

COMMISSION MEETING
INFORMATION
Date: October 30, 2017

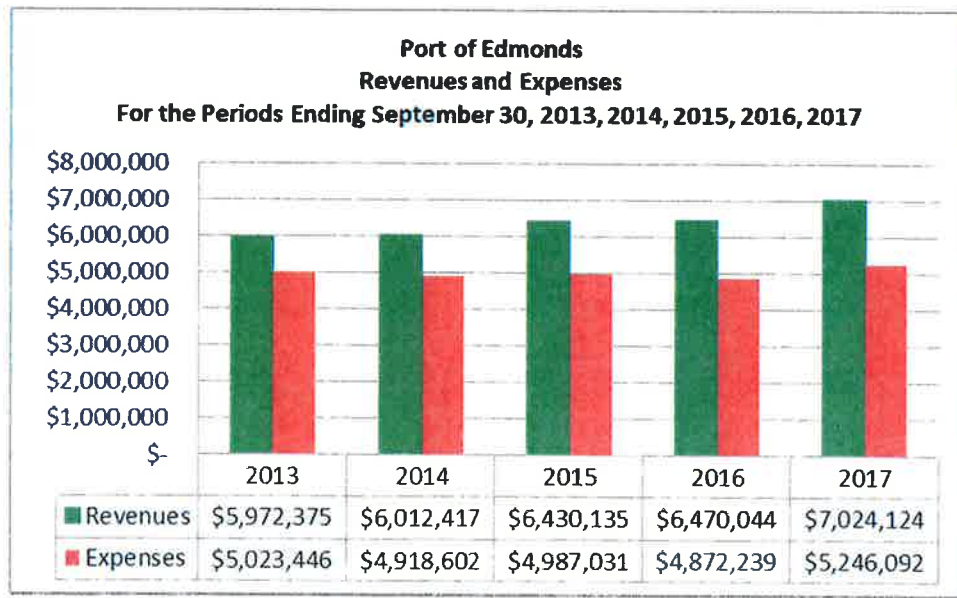
Staff Review: Port Attorney
 Deputy Director
 Finance Manager
 Facilities Maintenance Manager
To: Port Commission

From: Tina Drennan
 Finance Manager

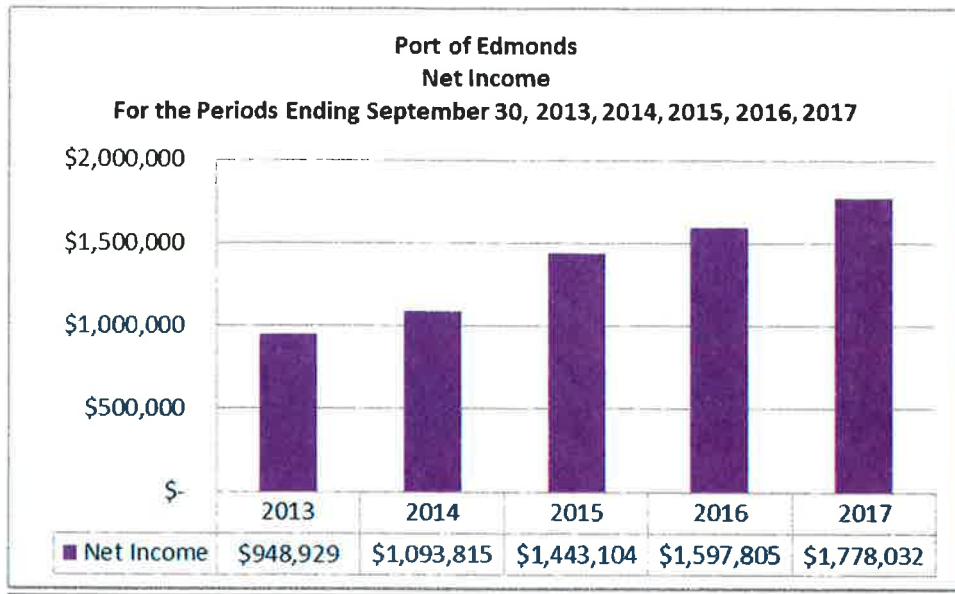
Attachments: September Income Statement
 September Marina Income Statement
 September Rental Property Income Statement
 Investment Report as of September 30, 2017

SUBJECT: 3RD QUARTER 2017 FINANCIAL STATEMENTS

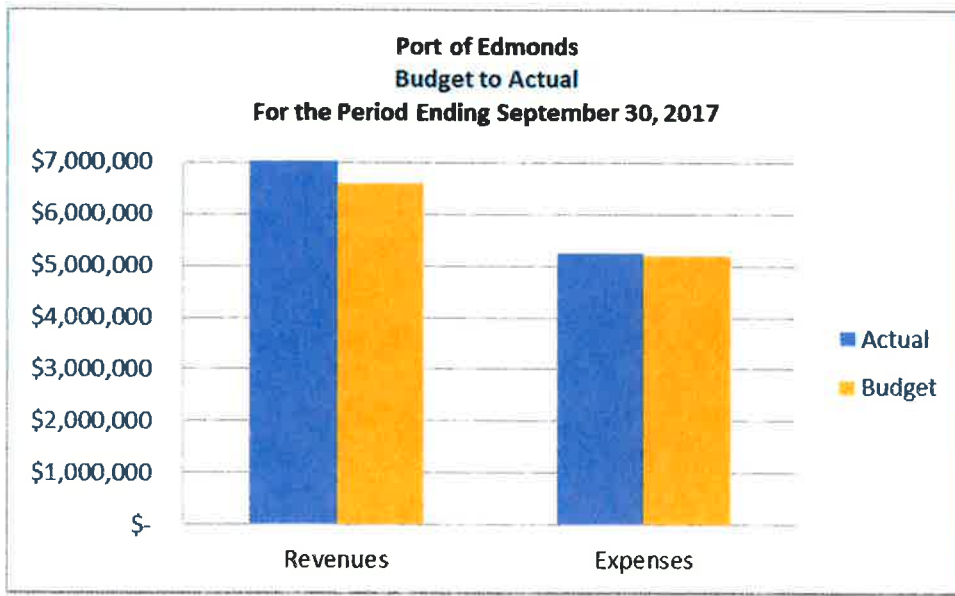
Please find attached the Third Quarter 2017 Financial Statements.



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, within a range of \$4,872,000 to \$5,246,000.



Net income has been trending upwards.



Actual revenues are approximately \$429,000 greater than budget. Actual expenses are approximately \$47,000 greater than budget.

Gross profit (revenues less cost of goods sold) for the nine month period ending September 30, 2017, was \$5,845,040, which is approximately \$291,000 or 5% greater than budget. Net income for the same period was \$1,778,032.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	190,425	121,000	69,425	57.38%
Launcher	88,964	75,000	13,964	18.62%
Miscellaneous	75,981	57,000	18,981	33.30%
Guest Moorage, Net	155,317	130,000	25,317	19.47%
Permanent Moorage	2,481,596	2,446,500	35,096	1.43%
Dry Storage Revenue	523,024	507,000	16,024	3.16%
Parking	55,374	31,500	23,874	75.79%
Travelift	92,575	81,000	11,575	14.29%
Workyard	82,682	51,750	30,932	59.77%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	1,444,069	1,391,775	52,294	3.76%
Anthony's	217,787	229,000	(11,213)	-4.90%

Operating expenses before depreciation for the nine month period were \$3,135,194, which is approximately \$74,000 or 2% less than budget.

Operating Expenses Actual to Budget:

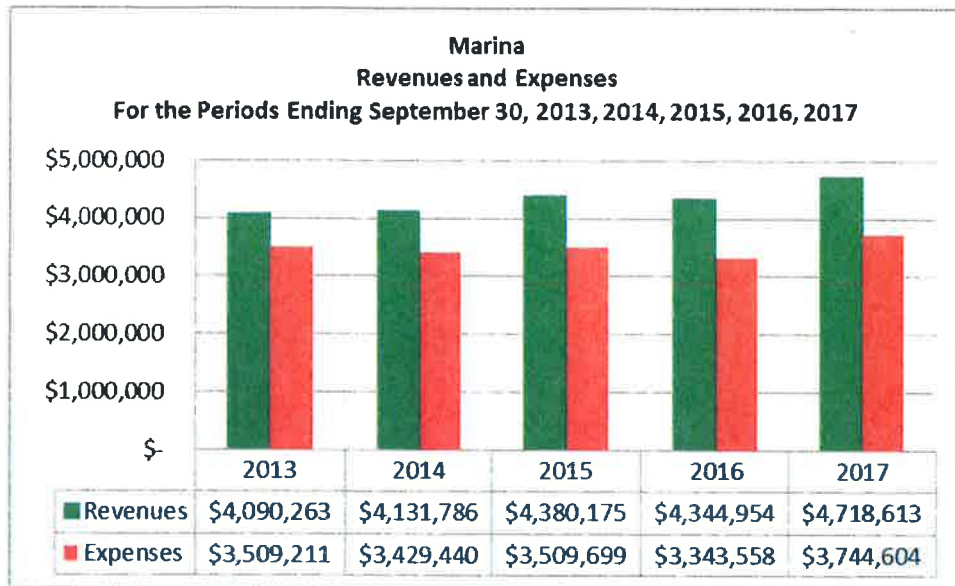
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Economic Development & Tourism	13,862	42,000	28,138	67.00%
Employee Benefits	450,002	439,500	(10,502)	-2.39%
Professional Fees	153,445	192,750	39,305	20.39%
Repair & Maintenance	253,008	175,500	(77,508)	-44.16%
Salaries & Wages	1,310,724	1,269,000	(41,724)	-3.29%
Utilities	299,020	287,250	(11,770)	-4.10%

Non-Operating Items – Expenses (Revenues):

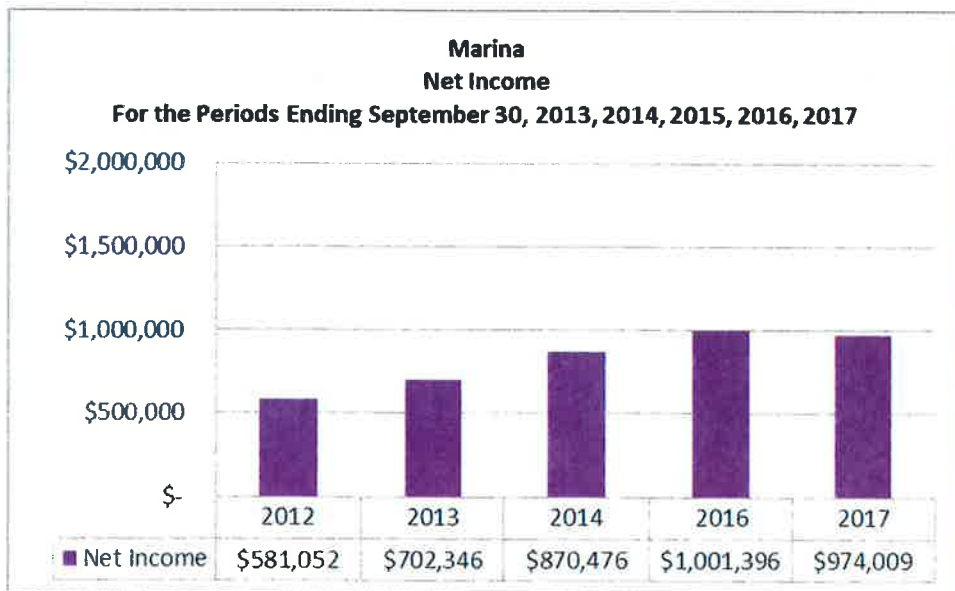
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Expense	107,865	166,000	58,135	35.02%
Interest Income	(87,324)	(47,250)	40,074	84.81%

Net income for the nine months ending September 30, 2017 was \$1,778,032, which is approximately \$382,000 or 27% greater than budget.

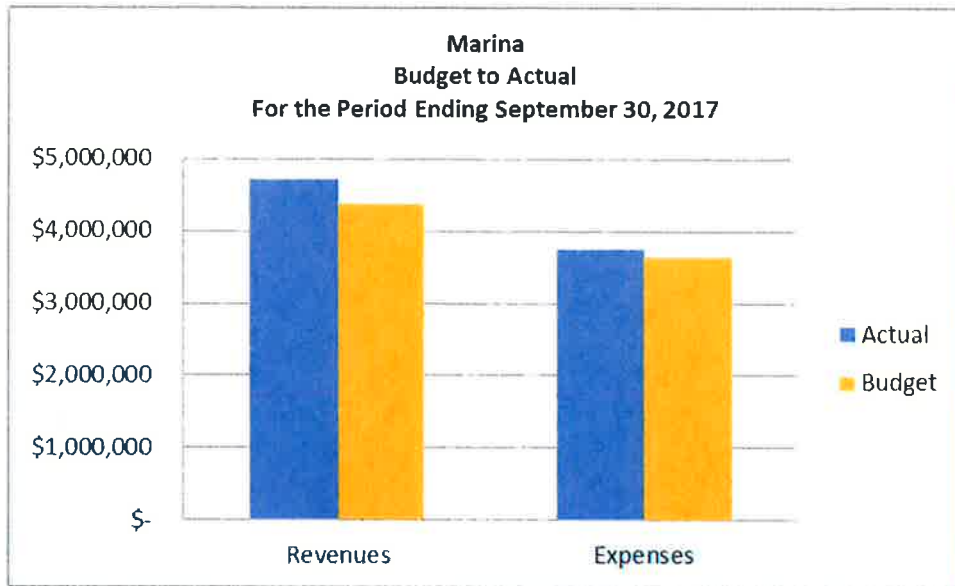
Marina Actual to Budget:



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.



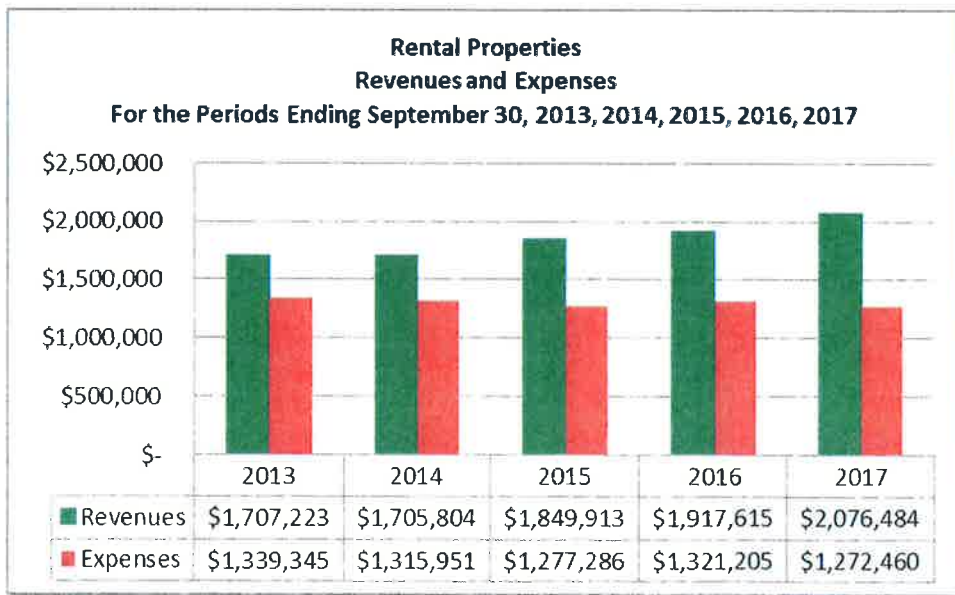
Net income has been trending upwards and is slightly lower in 2017 than 2016.



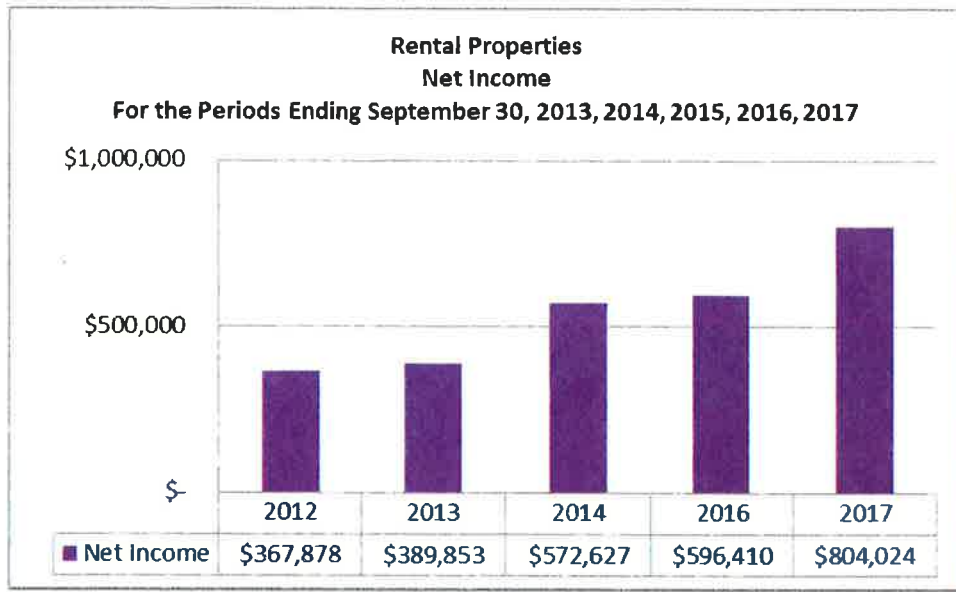
Some select key figures are:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	4,681,113	4,340,250	340,863	7.85%
Operating Expenses Before Depr, O/H	1,674,687	1,656,375	18,312	1.11%
Net Income	974,009	732,375	241,634	32.99%

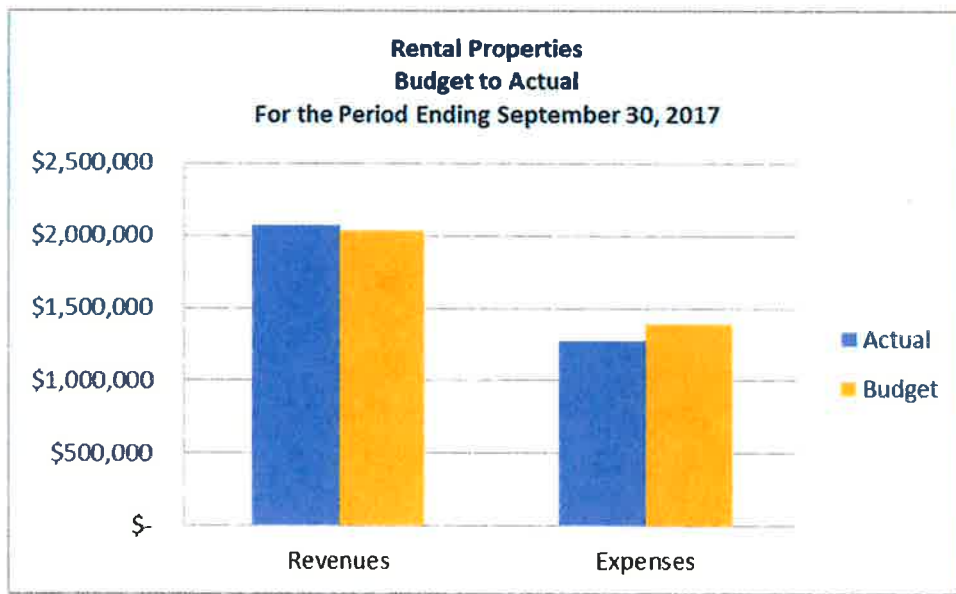
Rental Property Actual to Budget:



Revenues are trending upwards. Expenses average \$1,305,000 and variability is within a range of \$1,272,000 to \$1,339,000.



Net income has been trending upwards.



Some select key figures are:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,921,919	1,881,250	40,669	2.16%
Operating Expenses Before Depr, O/H	495,935	541,950	(46,015)	-8.49%
Net Income	804,024	640,300	163,724	25.57%

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 \$3,138,493 remaining in outstanding debt. \$1,321,576 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 third quarter of 2017.
- The average liquid interest rate earned by the Port was .94% for the third quarter. The Port earned 1.26% in the long term investments, for an average of 1.08%.
- The Port earned interest of \$87,324 for the first three quarter of 2017, which is 76% greater than the first three quarters of 2017.
- The Capital Replacement Reserve is currently \$6,672,159, 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 NINE MONTHS ENDED SEPTEMBER 30, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$58	0	42
ELECTRICAL FEES	104,799	96,000	92,903
ENVIRONMENTAL FEES	81,719	81,000	81,318
ENVIRONMENTAL FEE - WORKYARD	18,647	16,500	20,106
FUEL SALES	898,571	746,000	701,155
LAUNCHER	88,964	75,000	66,339
MISCELLANEOUS	75,981	57,000	78,320
GUEST MOORAGE	167,256	136,000	137,652
PERMANENT MOORAGE	2,481,596	2,446,500	2,405,172
PASSENGER FEES	13,284	9,000	9,396
DRY STORAGE REVENUE	523,024	507,000	501,166
PARKING	55,374	31,500	39,424
TRAVELIFT	92,575	81,000	100,570
WORKYARD	82,682	51,750	77,423
LATE FEES	26,399	32,250	31,096
GROSS REVENUE	<u>4,710,929</u>	<u>4,366,500</u>	<u>4,342,082</u>
COST OF GOODS SOLD:			
COST OF SALES	15,714	13,500	14,538
ELECTRICAL PURCHASES	51,919	49,000	44,800
FUEL & OIL	708,146	625,000	534,222
LOAN-A-SLIP CREDITS	11,939	6,000	6,686
TOTAL COST OF GOODS SOLD	<u>787,718</u>	<u>693,500</u>	<u>600,246</u>
GROSS PROFIT: MARINA OPER.	<u>3,923,211</u>	<u>3,673,000</u>	<u>3,741,836</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	1,444,069	1,391,775	1,288,895
ANTHONY'S	217,787	229,000	215,646
BUD'S BAIT	0	0	5,666
EDMONDS YACHT SALES	2,675	3,000	2,615
HARBOR SQUARE ATHLETIC CLUB	94,533	94,500	92,516
POE 2 LLC	39,424	39,750	38,462
LANDING	81,696	81,750	81,696
YACHT CLUB	41,645	41,250	40,535
TOTAL RENTAL PROPERTIES	<u>1,921,829</u>	<u>1,881,025</u>	<u>1,766,031</u>
GROSS PROFIT	<u>5,845,040</u>	<u>5,554,025</u>	<u>5,507,867</u>

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

PORT OF EDMONDS
INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
AUDIT	\$0	0	24,638
ADVERTISING	4,057	8,625	8,935
ADVERTISING - MARKETING - MARI	9,110	7,500	8,360
AUTO AND EQUIPMENT FUEL	13,211	15,225	11,071
BANK CHARGES	3,933	2,175	1,805
BUSINESS TAXES	17,637	14,325	15,689
CLAIMS & DAMAGES	6,521	4,500	7,316
COMMUNICATIONS	17,548	11,250	0
ECONOMIC DEVELOPMENT & TOURISM	13,862	42,000	13,457
EDUCATION & TRAINING	15,453	12,500	8,675
EMPLOYEE BENEFITS	450,002	439,500	408,098
HAZARDOUS WASTE DISPOSAL	16,411	15,000	13,326
INSURANCE	136,397	139,500	131,277
LICENSES & PERMITS	1,928	2,625	1,869
MARKETING	5,615	6,625	5,300
MASTER BUSINESS PLAN	14,660	18,750	56,051
MEALS	2,661	4,500	3,707
MEMBERSHIP DUES	12,539	12,750	12,034
MISCELLANEOUS	1,071	1,125	359
OFFICE	48,510	45,750	42,151
PAYROLL TAXES	141,801	147,000	134,096
PROMOTIONAL HOSTING	757	1,875	0
PROFESSIONAL FEES	153,445	192,750	138,601
RENT	9,709	9,750	9,427
REPAIR AND MAINTENANCE	253,008	175,500	149,124
SALARIES AND WAGES	1,310,724	1,269,000	1,175,854
SUPPLIES	154,290	151,500	121,965
TENANT IMPROVEMENTS	2,090	750	1,516
TRAVEL	13,134	13,875	12,717
UNIFORMS	6,090	7,500	5,072
UTILITIES	299,020	287,250	269,152
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	3,135,194 1,215,315	3,060,975 1,278,750	2,791,642 1,258,382
TOTAL OPERATING EXPENSES	4,350,509	4,339,725	4,050,024
INCOME FROM OPERATIONS	1,494,531	1,214,300	1,457,843
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	107,865	166,000	221,969
INTEREST INCOME	(87,324)	(47,250)	(49,471)
(GAIN)/LOSS ON FIXED ASSETS	0	0	(1,744)
CHANGE IN FAIR VALUE OF INVEST	0	0	(5,615)
PROPERTY TAXES	(304,042)	(300,000)	(305,101)
OTHER EXPENSE (INCOME), NET	(283,501)	(181,250)	(139,962)
NET INCOME	\$1,778,032	1,395,550	1,597,805

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

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$58	0	42
ELECTRICAL FEES	104,799	96,000	92,903
ENVIRONMENTAL FEES	81,719	81,000	81,318
ENVIRONMENTAL FEE - WORKYARD	18,647	16,500	20,106
FUEL SALES	898,571	746,000	701,155
LAUNCHER	88,964	75,000	66,339
MISCELLANEOUS	46,165	30,750	41,947
GUEST MOORAGE	167,256	136,000	137,653
PERMANENT MOORAGE	2,481,595	2,446,500	2,405,171
PASSENGER FEES	13,284	9,000	9,396
DRY STORAGE REVENUE	523,024	507,000	501,166
PARKING	55,374	31,500	39,424
TRAVELIFT	92,576	81,000	100,570
WORKYARD	82,682	51,750	77,423
LATE FEES	26,399	32,250	31,097
GROSS REVENUE	<u>4,681,113</u>	<u>4,340,250</u>	<u>4,305,710</u>
COST OF GOODS SOLD:			
COST OF SALES	15,714	13,500	14,538
ELECTRICAL PURCHASES	51,919	49,000	44,800
FUEL & OIL	708,146	625,000	534,222
LOAN-A-SLIP CREDITS	11,939	6,000	6,686
TOTAL COST OF GOODS SOLD	<u>787,718</u>	<u>693,500</u>	<u>600,246</u>
GROSS PROFIT: MARINA OPER.	<u>3,893,395</u>	<u>3,646,750</u>	<u>3,705,464</u>
OPERATING EXPENSES:			
ADVERTISING	9,547	7,500	9,083
AUTO AND EQUIPMENT FUEL	6,706	9,000	5,648
BUSINESS TAXES	17,526	14,250	15,595
CLAIMS & DAMAGES	6,522	4,500	7,317
EDUCATION & TRAINING	6,045	5,000	3,730
EMPLOYEE BENEFITS	250,146	252,000	239,913
HAZARDOUS WASTE DISPOSAL	16,411	15,000	13,326
INSURANCE	101,320	103,500	98,043
LICENSES & PERMITS	1,755	1,875	1,697
MARKETING	5,615	6,625	5,300
MISCELLANEOUS	11	375	(11)
OFFICE EXPENSE	10,438	12,750	12,446
PAYROLL TAXES	88,693	95,250	88,923
PROFESSIONAL FEES	(1,277)	21,750	2,618
RENT	9,709	9,750	9,426
REPAIR AND MAINTENANCE	107,957	42,000	51,754
SALARIES AND WAGES	818,936	825,000	780,774
SUPPLIES	76,677	81,000	59,440
UTILITIES	141,950	149,250	144,467
OPERATING EXPENSES BEFORE DEPR & O/H	<u>1,674,687</u>	<u>1,656,375</u>	<u>1,549,489</u>
DEPRECIATION	707,296	744,000	727,095
OVERHEAD ALLOCATION - MARINA	557,805	535,500	425,579
TOTAL OPERATING EXPENSES	<u>2,939,788</u>	<u>2,935,875</u>	<u>2,702,163</u>
INCOME FROM OPERATIONS	<u>953,607</u>	<u>710,875</u>	<u>1,003,301</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	17,098	16,000	41,149
PROPERTY TAX ALLOCATION - MARI	(37,500)	(37,500)	(37,500)
MISCELLANEOUS, NET	0	0	(1,744)
OTHER EXPENSE (INCOME), NET	<u>(20,402)</u>	<u>(21,500)</u>	<u>1,905</u>
NET INCOME	<u>\$974,009</u>	<u>732,375</u>	<u>1,001,396</u>

ote: 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 NINE MONTHS ENDED SEPTEMBER 30, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$1,299,953	1,392,000	1,162,741
HARBOR SQUARE CAMS	135,787	0	117,305
MISCELLANEOUS - HS	2,680	0	3,093
LATE FEES - HARBOR SQUARE PROP	4,588	0	3,436
HARB SQ CONFERENCE ROOM REV	1,150	0	2,645
ANTHONY'S	217,788	229,000	215,645
BUD'S BAIT	0	0	5,666
EDMONDS YACHT SALES	2,675	3,000	2,616
HARBOR SQUARE ATHLETIC CLUB	94,533	94,500	92,516
POE 2 LLC	39,423	39,750	38,462
LANDING	81,696	81,750	81,696
YACHT CLUB	41,646	41,250	40,535
	<u>1,921,919</u>	<u>1,881,250</u>	<u>1,766,356</u>
TOTAL RENTAL PROPERTIES			
GROSS PROFIT	<u>1,921,919</u>	<u>1,881,250</u>	<u>1,766,356</u>
OPERATING EXPENSES:			
HARB SQ MEETING ROOM COSTS	90	225	325
ADVERTISING	0	375	0
AUTO & EQUIPMENT FUEL	216	225	237
BANK CHARGES	347	300	318
BUSINESS TAXES	110	75	93
EMPLOYEE BENEFITS	32,382	25,500	23,949
INSURANCE	30,240	30,750	28,833
LEASE EXPENSES	0	0	9,831
MASTER BUSINESS PLAN	14,660	18,750	56,051
MISCELLANEOUS	1,061	750	355
OFFICE	548	0	0
PAYROLL TAXES	10,688	9,750	8,892
PROFESSIONAL FEES	49,559	124,500	84,997
REPAIR AND MAINTENANCE	127,385	118,500	83,147
SALARIES AND WAGES	104,625	84,000	78,008
SUPPLIES	15,299	13,500	10,036
TENANT IMPROVEMENTS	2,090	750	1,516
UTILITIES	106,635	114,000	103,181
	<u>495,935</u>	<u>541,950</u>	<u>489,769</u>
OPERATING EXPENSES BEFORE DEPR & O/H			
DEPRECIATION	446,698	471,000	466,214
OVERHEAD ALLOCATION - RENTAL P	239,060	229,500	182,391
	<u>1,181,693</u>	<u>1,242,450</u>	<u>1,138,374</u>
TOTAL OPERATING EXPENSES			
INCOME FROM OPERATIONS	<u>740,226</u>	<u>638,800</u>	<u>627,982</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	90,767	150,000	180,820
INTEREST INCOME	(4,565)	(1,500)	(1,584)
PROPERTY TAX ALLOCATION - RENT	(150,000)	(150,000)	(150,000)
	<u>(63,798)</u>	<u>(1,500)</u>	<u>29,236</u>
OTHER EXPENSE (INCOME), NET			
NET INCOME	<u>\$804,024</u>	<u>640,300</u>	<u>598,746</u>

Port of Edmonds
Investment Report
As of September 30, 2017

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

Security	Remaining		Final	Coupon	Par Value	Amortized	Market	Percent of Portfolio
	Life	Purchased	Maturity			Book Value	Value at 9/30/2017	
FICO	0.17	9/24/2015	11/30/2017	0.000%	\$ 508,000	\$ 505,816	\$ 506,990	3.81%
Federal Natl Mortgage Assn	0.33	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 498,260	\$ 499,715	3.75%
Federal Farm Credit Bank	1.08	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 248,486	\$ 248,929	1.87%
Federal Farm Credit Bank	1.46	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 497,185	\$ 497,126	3.73%
Federal Natl Mortgage Assn	1.71	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 247,761	\$ 248,474	1.87%
Federal Home Loan Bank	2.08	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 247,666	\$ 248,902	1.87%
Opus CD - restricted	2.29	1/17/2017	1/17/2020	0.900%	\$ 694,057	\$ 694,057	\$ 694,057	5.21%
Federal Natl Mortgage Assn	2.50	10/12/2016	3/20/2020	1.300%	\$ 500,000	\$ 492,144	\$ 494,583	3.72%
Resolution Funding Corporation	2.79	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 495,007	\$ 499,712	3.75%
Federal Farm Credit Bank	3.67	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 487,923	\$ 495,016	3.72%
Federal Farm Credit Bank	3.88	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 480,281	\$ 489,216	3.67%
Federal Home Loan Mtg Corp	4.21	6/20/2017	11/24/2021	2.020%	\$ 500,000	\$ 501,401	\$ 495,118	3.72%
Federal Farm Credit Bank	4.71	5/25/2017	5/23/2022	2.070%	\$ 500,000	\$ 501,103	\$ 493,674	3.71%
					<u>\$ 5,977,057</u>	<u>\$ 5,897,090</u>	<u>\$ 5,911,509</u>	<u>44.41%</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	1.05%	\$ 3,263,298	24.51%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.02%
Bank of Washington	Revolving checking account	0.00%	\$ -	0.00%
Bank of Washington	Business checking account	0.00%	\$ -	0.00%
Opus Bank	HS checking account	1.14%	\$ 994,086	7.47%
Snohomish County	Tax collections	0.00%	\$ 7,042	0.05%
Washington LGIP	Short-term investments	1.14%	\$ 38,363	0.29%
Opus Bank	Money market	1.14%	\$ 3,094,202	23.24%
			<u>\$ 7,401,191</u>	

Total Cash and Investments \$ 13,312,700 100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 614,538
Capital Replacement Reserve	\$ 1,389,159
Operating Reserve	\$ 1,090,505
	<u>\$ 3,094,202</u>

Outstanding Debt

2005 LTGO & Refunding Bond	\$ -
2011 Revenue Bond - Opus Bank	\$ 3,138,493
	<u>\$ 3,138,493</u>

Due Within 1 Year \$ 1,321,576

Capital Replacement Reserve consists of:

Opus Bank Money Market	\$ 1,389,159
FICO 0 11/30/17	\$ 508,000
Federal Natl 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 Natl 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>\$ 6,672,159</u>

Opus Bank Debt Service Reserve \$ 694,057