

COMMISSION MEETING

INFORMATION

Date: November 12, 2019

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

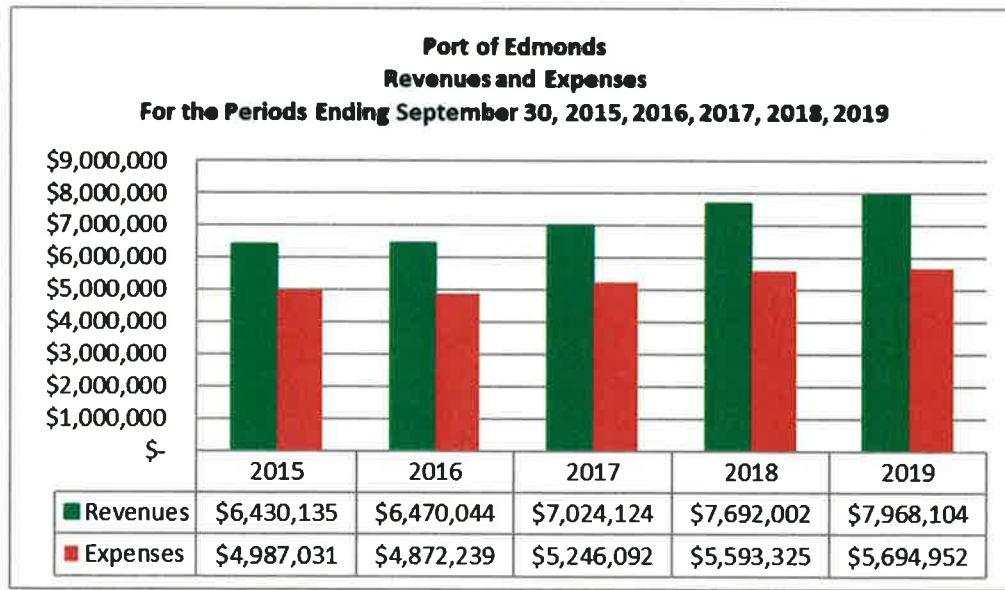
To: Port Commission

From: Tina Drennan
 Finance Manager

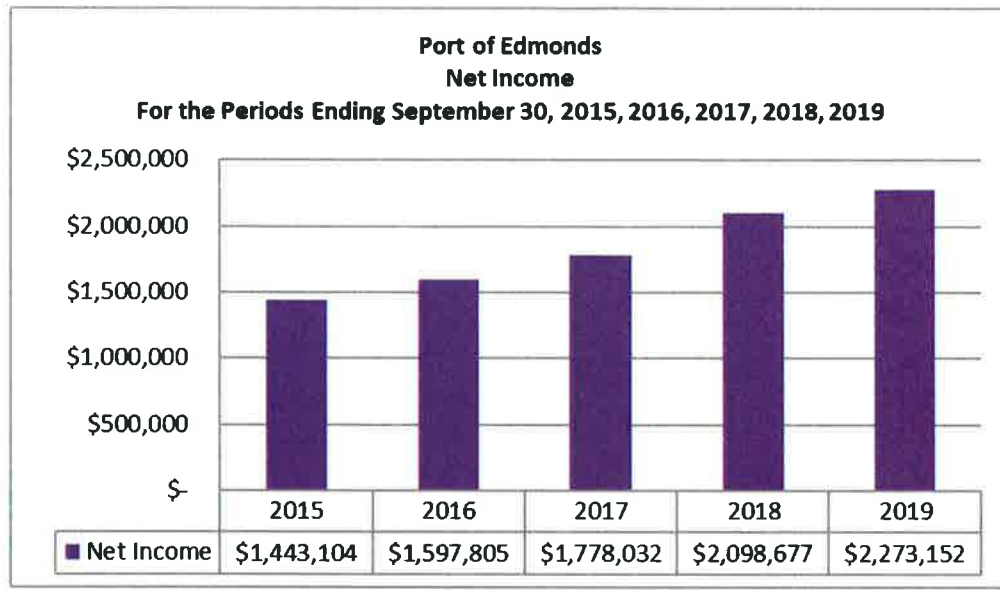
Attachments: September Income Statement
 September Marina Income Statement
 September Rental Property Income Statement
 Investment Report as of September 30, 2019

SUBJECT: 3rd QUARTER 2019 FINANCIAL STATEMENTS

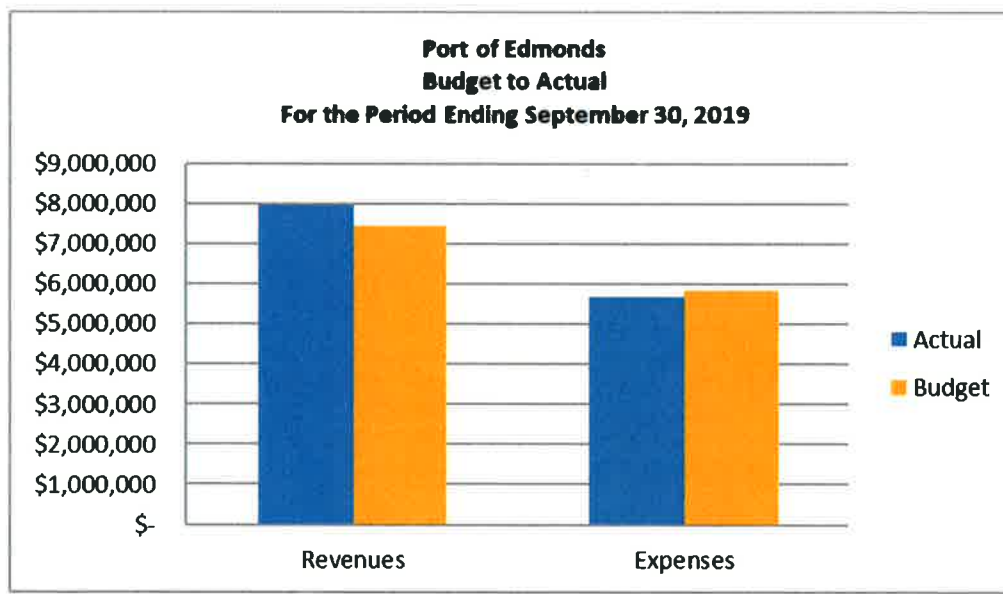
Please find attached the third quarter 2019 financial statements.



Revenues and expenses have been trending upwards.



Net income has been trending upwards.



Revenues are \$508,000 greater than budget. Expenses are \$151,000 less than budget.

Gross profit (revenues less cost of goods sold) for the nine month period ending September 30, 2019, was \$6,433,000, which is \$169,000 greater than budget. Net income for the same period was \$2,273,000.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	222,107	234,000	(11,893)	-5.08%
Miscellaneous	98,328	64,500	33,828	52.45%
Guest Moorage, Net	161,983	137,250	24,733	18.02%
Permanent Moorage	2,756,152	2,719,500	36,652	1.35%
Dry Storage Revenue	598,508	553,000	45,508	8.23%
Parking	84,985	56,250	28,735	51.08%
Travelift	112,920	90,000	22,920	25.47%
Workyard	96,054	81,000	15,054	18.59%

Financial Occupancy:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Permanent Moorage	98%	98%	98%	99%	98%
Dry Storage	93%	86%	93%	94%	94%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	1,593,931	1,579,875	14,056	0.89%
Anthony's	170,340	221,000	(50,660)	-22.92%

Operating expenses before depreciation for the nine month period were \$3,638,000, which is \$245,000 or 6% less than budget.

Operating Expenses Actual to Budget:

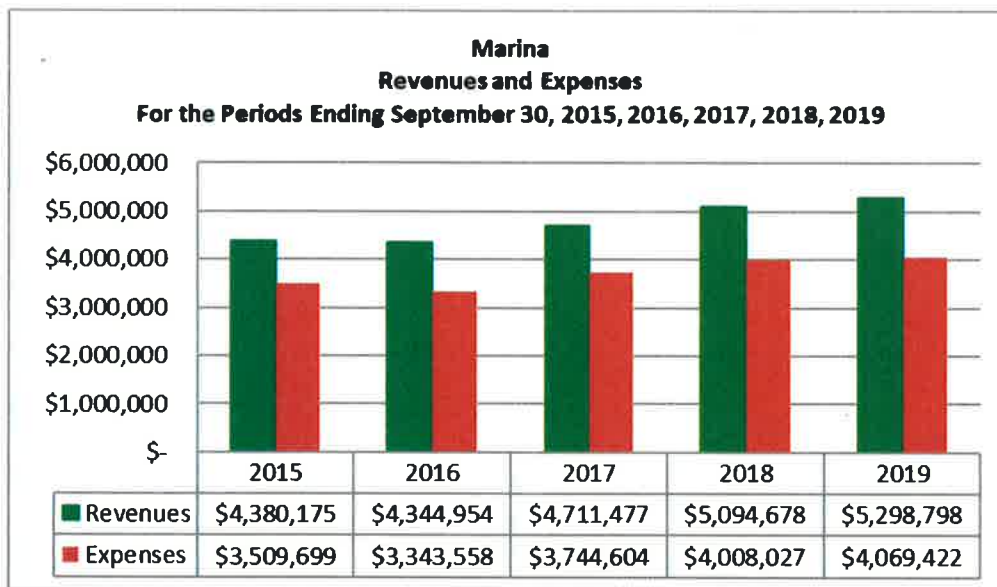
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Employee Benefits	555,842	545,250	(10,592)	-1.94%
Office	54,367	66,000	11,633	17.63%
Professional Fees	100,756	204,750	103,994	50.79%
Repair & Maintenance	329,756	287,250	(42,506)	-14.80%
Supplies	189,841	339,000	149,159	44.00%
Depreciation	1,074,796	1,206,750	131,954	10.93%

Non-Operating Items – Expenses (Revenues):

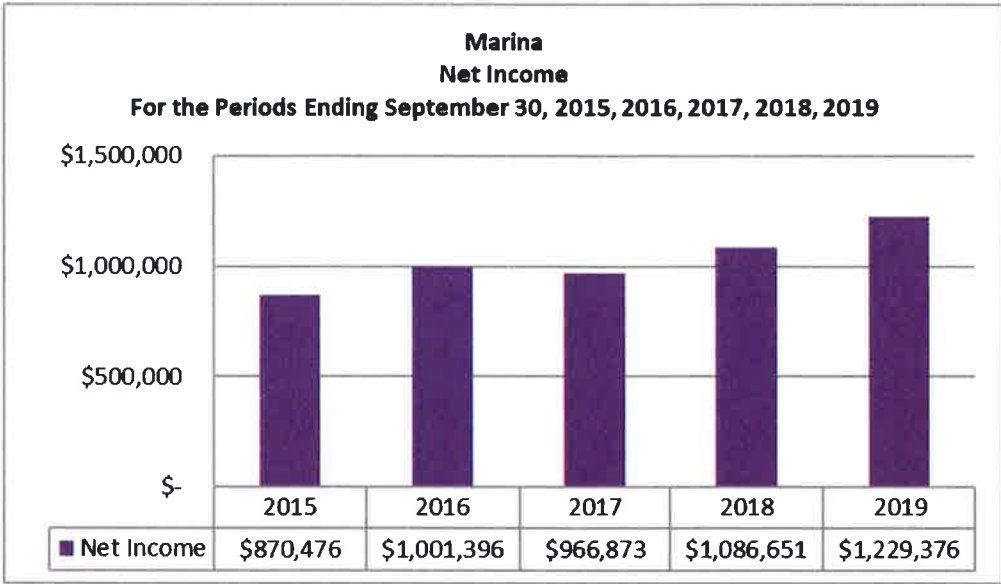
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(258,254)	(158,250)	100,004	63.19%
Change in Fair Market Value of Investments	(11,239)	0	11,239	N/A

Net income for the nine months ending September 30, 2019 was \$2,273,000, which is approximately \$658,000 greater than budget.

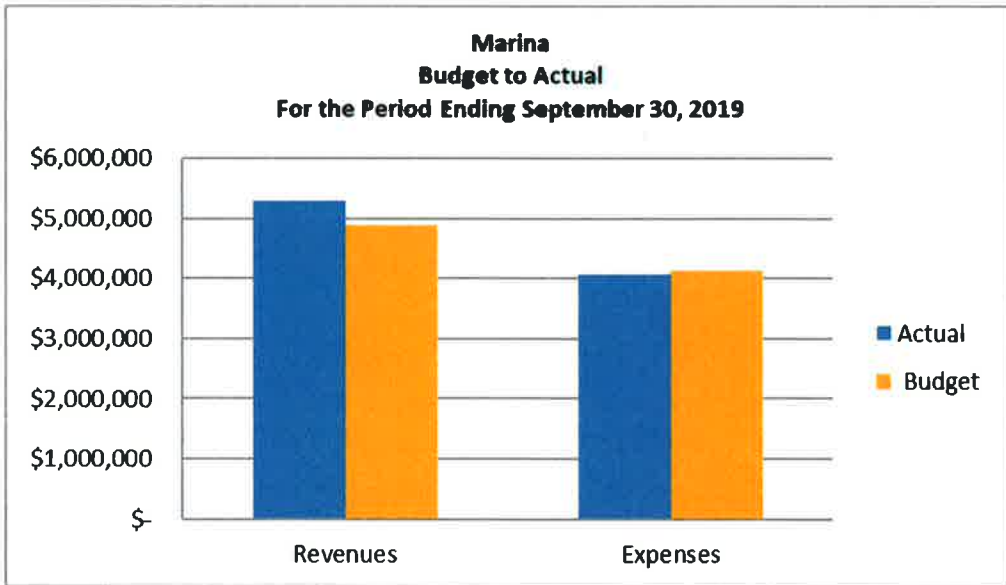
Marina Actual to Budget:



Revenues and expenses are trending upwards.

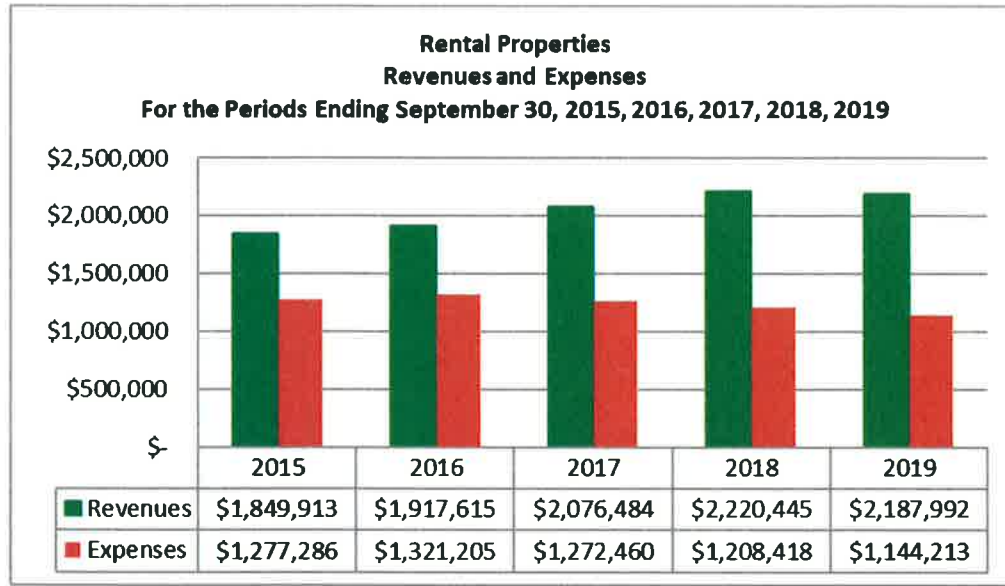


Net income is trending upwards.

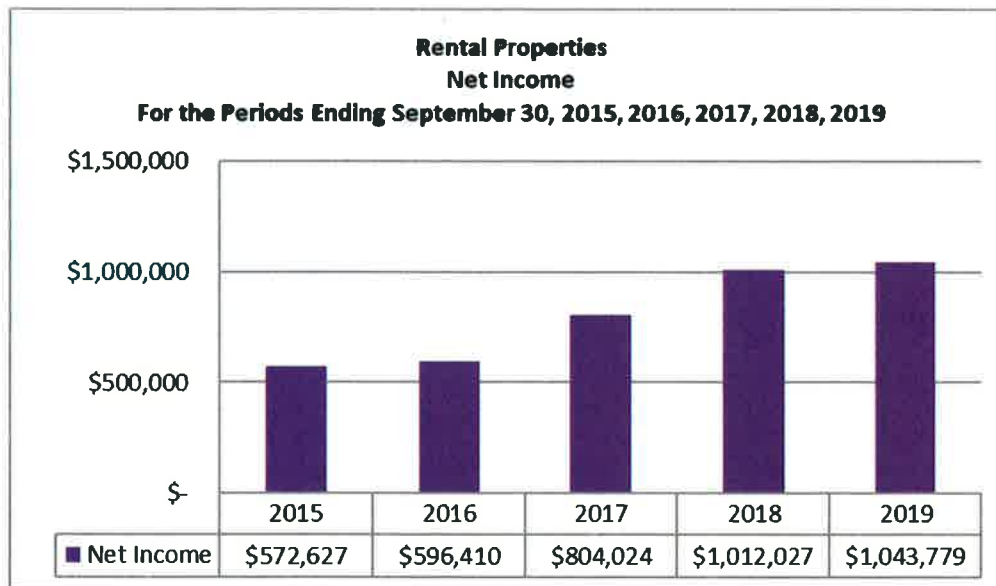


	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	5,261,000	4,852,000	409,000	8%
Operating Expenses Before Depr, O/H	3,042,000	2,735,000	307,000	11%
Net Income	1,229,000	762,000	467,000	61%

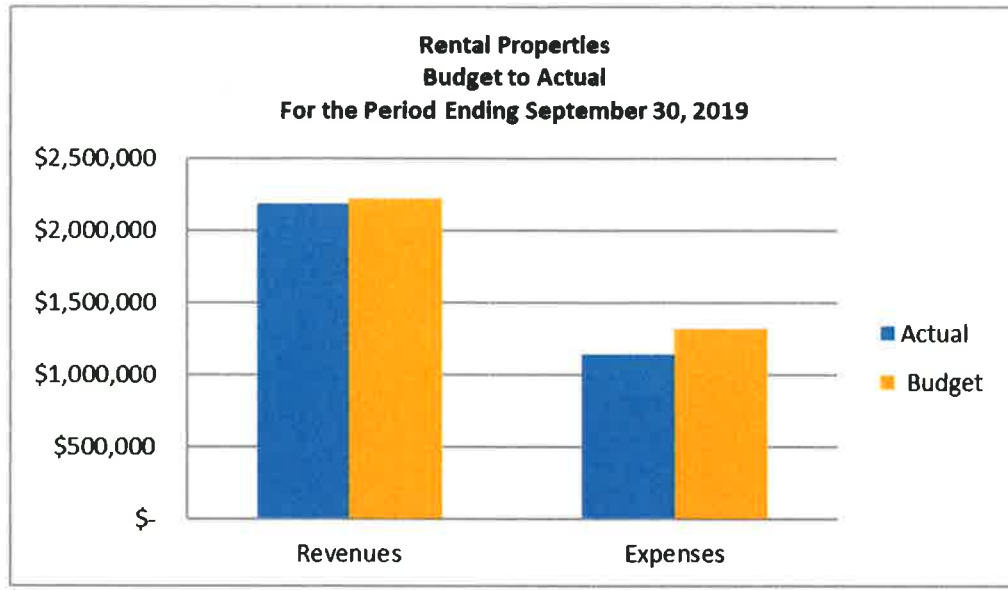
Rental Property Actual to Budget:



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



Net income is trending upwards.



	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	2,052,000	2,091,000	(39,000)	-2%
Operating Expenses Before Depr, O/H	493,000	489,000	4,000	1%
Net Income	1,044,000	904,000	140,000	15%

Investing Summary:

- The Port has 19 long-term investments.
- On August 27, 2019, the Port purchased a \$500,000 non-callable bond with a coupon of 1.6%. This replaced the bond that was called on August 28, 2019.
- On August 28, 2019, the Port's Federal Farm Credit Bank investment with a coupon of 3.17% was called. The Port held the bond for 10 months. Interest on liquid funds ranged from about 1.75% to 2.0% during this time.
- On September 4, 2019, the Port's Federal Farm Credit Bank investment with a coupon of 2.23% and a maturity of 11/15/22 was called. The Port held the bond for 22 months. Interest on liquid funds ranged from about 1.2% to 2.0% during this time.
- On September 4, 2019, the Port purchased a \$500,000 callable bond with a coupon of 1.92%.
- A \$517,000 bond matured on September 26, 2019. The Port held the bond for 20 months and earned 2.0%. Interest on liquid funds ranged from about 1.2% to 2.0% during this time.
- On October 1, 2019, the Port replaced the bond that matured above with a \$500,000 non-callable bond with a coupon of 1.60%.
- The Port was been notified that its Federal Home Loan Bank investment with a coupon of 2.07% was called October 28, 2019. Port staff will replace that bond.
- The Port's Federal Home Loan Bank investment of \$250,000 matured on November 8, 2019. The Port has added another \$250,000 to that to invest a total of \$500,000 to replace that bond.
- The Port earned interest of \$258,254 in the first three quarters of 2019, which is 63% greater than same period in 2018.
- Market rates continue to drop. The bond with a coupon of 3.17% that was purchased in November 2018 looks like it was at the top of the market. As stated above, that bond has since been called.
- The Capital Replacement Reserve is currently \$11 million, with a part of the reserve in cash reserves, and part invested long term.
- The Port has \$460,000 remaining in outstanding debt. All of that is due within one year.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$30	0	49
ELECTRICAL FEES	103,717	108,000	105,176
ENVIRONMENTAL FEES	83,486	81,000	82,684
ENVIRONMENTAL FEE - WORKYARD	19,585	16,500	21,756
FUEL SALES	1,064,033	854,000	1,109,956
LAUNCHER	97,054	91,000	89,167
MISCELLANEOUS	98,328	64,500	64,602
GUEST MOORAGE	177,297	147,000	157,725
PERMANENT MOORAGE	2,756,152	2,719,500	2,623,735
PASSENGER FEES	24,994	24,000	23,956
DRY STORAGE REVENUE	598,508	553,000	555,828
PARKING	84,985	56,250	72,666
TRAVELIFT	112,920	90,000	102,760
WORKYARD	96,054	81,000	82,305
MARINA LATE FEES	25,756	25,500	24,297
GROSS REVENUE	<u>5,342,899</u>	<u>4,911,250</u>	<u>5,116,662</u>
COST OF GOODS SOLD:			
COST OF SALES	53,479	53,250	46,486
ELECTRICAL PURCHASES	50,857	55,000	51,936
FUEL & OIL	841,926	620,000	887,179
LOAN-A-SLIP CREDITS	15,314	9,750	9,666
TOTAL COST OF GOODS SOLD	<u>961,576</u>	<u>738,000</u>	<u>995,267</u>
GROSS PROFIT: MARINA OPER.	<u>4,381,323</u>	<u>4,173,250</u>	<u>4,121,395</u>
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	1,593,931	1,579,875	1,582,351
ANTHONY'S	170,340	221,000	226,018
EDMONDS YACHT SALES	2,828	3,000	2,757
HARBOR SQUARE ATHLETIC CLUB	100,387	100,500	97,369
POE 2 LLC	41,419	41,250	40,409
LANDING	98,337	101,000	92,532
YACHT CLUB	44,234	44,250	42,970
TOTAL RENTAL PROPERTIES	<u>2,051,476</u>	<u>2,090,875</u>	<u>2,084,406</u>
GROSS PROFIT	<u>6,432,799</u>	<u>6,264,125</u>	<u>6,205,801</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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
AUDIT	\$598	0	870
ADVERTISING	3,552	7,875	2,486
ADVERTISING - MARKETING:OVERHE	5,090	6,750	7,148
AUTO AND EQUIPMENT FUEL	15,889	16,125	15,627
BANK CHARGES	4,507	4,125	4,873
BUSINESS TAXES	19,553	17,625	19,163
CLAIMS & DAMAGES	14,988	12,000	10,104
COMMUNICATIONS	11,442	13,500	7,062
ECONOMIC DEVELOPMENT & TOURISM	13,034	22,500	20,662
EDUCATION & TRAINING	14,899	18,000	8,933
EMPLOYEE BENEFITS	555,842	545,250	496,056
HAZARDOUS WASTE DISPOSAL	6,577	6,000	8,484
INSURANCE	151,127	156,000	135,728
LICENSES & PERMITS	2,153	2,250	2,830
MARKETING	10,752	8,125	17,358
MASTER BUSINESS PLAN	(5,363)	0	2,958
MEALS	2,324	4,500	1,892
MEMBERSHIP DUES	14,226	13,500	12,735
MISCELLANEOUS	0	375	65
OFFICE	54,367	66,000	66,921
PAYROLL TAXES	170,423	173,250	156,775
PROMOTIONAL HOSTING	594	2,250	343
PROFESSIONAL FEES	100,756	204,750	136,445
RENT	11,475	10,500	10,000
REPAIR AND MAINTENANCE	329,756	287,250	137,658
SALARIES AND WAGES	1,588,680	1,596,000	1,475,022
SUPPLIES	189,841	339,000	166,040
TENANT IMPROVEMENTS	0	0	228
TRAVEL	17,098	17,250	13,912
UNIFORMS	4,678	11,250	8,152
UTILITIES	329,429	321,750	292,051
OPERATING EXPENSES BEFORE DEPR DEPRECIATION	3,638,287 1,074,796	3,883,750 1,206,750	3,238,581 1,148,123
TOTAL OPERATING EXPENSES	4,713,083	5,090,500	4,386,704
INCOME FROM OPERATIONS	1,719,716	1,173,625	1,819,097
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	20,293	17,250	46,729
INTEREST INCOME	(258,254)	(158,250)	(164,613)
(GAIN)/LOSS ON FIXED ASSETS	0	0	164,625
CHANGE IN FAIR VALUE OF INVEST	(11,239)	0	(16,598)
OPERATING GRANTS	0	0	(4,500)
PROPERTY TAXES	(304,236)	(300,000)	(305,223)
OTHER EXPENSE (INCOME), NET	(553,436)	(441,000)	(279,580)
NET INCOME	\$2,273,152	1,614,625	2,098,677

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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$30	0	49
ELECTRICAL FEES	103,717	108,000	105,176
ENVIRONMENTAL FEES	83,486	81,000	82,684
ENVIRONMENTAL FEE - WORKYARD	19,585	16,500	21,756
FUEL SALES	1,064,033	854,000	1,109,956
LAUNCHER	97,054	91,000	89,167
MISCELLANEOUS	53,173	34,500	30,478
GUEST MOORAGE	177,298	147,000	157,725
PERMANENT MOORAGE	2,756,152	2,719,500	2,623,734
PASSENGER FEES	24,994	24,000	23,956
DRY STORAGE REVENUE	598,508	553,000	555,829
PARKING	48,538	27,000	47,306
TRAVELIFT	112,919	90,000	102,760
WORKYARD	96,055	81,000	82,305
LATE FEES	25,756	25,500	24,297
GROSS REVENUE	<u>5,261,298</u>	<u>4,852,000</u>	<u>5,057,178</u>
COST OF GOODS SOLD:			
COST OF SALES - TARP & TAPE	52,761	0	46,068
ELECTRICAL PURCHASES	50,856	55,000	51,936
FUEL & OIL	841,926	620,000	887,179
LOAN-A-SLIP CREDITS	15,314	9,750	9,666
TOTAL COST OF GOODS SOLD	<u>960,857</u>	<u>684,750</u>	<u>994,849</u>
GROSS PROFIT: MARINA OPER.	<u>4,300,441</u>	<u>4,167,250</u>	<u>4,062,329</u>
OPERATING EXPENSES:			
ADVERTISING	6,552	6,750	7,601
AUTO AND EQUIPMENT FUEL	9,182	9,000	9,051
BUSINESS TAXES	19,457	17,250	18,986
CLAIMS & DAMAGES	14,989	12,000	10,104
EDUCATION & TRAINING	4,417	6,000	3,114
EMPLOYEE BENEFITS	328,715	317,250	288,673
HAZARDOUS WASTE DISPOSAL	6,577	6,000	8,484
INSURANCE	110,216	111,750	99,087
LICENSES & PERMITS	1,767	1,500	1,707
MARKETING	6,461	7,000	8,172
MISCELLANEOUS	0	0	(25)
OFFICE EXPENSE	9,304	12,750	10,012
PAYROLL TAXES	113,830	108,000	100,182
PROFESSIONAL FEES	32,611	20,250	4,312
RENT	11,476	10,500	10,000
REPAIR AND MAINTENANCE	164,126	119,250	38,799
SALARIES AND WAGES	1,012,071	1,001,250	941,876
SUPPLIES	80,518	138,750	79,477
UTILITIES	148,894	144,750	124,681
OPERATING EXPENSES BEFORE DEPR & O/H	<u>2,081,163</u>	<u>2,050,000</u>	<u>1,764,293</u>
DEPRECIATION	613,627	675,000	641,902
OVERHEAD ALLOCATION - MARINA	413,775	717,750	592,163
TOTAL OPERATING EXPENSES	<u>3,108,565</u>	<u>3,442,750</u>	<u>2,998,358</u>
INCOME FROM OPERATIONS	<u>1,191,876</u>	<u>724,500</u>	<u>1,063,971</u>
OTHER EXPENSE (INCOME):			
PROPERTY TAX ALLOCATION - MARI	(37,500)	(37,500)	(37,500)
(GAIN)/LOSS ON FIXED ASSETS	0	0	14,401
OTHER EXPENSE (INCOME), NET	<u>(37,500)</u>	<u>(37,500)</u>	<u>(23,099)</u>
NET INCOME	<u>\$1,229,376</u>	<u>762,000</u>	<u>1,087,070</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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	\$1,410,936	1,401,750	1,357,533
HARBOR SQUARE CAMS	176,443	170,250	212,323
MISCELLANEOUS - HS	930	0	3,113
LATE FEES - HARBOR SQUARE PROP	5,447	7,500	8,955
HARB SQ CONFERENCE ROOM REV	450	750	570
ANTHONY'S	170,340	221,000	226,017
EDMONDS YACHT SALES	2,828	3,000	2,757
HARBOR SQUARE ATHLETIC CLUB	100,388	100,500	97,370
POE 2 LLC	41,420	41,250	40,409
LANDING	98,336	101,000	92,532
YACHT CLUB	44,233	44,250	42,970
TOTAL RENTAL PROPERTIES	<u>2,051,751</u>	<u>2,091,250</u>	<u>2,084,549</u>
GROSS PROFIT	<u>2,051,751</u>	<u>2,091,250</u>	<u>2,084,549</u>
OPERATING EXPENSES:			
HARBOR SQUARE COST OF SALES	275	0	137
ADVERTISING	0	4,125	0
AUTO & EQUIPMENT FUEL	427	375	271
BANK CHARGES	0	375	363
BUSINESS TAXES	94	375	174
EMPLOYEE BENEFITS	36,467	42,750	37,332
INSURANCE	35,797	36,750	31,705
MASTER BUSINESS PLAN	(5,363)	0	2,958
MISCELLANEOUS	0	375	90
OFFICE	1,396	1,500	1,247
PAYROLL TAXES	10,645	15,000	13,064
PROFESSIONAL FEES	7,683	3,750	690
REPAIR AND MAINTENANCE	150,794	78,000	82,282
SALARIES AND WAGES	115,398	139,500	124,173
SUPPLIES	19,773	52,500	11,784
TENANT IMPROVEMENTS	0	0	228
UTILITIES	119,213	113,250	109,787
OPERATING EXPENSES BEFORE DEPR & O/H	<u>492,599</u>	<u>488,625</u>	<u>416,285</u>
DEPRECIATION	418,164	447,750	445,338
OVERHEAD ALLOCATION - RENTAL P	213,156	369,750	253,785
TOTAL OPERATING EXPENSES	<u>1,123,919</u>	<u>1,306,125</u>	<u>1,115,408</u>
INCOME FROM OPERATIONS	<u>927,832</u>	<u>785,125</u>	<u>969,141</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	20,294	17,250	46,729
INTEREST INCOME	(8,741)	(8,250)	(8,396)
(GAIN)/LOSS ON FIXED ASSETS -	0	0	46,275
PROPERTY TAX ALLOCATION - RENT	(127,500)	(127,500)	(127,500)
OTHER EXPENSE (INCOME), NET	<u>(115,947)</u>	<u>(118,500)</u>	<u>(42,892)</u>
NET INCOME	<u><u>\$1,043,779</u></u>	<u><u>903,625</u></u>	<u><u>1,012,033</u></u>

Port of Edmonds
Investment Report
As of September 30, 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 Book Value	Market Value at 9/30/2019	Percent of Portfolio
Federal Home Loan Bank	0.08	10/23/2014	11/8/2019	1.450%	Callable 10/28/17	\$ 250,000	\$ 247,452	\$ 249,908	1.38%
Opus CD - restricted	0.29	1/17/2017	1/17/2020	0.900%	Non-Callable	\$ 711,078	N/A	\$ 711,078	3.92%
Federal Natl Mortgage Assn	0.50	10/12/2016	3/20/2020	1.300%	Callable 3/30/17	\$ 500,000	\$ 492,409	\$ 498,008	2.75%
Resolution Funding Corporation	0.79	9/27/2016	7/15/2020	0.000%	Non-Callable	\$ 525,000	\$ 508,037	\$ 517,147	2.85%
RFCSP STRIP Principal	1.04	6/3/2019	10/15/2020	0.000%	Non-Callable	\$ 513,000	\$ 502,499	\$ 503,215	2.78%
RFCSP STRIP Principal	1.29	12/13/2018	1/15/2021	0.000%	Non-Callable	\$ 530,000	\$ 512,345	\$ 517,130	2.85%
Federal Farm Credit Bank	1.67	6/2/2016	6/2/2021	1.690%	Callable 6/2/17	\$ 500,000	\$ 489,164	\$ 497,696	2.75%
Federal Farm Credit Bank	1.88	8/15/2016	8/16/2021	1.440%	Callable 8/16/17	\$ 500,000	\$ 483,945	\$ 496,586	2.74%
Federal Home Loan Mtg Corp	2.21	6/20/2017	11/24/2021	2.020%	Callable 5/24/18	\$ 500,000	\$ 489,855	\$ 500,005	2.76%
Federal Home Loan Bank	2.33	12/1/2017	1/27/2022	2.070%	Callable 4/27/18	\$ 500,000	\$ 491,914	\$ 500,039	2.76%
Federal Farm Credit Bank	2.71	5/25/2017	5/23/2022	2.070%	Callable 5/23/18	\$ 500,000	\$ 488,453	\$ 500,003	2.76%
Federal Farm Credit Bank	2.83	8/3/2018	8/8/2022	2.050%	Callable 8/13/18	\$ 500,000	\$ 488,415	\$ 500,010	2.76%
Federal Natl Mortgage Assn	3.29	12/14/2018	1/19/2023	2.375%	Non-Callable	\$ 500,000	\$ 496,426	\$ 512,491	2.83%
Federal Home Loan Bank	3.67	6/3/2019	6/9/2023	2.125%	Non-Callable	\$ 500,000	\$ 503,151	\$ 509,404	2.81%
Federal Farm Credit Bank	3.88	8/27/2019	8/14/2023	1.600%	Non-Callable	\$ 500,000	\$ 503,195	\$ 499,956	2.76%
Federal Farm Credit Bank	3.92	9/4/2019	8/28/2023	1.920%	Callable 8/28/20	\$ 500,000	\$ 500,933	\$ 499,896	2.76%
Federal Home Loan Bank	4.38	2/21/2019	2/13/2024	2.500%	Non-Callable	\$ 500,000	\$ 500,000	\$ 519,027	2.86%
Federal Home Loan Bank	4.71	6/19/2019	6/12/2024	2.400%	Callable 6/12/20	\$ 500,000	\$ 500,932	\$ 500,455	2.76%
						<u>\$ 9,029,078</u>	<u>\$ 8,199,124</u>	<u>\$ 9,032,050</u>	<u>49.85%</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
Washington Federal	Business checking account	1.92%	\$ 6,901,120
Washington Federal	Revolving checking account	0.00%	\$ 3,030
Opus Bank	HS checking account	2.25%	\$ 446,330
Snohomish County	Tax collections	0.00%	\$ 8,003
Washington LGIP	Short-term investments	2.20%	\$ 39,942
Opus Bank	Money market	2.25%	\$ 1,686,844
			<u>\$ 9,086,469</u>
			<u>\$ 18,118,519</u>

Total Cash and Investments

100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 1,037,596
Capital Replacement Reserve	\$ 649,248
	<u>\$ 1,686,844</u>

Outstanding Debt

2017 Revenue Bond - Opus Bank	\$ 460,317
Due Within 1 Year	\$ 460,317
Opus Bank Debt Service Reserve	\$ 711,078

Capital Replacement Reserve consists of:

Cash Reserves - Opus Bank	\$ 649,248
Investments	\$ 9,029,078
Cash Reserves - Washington Federal	\$ 1,384,309
	<u>\$ 11,062,635</u>