

COMMISSION MEETING
INFORMATION
Date: August 13, 2018

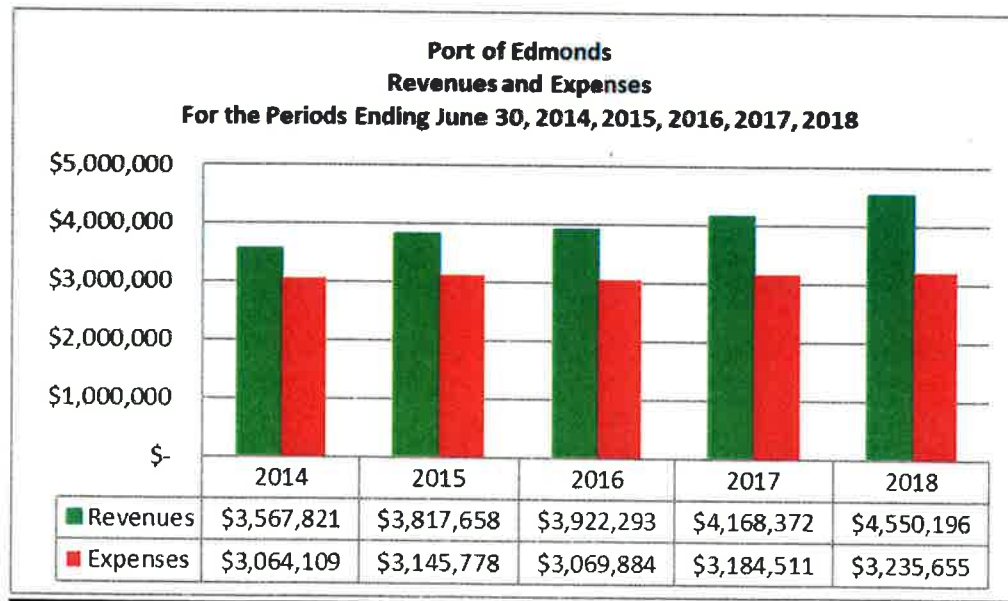
Staff Review: Port Attorney
 Deputy Director
 Finance Manager
 Facilities Maintenance Manager
To: Port Commission

From: Tina Drennan
 Finance Manager

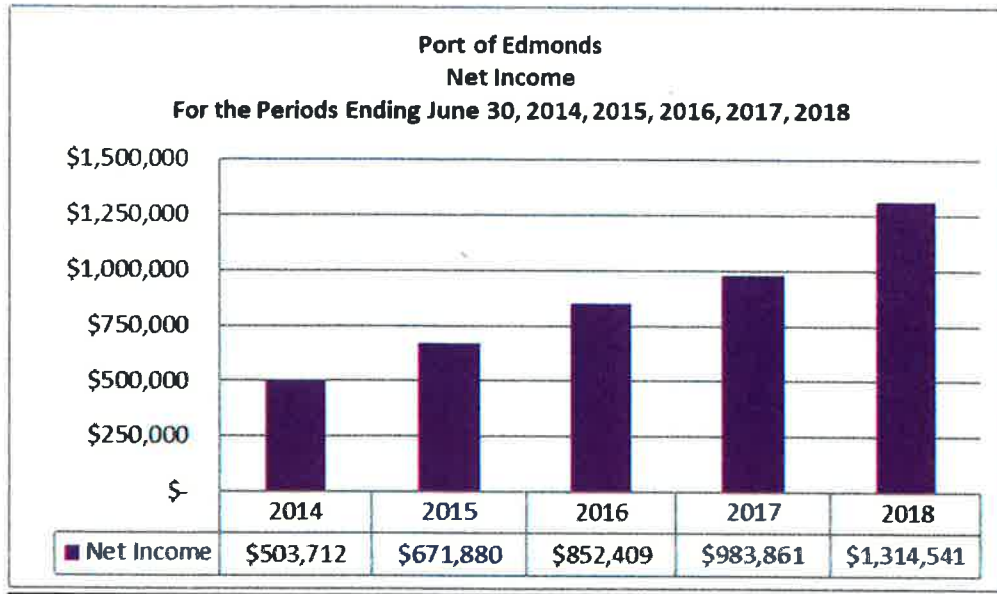
Attachments: June Income Statement
 June Marina Income Statement
 June Rental Property Income Statement
 Investment Report as of June 30, 2018

SUBJECT: 2ND QUARTER 2018 FINANCIAL STATEMENTS

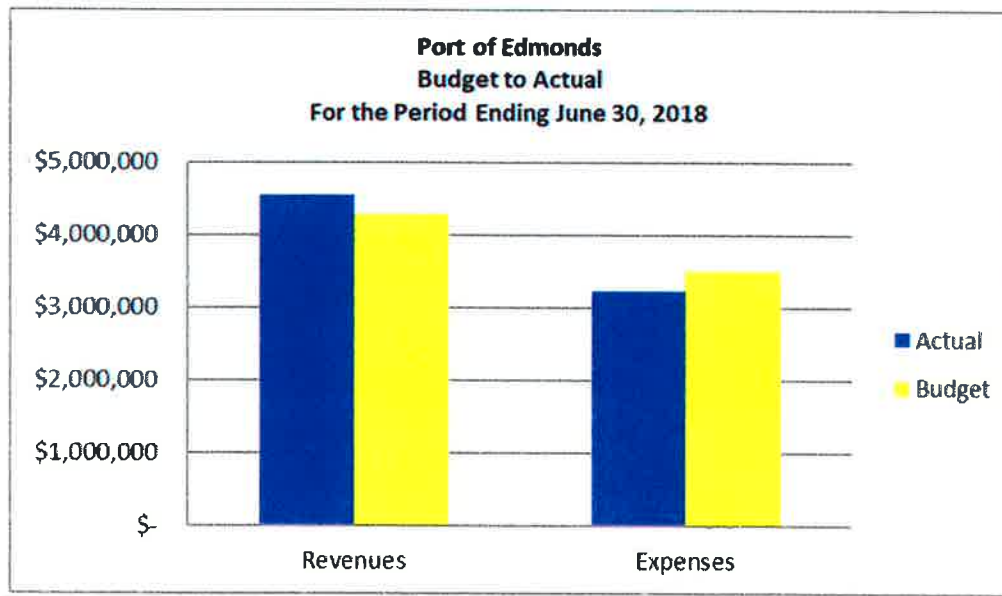
Please find attached the second quarter 2018 financial statements.



Revenues are trending upwards. Expenses are remaining at approximately \$3.2 million.



Net income has been trending upwards.



Actual revenues are approximately \$247,000 greater than budget. Actual expenses are approximately \$282,000 less than budget.

Gross profit (revenues less cost of goods sold) for the six month period ending June 30, 2018, was \$3,860,000, which is approximately \$205,000 or 6% greater than budget. Net income for the same period was \$1,314,451.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Permanent Moorage	1,721,154	1,675,000	46,154	2.76%
Dry Storage Revenue	322,799	321,000	1,799	0.56%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	1,062,045	976,750	85,295	8.73%

Operating expenses before depreciation for the six month period were \$2,066,000, which is approximately \$257,000 or 11% less than budget.

Operating Expenses Actual to Budget:

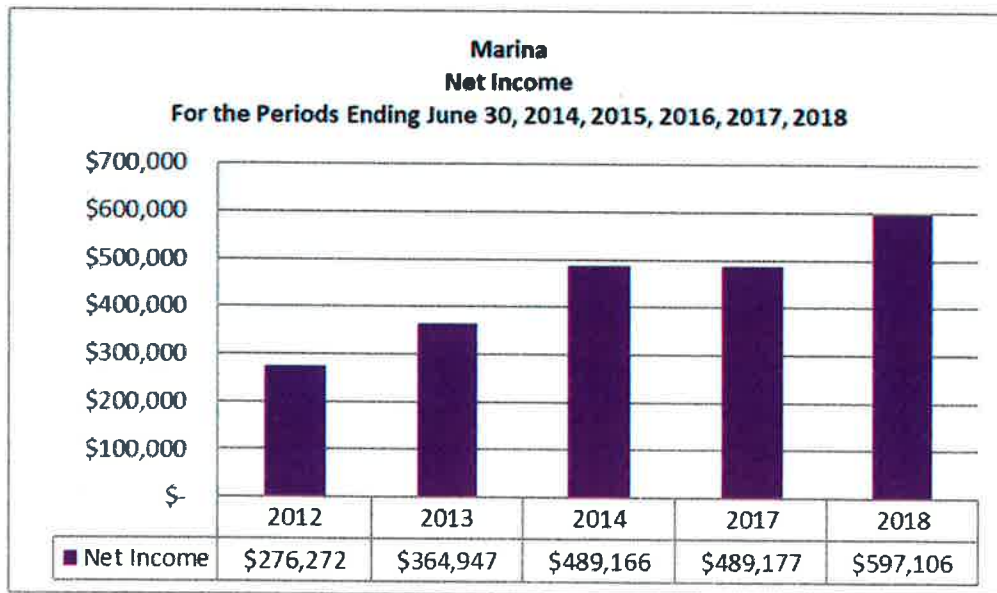
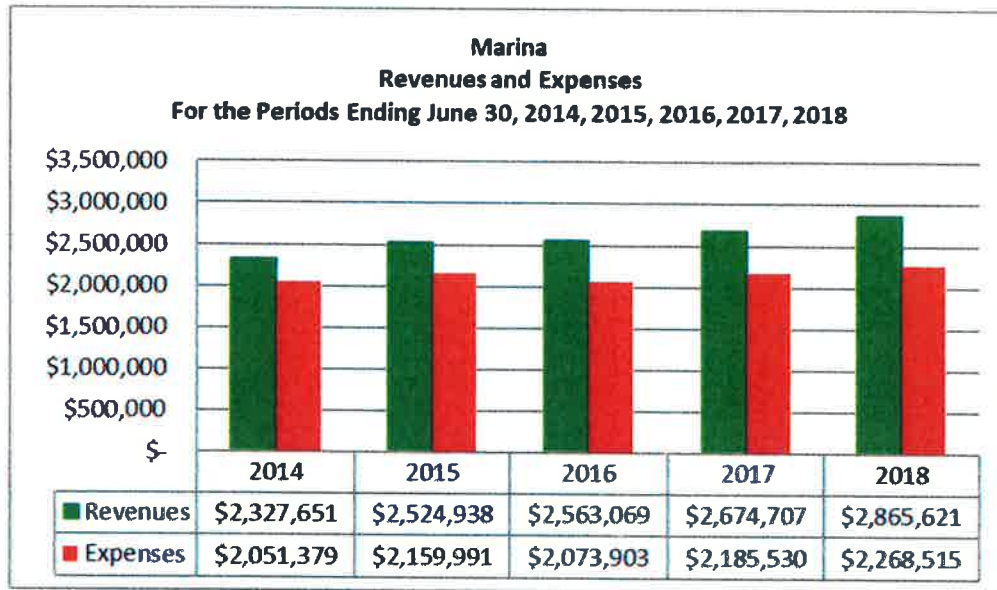
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Other Cost of Goods Sold	22,043	62,500	40,457	64.73%
Employee Benefits	319,473	355,494	36,021	10.13%
Payroll Taxes	95,653	111,500	15,847	14.21%
Professional Fees	115,362	130,500	15,138	11.60%
Repair & Maintenance	65,746	114,500	48,754	42.58%
Salaries & Wages	904,468	1,007,000	102,532	10.18%
Supplies	108,339	126,500	18,161	14.36%
Utilities	196,558	211,000	14,442	6.84%

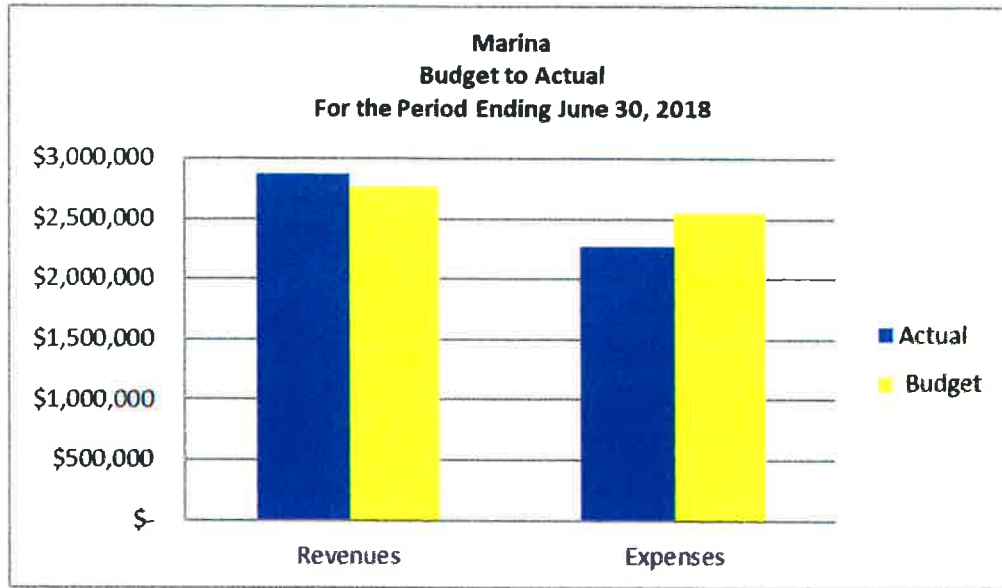
Non-Operating Items – Expenses (Revenues):

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(101,954)	(63,000)	38,954	61.83%

Net income for the six months ending June 30, 2018 was \$1,315,000, which is approximately \$530,000 greater than budget.

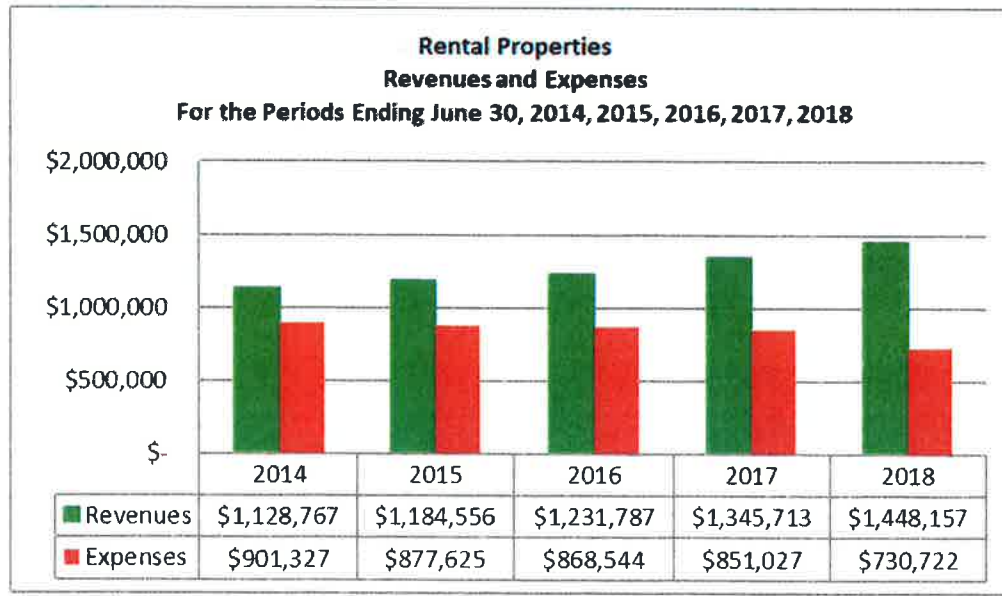
Marina Actual to Budget:

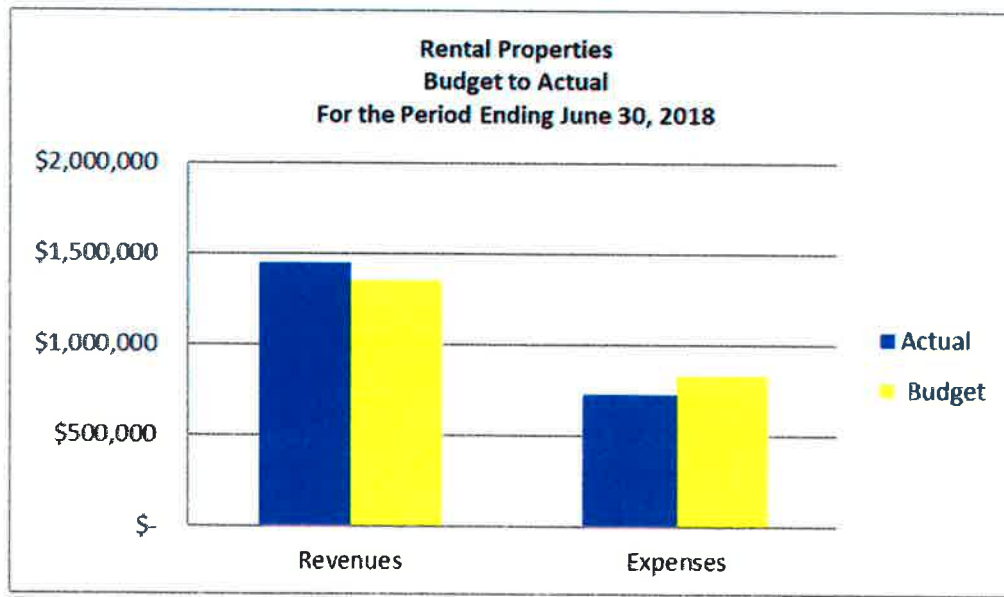
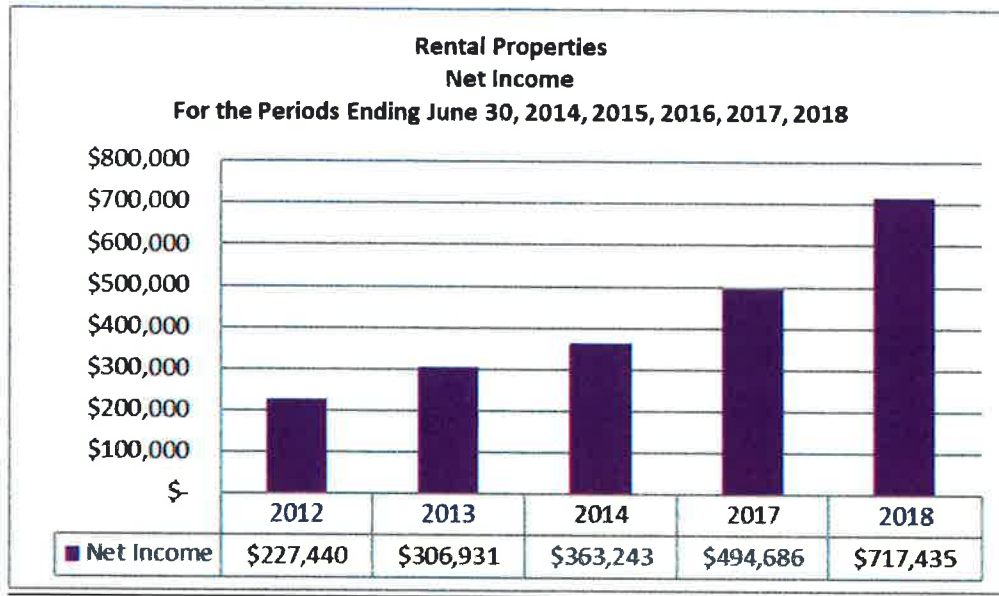




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	2,840,621	2,752,500	88,121	3.20%
Operating Expenses Before Depr, O/H	1,095,710	1,258,496	(162,786)	-12.93%
Net Income	597,106	214,254	382,852	178.69%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,357,940	1,267,250	90,690	7.16%
Operating Expenses Before Depr, O/H	242,433	293,000	(50,567)	-17.26%
Net Income	717,435	518,250	199,185	38.43%

Investing Summary:

- The Port has 16 long-term investments, with the first maturing in August 2018.
- No bonds matured or were called during the second quarter.
- The Port purchased a \$250,000, 7 month bond in April with a 1.95% yield.
- The average liquid interest rate earned by the Port was 1.50% for the second quarter. The Port earned 1.57% in the long term investments, for an average of 1.55%. 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 \$101,954 in the first two quarters of 2018, which is 96% greater than same period in 2017.
- The Capital Replacement Reserve is currently \$8,483,808, with a part of the reserve in Opus Bank, part in Washington Federal, and part invested long term.
- The Port has \$2,150,480 remaining in outstanding debt. \$1,347,760 of that is due within one year.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2018

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$20	0	22
ELECTRICAL FEES	81,949	78,000	82,084
ENVIRONMENTAL FEES	53,163	53,000	52,248
ENVIRONMENTAL FEE - WORKYARD	15,318	11,500	12,800
FUEL SALES	393,814	356,000	320,611
LAUNCHER	27,792	30,000	26,015
MISCELLANEOUS	50,576	41,000	56,104
GUEST MOORAGE	48,791	47,000	61,671
PERMANENT MOORAGE	1,721,154	1,675,000	1,605,212
PASSENGER FEES	5,284	7,000	1,877
DRY STORAGE REVENUE	322,799	321,000	302,336
PARKING	27,747	29,000	20,444
TRAVELIFT	66,546	60,000	59,323
WORKYARD	48,863	47,000	52,714
MARINA LATE FEES	15,303	17,000	16,831
GROSS REVENUE	<u>2,879,119</u>	<u>2,772,500</u>	<u>2,670,292</u>
COST OF GOODS SOLD:			
COST OF SALES	22,043	62,500	7,838
ELECTRICAL PURCHASES	43,272	44,000	43,603
FUEL & OIL	309,563	274,000	248,028
LOAN-A-SLIP CREDITS	1,313	3,500	1,349
TOTAL COST OF GOODS SOLD	<u>376,191</u>	<u>384,000</u>	<u>300,818</u>
GROSS PROFIT: MARINA OPER.	<u>2,502,928</u>	<u>2,388,500</u>	<u>2,369,474</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	1,062,045	976,750	956,493
ANTHONY'S	113,560	114,000	113,561
EDMONDS YACHT SALES	1,825	2,000	1,771
HARBOR SQUARE ATHLETIC CLUB	64,913	64,500	63,022
POE 2 LLC	26,750	27,000	26,157
LANDING	60,506	54,500	54,464
YACHT CLUB	28,280	28,500	27,506
TOTAL RENTAL PROPERTIES	<u>1,357,879</u>	<u>1,267,250</u>	<u>1,242,974</u>
GROSS PROFIT	<u>3,860,807</u>	<u>3,655,750</u>	<u>3,612,448</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, 2018

	YEAR TO DATE		PRIOR YEAR
	ACTUAL	CURRENT BUDGET	
OPERATING EXPENSES:			
ADVERTISING	\$1,764	5,250	3,268
ADVERTISING - MARKETING - MARI	6,548	5,500	8,510
AUTO AND EQUIPMENT FUEL	9,307	9,250	8,126
BANK CHARGES	3,028	2,750	2,061
BUSINESS TAXES	10,058	10,250	9,479
CLAIMS & DAMAGES	3,530	7,000	1,521
COMMUNICATIONS	4,100	9,000	8,763
ECONOMIC DEVELOPMENT & TOURISM	15,571	10,000	8,884
EDUCATION & TRAINING	6,609	13,000	13,137
EMPLOYEE BENEFITS	319,473	355,494	287,196
HAZARDOUS WASTE DISPOSAL	7,550	10,500	14,630
INSURANCE	89,382	91,000	91,121
LICENSES & PERMITS	1,674	1,500	1,462
MARKETING	12,906	11,250	4,066
MASTER BUSINESS PLAN	2,957	0	14,660
MEALS	1,435	3,000	2,022
MEMBERSHIP DUES	9,465	8,500	9,006
MISCELLANEOUS	69	750	1,062
OFFICE	50,528	41,500	32,575
PAYROLL TAXES	95,653	111,500	85,352
PROMOTIONAL HOSTING	222	2,500	757
PROFESSIONAL FEES	115,362	130,500	129,826
RENT	7,752	6,500	7,527
REPAIR AND MAINTENANCE	65,746	114,500	111,276
SALARIES AND WAGES	904,468	1,007,000	794,380
SUPPLIES	108,339	126,500	112,918
TENANT IMPROVEMENTS	228	1,500	2,036
TRAVEL	9,363	10,250	6,841
UNIFORMS	6,583	6,000	5,619
UTILITIES	196,558	211,000	207,784
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	<u>2,066,228</u>	<u>2,323,244</u>	<u>1,985,865</u>
	760,006	782,000	812,178
TOTAL OPERATING EXPENSES	<u>2,826,234</u>	<u>3,105,244</u>	<u>2,798,043</u>
INCOME FROM OPERATIONS	<u>1,034,573</u>	<u>550,506</u>	<u>814,405</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	33,230	29,000	85,650
INTEREST INCOME	(101,954)	(63,000)	(51,890)
(GAIN)/LOSS ON FIXED ASSETS	(3,681)	0	0
CHANGE IN FAIR VALUE OF INVEST	(138)	0	0
OPERATING GRANTS	(4,000)	0	0
PROPERTY TAXES	(203,425)	(200,000)	(203,216)
OTHER EXPENSE (INCOME), NET	<u>(279,968)</u>	<u>(234,000)</u>	<u>(169,456)</u>
NET INCOME	<u><u>\$1,314,541</u></u>	<u><u>784,506</u></u>	<u><u>983,861</u></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
MARINA INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2018

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$20	0	22
ELECTRICAL FEES	81,949	78,000	82,084
ENVIRONMENTAL FEES	53,163	53,000	52,248
ENVIRONMENTAL FEE - WORKYARD	15,318	11,500	12,800
FUEL SALES	393,814	356,000	320,611
LAUNCHER	27,792	30,000	26,015
MISCELLANEOUS	26,330	21,000	35,519
GUEST MOORAGE	48,791	47,000	61,671
PERMANENT MOORAGE	1,721,154	1,675,000	1,605,212
PASSENGER FEES	5,284	7,000	1,877
DRY STORAGE REVENUE	322,799	321,000	302,336
PARKING	13,495	29,000	16,509
TRAVELIFT	66,546	60,000	59,322
WORKYARD	48,862	47,000	52,714
LATE FEES	15,304	17,000	16,831
GROSS REVENUE	<u>2,840,621</u>	<u>2,752,500</u>	<u>2,645,771</u>
COST OF GOODS SOLD:			
COST OF SALES	22,043	62,500	7,838
ELECTRICAL PURCHASES	43,272	44,000	43,603
FUEL & OIL	309,563	274,000	248,028
LOAN-A-SLIP CREDITS	1,313	3,500	1,349
TOTAL COST OF GOODS SOLD	<u>376,191</u>	<u>384,000</u>	<u>300,818</u>
GROSS PROFIT: MARINA OPER.	<u>2,464,430</u>	<u>2,368,500</u>	<u>2,344,953</u>
OPERATING EXPENSES:			
ADVERTISING	6,831	5,500	8,691
AUTO AND EQUIPMENT FUEL	4,812	5,000	3,593
BUSINESS TAXES	9,950	10,000	9,396
CLAIMS & DAMAGES	3,530	7,000	1,521
EDUCATION & TRAINING	2,985	5,000	6,045
EMPLOYEE BENEFITS	186,071	197,496	155,785
HAZARDOUS WASTE DISPOSAL	7,550	10,500	14,630
INSURANCE	65,291	66,500	67,828
LICENSES & PERMITS	1,400	1,000	1,289
MARKETING	7,766	6,250	4,066
MISCELLANEOUS	(22)	250	1
OFFICE EXPENSE	6,525	8,500	7,011
PAYROLL TAXES	60,166	71,500	52,396
PROFESSIONAL FEES	2,327	13,500	(1,925)
RENT	7,752	6,500	7,527
REPAIR AND MAINTENANCE	25,078	51,500	39,215
SALARIES AND WAGES	568,560	631,500	486,416
SUPPLIES	45,908	58,000	52,038
UTILITIES	83,230	103,000	102,426
OPERATING EXPENSES BEFORE DEPR & O/H	<u>1,095,710</u>	<u>1,258,496</u>	<u>1,017,949</u>
DEPRECIATION	423,930	426,000	475,039
OVERHEAD ALLOCATION - MARINA	372,684	494,750	374,626
TOTAL OPERATING EXPENSES	<u>1,892,324</u>	<u>2,179,246</u>	<u>1,867,614</u>
INCOME FROM OPERATIONS	<u>572,106</u>	<u>189,254</u>	<u>477,339</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	0	0	17,098
PROPERTY TAX ALLOCATION - MARI	(25,000)	(25,000)	(24,999)
OTHER EXPENSE (INCOME), NET	<u>(25,000)</u>	<u>(25,000)</u>	<u>(7,901)</u>
NET INCOME	<u>\$597,106</u>	<u>214,254</u>	<u>485,240</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, 2018

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$899,747	884,500	857,392
HARBOR SQUARE CAMS	155,163	87,500	93,409
MISCELLANEOUS - HS	2,038	1,500	1,675
LATE FEES - HARBOR SQUARE PROP	4,626	2,500	3,207
HARB SQ CONFERENCE ROOM REV	532	750	900
ANTHONY'S	113,560	114,000	113,561
EDMONDS YACHT SALES	1,825	2,000	1,771
HARBOR SQUARE ATHLETIC CLUB	64,913	64,500	63,023
POE 2 LLC	26,750	27,000	26,158
LANDING	60,506	54,500	54,463
YACHT CLUB	28,280	28,500	27,505
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TOTAL RENTAL PROPERTIES	1,357,940	1,267,250	1,243,064
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GROSS PROFIT	1,357,940	1,267,250	1,243,064
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OPERATING EXPENSES:			
HARB SQ MEETING ROOM COSTS	56	0	90
COST OF SALES - HARBOR SQUARE	6	0	0
ADVERTISING	0	250	0
AUTO & EQUIPMENT FUEL	142	250	127
BANK CHARGES	362	250	0
BUSINESS TAXES	107	250	83
EMPLOYEE BENEFITS	24,610	26,000	21,619
INSURANCE	20,834	21,000	20,076
MASTER BUSINESS PLAN	2,958	0	14,660
MISCELLANEOUS	90	500	1,061
OFFICE	909	500	113
PAYROLL TAXES	8,101	8,500	6,560
PROFESSIONAL FEES	0	15,000	48,058
REPAIR AND MAINTENANCE	30,968	54,000	58,604
SALARIES AND WAGES	77,517	79,000	66,929
SUPPLIES	6,055	11,500	12,872
TENANT IMPROVEMENTS	227	1,500	2,036
UTILITIES	69,491	74,500	71,345
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OPERATING EXPENSES BEFORE DEPR & O/H	242,433	293,000	324,233
DEPRECIATION	295,336	303,000	297,688
OVERHEAD ALLOCATION - RENTAL P	159,722	212,000	160,554
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TOTAL OPERATING EXPENSES	697,491	808,000	782,475
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INCOME FROM OPERATIONS	660,449	459,250	460,589
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OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	33,231	29,000	68,552
INTEREST INCOME	(5,217)	(3,000)	(2,648)
PROPERTY TAX ALLOCATION - RENT	(85,000)	(85,000)	(100,000)
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OTHER EXPENSE (INCOME), NET	(56,986)	(59,000)	(34,096)
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NET INCOME	\$717,435	518,250	494,685
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Port of Edmonds
Investment Report
As of June 30, 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 6/30/2018	Percent of Portfolio
						Book Value	Value		
FICO STRIP PRN-7	0.08	11/16/2017	8/3/2018	0.000%	\$ 535,000	\$ 533,469	\$ 533,898	\$ 533,898	3.55%
FICO STRIP PRN14	0.33	4/19/2018	11/2/2018	0.000%	\$ 250,000	\$ 248,284	\$ 248,025	\$ 248,025	1.65%
Federal Farm Credit Bank	0.33	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 248,451	\$ 249,186	\$ 249,186	1.66%
Federal Farm Credit Bank	0.71	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 494,566	\$ 496,261	\$ 496,261	3.30%
Federal Natl Mortgage Assn	0.96	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 247,579	\$ 247,492	\$ 247,492	1.65%
FICO STRIP CPN	1.25	1/31/2018	9/26/2019	0.000%	\$ 517,000	\$ 504,454	\$ 501,119	\$ 501,119	3.34%
Federal Home Loan Bank	1.33	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 247,075	\$ 246,756	\$ 246,756	1.64%
Opus CD - restricted	1.54	1/17/2017	1/17/2020	0.900%	\$ 703,129	N/A	\$ 703,129	\$ 703,129	4.68%
Federal Natl Mortgage Assn	1.75	10/12/2016	3/20/2020	1.300%	\$ 500,000	\$ 490,391	\$ 489,413	\$ 489,413	3.26%
Resolution Funding Corporation	2.04	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 500,420	\$ 497,929	\$ 497,929	3.31%
Federal Farm Credit Bank	2.92	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 490,574	\$ 484,860	\$ 484,860	3.23%
Federal Farm Credit Bank	3.13	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 484,874	\$ 478,307	\$ 478,307	3.18%
Federal Home Loan Mtg Corp	3.46	6/20/2017	11/24/2021	2.020%	\$ 500,000	\$ 489,728	\$ 483,665	\$ 483,665	3.22%
Federal Home Loan Bank	3.58	12/1/2017	1/27/2022	2.070%	\$ 500,000	\$ 497,102	\$ 487,717	\$ 487,717	3.25%
Federal Farm Credit Bank	3.96	5/25/2017	5/23/2022	2.070%	\$ 500,000	\$ 487,094	\$ 484,527	\$ 484,527	3.22%
Federal Farm Credit Bank	4.38	11/16/2017	11/15/2022	2.230%	\$ 500,000	\$ 494,772	\$ 487,117	\$ 487,117	3.24%
					<u>\$ 7,280,129</u>	<u>\$ 6,458,831</u>	<u>\$ 7,119,399</u>	<u>\$ 7,119,399</u>	<u>47.39%</u>

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	1.75%	\$ 4,225,483	28.12%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.02%
Opus Bank	HS checking account	1.96%	\$ 1,009,708	6.72%
Snohomish County	Tax collections	0.00%	\$ 2,806	0.02%
Washington LGIP	Short-term investments	1.89%	\$ 38,794	0.26%
Opus Bank	Money market	1.96%	\$ 2,623,994	17.46%
			<u>\$ 7,904,986</u>	
Total Cash and Investments			<u>\$ 15,024,384</u>	<u>100.00%</u>

Opus Bank Money Market consists of:
 Environmental Reserve
 Capital Replacement Reserve

\$ 621,651
 \$ 2,002,343
\$ 2,623,994

Outstanding Debt
 2017 Revenue Bond - Opus Bank
 Due Within 1 Year

\$ 2,150,480
 \$ 1,347,760

Capital Replacement Reserve consists of:

Washington Federal Money Market
 Opus Bank Money Market
 FICO STRIP PRN-7
 Federal Farm Credit Bank 1.1 11/6/18
 Federal Farm Credit Bank 1.12 2/22/19
 Federal Ntl Mortgage 1.3 6/13/19
 FICO STRIP CPN 0.00 9/26/19
 Federal Home Loan Bank 1.45 11/8/19
 Federal Natl Mortgage Assn 1.3 3/30/20
 Resolution Funding Corp 0 7/15/20
 Federal Farm Credit Bank 1.69 6/2/21
 Federal Farm Credit Bank 1.44 8/16/21
 Federal Home Loan Mtg Corp 2.02 11/24/21
 Federal Home Loan Bank 2.07 1/27/22
 Federal Farm Credit Bank 2.07 5/23/22
 Federal Farm Credit Bank 2.23 11/15/22

\$ 154,465
 \$ 2,002,343
 \$ 535,000
 \$ 250,000
 \$ 500,000
 \$ 250,000
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 \$ 250,000
 \$ 500,000
 \$ 525,000
 \$ 500,000
 \$ 500,000
 \$ 500,000
 \$ 500,000
 \$ 500,000
 \$ 500,000
 \$ 500,000
\$ 8,483,808

Opus Bank Debt Service Reserve

\$ 703,129