

COMMISSION MEETING

INFORMATION

Date: May 28, 2019

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

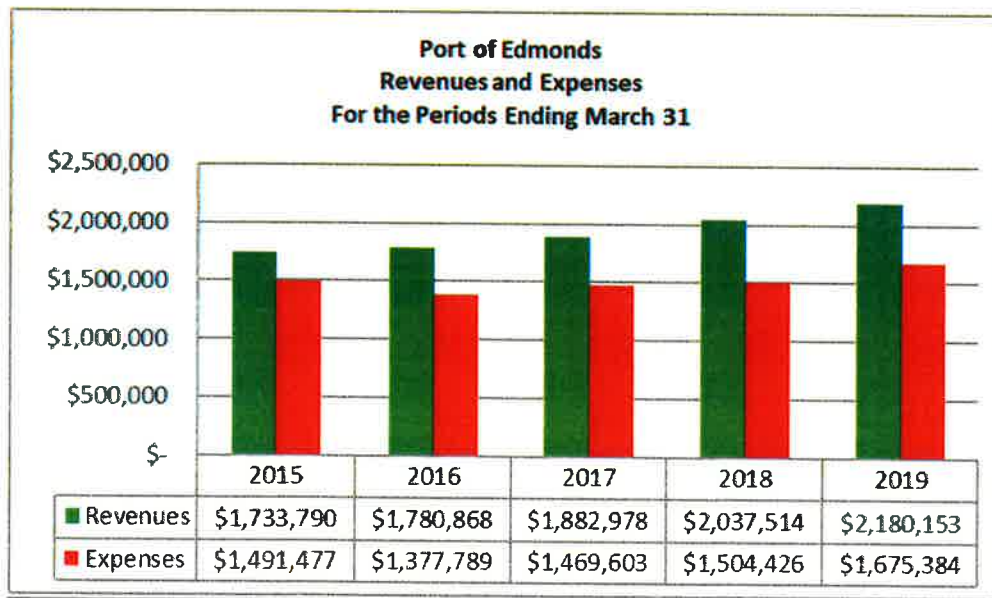
To: Port Commission

From: Tina Drennan
 Finance Manager

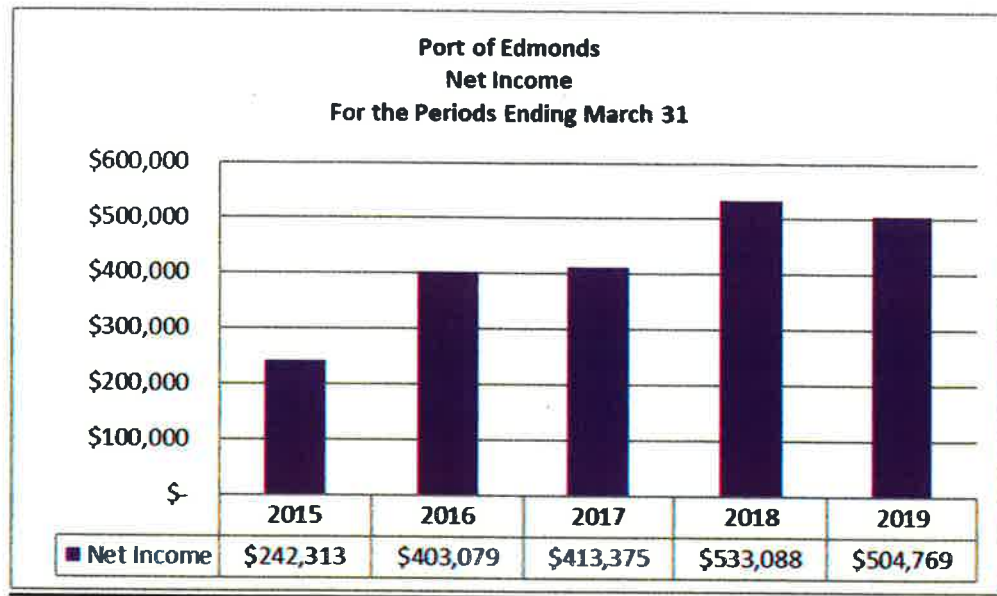
Attachments: March Income Statement
 March Marina Income Statement
 March Rental Property Income Statement
 Investment Report as of March 31, 2019

SUBJECT: 1ST QUARTER 2019 FINANCIAL STATEMENTS

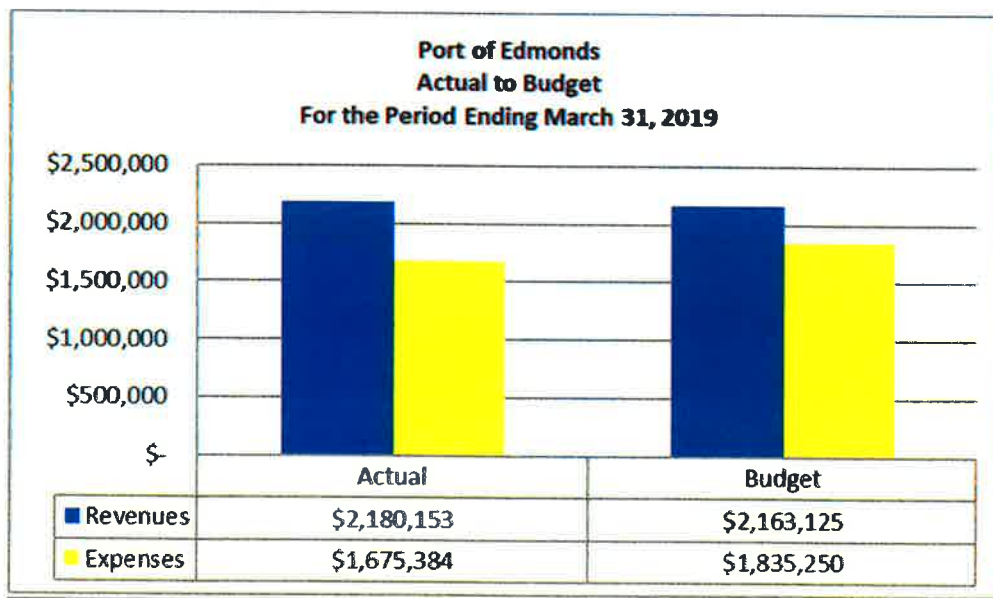
Please find attached the first quarter 2019 financial statements.



Revenues and expenses have been trending upwards.



Net income has been trending upwards.



Actual revenues are \$17,000 greater than budget. Actual expenses are \$160,000 less than budget.

Gross profit (revenues less cost of goods sold) for the three month period ending March 31, 2019, was \$1,880,000, which is \$3,000 greater than budget. Net income for the same period was \$505,000.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Miscellaneous	34,527	21,500	13,027	60.59%
Permanent Moorage	875,237	906,500	(31,263)	-3.45%
Dry Storage Revenue	139,458	150,000	(10,542)	-7.03%

Financial Occupancy

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Budgeted</u>
Moorage	91%	92%	91%	94%	94%	97%
Dry Storage	77%	77%	77%	77%	79%	85%

Rental Properties Revenue Actual to Budget:

Nothing to note.

Operating expenses before depreciation for the three month period were \$1,207,000, which is \$92,000 or 7% less than budget.

Operating Expenses Actual to Budget:

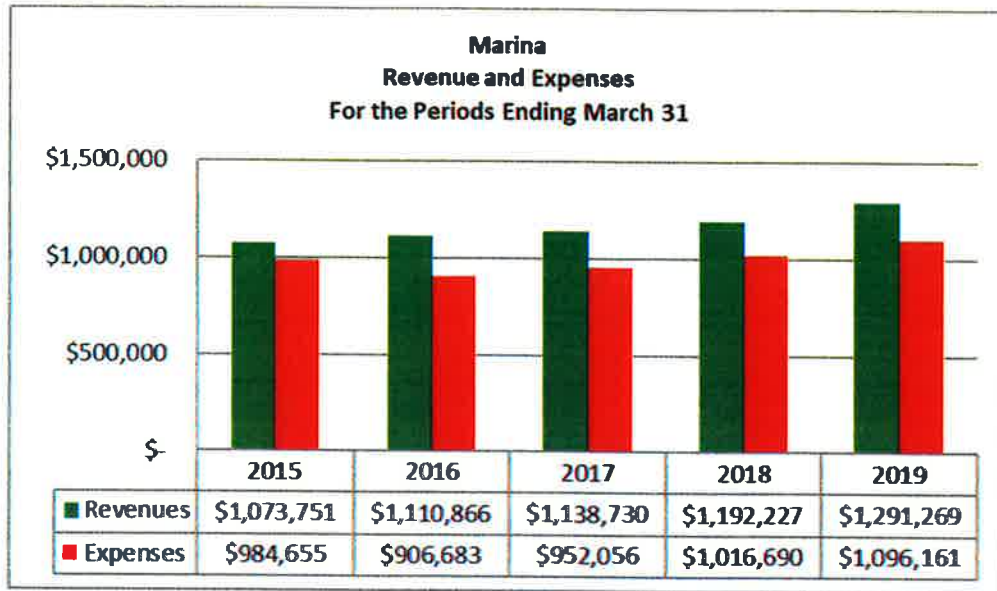
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Professional Fees	28,799	68,250	39,451	57.80%
Repair & Maintenance	116,774	95,750	(21,024)	-21.96%
Salaries & Wages	507,538	532,000	24,462	4.60%
Supplies	82,068	113,000	30,932	27.37%
Utilities	126,192	107,250	(18,942)	-17.66%
Depreciation	344,741	402,250	57,509	14.30%

Non-Operating Items – Expenses (Revenues):

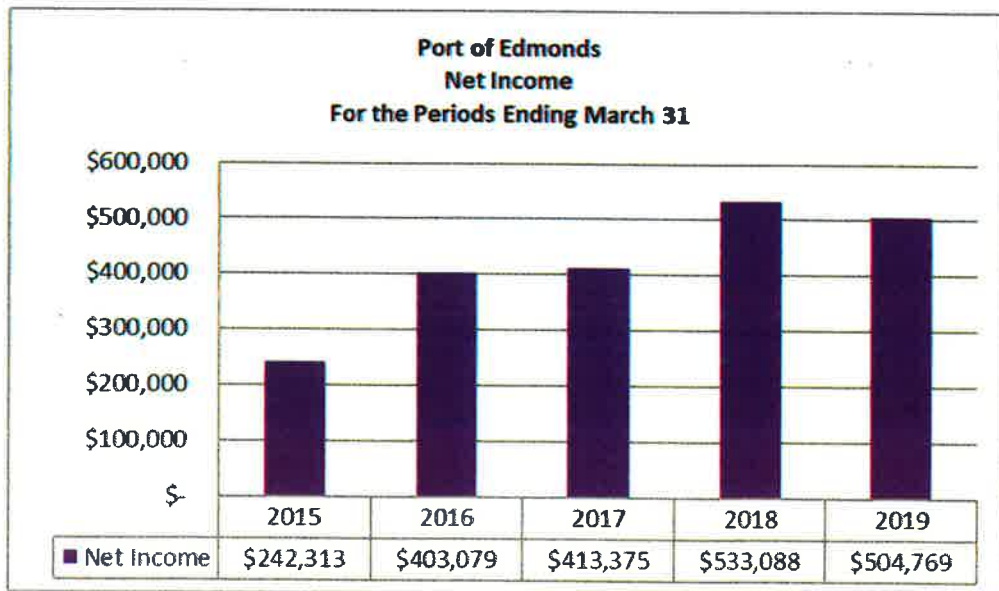
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(83,882)	(52,750)	31,132	59.02%

Net income for the three months ending March 31, 2019 was \$505,000, which is approximately \$203,000 greater than budget.

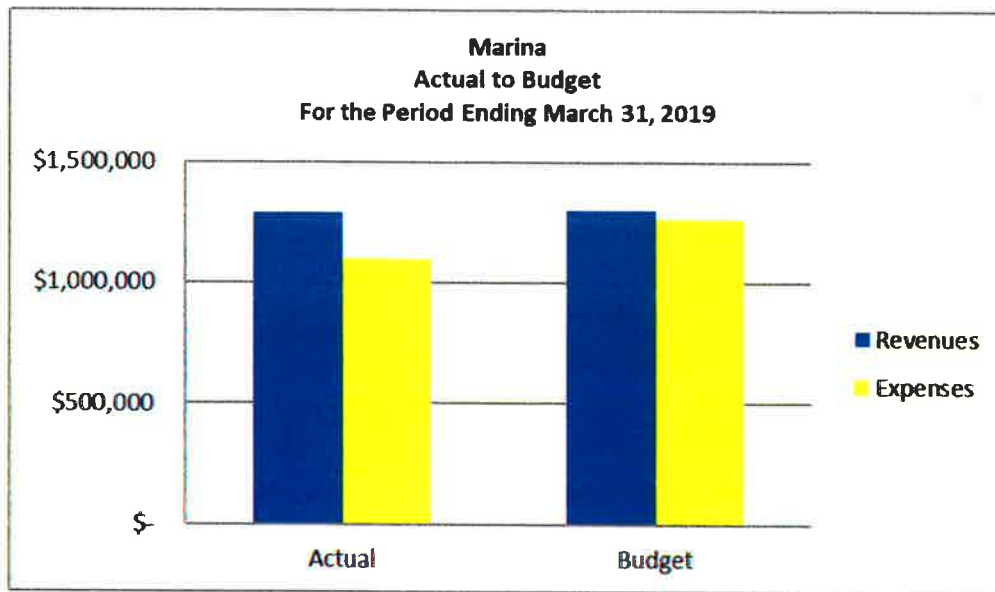
Marina Actual to Budget:



Revenues and expenses are trending upwards.

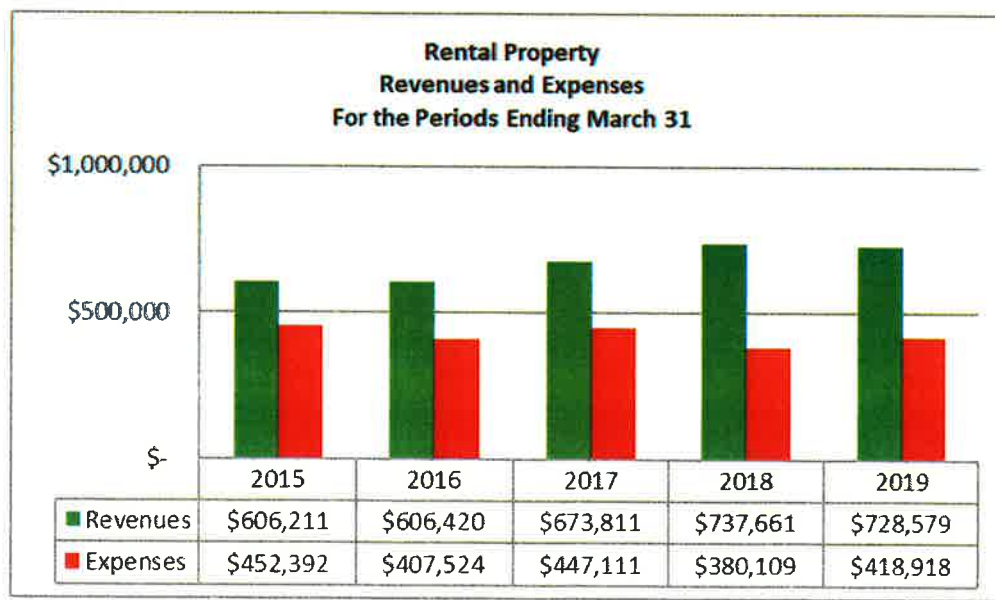


Net income is generally trending upwards.

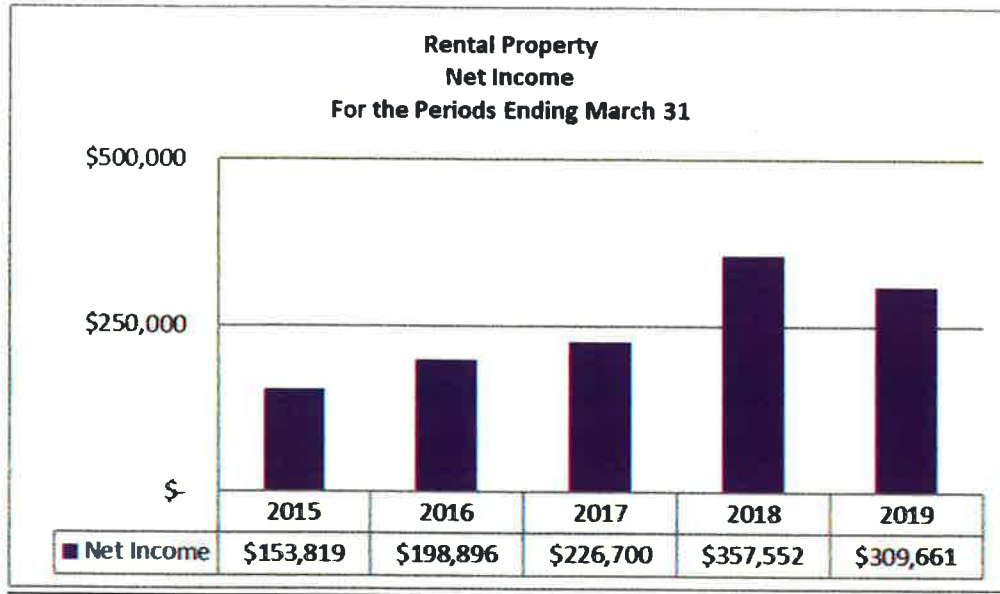


	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,278,769	1,311,000	(32,231)	-2.46%
Operating Expenses Before Depr, O/H	648,102	688,000	(39,898)	-5.80%
Net Income	195,108	61,000	134,108	219.85%

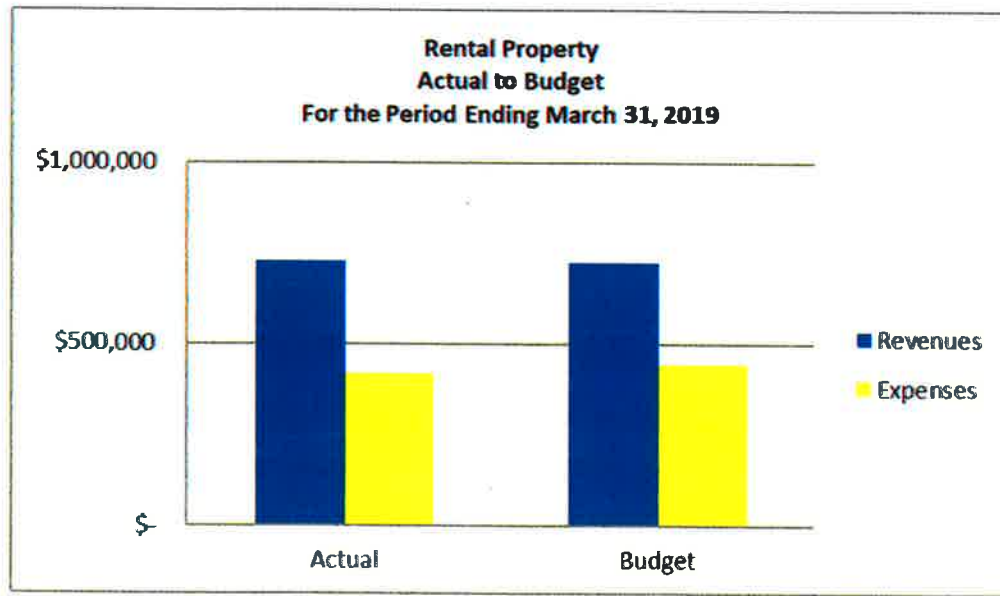
Rental Property Actual to Budget:



Revenues are generally trending upwards. Expenses don't appear to have a trend.



Net income is generally trending upwards.



	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	682,606	679,750	2,856	0.42%
Operating Expenses Before Depr, O/H	197,326	162,875	34,451	21.15%
Net Income	309,661	283,875	25,786	9.08%

Although operating revenues and expenses both exceed budget, net income is greater than budget due to the less than budgeted overhead allocation.

Investing Summary:

- The Port has 16 long-term investments. The next bond matures in June 2019.
- One bond matured in February 2019. The Port held the bond for 36 months with a yield of 1.30%. Interest on liquid funds rose from 0.41% in April 2016 to 2.25% in March 2019.
- The Port purchased a non-callable \$500,000, 60 month bond in February with a 2.50% coupon.
- The Port earned interest of \$83,882 in the first quarter of 2019, which is 78% greater than same period in 2018.
- Between December 31, 2018 and March 31, 2019, market interest rates dropped, as all of the investments market value increased.
- The Capital Replacement Reserve is currently \$11 million, with a part of the reserve in cash reserves, and part invested long term.
- Staff is working on investing another million dollars long term.
- The Port has \$1,142,992 remaining in outstanding debt. All of that is due within one year.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$18	0	11
ELECTRICAL FEES	49,734	53,000	51,071
ENVIRONMENTAL FEES	25,355	27,000	24,981
ENVIRONMENTAL FEE - WORKYARD	4,981	5,500	5,498
FUEL SALES	89,624	85,000	68,320
LAUNCHER	10,776	8,000	8,228
MISCELLANEOUS	34,527	21,500	17,083
GUEST MOORAGE	14,120	12,000	11,215
PERMANENT MOORAGE	875,237	906,500	824,116
DRY STORAGE REVENUE	139,458	150,000	127,142
PARKING	18,008	18,750	10,079
TRAVELIFT	20,636	16,000	20,131
WORKYARD	19,864	19,000	19,473
MARINA LATE FEES	9,242	8,500	8,494
	<u>1,311,580</u>	<u>1,330,750</u>	<u>1,195,842</u>
COST OF GOODS SOLD:			
COST OF SALES	8,459	17,750	5,867
ELECTRICAL PURCHASES	28,354	28,000	27,244
FUEL & OIL	77,741	79,000	51,295
LOAN-A-SLIP CREDITS	19	3,250	198
	<u>114,573</u>	<u>128,000</u>	<u>84,604</u>
TOTAL COST OF GOODS SOLD	<u>114,573</u>	<u>128,000</u>	<u>84,604</u>
GROSS PROFIT: MARINA OPER.	<u>1,197,007</u>	<u>1,202,750</u>	<u>1,111,238</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	531,015	526,625	546,619
ANTHONY'S	56,780	57,000	56,780
EDMONDS YACHT SALES	943	1,000	913
HARBOR SQUARE ATHLETIC CLUB	33,462	33,500	32,456
POE 2 LLC	13,709	13,750	13,375
LANDING	32,026	33,000	28,481
YACHT CLUB	14,607	14,750	14,140
	<u>682,542</u>	<u>679,625</u>	<u>692,764</u>
TOTAL RENTAL PROPERTIES	<u>682,542</u>	<u>679,625</u>	<u>692,764</u>
GROSS PROFIT	<u>1,879,549</u>	<u>1,882,375</u>	<u>1,804,002</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, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
ADVERTISING	\$1,787	2,625	1,077
ADVERTISING - MARKETING - MARI	2,295	2,250	3,045
AUTO AND EQUIPMENT FUEL	3,776	5,375	3,696
BANK CHARGES	1,356	1,375	1,154
BUSINESS TAXES	4,272	5,875	4,176
CLAIMS & DAMAGES	6,871	4,000	621
COMMUNICATIONS	0	4,500	0
ECONOMIC DEVELOPMENT & TOURISM	5,058	7,500	3,551
EDUCATION & TRAINING	6,102	6,000	3,494
EMPLOYEE BENEFITS	175,856	181,750	156,957
HAZARDOUS WASTE DISPOSAL	1,069	2,000	3,168
INSURANCE	49,502	52,000	44,712
LICENSES & PERMITS	879	750	681
MARKETING	6,543	7,375	7,766
MASTER BUSINESS PLAN	(5,363)	0	2,957
MEALS	1,051	1,500	517
MEMBERSHIP DUES	6,031	4,500	5,060
MISCELLANEOUS	0	125	90
OFFICE	18,944	22,000	28,876
PAYROLL TAXES	53,345	57,750	48,261
PROMOTIONAL HOSTING	246	750	0
PROFESSIONAL FEES	28,799	68,250	21,907
RENT	3,422	3,500	4,430
REPAIR AND MAINTENANCE	116,774	95,750	39,680
SALARIES AND WAGES	507,538	532,000	456,992
SUPPLIES	82,068	113,000	68,583
TENANT IMPROVEMENTS	0	0	228
TRAVEL	1,769	5,750	2,669
UNIFORMS	978	3,750	952
UTILITIES	126,192	107,250	107,149
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	<u>1,207,160</u>	<u>1,299,250</u>	<u>1,022,449</u>
	<u>344,741</u>	<u>402,250</u>	<u>379,847</u>
TOTAL OPERATING EXPENSES	<u>1,551,901</u>	<u>1,701,500</u>	<u>1,402,296</u>
INCOME FROM OPERATIONS	<u>327,648</u>	<u>180,875</u>	<u>401,706</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	8,910	5,750	17,526
INTEREST INCOME	(83,882)	(52,750)	(47,150)
CHANGE IN FAIR VALUE OF INVEST PROPERTY TAXES	(808)	0	(138)
	<u>(101,341)</u>	<u>(100,000)</u>	<u>(101,620)</u>
OTHER EXPENSE (INCOME), NET	<u>(177,121)</u>	<u>(147,000)</u>	<u>(131,382)</u>
NET INCOME	<u>\$504,769</u>	<u>327,875</u>	<u>533,088</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
MARINA INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$18	0	11
ELECTRICAL FEES	49,734	53,000	51,071
ENVIRONMENTAL FEES	25,355	27,000	24,981
ENVIRONMENTAL FEE - WORKYARD	4,981	5,500	5,498
FUEL SALES	89,624	85,000	68,320
LAUNCHER	10,776	8,000	8,228
MISCELLANEOUS	13,676	11,500	6,300
GUEST MOORAGE	14,121	12,000	11,215
PERMANENT MOORAGE	875,236	906,500	824,116
DRY STORAGE REVENUE	139,458	150,000	127,142
PARKING	6,049	9,000	4,746
TRAVELIFT	20,636	16,000	20,131
WORKYARD	19,863	19,000	19,474
LATE FEES	9,242	8,500	8,494
GROSS REVENUE	1,278,769	1,311,000	1,179,727
COST OF GOODS SOLD:			
COST OF SALES - TARP & TAPE	8,367	0	5,842
ELECTRICAL PURCHASES	28,354	28,000	27,244
FUEL & OIL	77,741	79,000	51,295
LOAN-A-SLIP CREDITS	20	3,250	198
TOTAL COST OF GOODS SOLD	114,482	110,250	84,579
GROSS PROFIT: MARINA OPER.	1,164,287	1,200,750	1,095,148
OPERATING EXPENSES:			
ADVERTISING	3,145	2,250	3,224
AUTO AND EQUIPMENT FUEL	1,639	3,000	1,471
BUSINESS TAXES	4,238	5,750	4,108
CLAIMS & DAMAGES	6,871	4,000	621
EDUCATION & TRAINING	4,340	2,000	2,985
EMPLOYEE BENEFITS	100,109	105,750	90,487
HAZARDOUS WASTE DISPOSAL	1,069	2,000	3,167
INSURANCE	36,097	37,250	32,646
LICENSES & PERMITS	493	500	466
MARKETING	6,458	7,000	7,766
OFFICE EXPENSE	3,106	4,250	3,439
PAYROLL TAXES	32,660	36,000	30,054
PROFESSIONAL FEES	917	6,750	168
RENT	3,422	3,500	4,430
REPAIR AND MAINTENANCE	29,238	39,750	11,545
SALARIES AND WAGES	310,774	333,750	284,503
SUPPLIES	41,021	46,250	24,692
UTILITIES	62,505	48,250	45,201
OPERATING EXPENSES BEFORE DEPR & O/H	648,102	688,000	550,973
DEPRECIATION	190,599	225,000	211,965
OVERHEAD ALLOCATION - MARINA	142,978	239,250	169,148
TOTAL OPERATING EXPENSES	981,679	1,152,250	932,086
INCOME FROM OPERATIONS	182,608	48,500	163,062
OTHER EXPENSE (INCOME):			
PROPERTY TAX ALLOCATION - MARI	(12,500)	(12,500)	(12,500)
OTHER EXPENSE (INCOME), NET	(12,500)	(12,500)	(12,500)
NET INCOME	\$195,108	61,000	175,562

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, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$468,787	467,250	444,186
HARBOR SQUARE CAMS	58,951	56,750	98,998
MISCELLANEOUS - HS	1,340	0	1,019
LATE FEES - HARBOR SQUARE PROP	1,851	2,500	2,363
HARB SQ CONFERENCE ROOM REV	150	250	75
ANTHONY'S	56,780	57,000	56,780
EDMONDS YACHT SALES	943	1,000	912
HARBOR SQUARE ATHLETIC CLUB	33,462	33,500	32,457
POE 2 LLC	13,709	13,750	13,375
LANDING	32,026	33,000	28,481
YACHT CLUB	14,607	14,750	14,140
TOTAL RENTAL PROPERTIES	682,606	679,750	692,786
GROSS PROFIT	682,606	679,750	692,786
OPERATING EXPENSES:			
HARBOR SQUARE COST OF SALES	64	0	16
ADVERTISING	0	1,375	0
AUTO & EQUIPMENT FUEL	199	125	42
BANK CHARGES	0	125	0
BUSINESS TAXES	33	125	69
EMPLOYEE BENEFITS	12,040	14,250	13,394
INSURANCE	11,781	12,250	10,417
MASTER BUSINESS PLAN	(5,363)	0	2,957
MISCELLANEOUS	0	125	90
OFFICE	415	500	409
PAYROLL TAXES	4,016	5,000	4,577
PROFESSIONAL FEES	620	1,250	0
REPAIR AND MAINTENANCE	82,386	26,000	22,079
SALARIES AND WAGES	38,290	46,500	43,901
SUPPLIES	8,296	17,500	3,433
TENANT IMPROVEMENTS	0	0	227
UTILITIES	44,549	37,750	40,877
OPERATING EXPENSES BEFORE DEPR & O/H	197,326	162,875	142,488
DEPRECIATION	139,026	149,250	147,597
OVERHEAD ALLOCATION - RENTAL P	73,655	123,250	72,492
TOTAL OPERATING EXPENSES	410,007	435,375	362,577
INCOME FROM OPERATIONS	272,599	244,375	330,209
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	8,911	5,750	17,526
INTEREST INCOME	(3,473)	(2,750)	(2,375)
PROPERTY TAX ALLOCATION - RENT	(42,500)	(42,500)	(42,500)
OTHER EXPENSE (INCOME), NET	(37,062)	(39,500)	(27,349)
NET INCOME	\$309,661	283,875	357,558

Port of Edmonds
Investment Report
As of March 31, 2019

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

Security	Remaining Life	Purchased	Final Maturity	Coupon	Callable/ Non-Callable	Par Value	Amortized		Market Value at 3/31/2019	Percent of Portfolio
							Book Value	Value		
Federal Natl Mortgage Assn	0.21	10/23/2014	6/13/2019	1.300% Callable 6/13/15	\$ 250,000	\$ 248,617	\$ 249,383		1.48%	
FICO STRIP CPN	0.50	1/31/2018	9/26/2019	0.000% Non-Callable	\$ 517,000	\$ 509,344	\$ 510,594		3.03%	
Federal Home Loan Bank	0.58	10/23/2014	11/8/2019	1.450% Callable 10/28/17	\$ 250,000	\$ 247,452	\$ 248,532		1.47%	
Opus CD - restricted	0.79	1/17/2017	1/17/2020	0.900% Non-Callable	\$ 707,857	N/A	\$ 707,857		4.20%	
Federal Natl Mortgage Assn	1.00	10/12/2016	3/20/2020	1.300% Callable 3/30/17	\$ 500,000	\$ 492,409	\$ 494,378		2.93%	
Resolution Funding Corporation	1.29	9/27/2016	7/15/2020	0.000% Non-Callable	\$ 525,000	\$ 505,325	\$ 509,262		3.02%	
RFCSP STRIP	1.79	12/13/2018	1/15/2021	0.000% Non-Callable	\$ 530,000	\$ 505,298	\$ 507,570		3.01%	
Federal Farm Credit Bank	2.17	6/2/2016	6/2/2021	1.690% Callable 6/2/17	\$ 500,000	\$ 489,164	\$ 493,513		2.93%	
Federal Farm Credit Bank	2.38	8/15/2016	8/16/2021	1.440% Callable 8/16/17	\$ 500,000	\$ 483,945	\$ 490,347		2.91%	
Federal Home Loan Mtg Corp	2.71	6/20/2017	11/24/2021	2.020% Callable 5/24/18	\$ 500,000	\$ 489,855	\$ 494,751		2.93%	
Federal Home Loan Bank	2.83	12/1/2017	1/27/2022	2.070% Callable 4/27/18	\$ 500,000	\$ 491,914	\$ 496,280		2.94%	
Federal Farm Credit Bank	3.21	5/25/2017	5/23/2022	2.070% Callable 5/23/18	\$ 500,000	\$ 488,453	\$ 496,495		2.94%	
Federal Farm Credit Bank	3.33	8/3/2018	8/8/2022	2.050% Callable 8/13/18	\$ 500,000	\$ 488,415	\$ 495,944		2.94%	
Federal Farm Credit Bank	3.63	11/16/2017	11/15/2022	2.230% Callable 11/15/18	\$ 500,000	\$ 491,656	\$ 496,484		2.94%	
Federal Natl Mortgage Assn	3.79	12/14/2018	1/19/2023	2.375% Non-Callable	\$ 500,000	\$ 495,559	\$ 502,663		2.98%	
Federal Farm Credit Bank	4.42	11/2/2018	8/28/2023	3.170% Callable 8/28/19	\$ 500,000	\$ 501,219	\$ 500,929		2.97%	
Federal Home Loan Bank	4.88	2/21/2019	2/13/2024	2.500% Non-Callable	\$ 500,000	\$ 500,000	\$ 505,297		3.00%	
					\$ 8,279,857	\$ 7,428,623	\$ 8,200,276		48.62%	

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
Washington Federal	Business checking account	2.27%	\$ 5,081,832
Washington Federal	Revolving checking account	0.00%	\$ 22,906
Opus Bank	HS checking account	2.57%	\$ 831,791
Snohomish County	Tax collections	0.00%	\$ 19,662
Washington LGIP	Short-term investments	2.52%	\$ 39,461
Opus Bank	Money market	2.57%	\$ 2,669,324
			<u>\$ 8,666,176</u>
			<u>\$ 16,866,452</u>

Total Cash and Investments

100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 1,025,240	Outstanding Debt
Capital Replacement Reserve	<u>\$ 1,644,084</u>	2017 Revenue Bond - Opus Bank
	<u>\$ 2,669,324</u>	Due Within 1 Year
		Opus Bank Debt Service Reserve

Capital Replacement Reserve consists of:

Cash Reserves - Opus Bank	\$ 1,644,084
Investments	\$ 8,279,857
Cash Reserves - Washington Federal	<u>\$ 1,056,038</u>
	<u>\$ 10,979,979</u>