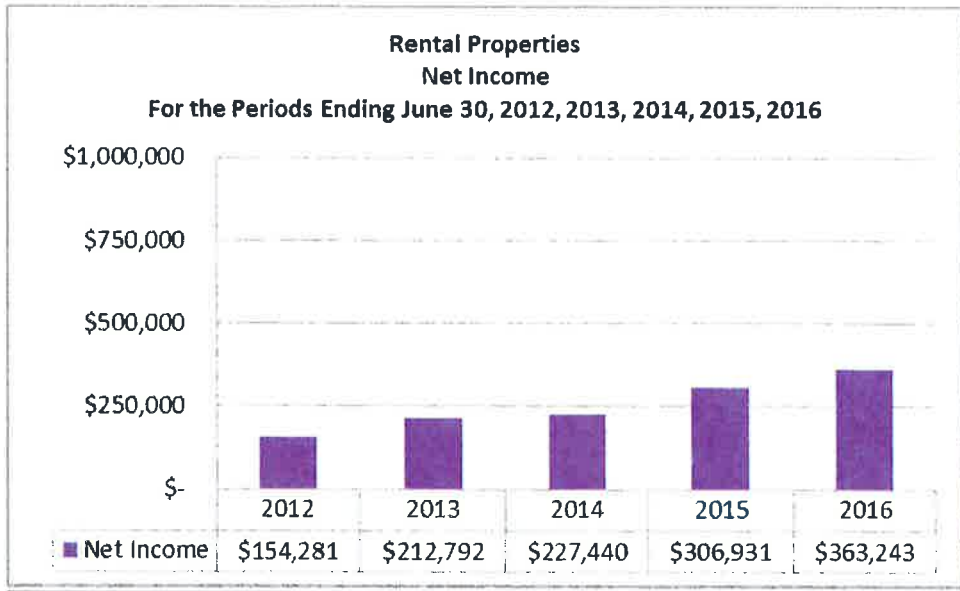




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	2,536,325	2,600,216	(63,891)	-2.46%
Operating Expenses Before Depr, O/H	1,240,623	1,401,000	(160,377)	-11.45%
Net Income	489,166	328,216	160,950	49.04%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,130,857	1,103,310	27,547	2.50%
Operating Expenses Before Depr, O/H	293,033	309,850	(16,817)	-5.43%
Net Income	363,243	302,210	61,033	20.20%

Investing Summary:

- In December 2013, the Port began investing funds for longer terms.
- The Port has 10 long-term investments, with the first maturing in October 2016.
- During the quarter, the Federal Home Loan Bank bond of \$500,000 with a coupon rate of 0.625% was called. The Port purchased the bond 12/10/13. Over the life of the bond, the Port earned interest of \$7,621.53 and realized a gain of \$1,810.
- To replace the called bond, the Port purchased a Federal Farm Credit Bank bond of \$500,000 with a coupon rate of 1.69% that matures 6/2/21.
- The Port earned interest of \$30,569 for the year to date, which is double the 2015 interest income.
- The Capital Replacement Reserve is currently \$5,024,404, with a part of the reserve in Opus Bank and part invested long term.
- The Port has \$5,155,146 remaining in outstanding debt. \$967,660 of that is due within one year.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$29	0	76
ELECTRICAL FEES	69,938	72,500	66,300
ENVIRONMENTAL FEES	52,730	54,500	53,383
ENVIRONMENTAL FEE - WORKYARD	12,909	11,000	11,133
FUEL SALES	248,886	318,000	307,854
LAUNCHER	26,170	23,000	27,304
MISCELLANEOUS	48,090	38,500	43,416
GUEST MOORAGE	67,096	57,000	58,469
PERMANENT MOORAGE	1,570,787	1,596,000	1,528,733
PASSENGER FEES	1,979	0	412
DRY STORAGE REVENUE	304,056	339,716	306,703
PARKING	16,476	18,000	11,305
TRAVELIFT	62,795	51,000	56,142
WORKYARD	49,807	29,500	40,395
LATE FEES	21,736	10,000	7,087
GROSS REVENUE	<u>2,553,484</u>	<u>2,618,716</u>	<u>2,518,712</u>
COST OF GOODS SOLD:			
COST OF SALES	6,956	8,000	5,209
ELECTRICAL PURCHASES	36,471	37,000	35,972
FUEL & OIL	186,936	275,000	243,178
LOAN-A-SLIP CREDITS	798	3,250	1,594
TOTAL COST OF GOODS SOLD	<u>231,161</u>	<u>323,250</u>	<u>285,953</u>
GROSS PROFIT: MARINA OPER.	<u>2,322,323</u>	<u>2,295,466</u>	<u>2,232,759</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	843,232	814,500	795,757
ANTHONY'S	113,561	113,560	113,560
BUD'S BAIT	3,777	4,000	3,718
EDMONDS YACHT SALES	1,740	1,750	1,712
HARBOR SQUARE ATHLETIC CLUB	61,744	62,000	60,816
POE 2 LLC	25,519	26,000	24,896
LANDING	54,464	54,500	54,464
YACHT CLUB	26,820	27,000	26,664
TOTAL RENTAL PROPERTIES	<u>1,130,857</u>	<u>1,103,310</u>	<u>1,081,587</u>
GROSS PROFIT	<u>3,453,180</u>	<u>3,398,776</u>	<u>3,314,346</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 SIX MONTHS ENDED JUNE 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$6,543	3,750	2,508
ADVERTISING - MARKETING - MARI	6,900	3,750	6,060
AUTO AND EQUIPMENT FUEL	6,473	10,750	7,926
BANK CHARGES	1,369	1,500	678
BUSINESS TAXES	8,951	10,100	8,513
CLAIMS & DAMAGES	3,327	3,000	586
ECONOMIC DEVELOPMENT	10,353	10,000	10,726
EDUCATION & TRAINING	6,070	7,000	6,280
EMPLOYEE BENEFITS	305,633	285,500	258,724
HAZARDOUS WASTE DISPOSAL	7,999	9,000	7,925
INSURANCE	87,133	88,000	86,166
LICENSES & PERMITS	1,431	1,250	1,411
MARKETING	5,300	6,500	5,302
MASTER BUSINESS PLAN	24,161	2,500	10,222
MEALS	2,909	3,250	2,643
MEMBERSHIP DUES	8,651	8,500	9,861
MISCELLANEOUS	435	500	535
OFFICE	28,888	35,000	29,950
PAYROLL TAXES	87,090	101,000	94,273
PROMOTIONAL HOSTING	0	1,250	896
PROFESSIONAL FEES	91,562	97,500	78,363
RENT	6,264	6,500	6,081
REPAIR AND MAINTENANCE	84,743	119,000	115,653
SALARIES AND WAGES	776,109	820,250	758,557
SUPPLIES	85,582	93,500	83,560
TENANT IMPROVEMENTS	880	1,000	800
TRAVEL	7,895	8,250	7,630
UNIFORMS	3,870	4,500	5,994
UTILITIES	181,097	194,000	187,093
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	1,847,618	1,936,600	1,794,916
	837,155	880,000	850,848
TOTAL OPERATING EXPENSES	2,684,773	2,816,600	2,645,764
INCOME FROM OPERATIONS	768,407	582,176	668,582
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	153,950	152,500	213,913
INTEREST INCOME	(30,569)	(20,250)	(14,185)
(GAIN)/LOSS ON FIXED ASSETS	(1,744)	0	0
CHANGE IN FAIR VALUE OF INVEST	(2,315)	0	0
PROPERTY TAXES	(203,324)	(200,000)	(203,174)
OTHER EXPENSE (INCOME), NET	(84,002)	(67,750)	(3,446)
NET INCOME	\$852,409	649,926	672,028

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 SIX MONTHS ENDED JUNE 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$29	0	76
ELECTRICAL FEES	69,938	72,500	66,300
ENVIRONMENTAL FEES	52,730	54,500	53,383
ENVIRONMENTAL FEE - WORKYARD	12,909	11,000	11,133
FUEL SALES	248,886	318,000	307,854
LAUNCHER	26,170	23,000	27,304
MISCELLANEOUS	30,931	20,000	24,643
GUEST MOORAGE	67,096	57,000	58,468
PERMANENT MOORAGE	1,570,787	1,596,000	1,528,733
PASSENGER FEES	1,979	0	412
DRY STORAGE REVENUE	304,056	339,716	306,703
PARKING	16,476	18,000	11,306
TRAVELIFT	62,795	51,000	56,141
WORKYARD	49,807	29,500	40,395
LATE FEES	21,736	10,000	7,087
	<u>2,536,325</u>	<u>2,600,216</u>	<u>2,499,938</u>
GROSS REVENUE			
COST OF GOODS SOLD:			
COST OF SALES	6,956	8,000	5,209
ELECTRICAL PURCHASES	36,471	37,000	35,972
FUEL & OIL	186,936	275,000	243,178
LOAN-A-SLIP CREDITS	798	3,250	1,594
	<u>231,161</u>	<u>323,250</u>	<u>285,953</u>
TOTAL COST OF GOODS SOLD			
GROSS PROFIT: MARINA OPER.	<u>2,305,164</u>	<u>2,276,966</u>	<u>2,213,985</u>
OPERATING EXPENSES:			
ADVERTISING	7,078	3,750	6,420
AUTO AND EQUIPMENT FUEL	3,068	6,500	4,312
BUSINESS TAXES	8,881	10,000	8,437
CLAIMS & DAMAGES	3,327	3,000	586
EDUCATION & TRAINING	3,730	1,750	104
EMPLOYEE BENEFITS	156,516	156,000	140,633
HAZARDOUS WASTE DISPOSAL	7,999	9,000	7,925
INSURANCE	65,054	66,000	64,613
LICENSES & PERMITS	401	750	780
MARKETING	5,301	6,500	5,236
MISCELLANEOUS	114	250	197
OFFICE EXPENSE	7,333	10,500	6,442
PAYROLL TAXES	56,285	64,000	60,486
PROFESSIONAL FEES	2,617	14,000	3,367
RENT	6,264	6,500	6,081
REPAIR AND MAINTENANCE	34,272	38,000	51,765
SALARIES AND WAGES	503,345	528,000	486,885
SUPPLIES	39,349	50,500	41,001
UTILITIES	98,528	102,500	99,101
	<u>1,009,462</u>	<u>1,077,500</u>	<u>994,371</u>
OPERATING EXPENSES BEFORE DEPR & O/H			
DEPRECIATION	478,902	519,000	499,227
OVERHEAD ALLOCATION - MARINA	323,085	349,250	311,040
	<u>1,811,449</u>	<u>1,945,750</u>	<u>1,804,638</u>
TOTAL OPERATING EXPENSES			
INCOME FROM OPERATIONS	<u>493,715</u>	<u>331,216</u>	<u>409,347</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	31,293	28,000	69,400
PROPERTY TAX ALLOCATION - MARI	(25,000)	(25,000)	(25,000)
MISCELLANEOUS, NET	(1,744)	0	0
	<u>4,549</u>	<u>3,000</u>	<u>44,400</u>
OTHER EXPENSE (INCOME), NET			
NET INCOME	<u>\$489,166</u>	<u>328,216</u>	<u>364,947</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 SIX MONTHS ENDED JUNE 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
MISCELLANEOUS - HS	\$2,088	0	60
HARBOR SQUARE PROPERTY	767,000	745,000	731,973
HARBOR SQUARE CAMS	74,676	65,500	61,001
HARB SQ OTHER REIMB EXPENSES	737	0	145
HARB SQ CONFERENCE ROOM REV	1,420	1,500	1,850
HS RENT ABATEMENT	(5,714)	0	(2,658)
LATE FEES - HARBOR SQUARE PROP	3,190	2,750	3,451
HARB SQ MEETING ROOM COSTS	(165)	(250)	(65)
ANTHONY'S	113,560	113,560	113,560
BUD'S BAIT	3,778	4,000	3,718
EDMONDS YACHT SALES	1,740	1,750	1,713
HARBOR SQUARE ATHLETIC CLUB	61,744	62,000	60,815
POE 2 LLC	25,520	26,000	24,897
LANDING	54,463	54,500	54,464
YACHT CLUB	26,820	27,000	26,663
TOTAL RENTAL PROPERTIES	<u>1,130,857</u>	<u>1,103,310</u>	<u>1,081,587</u>
GROSS PROFIT	<u>1,130,857</u>	<u>1,103,310</u>	<u>1,081,587</u>
OPERATING EXPENSES:			
ADVERTISING	0	1,000	90
AUTO & EQUIPMENT FUEL	109	250	116
BANK CHARGES	318	250	0
BUSINESS TAXES	70	100	76
EMPLOYEE BENEFITS	15,582	16,500	14,927
INSURANCE	19,115	19,500	19,132
LEASE EXPENSES	9,831	0	0
MASTER BUSINESS PLAN	24,160	2,500	10,223
MISCELLANEOUS	309	250	338
PAYROLL TAXES	5,616	6,500	6,309
PROFESSIONAL FEES	50,347	51,500	48,906
REPAIR AND MAINTENANCE	40,897	70,500	56,606
SALARIES AND WAGES	50,188	55,500	51,146
SUPPLIES	8,155	8,000	7,729
TENANT IMPROVEMENTS	880	1,000	800
UTILITIES	67,456	76,500	73,467
OPERATING EXPENSES BEFORE DEPR & O/H	<u>293,033</u>	<u>309,850</u>	<u>289,865</u>
DEPRECIATION	314,388	317,000	307,221
OVERHEAD ALLOCATION - RENTAL P	<u>138,465</u>	<u>150,000</u>	<u>133,303</u>
TOTAL OPERATING EXPENSES	<u>745,886</u>	<u>776,850</u>	<u>730,389</u>
INCOME FROM OPERATIONS	<u>384,971</u>	<u>326,460</u>	<u>351,198</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	122,658	124,500	144,513
INTEREST INCOME	(930)	(250)	(246)
PROPERTY TAX ALLOCATION - RENT	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
OTHER EXPENSE (INCOME), NET	<u>21,728</u>	<u>24,250</u>	<u>44,267</u>
NET INCOME	<u>\$363,243</u>	<u>302,210</u>	<u>306,931</u>

Port of Edmonds
Investment Report
As of June 30, 2016

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

Security	Remaining Life	Purchased	Final Maturity	Coupon	Par Value	Amortized Book Value	Market Value at 6/30/2016	Percent of Portfolio
Federal Home Loan Mtg Corp FICO	0.29	12/10/2013	10/14/2016	0.875%	\$ 500,000	\$ 499,556	\$ 500,613	4.57%
Federal Natl Mortgage Assn	1.42	9/24/2015	11/30/2017	0.740%	\$ 508,000	\$ 497,766	\$ 501,424	4.58%
Federal Farm Credit Bank	1.58	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 497,517	\$ 500,071	4.57%
Federal Farm Credit Bank	2.33	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 247,745	\$ 250,003	2.28%
Federal Farm Credit Bank	2.71	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 500,000	\$ 500,143	4.57%
Federal Natl Mortgage Assn	2.96	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 246,141	\$ 250,618	2.29%
Federal Home Loan Bank	3.33	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 245,007	\$ 250,004	2.28%
Federal Farm Credit Bank	4.29	9/24/2015	9/22/2020	1.860%	\$ 500,000	\$ 495,973	\$ 501,010	4.57%
Federal Natl Mortgage Assn	4.71	3/10/2016	2/16/2021	1.820%	\$ 500,000	\$ 502,339	\$ 500,280	4.57%
Federal Farm Credit Bank	4.92	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 501,311	\$ 502,003	4.58%
					<u>\$ 4,258,000</u>	<u>\$ 4,233,355</u>	<u>\$ 4,256,167</u>	

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

Entity	Type	Interest Rate	Amount	
Port of Edmonds	Cash and change funds	0.00%	\$ 1,200	0.01%
Bank of Washington	Revolving checking account	0.00%	\$ 3,000	0.03%
Bank of Washington	Business checking account	0.40%	\$ 1,371,220	12.52%
Bank of Washington	Debt service account	0.40%	\$ 72,460	0.66%
Opus Bank	HS checking account	0.50%	\$ 950,666	8.68%
Snohomish County	Tax collections	0.00%	\$ 3,298	0.03%
Washington LGIP	Short-term investments	0.49%	\$ 38,016	0.35%
Opus Bank	Money market	0.50%	\$ 4,257,325	38.87%
			<u>\$ 6,697,185</u>	

Total Cash and Investments

\$ 10,953,352 100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 608,764
Capital Replacement Reserve	\$ 1,774,404
Operating Reserve	\$ 1,874,156
	<u>\$ 4,257,325</u>

Harbor Square Loan Balance \$ 4,390,146

Balance Required in Opus Bank per Loan Agreement \$ 2,634,088

Capital Replacement Reserve consists of:

Opus Bank Money Market	\$ 1,774,404
Federal Ntl Mortgage 1 01/30/18	\$ 500,000
Fed Home Loan Mtg Corp 0 7/8 10/14/16	\$ 500,000
Federal Farm Credit Bank 1.1 11/6/18	\$ 250,000
Federal Ntl Mortgage 1.3 6/13/19	\$ 250,000
Federal Home Loan Bank 1.45 11/8/19	\$ 250,000
Federal Farm Credit Bank 1.86 9/22/20	\$ 500,000
Federal Farm Credit Bank 1.12 2/22/19	\$ 500,000
Federal Farm Credit Bank 1.4 6/2/21	\$ 500,000
	<u>\$ 5,024,404</u>

Outstanding Debt

2005 LTGO & Refunding Bond	\$ 765,000
2011 Revenue Bond - Opus Bank	\$ 4,390,146
	<u>\$ 5,155,146</u>

Due Within 1 Year \$ 967,660