

COMMISSION MEETING

INFORMATION

Date: August 14, 2017

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

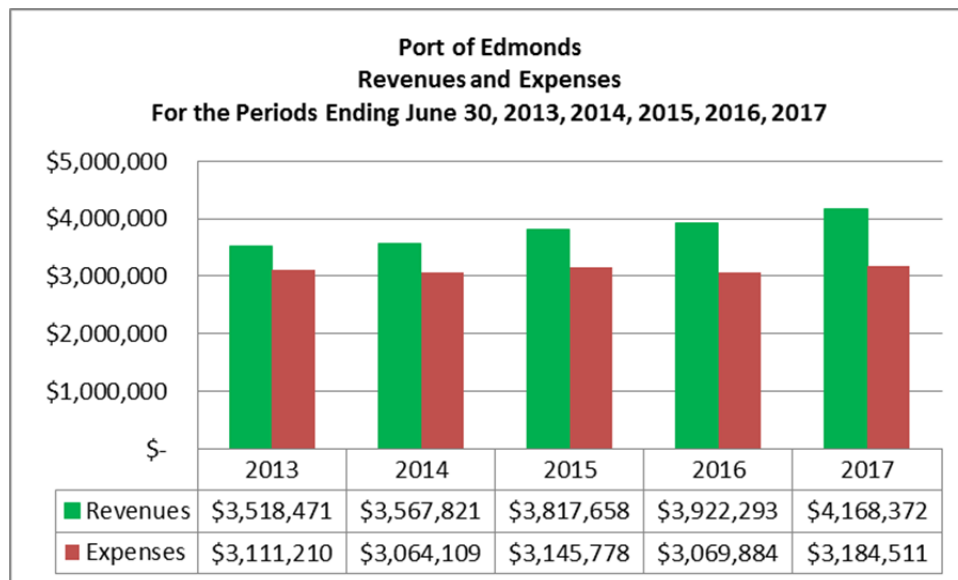
To: Port Commission

From: Tina Drennan
 Finance Manager

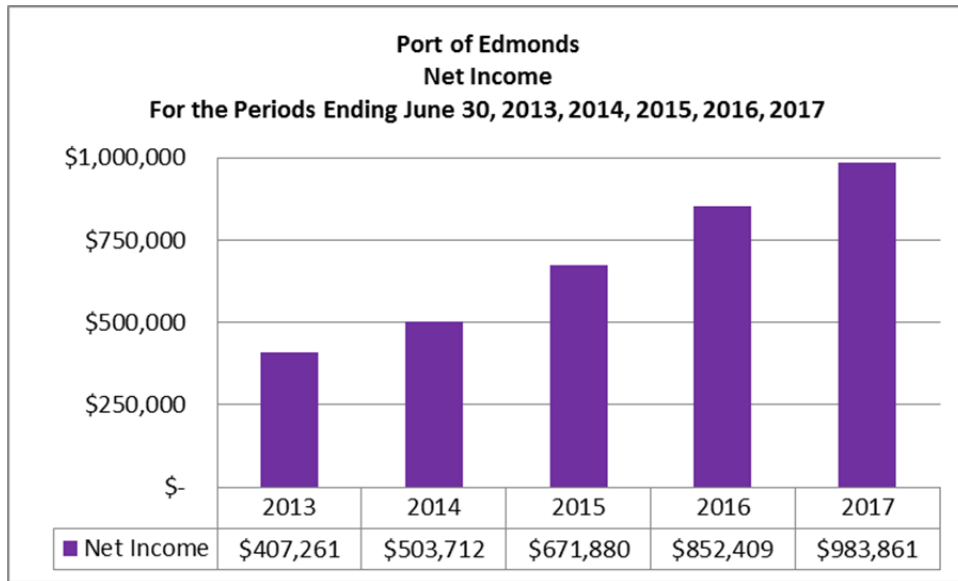
Attachments: June Income Statement
 June Marina Income Statement
 June Rental Property Income Statement
 Investment Report as of June 30, 2017

SUBJECT: 2ND QUARTER 2017 FINANCIAL STATEMENTS

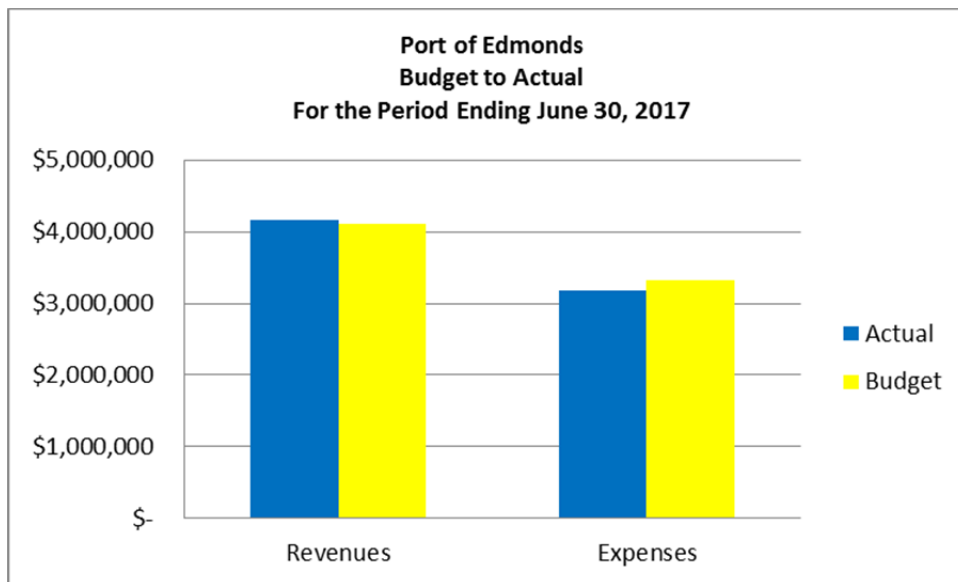
Please find attached the second quarter 2017 financial statements.



Revenues are trending upwards. Expenses appear to be on a two year cycle, where they are lower in the even years and greater in the odd years, with a general upwards trend.



Net income has been trending upwards.



Actual revenues are approximately \$53,000 greater than budget. Actual expenses are approximately \$146,000 less than budget.

Gross profit (revenues less cost of goods sold) for the six month period ending June 30, 2017, was \$3,612,448, which is approximately \$46,000 or 1.3% greater than budget. Net income for the same period was \$983,861.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	72,583	39,000	33,583	86.11%
Miscellaneous	56,104	38,000	18,104	47.64%
Permanent Moorage	1,605,212	1,631,000	(25,788)	-1.58%
Dry Storage Revenue	302,336	321,000	(18,664)	-5.81%
Workyard	52,714	34,500	18,214	52.79%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	956,493	927,850	28,643	3.09%

Operating expenses before depreciation for the six month period were \$2,798,043, which is approximately \$99,000 or 3.4% less than budget.

Operating Expenses Actual to Budget:

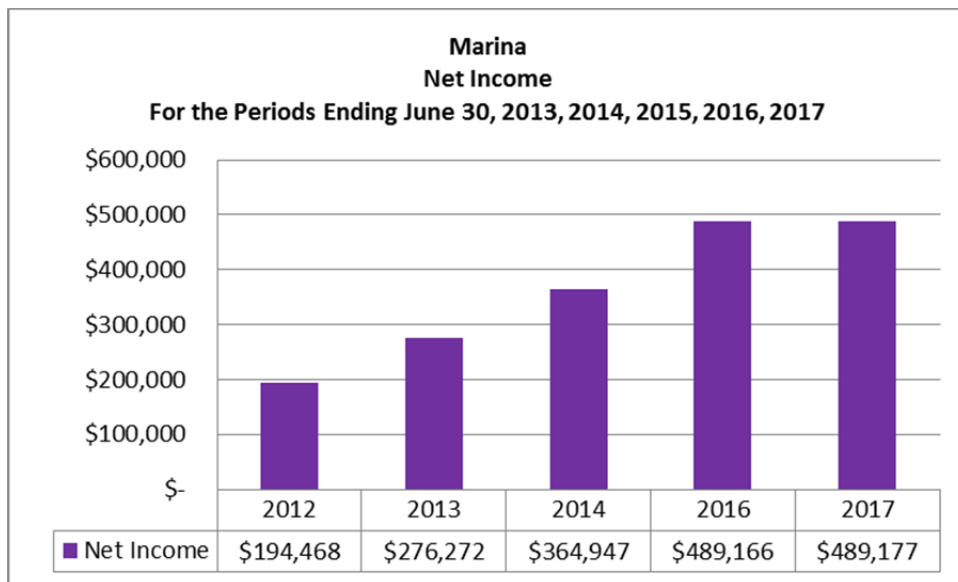
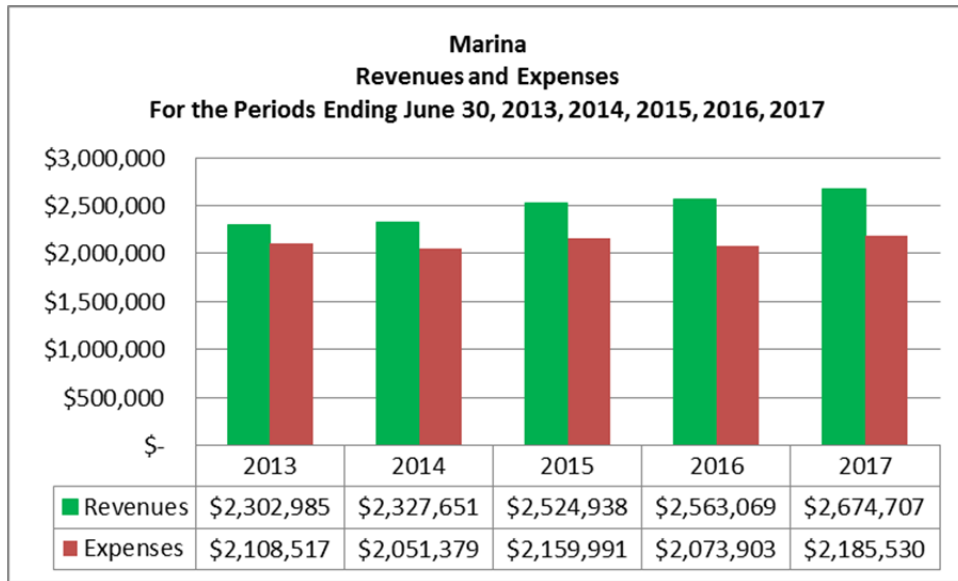
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Economic Development & Tourism	8,884	28,000	19,116
Payroll Taxes	85,352	98,000	12,648
Salaries & Wages	794,380	846,000	51,620
Supplies	112,918	101,000	(11,918)
Utilities	207,784	191,500	(16,284)
Depreciation	812,178	852,500	40,322

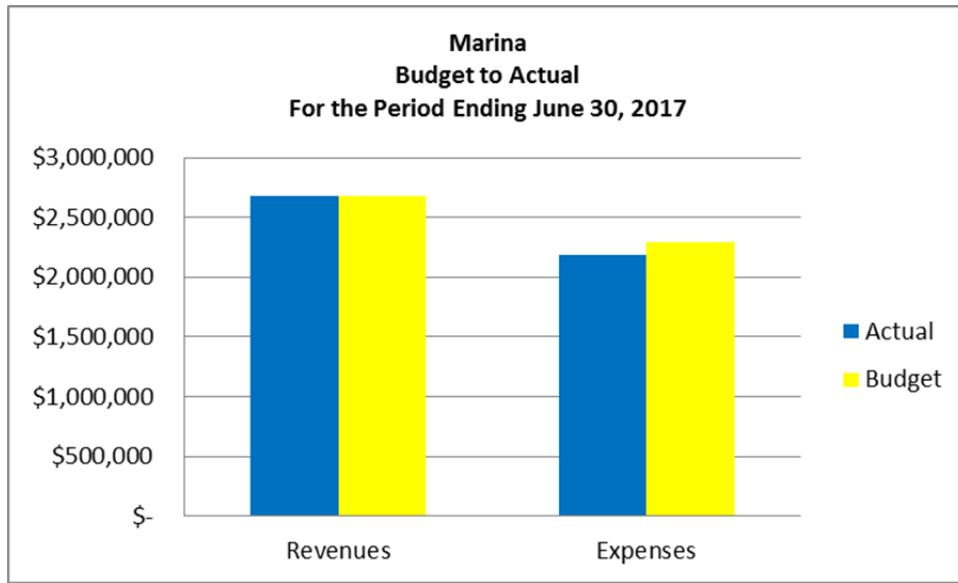
Non-Operating Items – Expenses (Revenues):

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Expense	85,650	116,000	30,350	26.16%
Interest Income	(51,890)	(31,500)	20,390	64.73%

Net income for the six months ending June 30, 2017 was \$983,861, which is approximately \$199,000 or 25% greater than budget.

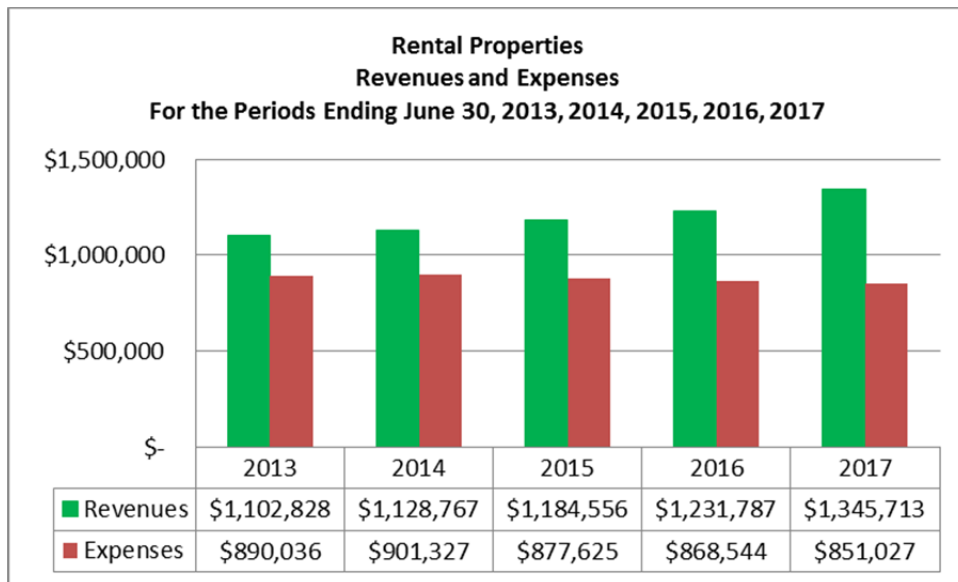
Marina Actual to Budget:

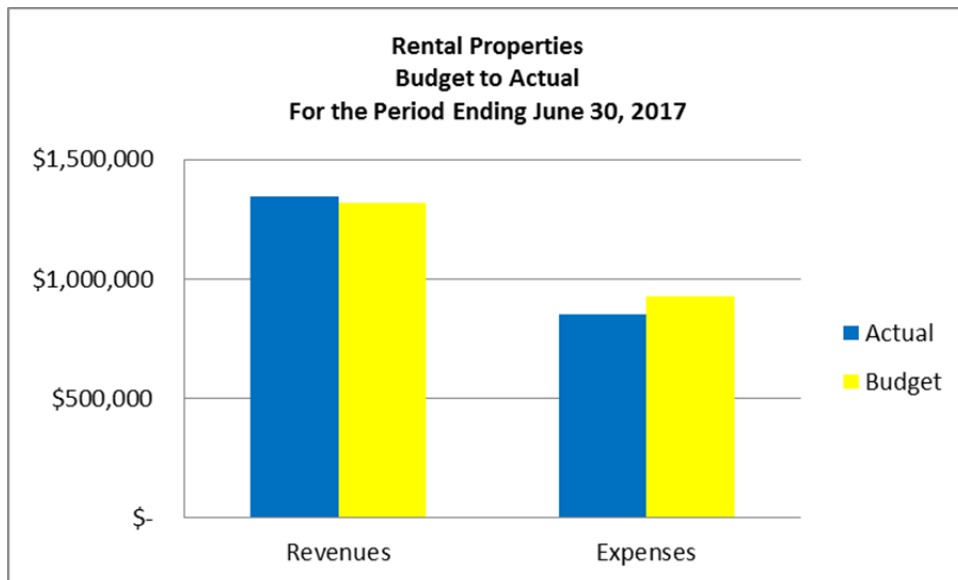
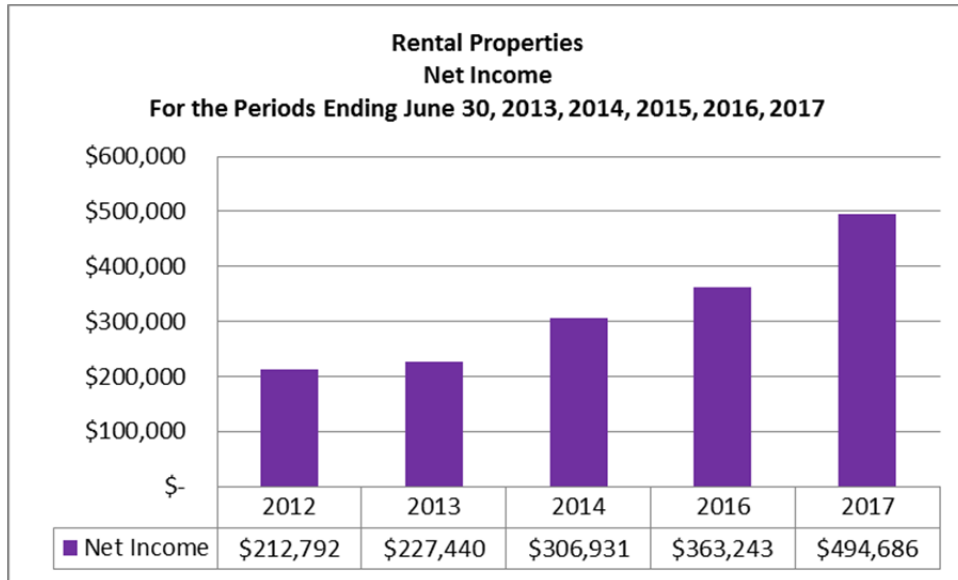




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	2,649,707	2,651,500	(1,793)	-0.07%
Operating Expenses Before Depr, O/H	1,318,767	1,425,750	(106,983)	-7.50%
Net Income	489,176	381,750	107,426	28.14%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,243,064	1,215,500	27,564	2.27%
Operating Expenses Before Depr, O/H	324,233	361,300	(37,067)	-10.26%
Net Income	494,685	388,200	106,485	27.43%

Bond Status

- The final payment on the Port's 2005 LTGO and Refunding Bond was made on June 1st. With that payment, the Port paid off the 12 year bond of \$3,925,000.
- The Port has \$3,463,307 remaining in outstanding debt. \$1,312,867 of that is due within one year.

Investing Summary:

- The Port has 13 long-term investments, with the first maturing in November 2017.
- No bonds were called or matured in the first quarter of 2017.
- In May 2017, the Port purchased a Federal Farm Credit Bank bond of \$500,000 with a coupon rate of 2.07% that matures 5/23/2022.
- In June 2017, the Port purchased a Federal Home Loan Mortgage Corporation bond of \$500,000 with a coupon rate of 2.02% that matures 11/24/2021.
- The average liquid interest rate earned by the Port was .65% for the second quarter. The Port earned 1.1% in the long term investments, for an average of .87%.
- The Port earned interest of \$51,890 for the first two quarter of 2017, which is 70% greater than the first two quarters of 2016.
- The Capital Replacement Reserve is currently \$6,659,514, with a part of the reserve in Opus Bank and part invested long term.

Banking Update:

The Port completed its move from the Bank of Washington to Washington Federal in July. As of July 31, 2017, the Port no longer has any accounts with the Bank of Washington.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$22	0	29
ELECTRICAL FEES	82,084	75,000	69,938
ENVIRONMENTAL FEES	52,248	54,000	52,730
ENVIRONMENTAL FEE - WORKYARD	12,800	11,000	12,909
FUEL SALES	320,611	301,000	248,886
LAUNCHER	26,015	31,000	26,170
MISCELLANEOUS	56,104	38,000	48,090
GUEST MOORAGE	61,671	67,000	67,096
PERMANENT MOORAGE	1,605,212	1,631,000	1,570,787
PASSENGER FEES	1,877	6,000	1,979
DRY STORAGE REVENUE	302,336	321,000	304,056
PARKING	20,444	21,000	16,476
TRAVELIFT	59,323	57,000	62,795
WORKYARD	52,714	34,500	49,807
LATE FEES	16,831	21,500	21,736
GROSS REVENUE	2,670,292	2,669,000	2,553,484
COST OF GOODS SOLD:			
COST OF SALES	7,838	9,000	6,956
ELECTRICAL PURCHASES	43,603	43,000	36,471
FUEL & OIL	248,028	262,000	186,936
LOAN-A-SLIP CREDITS	1,349	4,000	798
TOTAL COST OF GOODS SOLD	300,818	318,000	231,161
GROSS PROFIT: MARINA OPER.	2,369,474	2,351,000	2,322,323
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	956,493	927,850	843,232
ANTHONY'S	113,561	114,000	113,561
BUD'S BAIT	0	0	3,777
EDMONDS YACHT SALES	1,771	2,000	1,740
HARBOR SQUARE ATHLETIC CLUB	63,022	63,000	61,744
POE 2 LLC	26,157	26,500	25,519
LANDING	54,464	54,500	54,464
YACHT CLUB	27,506	27,500	26,820
TOTAL RENTAL PROPERTIES	1,242,974	1,215,350	1,130,857
GROSS PROFIT	3,612,448	3,566,350	3,453,180

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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$3,268	5,750	6,543
ADVERTISING - MARKETING - MARI	8,510	5,000	6,900
AUTO AND EQUIPMENT FUEL	8,126	10,150	6,473
BANK CHARGES	2,061	1,450	1,369
BUSINESS TAXES	9,479	9,550	8,951
CLAIMS & DAMAGES	1,521	3,000	3,327
COMMUNICATIONS	8,763	7,500	0
ECONOMIC DEVELOPMENT & TOURISM	8,884	28,000	10,353
EDUCATION & TRAINING	13,137	10,000	6,070
EMPLOYEE BENEFITS	287,196	293,000	305,633
HAZARDOUS WASTE DISPOSAL	14,630	10,000	7,999
INSURANCE	91,121	93,000	87,133
LICENSES & PERMITS	1,462	1,750	1,431
MARKETING	4,066	6,250	5,300
MASTER BUSINESS PLAN	14,660	12,500	24,161
MEALS	2,022	3,000	2,909
MEMBERSHIP DUES	9,006	8,500	8,651
MISCELLANEOUS	1,062	750	435
OFFICE	32,575	30,500	28,888
PAYROLL TAXES	85,352	98,000	87,090
PROMOTIONAL HOSTING	757	1,250	0
PROFESSIONAL FEES	129,826	128,500	91,562
RENT	7,527	6,500	6,264
REPAIR AND MAINTENANCE	111,276	117,000	84,743
SALARIES AND WAGES	794,380	846,000	776,109
SUPPLIES	112,918	101,000	85,582
TENANT IMPROVEMENTS	2,036	500	880
TRAVEL	6,841	9,250	7,895
UNIFORMS	5,619	5,000	3,870
UTILITIES	207,784	191,500	181,097
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	1,985,865	2,044,150	1,847,618
	812,178	852,500	837,155
TOTAL OPERATING EXPENSES	2,798,043	2,896,650	2,684,773
INCOME FROM OPERATIONS	814,405	669,700	768,407
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	85,650	116,000	153,950
INTEREST INCOME	(51,890)	(31,500)	(30,569)
(GAIN)/LOSS ON FIXED ASSETS	0	0	(1,744)
CHANGE IN FAIR VALUE OF INVEST	0	0	(2,315)
PROPERTY TAXES	(203,216)	(200,000)	(203,324)
OTHER EXPENSE (INCOME), NET	(169,456)	(115,500)	(84,002)
NET INCOME	\$983,861	785,200	852,409

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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$22	0	29
ELECTRICAL FEES	82,084	75,000	69,938
ENVIRONMENTAL FEES	52,248	54,000	52,730
ENVIRONMENTAL FEE - WORKYARD	12,800	11,000	12,909
FUEL SALES	320,611	301,000	248,886
LAUNCHER	26,015	31,000	26,170
MISCELLANEOUS	35,519	20,500	30,931
GUEST MOORAGE	61,671	67,000	67,096
PERMANENT MOORAGE	1,605,212	1,631,000	1,570,787
PASSENGER FEES	1,877	6,000	1,979
DRY STORAGE REVENUE	302,336	321,000	304,056
PARKING	20,444	21,000	16,476
TRAVELIFT	59,323	57,000	62,795
WORKYARD	52,714	34,500	49,807
LATE FEES	16,831	21,500	21,736
GROSS REVENUE	<u>2,649,707</u>	<u>2,651,500</u>	<u>2,536,325</u>
COST OF GOODS SOLD:			
COST OF SALES	7,838	9,000	6,956
ELECTRICAL PURCHASES	43,603	43,000	36,471
FUEL & OIL	248,028	262,000	186,936
LOAN-A-SLIP CREDITS	1,349	4,000	798
TOTAL COST OF GOODS SOLD	<u>300,818</u>	<u>318,000</u>	<u>231,161</u>
GROSS PROFIT: MARINA OPER.	<u>2,348,889</u>	<u>2,333,500</u>	<u>2,305,164</u>
OPERATING EXPENSES:			
ADVERTISING	8,691	5,000	7,078
AUTO AND EQUIPMENT FUEL	3,593	6,000	3,068
BUSINESS TAXES	9,396	9,500	8,881
CLAIMS & DAMAGES	1,521	3,000	3,327
EDUCATION & TRAINING	6,045	5,000	3,730
EMPLOYEE BENEFITS	155,785	168,000	156,516
HAZARDOUS WASTE DISPOSAL	14,630	10,000	7,999
INSURANCE	67,828	69,000	65,054
LICENSES & PERMITS	1,289	1,250	401
MARKETING	4,066	6,250	5,301
MISCELLANEOUS	1	250	114
OFFICE EXPENSE	7,011	8,500	7,333
PAYROLL TAXES	52,396	63,500	56,285
PROFESSIONAL FEES	(1,925)	14,500	2,617
RENT	7,527	6,500	6,264
REPAIR AND MAINTENANCE	39,215	28,000	34,272
SALARIES AND WAGES	486,416	550,000	503,345
SUPPLIES	52,038	54,000	39,349
UTILITIES	102,426	99,500	98,528
OPERATING EXPENSES BEFORE DEPR & O/H	<u>1,017,949</u>	<u>1,107,750</u>	<u>1,009,462</u>
DEPRECIATION	475,039	496,000	478,902
OVERHEAD ALLOCATION - MARINA	374,626	357,000	323,085
TOTAL OPERATING EXPENSES	<u>1,867,614</u>	<u>1,960,750</u>	<u>1,811,449</u>
INCOME FROM OPERATIONS	<u>481,275</u>	<u>372,750</u>	<u>493,715</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	17,098	16,000	31,293
PROPERTY TAX ALLOCATION - MARI	(24,999)	(25,000)	(25,000)
MISCELLANEOUS, NET	0	0	(1,744)
OTHER EXPENSE (INCOME), NET	<u>(7,901)</u>	<u>(9,000)</u>	<u>4,549</u>
NET INCOME	<u>\$489,176</u>	<u>381,750</u>	<u>489,166</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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$857,392	928,000	761,286
HARBOR SQUARE CAMS	93,409	0	75,413
MISCELLANEOUS - HS	1,675	0	2,088
LATE FEES - HARBOR SQUARE PROP	3,207	0	3,190
HARB SQ CONFERENCE ROOM REV	900	0	1,420
ANTHONY'S	113,561	114,000	113,560
BUD'S BAIT	0	0	3,778
EDMONDS YACHT SALES	1,771	2,000	1,740
HARBOR SQUARE ATHLETIC CLUB	63,023	63,000	61,744
POE 2 LLC	26,158	26,500	25,520
LANDING	54,463	54,500	54,463
YACHT CLUB	27,505	27,500	26,820
	<u>1,243,064</u>	<u>1,215,500</u>	<u>1,131,022</u>
TOTAL RENTAL PROPERTIES			
	<u>1,243,064</u>	<u>1,215,500</u>	<u>1,131,022</u>
GROSS PROFIT			
	<u>1,243,064</u>	<u>1,215,500</u>	<u>1,131,022</u>
OPERATING EXPENSES:			
HARB SQ MEETING ROOM COSTS	90	150	165
ADVERTISING	0	250	0
AUTO & EQUIPMENT FUEL	127	150	109
BANK CHARGES	0	200	318
BUSINESS TAXES	83	50	70
EMPLOYEE BENEFITS	21,619	17,000	15,582
INSURANCE	20,076	20,500	19,115
LEASE EXPENSES	0	0	9,831
MASTER BUSINESS PLAN	14,660	12,500	24,160
MISCELLANEOUS	1,061	500	309
OFFICE	113	0	0
PAYROLL TAXES	6,560	6,500	5,616
PROFESSIONAL FEES	48,058	83,000	50,347
REPAIR AND MAINTENANCE	58,604	79,000	40,897
SALARIES AND WAGES	66,929	56,000	50,188
SUPPLIES	12,872	9,000	8,155
TENANT IMPROVEMENTS	2,036	500	880
UTILITIES	71,345	76,000	67,456
	<u>324,233</u>	<u>361,300</u>	<u>293,198</u>
OPERATING EXPENSES BEFORE DEPR & O/H			
DEPRECIATION	297,688	314,000	314,388
OVERHEAD ALLOCATION - RENTAL P	160,554	153,000	138,465
	<u>782,475</u>	<u>828,300</u>	<u>746,051</u>
TOTAL OPERATING EXPENSES			
	<u>782,475</u>	<u>828,300</u>	<u>746,051</u>
INCOME FROM OPERATIONS	460,589	387,200	384,971
	<u>460,589</u>	<u>387,200</u>	<u>384,971</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	68,552	100,000	122,658
INTEREST INCOME	(2,648)	(1,000)	(930)
PROPERTY TAX ALLOCATION - RENT	(100,000)	(100,000)	(100,000)
	<u>(34,096)</u>	<u>(1,000)</u>	<u>21,728</u>
OTHER EXPENSE (INCOME), NET			
	<u>(34,096)</u>	<u>(1,000)</u>	<u>21,728</u>
NET INCOME	\$494,685	388,200	363,243
	<u>\$494,685</u>	<u>388,200</u>	<u>363,243</u>

Port of Edmonds
Investment Report
As of June 30, 2017

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

Security	Remaining		Final Maturity	Coupon	Par Value	Amortized	Market	Percent of Portfolio
	Life	Purchased				Book Value	Value at 6/30/2017	
FICO	0.42	9/24/2015	11/30/2017	0.000%	\$ 508,000	\$ 504,840	\$ 505,338	4.01%
Federal Natl Mortgage Assn	0.58	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 498,260	\$ 499,554	3.97%
Federal Farm Credit Bank	1.33	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 248,486	\$ 248,885	1.98%
Federal Farm Credit Bank	1.71	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 497,185	\$ 497,091	3.95%
Federal Natl Mortgage Assn	1.96	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 247,761	\$ 248,873	1.98%
Federal Home Loan Bank	2.33	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 247,666	\$ 248,898	1.98%
Opus CD - restricted	2.54	1/17/2017	1/17/2020	0.900%	\$ 694,057	\$ 694,057	\$ 694,057	5.51%
Federal Natl Mortgage Assn	2.75	10/12/2016	3/20/2020	1.300%	\$ 500,000	\$ 492,144	\$ 494,222	3.93%
Resolution Funding Corporation	3.04	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 493,651	\$ 497,971	3.96%
Federal Farm Credit Bank	3.92	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 487,923	\$ 497,187	3.95%
Federal Farm Credit Bank	4.13	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 480,380	\$ 489,415	3.89%
Federal Home Loan Mtg Corp	4.46	6/20/2017	11/24/2021	2.020%	\$ 500,000	\$ 501,926	\$ 499,462	3.97%
Federal Farm Credit Bank	4.96	5/25/2017	5/23/2022	2.070%	\$ 500,000	\$ 501,517	\$ 497,913	3.95%
					<u>\$ 5,977,057</u>	<u>\$ 5,895,797</u>	<u>\$ 5,918,865</u>	<u>47.01%</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%
Washington Federal	Business checking account	0.90%	\$ 2,502,470	19.88%
Washington Federal	Revolving checking account	0.00%	\$ 2,970	0.02%
Bank of Washington	Revolving checking account	0.00%	\$ 348	0.00%
Bank of Washington	Business checking account	0.00%	\$ 9,969	0.08%
Washington Federal	Debt service account	0.00%	\$ -	0.00%
Opus Bank	HS checking account	1.06%	\$ 1,026,927	8.16%
Snohomish County	Tax collections	0.00%	\$ 3,468	0.03%
Washington LGIP	Short-term investments	0.99%	\$ 38,257	0.30%
Opus Bank	Money market	1.06%	\$ 3,085,698	24.51%
			<u>\$ 6,671,307</u>	

Total Cash and Investments \$ 12,590,172 100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 612,851	Harbor Square Loan Balance	\$ 3,785,972
Capital Replacement Reserve	\$ 1,376,514		
Operating Reserve	<u>\$ 1,096,334</u>	Opus Bank Debt Service Reserve	\$ 694,057
	<u>\$ 3,085,698</u>		

Capital Replacement Reserve consists of:

Opus Bank Money Market	\$ 1,376,514
FICO 0 11/30/17	\$ 508,000
Federal Ntl Mortgage 1 01/30/18	\$ 500,000
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
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 Farm Credit Bank 2.07 5/23/22	\$ 500,000
	<u>\$ 6,659,514</u>

Outstanding Debt

2005 LTGO & Refunding Bond	\$ -
2011 Revenue Bond - Opus Bank	\$ 3,463,307
	<u>\$ 3,463,307</u>
Due Within 1 Year	\$ 1,312,867