

COMMISSION MEETING

INFORMATION

Date: May 30, 2017

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

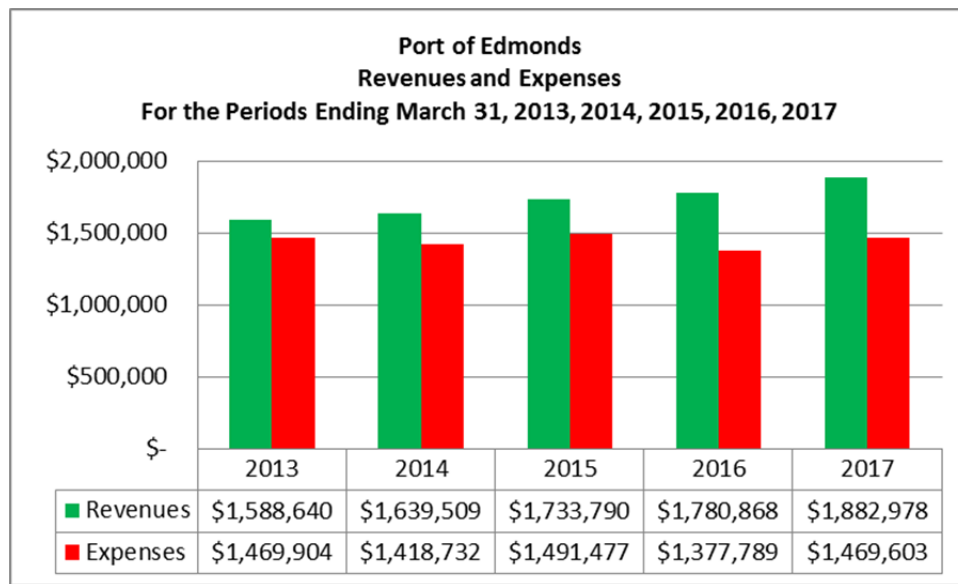
To: Port Commission

From: Tina Drennan
 Finance Manager

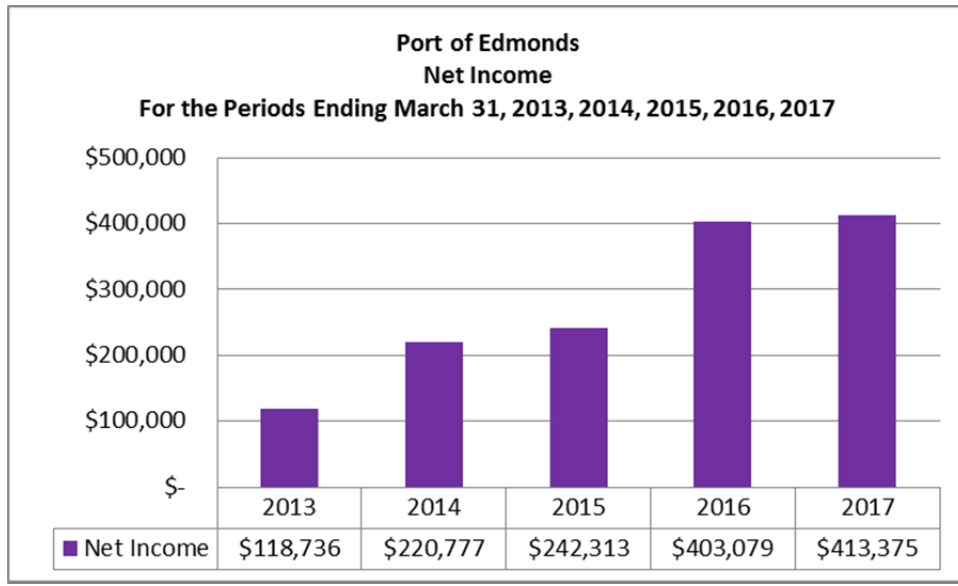
Attachments: March Income Statement
 March Marina Income Statement
 March Rental Property Income Statement
 Investment Report as of March 31, 2017

SUBJECT: 1ST QUARTER 2017 FINANCIAL STATEMENTS

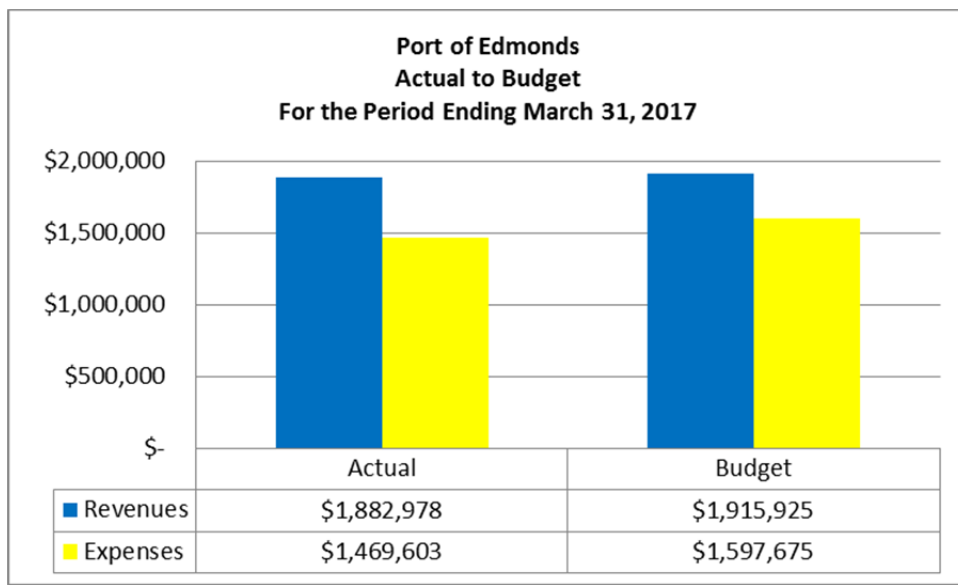
Please find attached the first quarter 2017 financial statements.



Revenues are trending upwards. Expenses are remaining approximately the same.



Net income has been trending upwards. 2016 and 2017 are approximately the same.



Actual revenues are approximately \$33,000 less than budget. Actual expenses are approximately \$128,000 less than budget.

Gross profit (revenues less cost of goods sold) for the three month period ending March 31, 2017, was \$1,684,386, which is approximately \$31,000 or 2% less than budget. Net income for the same period was \$413,375.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	15,790	6,000	9,790	163.17%
Guest Moorage, Net	14,272	24,000	(9,728)	-40.53%
Permanent Moorage	774,226	815,500	(41,274)	-5.06%
Dry Storage Revenue	123,630	135,000	(11,370)	-8.42%

Financial Occupancy at the End of the 1st Quarter

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Budgeted for 2017</u>
Moorage	88%	90%	91%	92%	91%	96%
Dry Storage	79%	76%	77%	77%	77%	90%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	479,533	463,925	15,608	3.36%

Operating expenses before depreciation for the three month period were \$935,382, which is approximately \$92,000 or 9% less than budget.

Operating Expenses Actual to Budget:

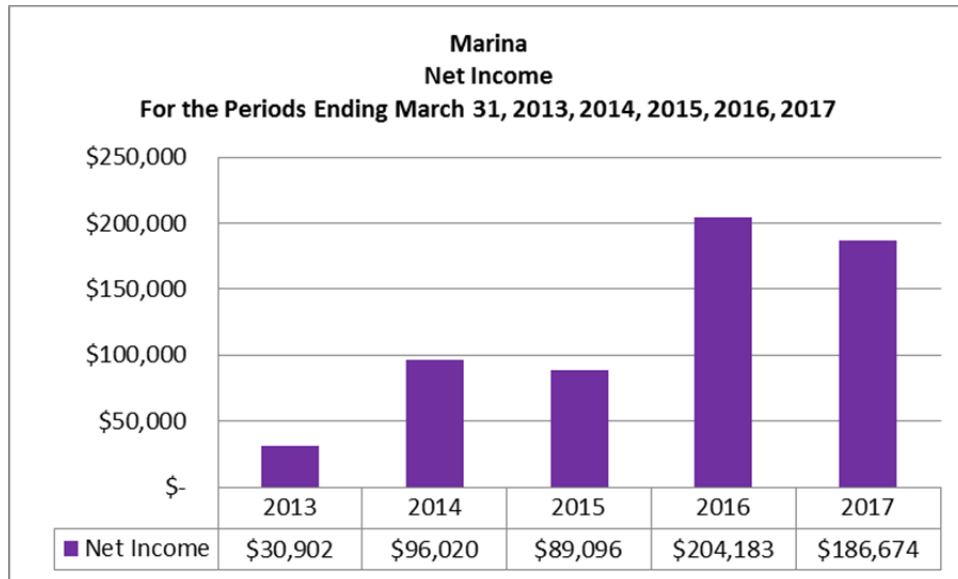
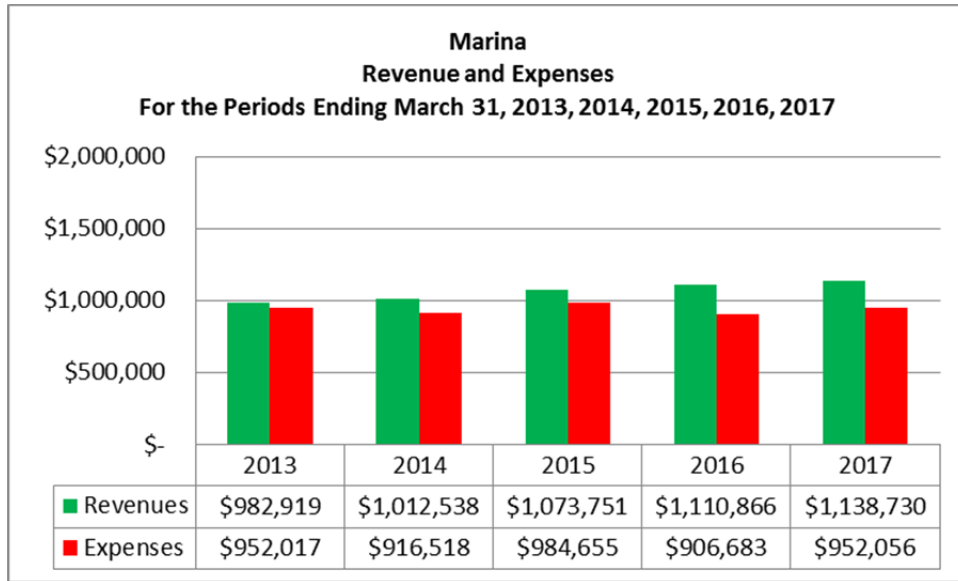
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Economic Development & Tourism	3,287	14,000	10,713	76.52%
Employee Benefits	136,814	146,500	9,686	6.61%
Payroll Taxes	35,125	49,000	13,875	28.32%
Salaries & Wages	334,159	423,000	88,841	21.00%
Utilities	120,273	95,750	(24,523)	-25.61%
Depreciation	406,185	426,250	20,065	4.71%

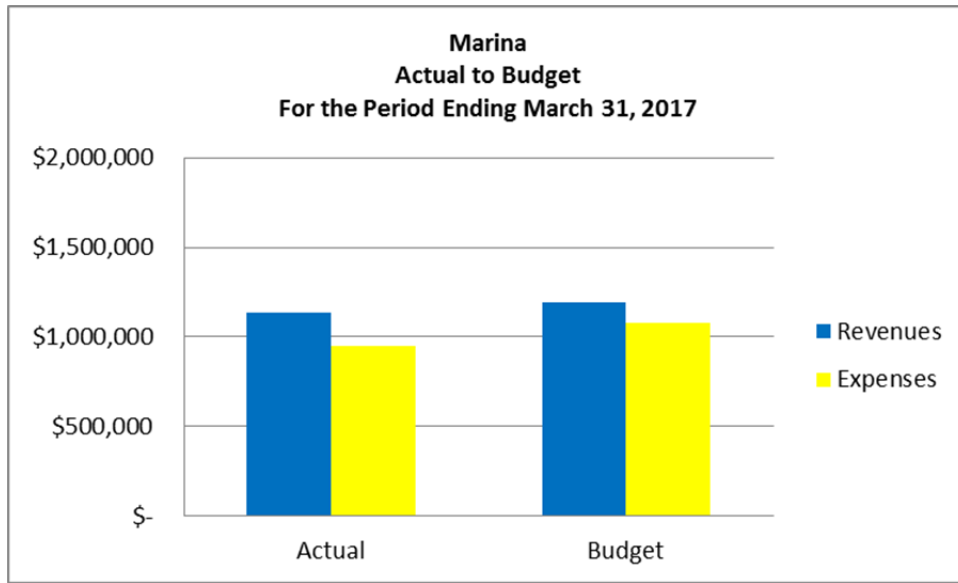
Non-Operating Items – Expenses (Revenues):

Nothing to note.

Net income for the three months ending March 31, 2017 was \$413,375, which is approximately \$95,000 or 30% greater than budget.

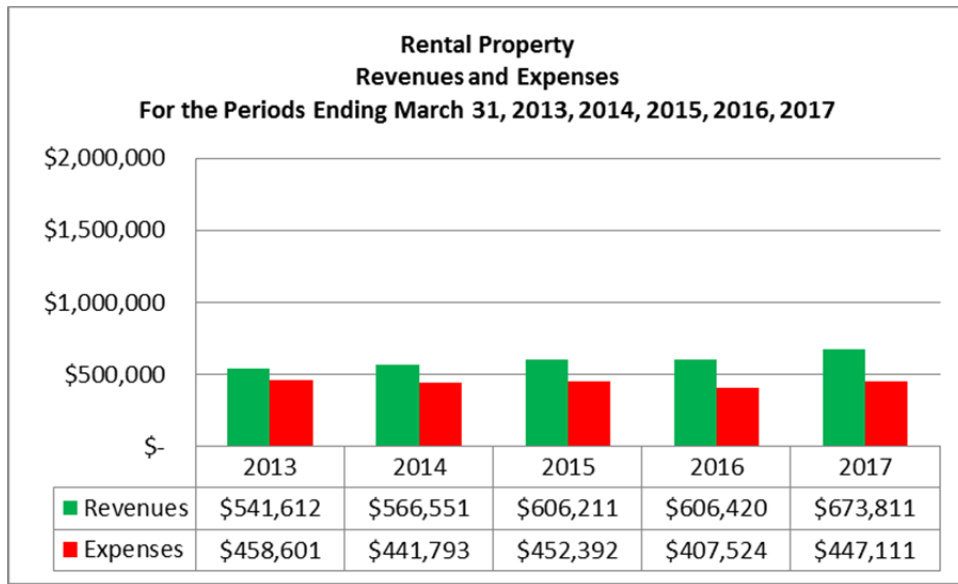
Marina Actual to Budget:

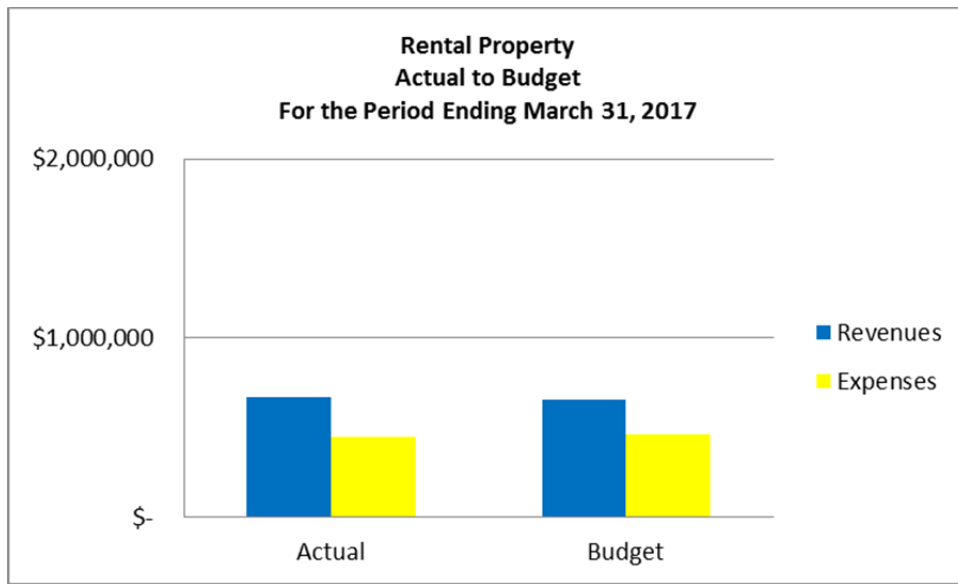
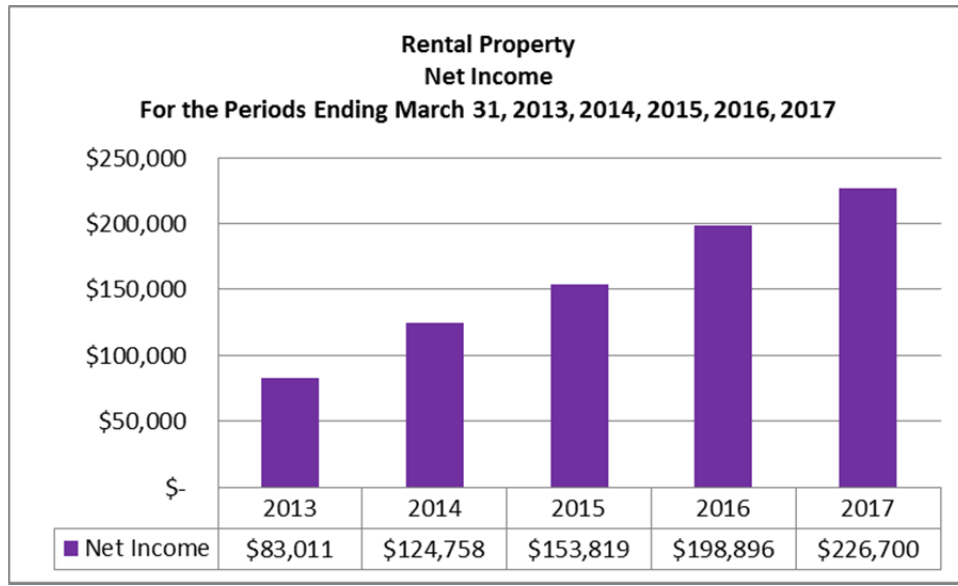




	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,126,230	1,183,750	(57,520)	-4.86%
Operating Expenses Before Depr, O/H	563,243	643,625	(80,382)	-12.49%
Net Income	186,674	116,525	70,149	60.20%

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	622,796	607,750	15,046	2.48%
Operating Expenses Before Depr, O/H	193,578	180,650	12,928	7.16%
Net Income	226,700	194,100	32,600	16.80%

Investing Summary:

- The Port has been investing for longer terms since December 2013.
- The Port has 11 long-term investments, with the first maturing in November 2017.
- In January 2017, the Port opened a certificate of deposit with Opus Bank at .9%. These funds are restricted as part of the Harbor Square debt service reserve. As part of the loan refinancing, the Port agreed to maintain a debt service reserve of 6 months of bond/loan payments. The Port is no longer required to keep 60% of the principal balance in Opus Bank.
- No bonds were called or matured in the first quarter of 2017.
- The average liquid interest rate earned by the Port was .6% for the first quarter. The Port earned 1.1% in the long term investments, for an average of .77%.
- The Port earned interest of \$22,965 in the first quarter of 2017, which is 75% greater than 1st quarter 2016.
- The Capital Replacement Reserve is currently \$6,647,695, with a part of the reserve in Opus Bank and part invested long term.
- The Port is in the process of investing \$1 million of the capital reserve for a longer term, as per our Investment Policy.
- The Port has \$4,550,972 remaining in outstanding debt. \$2,069,215 of that is due within one year.
- The final payment on the Port's 2005 LTGO and Refunding Bond is due June 1st. With that payment, the Port will have paid off the bond of \$3,925,000.

Banking Update:

There were 2 major banking changes in the first quarter of 2017:

1. The Port proceeded with changing its primary bank from Bank of Washington to Washington Federal. All banking functions previously performed by the Bank of Washington have been moved over. The Port is also adding new features to its banking functions:
 - a. Port staff set up positive pay when we transferred over to Washington Federal. This is a safety feature whereby Port staff upload the check number, date, payee, and amount into the system and checks will not be paid unless those items all match.
 - b. Port staff has just completed setting up X9 file transfers from the Port's lockbox company to Washington Federal. This allows the check information to be transmitted from the lockbox company to the bank electronically. Previously, the checks had to be manually delivered to the bank for processing.
 - c. In the next several months, the Port will work on setting up ACH payments for accounts payable vendors.
2. The Port refinanced the Opus Bank bond/loan, increasing the monthly principal payments, shortening the life of the bond/loan, removing the balloon payment, and saving the taxpayers \$620,000.

PORT OF EDMONDS
 INCOME STATEMENT
 FOR THE THREE MONTHS ENDED MARCH 31, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$11	0	16
ELECTRICAL FEES	51,512	45,000	44,320
ENVIRONMENTAL FEES	24,716	27,000	24,930
ENVIRONMENTAL FEE - WORKYARD	4,591	5,500	4,934
FUEL SALES	59,788	60,000	52,181
LAUNCHER	6,402	7,000	6,916
MISCELLANEOUS	20,851	19,000	21,455
GUEST MOORAGE	14,450	26,000	24,863
PERMANENT MOORAGE	774,226	815,500	754,886
PASSENGER FEES	0	3,000	0
DRY STORAGE REVENUE	123,630	135,000	124,605
PARKING	9,441	10,500	6,729
TRAVELIFT	16,542	11,000	17,837
WORKYARD	21,431	17,250	14,712
LATE FEES	8,081	10,750	11,715
	<hr/>	<hr/>	<hr/>
GROSS REVENUE	1,135,672	1,192,500	1,110,099
	<hr/>	<hr/>	<hr/>
COST OF GOODS SOLD:			
COST OF SALES	1,848	4,500	2,393
ELECTRICAL PURCHASES	27,968	24,000	23,815
FUEL & OIL	43,998	54,000	44,383
LOAN-A-SLIP CREDITS	178	2,000	69
	<hr/>	<hr/>	<hr/>
TOTAL COST OF GOODS SOLD	73,992	84,500	70,660
	<hr/>	<hr/>	<hr/>
GROSS PROFIT: MARINA OPER.	1,061,680	1,108,000	1,039,439
	<hr/>	<hr/>	<hr/>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	479,533	463,925	412,801
ANTHONY'S	56,780	57,000	56,780
BUD'S BAIT	0	0	1,889
EDMONDS YACHT SALES	886	1,000	870
HARBOR SQUARE ATHLETIC CLUB	31,511	31,500	30,408
POE 2 LLC	13,049	13,250	12,730
LANDING	27,232	27,250	27,232
YACHT CLUB	13,715	13,750	13,381
	<hr/>	<hr/>	<hr/>
TOTAL RENTAL PROPERTIES	622,706	607,675	556,091
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GROSS PROFIT	1,684,386	1,715,675	1,595,530
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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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$1,223	2,875	2,792
ADVERTISING - MARKETING - MARI	5,850	2,500	3,505
AUTO AND EQUIPMENT FUEL	3,447	5,075	2,395
BANK CHARGES	687	725	1,000
BUSINESS TAXES	4,065	4,775	3,876
CLAIMS & DAMAGES	123	1,500	0
COMMUNICATIONS	0	3,750	0
ECONOMIC DEVELOPMENT & TOURISM	3,287	14,000	2,725
EDUCATION & TRAINING	8,520	7,500	3,585
EMPLOYEE BENEFITS	136,814	146,500	131,419
HAZARDOUS WASTE DISPOSAL	9,354	5,000	3,106
INSURANCE	45,558	46,500	43,437
LICENSES & PERMITS	611	875	589
MARKETING	3,885	5,875	5,300
MASTER BUSINESS PLAN	8,218	6,250	957
MEALS	1,333	1,500	1,183
MEMBERSHIP DUES	5,026	4,250	5,015
MISCELLANEOUS	190	375	232
OFFICE	14,484	15,250	18,023
PAYROLL TAXES	35,125	49,000	35,786
PROMOTIONAL HOSTING	181	625	0
PROFESSIONAL FEES	72,352	64,250	44,399
RENT	3,226	3,250	3,132
REPAIR AND MAINTENANCE	56,837	58,500	37,233
SALARIES AND WAGES	334,159	423,000	322,416
SUPPLIES	55,372	50,500	37,890
TENANT IMPROVEMENTS	2,036	250	379
TRAVEL	2,618	4,625	2,137
UNIFORMS	528	2,500	111
UTILITIES	120,273	95,750	98,377
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	935,382	1,027,325	810,999
	406,185	426,250	417,349
TOTAL OPERATING EXPENSES	1,341,567	1,453,575	1,228,348
INCOME FROM OPERATIONS	342,819	262,100	367,182
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	54,044	59,600	78,781
INTEREST INCOME	(22,965)	(15,750)	(13,144)
PROPERTY TAXES	(101,635)	(100,000)	(101,534)
OTHER EXPENSE (INCOME), NET	(70,556)	(56,150)	(35,897)
NET INCOME	\$413,375	318,250	403,079

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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$11	0	16
ELECTRICAL FEES	51,512	45,000	44,320
ENVIRONMENTAL FEES	24,716	27,000	24,930
ENVIRONMENTAL FEE - WORKYARD	4,591	5,500	4,934
FUEL SALES	59,788	60,000	52,181
LAUNCHER	6,402	7,000	6,916
MISCELLANEOUS	11,409	10,250	9,723
GUEST MOORAGE	14,450	26,000	24,863
PERMANENT MOORAGE	774,227	815,500	754,885
PASSENGER FEES	0	3,000	0
DRY STORAGE REVENUE	123,629	135,000	124,605
PARKING	9,441	10,500	6,729
TRAVELIFT	16,542	11,000	17,837
WORKYARD	21,432	17,250	14,712
LATE FEES	8,080	10,750	11,715
	<u>1,126,230</u>	<u>1,183,750</u>	<u>1,098,366</u>
COST OF GOODS SOLD:			
COST OF SALES	1,848	4,500	2,393
ELECTRICAL PURCHASES	27,968	24,000	23,815
FUEL & OIL	43,998	54,000	44,383
LOAN-A-SLIP CREDITS	178	2,000	69
	<u>73,992</u>	<u>84,500</u>	<u>70,660</u>
TOTAL COST OF GOODS SOLD	<u>73,992</u>	<u>84,500</u>	<u>70,660</u>
GROSS PROFIT: MARINA OPER.	<u>1,052,238</u>	<u>1,099,250</u>	<u>1,027,706</u>
OPERATING EXPENSES:			
ADVERTISING	5,907	2,500	3,550
AUTO AND EQUIPMENT FUEL	1,198	3,000	817
BUSINESS TAXES	4,006	4,750	3,850
CLAIMS & DAMAGES	124	1,500	0
EDUCATION & TRAINING	4,950	5,000	3,430
EMPLOYEE BENEFITS	75,791	84,000	72,257
HAZARDOUS WASTE DISPOSAL	9,355	5,000	3,105
INSURANCE	33,914	34,500	32,528
LICENSES & PERMITS	439	625	0
MARKETING	3,885	5,875	5,300
MISCELLANEOUS	(2)	125	7
OFFICE EXPENSE	3,404	4,250	7,512
PAYROLL TAXES	22,182	31,750	22,675
PROFESSIONAL FEES	(2,827)	7,250	2,197
RENT	3,226	3,250	3,132
REPAIR AND MAINTENANCE	19,968	14,000	12,749
SALARIES AND WAGES	209,516	275,000	206,154
SUPPLIES	28,094	27,000	13,731
UTILITIES	66,121	49,750	50,725
	<u>489,251</u>	<u>559,125</u>	<u>443,719</u>
OPERATING EXPENSES BEFORE DEPR & O/H	<u>489,251</u>	<u>559,125</u>	<u>443,719</u>
DEPRECIATION	237,882	248,000	238,809
OVERHEAD ALLOCATION - MARINA	141,075	178,500	140,449
	<u>868,208</u>	<u>985,625</u>	<u>822,977</u>
TOTAL OPERATING EXPENSES	<u>868,208</u>	<u>985,625</u>	<u>822,977</u>
INCOME FROM OPERATIONS	<u>184,030</u>	<u>113,625</u>	<u>204,729</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	9,856	9,600	16,476
PROPERTY TAX ALLOCATION - MARI	(12,500)	(12,500)	(12,500)
	<u>(2,644)</u>	<u>(2,900)</u>	<u>3,976</u>
OTHER EXPENSE (INCOME), NET	<u>(2,644)</u>	<u>(2,900)</u>	<u>3,976</u>
NET INCOME	<u>\$186,674</u>	<u>116,525</u>	<u>200,753</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, 2017

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$426,964	464,000	373,121
HARBOR SQUARE CAMS	49,368	0	37,341
MISCELLANEOUS - HS	670	0	751
LATE FEES - HARBOR SQUARE PROP	1,721	0	1,444
HARB SQ CONFERENCE ROOM REV	900	0	200
ANTHONY'S	56,780	57,000	56,780
BUD'S BAIT	0	0	1,888
EDMONDS YACHT SALES	886	1,000	871
HARBOR SQUARE ATHLETIC CLUB	31,511	31,500	30,407
POE 2 LLC	13,049	13,250	12,731
LANDING	27,232	27,250	27,232
YACHT CLUB	13,715	13,750	13,380
	<u>622,796</u>	<u>607,750</u>	<u>556,146</u>
TOTAL RENTAL PROPERTIES			
	<u>622,796</u>	<u>607,750</u>	<u>556,146</u>
GROSS PROFIT			
	<u>622,796</u>	<u>607,750</u>	<u>556,146</u>
OPERATING EXPENSES:			
HARB SQ MEETING ROOM COSTS	90	75	55
ADVERTISING	0	125	0
AUTO & EQUIPMENT FUEL	42	75	30
BANK CHARGES	0	100	318
BUSINESS TAXES	59	25	26
EMPLOYEE BENEFITS	11,360	8,500	6,974
INSURANCE	10,038	10,250	9,558
LEASE EXPENSES	9,576	0	0
MASTER BUSINESS PLAN	8,218	6,250	956
MISCELLANEOUS	191	250	212
PAYROLL TAXES	2,749	3,250	2,176
PROFESSIONAL FEES	34,390	41,500	25,344
REPAIR AND MAINTENANCE	29,623	39,500	20,273
SALARIES AND WAGES	32,006	28,000	19,791
SUPPLIES	9,608	4,500	2,249
TENANT IMPROVEMENTS	2,036	250	379
UTILITIES	43,592	38,000	39,486
	<u>193,578</u>	<u>180,650</u>	<u>127,827</u>
OPERATING EXPENSES BEFORE DEPR & O/H			
DEPRECIATION	148,884	157,000	157,254
OVERHEAD ALLOCATION - RENTAL P	60,460	76,500	60,193
	<u>402,922</u>	<u>414,150</u>	<u>345,274</u>
TOTAL OPERATING EXPENSES			
	<u>402,922</u>	<u>414,150</u>	<u>345,274</u>
INCOME FROM OPERATIONS	219,874	193,600	210,872
	<u>219,874</u>	<u>193,600</u>	<u>210,872</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	44,189	50,000	62,305
INTEREST INCOME	(1,015)	(500)	(329)
PROPERTY TAX ALLOCATION - RENT	(50,000)	(50,000)	(50,000)
	<u>(6,826)</u>	<u>(500)</u>	<u>11,976</u>
OTHER EXPENSE (INCOME), NET			
	<u>(6,826)</u>	<u>(500)</u>	<u>11,976</u>
NET INCOME	\$226,700	194,100	198,896
	<u>\$226,700</u>	<u>194,100</u>	<u>198,896</u>

Port of Edmonds
Investment Report
As of March 31, 2017

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

Security	Remaining		Final	Coupon	Par	Amortized	Market	Percent of
	Life	Purchased	Maturity		Value	Book	Value at	
							3/31/2017	Portfolio
FICO	0.67	9/24/2015	11/30/2017	0.000%	\$ 508,000	\$ 503,865	\$ 504,279	4.00%
Federal Natl Mortgage Assn	0.83	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 499,575	\$ 499,575	3.96%
Federal Farm Credit Bank	1.58	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 247,567	\$ 247,567	1.96%
Federal Farm Credit Bank	1.96	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 497,185	\$ 496,933	3.94%
Federal Natl Mortgage Assn	2.21	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 247,583	\$ 247,558	1.96%
Opus CD - restricted	2.79	1/17/2017	1/17/2020	0.900%	\$ 694,057	\$ 694,057	\$ 694,057	5.50%
Federal Natl Mortgage Assn	3.00	10/12/2016	3/20/2020	1.300%	\$ 500,000	\$ 492,144	\$ 493,813	3.91%
Federal Home Loan Bank	2.58	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 247,666	\$ 248,595	1.97%
Resolution Funding Corporation	3.29	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 492,296	\$ 493,368	3.91%
Federal Farm Credit Bank	4.17	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 488,161	\$ 492,220	3.90%
Federal Farm Credit Bank	4.38	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 480,677	\$ 486,501	3.85%
					<u>\$ 4,977,057</u>	<u>\$ 4,890,775</u>	<u>\$ 4,904,465</u>	<u>38.86%</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	0.65%	\$ 1,792,095	14.20%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.02%
Bank of Washington	Revolving checking account	0.00%	\$ 3,000	0.02%
Bank of Washington	Business checking account	0.48%	\$ 560,733	4.44%
Washington Federal	Debt service account	0.60%	\$ 656,674	5.20%
Opus Bank	HS checking account	0.68%	\$ 1,060,494	8.40%
Snohomish County	Tax collections	0.00%	\$ 20,649	0.16%
Washington LGIP	Short-term investments	0.70%	\$ 38,172	0.30%
Opus Bank	Money market	0.68%	\$ 3,580,489	28.37%
			<u>\$ 7,716,506</u>	

Total Cash and Investments

\$ 12,620,971 100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 611,393
Capital Replacement Reserve	\$ 2,364,695
Operating Reserve	\$ 604,402
	<u>\$ 3,580,489</u>

Harbor Square Loan Balance \$ 3,785,972

Opus Bank Debt Service Reserve \$ 656,674

Capital Replacement Reserve consists of:

Opus Bank Money Market	\$ 2,364,695
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
	<u>\$ 6,647,695</u>

Outstanding Debt

2005 LTGO & Refunding Bond	\$ 765,000
2011 Revenue Bond - Opus Bank	\$ 3,785,972
	<u>\$ 4,550,972</u>

Due Within 1 Year \$ 2,069,215