

**COMMISSION MEETING**

**INFORMATION**

**Date:** May 9, 2016

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

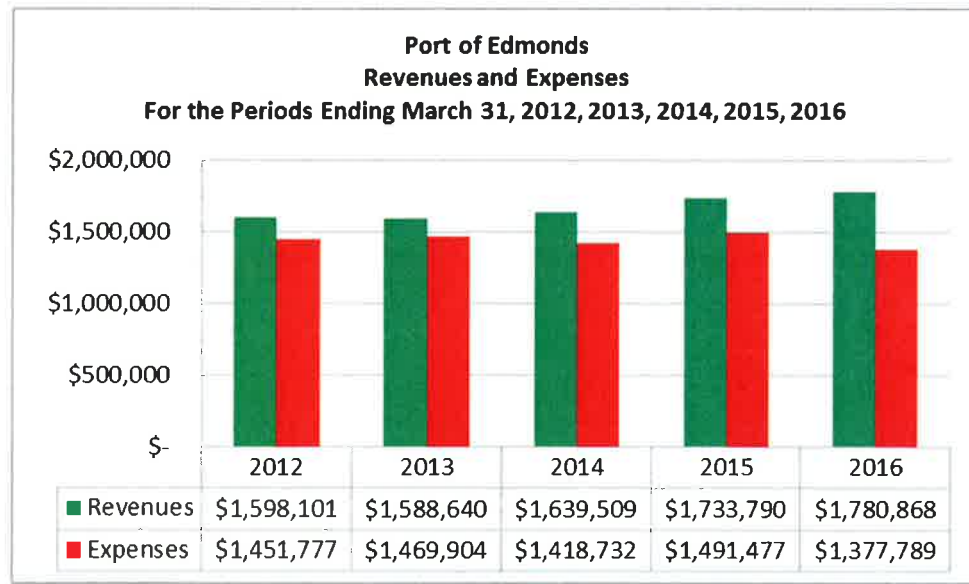
**To:** Port Commission

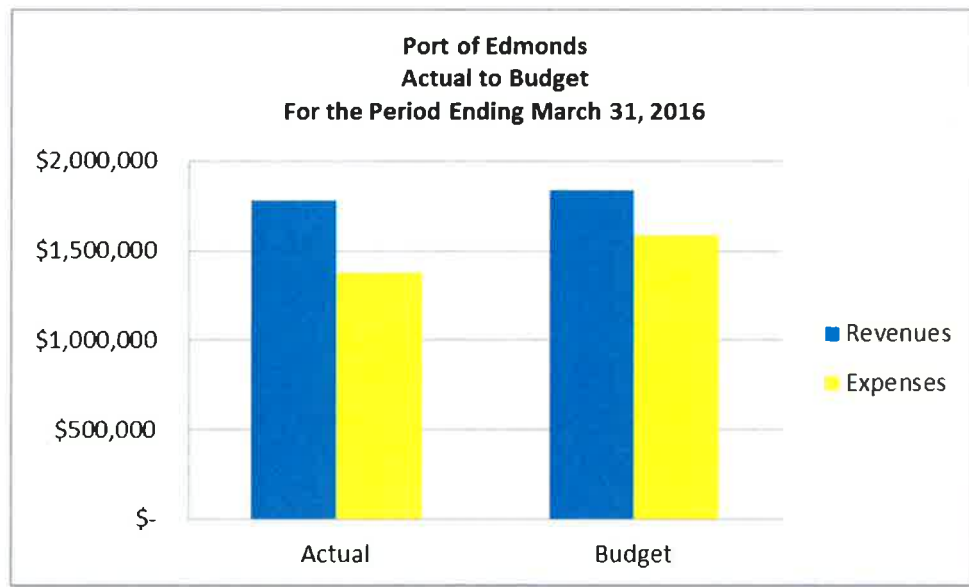
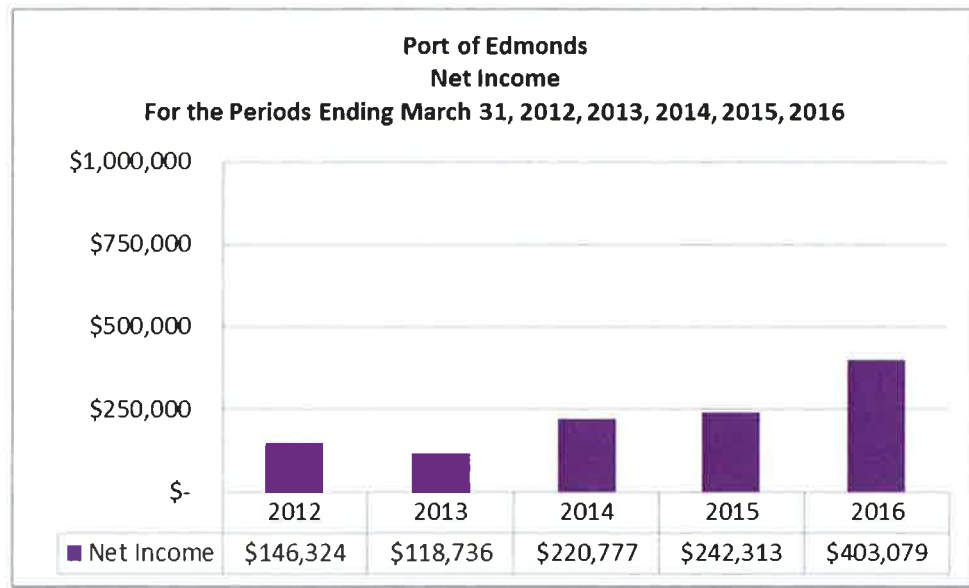
**From:** Tina Drennan  
 Finance Manager

**Attachments:** March Income Statement  
 March Marina Income Statement  
 March Rental Property Income Statement  
 Investment Report as of March 31, 2016

**SUBJECT: 1<sup>ST</sup> QUARTER 2016 FINANCIAL STATEMENTS**

Please find attached the first quarter 2016 financial statements.





Gross profit for the three month period ending March 31, 2016, was \$1,595,530, which is \$31,417 or 1.9% less than budget. Net income for the same period was \$403,079.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Permanent Moorage	754,886	798,000	(43,114)	-5.40%
Dry Storage Revenue	124,605	147,000	(22,395)	-15.23%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	412,801	407,250	5,551	1.36%

Operating expenses without depreciation for the three month period were \$1,228,348, which is \$183,202 or 13% less than budget.

Operating Expenses Actual to Budget:

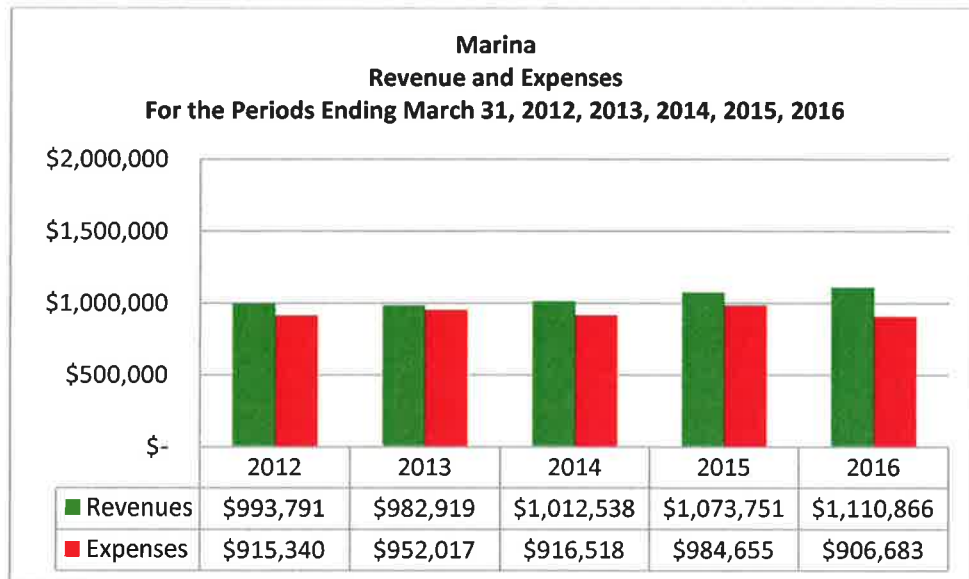
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Employee Benefits	131,419	142,750	11,331	7.94%
Payroll Taxes	35,786	50,500	14,714	29.14%
Repair & Maintenance	37,233	59,500	22,267	37.42%
Salaries & Wages	322,416	410,125	87,709	21.39%

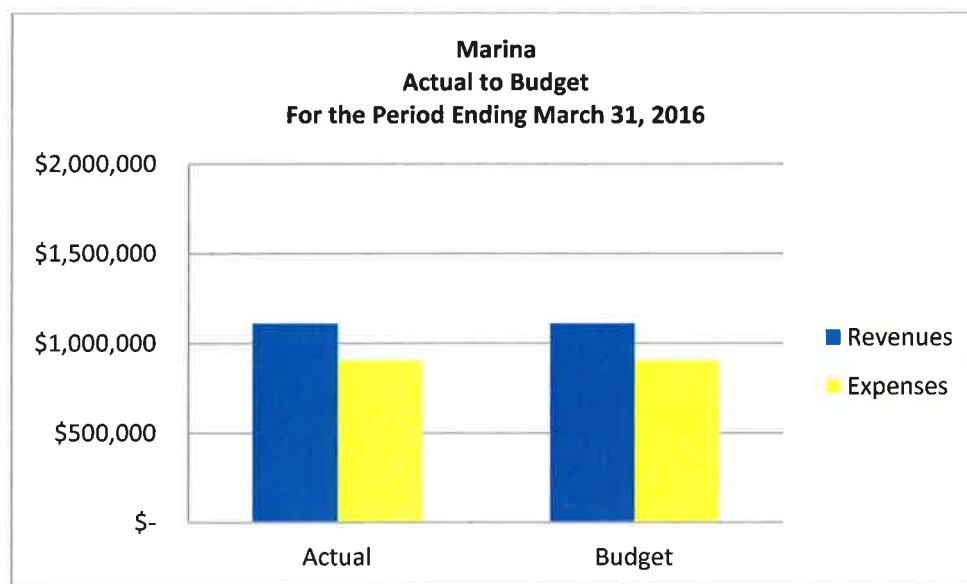
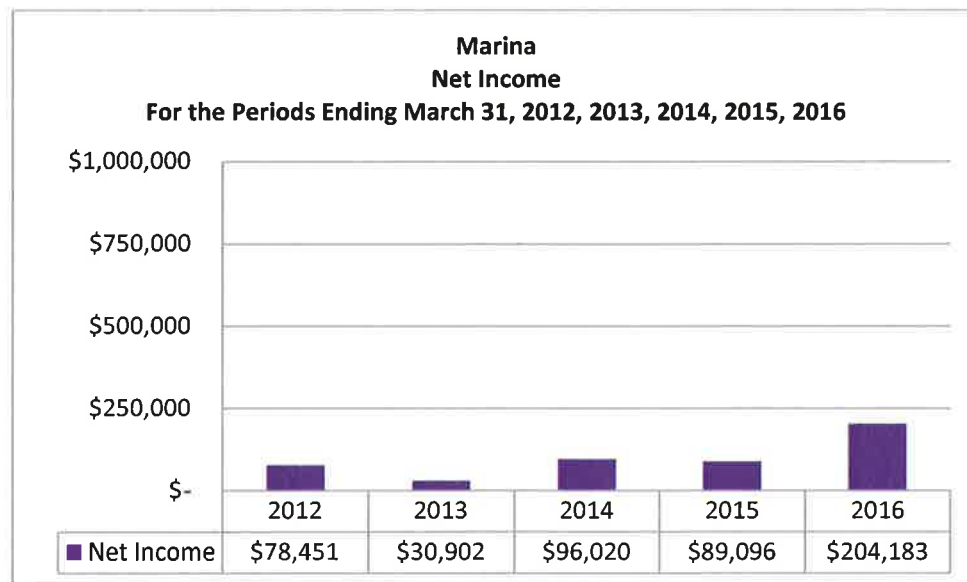
Non-Operating Items – Expenses (Revenues) Actual to Budget:

Nothing to note.

Net income for the three months ending March 31, 2016 was \$403,079, which is \$153,807 greater than budget.

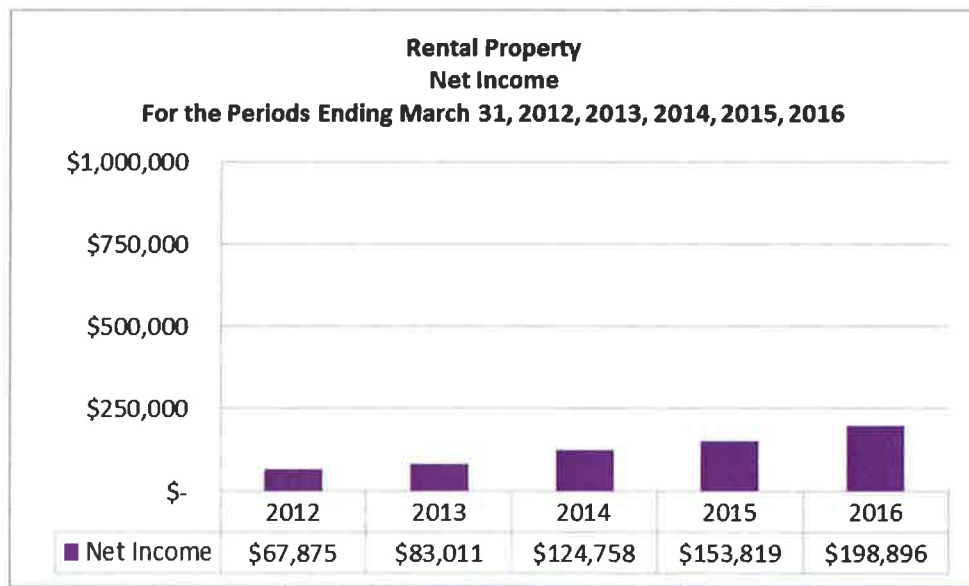
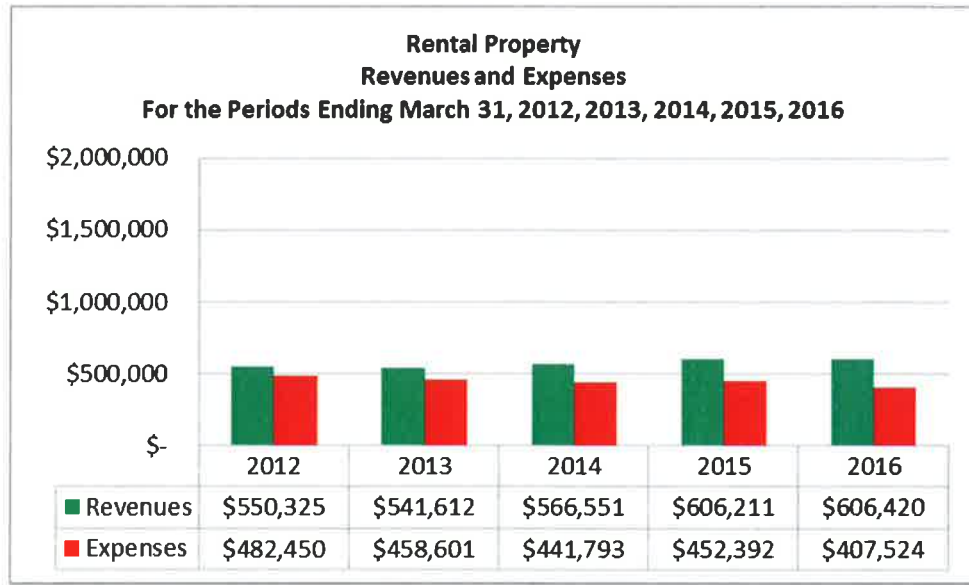
Marina Actual to Budget:

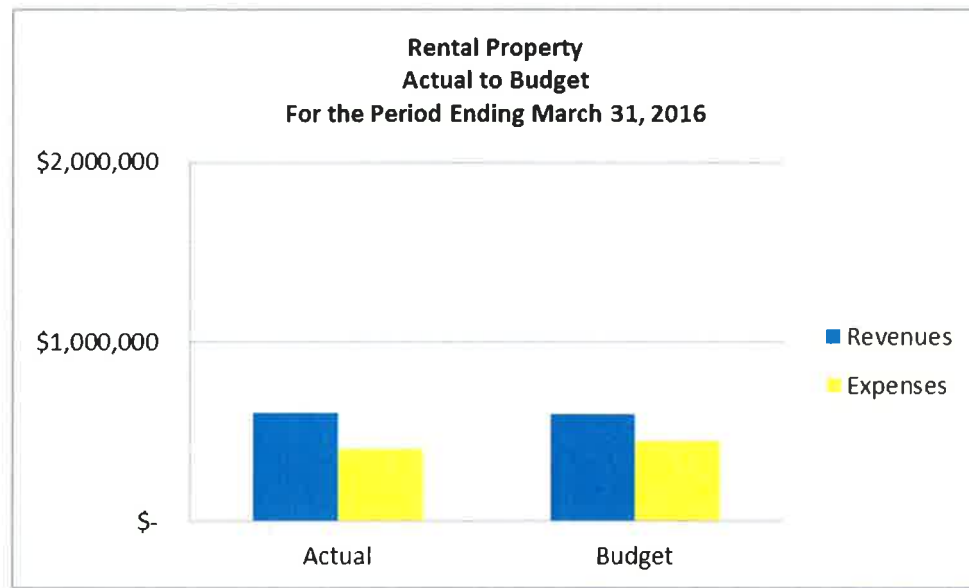




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,098,366	1,164,667	(66,301)	-5.69%
Operating Expenses Before Depr, O/H	510,949	640,625	(129,676)	-20.24%
Net Income	204,183	88,417	115,766	130.93%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	556,091	551,655	4,436	0.80%
Operating Expenses Before Depr, O/H	127,772	154,925	(27,153)	-17.53%
Net Income	198,896	151,105	47,791	31.63%

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.
- The Port purchased 2 investments in March 2016 for approximately \$1,000,000.
- The Port earned interest of \$13,144, which is almost double the 2015 interest income.
- The Capital Replacement Reserve is currently \$3,554,131, with a part of the reserve in Opus Bank and part invested long term.
- The Port has \$6,051,195 remaining in outstanding debt. \$934,965 of that is due within one year.

PORT OF EDMONDS  
INCOME STATEMENT  
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$16	0	63
ELECTRICAL FEES	44,320	36,667	39,988
ENVIRONMENTAL FEES	24,930	27,250	24,959
ENVIRONMENTAL FEE - WORKYARD	4,934	4,000	3,956
FUEL SALES	52,181	76,000	72,554
LAUNCHER	6,916	6,000	7,327
MISCELLANEOUS	21,455	19,250	15,996
GUEST MOORAGE	24,863	20,000	19,926
PERMANENT MOORAGE	754,886	798,000	731,371
DRY STORAGE REVENUE	124,605	147,000	120,589
PARKING	6,729	9,000	5,231
TRAVELIFT	17,837	11,000	12,285
WORKYARD	14,712	14,750	11,872
LATE FEES	11,715	5,000	3,143
GROSS REVENUE	<u>1,110,099</u>	<u>1,173,917</u>	<u>1,069,260</u>
COST OF GOODS SOLD:			
COST OF SALES	2,393	4,000	1,844
ELECTRICAL PURCHASES	23,815	23,000	23,694
FUEL & OIL	44,383	70,000	61,352
LOAN-A-SLIP CREDITS	69	1,625	75
TOTAL COST OF GOODS SOLD	<u>70,660</u>	<u>98,625</u>	<u>86,965</u>
GROSS PROFIT: MARINA OPER.	<u>1,039,439</u>	<u>1,075,292</u>	<u>982,295</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	412,801	407,250	406,301
ANTHONY'S	56,780	56,780	56,781
BUD'S BAIT	1,889	2,000	1,859
EDMONDS YACHT SALES	870	875	856
HARBOR SQUARE ATHLETIC CLUB	30,408	31,000	30,408
POE 2 LLC	12,730	13,000	12,420
LANDING	27,232	27,250	34,148
YACHT CLUB	13,381	13,500	13,327
TOTAL RENTAL PROPERTIES	<u>556,091</u>	<u>551,655</u>	<u>556,100</u>
GROSS PROFIT	<u>1,595,530</u>	<u>1,626,947</u>	<u>1,538,395</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, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$2,792	1,875	1,627
ADVERTISING - MARKETING - MARI	3,505	1,875	2,855
AUTO AND EQUIPMENT FUEL	2,395	5,375	2,934
BANK CHARGES	1,000	750	153
BUSINESS TAXES	3,876	5,050	3,529
CLAIMS & DAMAGES	0	1,500	0
ECONOMIC DEVELOPMENT	2,725	5,000	4,163
EDUCATION & TRAINING	155	3,500	3,503
EMPLOYEE BENEFITS	131,419	142,750	123,973
HAZARDOUS WASTE DISPOSAL	3,106	4,500	4,856
INSURANCE	43,437	44,000	43,082
LICENSES & PERMITS	589	625	536
MARKETING	5,300	6,500	5,261
MASTER BUSINESS PLAN	957	1,250	10,065
MEALS	1,183	1,625	959
MEMBERSHIP DUES	5,015	4,250	4,817
MISCELLANEOUS	232	250	256
OFFICE	18,023	17,500	16,210
PAYROLL TAXES	35,786	50,500	41,094
PROMOTIONAL HOSTING	0	625	500
PROFESSIONAL FEES	47,829	48,750	39,842
RENT	3,132	3,250	3,040
REPAIR AND MAINTENANCE	37,233	59,500	71,382
SALARIES AND WAGES	322,416	410,125	330,284
SUPPLIES	37,890	46,750	41,281
TENANT IMPROVEMENTS	379	500	0
TRAVEL	2,137	4,125	2,208
UNIFORMS	111	2,250	289
UTILITIES	98,377	97,000	112,219
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	810,999 417,349	971,550 440,000	870,918 425,052
TOTAL OPERATING EXPENSES	1,228,348	1,411,550	1,295,970
INCOME FROM OPERATIONS	367,182	215,397	242,425
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	78,781	76,250	108,542
INTEREST INCOME	(13,144)	(10,125)	(6,866)
PROPERTY TAXES	(101,534)	(100,000)	(101,564)
OTHER EXPENSE (INCOME), NET	(35,897)	(33,875)	112
NET INCOME	\$403,079	249,272	242,313

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, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$16	0	63
ELECTRICAL FEES	44,320	36,667	39,988
ENVIRONMENTAL FEES	24,930	27,250	24,959
ENVIRONMENTAL FEE - WORKYARD	4,934	4,000	3,956
FUEL SALES	52,181	76,000	72,554
LAUNCHER	6,916	6,000	7,327
MISCELLANEOUS	9,723	10,000	7,987
GUEST MOORAGE	24,863	20,000	19,926
PERMANENT MOORAGE	754,885	798,000	731,370
DRY STORAGE REVENUE	124,605	147,000	120,589
PARKING	6,729	9,000	5,231
TRAVELIFT	17,837	11,000	12,285
WORKYARD	14,712	14,750	11,872
LATE FEES	11,715	5,000	3,144
GROSS REVENUE	<u>1,098,366</u>	<u>1,164,667</u>	<u>1,061,251</u>
COST OF GOODS SOLD:			
COST OF SALES	2,393	4,000	1,844
ELECTRICAL PURCHASES	23,815	23,000	23,694
FUEL & OIL	44,383	70,000	61,352
LOAN-A-SLIP CREDITS	69	1,625	75
TOTAL COST OF GOODS SOLD	<u>70,660</u>	<u>98,625</u>	<u>86,965</u>
GROSS PROFIT: MARINA OPER.	<u>1,027,706</u>	<u>1,066,042</u>	<u>974,286</u>
OPERATING EXPENSES:			
ADVERTISING	3,550	1,875	3,023
AUTO AND EQUIPMENT FUEL	817	3,250	1,499
BUSINESS TAXES	3,850	5,000	3,471
CLAIMS & DAMAGES	0	1,500	0
EDUCATION & TRAINING	0	875	0
EMPLOYEE BENEFITS	72,257	78,000	64,721
HAZARDOUS WASTE DISPOSAL	3,105	4,500	4,856
INSURANCE	32,528	33,000	32,306
LICENSES & PERMITS	0	375	395
MARKETING	5,300	6,500	5,195
MISCELLANEOUS	7	125	0
OFFICE EXPENSE	7,512	5,250	3,754
PAYROLL TAXES	22,675	32,000	25,371
PROFESSIONAL FEES	2,197	7,000	2,160
RENT	3,132	3,250	3,040
REPAIR AND MAINTENANCE	12,749	19,000	37,066
SALARIES AND WAGES	206,154	264,000	204,359
SUPPLIES	13,731	25,250	23,530
UTILITIES	50,725	51,250	54,161
OPERATING EXPENSES BEFORE DEPR & O/H	<u>440,289</u>	<u>542,000</u>	<u>468,907</u>
DEPRECIATION	238,809	259,500	249,669
OVERHEAD ALLOCATION - MARINA	140,449	174,625	143,239
TOTAL OPERATING EXPENSES	<u>819,547</u>	<u>976,125</u>	<u>861,815</u>
INCOME FROM OPERATIONS	<u>208,159</u>	<u>89,917</u>	<u>112,471</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	16,476	14,000	35,875
PROPERTY TAX ALLOCATION - MARI	(12,500)	(12,500)	(12,500)
OTHER EXPENSE (INCOME), NET	<u>3,976</u>	<u>1,500</u>	<u>23,375</u>
NET INCOME	<u>\$204,183</u>	<u>88,417</u>	<u>89,096</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, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
MISCELLANEOUS - HS	\$751	0	0
HARBOR SQUARE PROPERTY	378,835	372,500	364,132
HARBOR SQUARE CAMS	36,604	32,750	40,582
HARB SQ OTHER REIMB EXPENSES	737	0	145
HARB SQ CONFERENCE ROOM REV	200	750	1,850
HS RENT ABATEMENT	(5,714)	0	(2,659)
LATE FEES - HARBOR SQUARE PROP	1,444	1,375	2,316
HARB SQ MEETING ROOM COSTS	(55)	(125)	(65)
ANTHONY'S	56,780	56,780	56,780
BUD'S BAIT	1,888	2,000	1,859
EDMONDS YACHT SALES	871	875	857
HARBOR SQUARE ATHLETIC CLUB	30,407	31,000	30,407
POE 2 LLC	12,731	13,000	12,420
LANDING	27,232	27,250	34,149
YACHT CLUB	13,380	13,500	13,327
<b>TOTAL RENTAL PROPERTIES</b>	<b>556,091</b>	<b>551,655</b>	<b>556,100</b>
<b>GROSS PROFIT</b>	<b>556,091</b>	<b>551,655</b>	<b>556,100</b>
OPERATING EXPENSES:			
ADVERTISING	0	500	90
AUTO & EQUIPMENT FUEL	30	125	71
BANK CHARGES	318	125	0
BUSINESS TAXES	26	50	59
EMPLOYEE BENEFITS	6,974	8,250	7,278
INSURANCE	9,558	9,750	9,566
MASTER BUSINESS PLAN	956	1,250	10,065
MISCELLANEOUS	212	125	255
PAYROLL TAXES	2,176	3,250	2,826
PROFESSIONAL FEES	25,344	25,750	26,688
REPAIR AND MAINTENANCE	20,273	35,250	31,058
SALARIES AND WAGES	19,791	27,750	23,077
SUPPLIES	2,249	4,000	4,881
TENANT IMPROVEMENTS	379	500	0
UTILITIES	39,486	38,250	48,919
<b>OPERATING EXPENSES BEFORE DEPR &amp; O/H</b>	<b>127,772</b>	<b>154,925</b>	<b>164,833</b>
DEPRECIATION	157,254	158,500	153,504
OVERHEAD ALLOCATION - RENTAL P	60,193	75,000	61,388
<b>TOTAL OPERATING EXPENSES</b>	<b>345,219</b>	<b>388,425</b>	<b>379,725</b>
<b>INCOME FROM OPERATIONS</b>	<b>210,872</b>	<b>163,230</b>	<b>176,375</b>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	62,305	62,250	72,667
INTEREST INCOME	(329)	(125)	(111)
PROPERTY TAX ALLOCATION - RENT	(50,000)	(50,000)	(50,000)
<b>OTHER EXPENSE (INCOME), NET</b>	<b>11,976</b>	<b>12,125</b>	<b>22,556</b>
<b>NET INCOME</b>	<b>\$198,896</b>	<b>151,105</b>	<b>153,819</b>

Port of Edmonds  
Investment Report  
As of March 31, 2016

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

<u>Security</u>	<u>Remaining Life</u>	<u>Purchased</u>	<u>Final Maturity</u>	<u>Coupon</u>	<u>Par Value</u>	<u>Amortized Book Value</u>	<u>Market Value at 3/31/2016</u>	<u>Percent of Portfolio</u>
Federal Home Loan Mtg Corp	0.54	12/10/2013	10/14/2016	0.875%	\$ 500,000	\$ 499,993	\$ 500,893	4.63%
Federal Home Loan Bank	0.92	12/10/2013	2/28/2017	0.625%	\$ 500,000	\$ 497,685	\$ 499,728	4.62%
FICO	1.67	9/24/2015	11/30/2017	0.740%	\$ 508,000	\$ 496,791	\$ 500,474	4.63%
Federal Natl Mortgage Assn	1.83	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 497,517	\$ 500,040	4.63%
Federal Farm Credit Bank	2.58	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 247,745	\$ 249,259	2.31%
Federal Farm Credit Bank	2.96	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 500,000	\$ 500,227	4.63%
Federal Natl Mortgage Assn	3.21	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 245,963	\$ 250,010	2.31%
Federal Home Loan Bank	3.58	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 245,007	\$ 249,921	2.31%
Federal Farm Credit Bank	4.54	9/24/2015	9/22/2020	1.860%	\$ 500,000	\$ 497,974	\$ 501,431	4.64%
Federal Natl Mortgage Assn	4.96	3/10/2016	2/16/2021	1.820%	\$ 500,000	\$ 502,339	\$ 500,311	4.63%
					<u>\$ 4,258,000</u>	<u>\$ 4,231,013</u>	<u>\$ 4,252,291</u>	

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

<u>Entity</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>	
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	0.42%	\$ 767,299	7.10%
Bank of Washington	Debt service account	0.42%	\$ 637,007	5.89%
Opus Bank	HS checking account	0.50%	\$ 834,852	7.72%
Snohomish County	Tax collections	0.00%	\$ 24,020	0.22%
Washington LGIP	Short-term investments	0.45%	\$ 37,974	0.35%
Opus Bank	Money market	0.50%	<u>\$ 4,252,023</u>	39.34%
			<u>\$ 6,557,375</u>	

**Total Cash and Investments**

\$ 10,809,667 100.00%

**Opus Bank Money Market consists of:**

Environmental Reserve	\$ 608,007	<b>Harbor Square Loan Balance</b>	\$4,551,195
Capital Replacement Reserve	\$ 1,296,131		
Operating Reserve	<u>\$ 2,347,885</u>	<b>Balance Required in Opus Bank per Loan Agreement</b>	\$2,730,717
	<u>\$ 4,252,023</u>		

**Capital Replacement Reserve consists of:**

Opus Bank Money Market	\$ 1,296,131
Fed Home Ln Bank 0 5/8 02/28/17	\$ 500,000
Federal Natl Mortgage 1 01/30/18	\$ 500,000
Fed Home Loan Mtg Corp 0 7/8 10/14/16	\$ 500,000
FICO Strip Prn 0 11/30/17	\$ 508,000
Federal Farm Credit Bank 1.1 11/6/18	<u>\$ 250,000</u>
	<u>\$ 3,554,131</u>

**Outstanding Debt**

2005 LTGO & Refunding Bond	\$ 1,500,000
2011 Revenue Bond - Opus Bank	<u>\$4,551,195</u>
	<u>\$ 6,051,195</u>

Due Within 1 Year \$ 934,965