

Commission Agenda Item

Meeting Date	07/29/2024
Subject	Second Quarter 2024 Financial Statements
Cost	N/A
Attachments	For the period ended June 30, 2024 Port Income Statement, Marina Income Statement, Rental Property Income Statement, Investment Summary Report and Investing Transactions Report
From	Tsz Yan Brady, Director of Finance and Administration

➤ Financial Highlights in Q2 2024

- The Port has spent \$10.2 million (net insurance claim receipt of \$292K due from generator electrical damage power spike) on the new administrative and maintenance building and received its Certificate of Occupancy in July 2024.
- The Port has spent \$0.9 million current to date on the North Portwalk and Seawall Reconstruction and is currently in the design phase at 90% design completion, pending JARPA permitting to proceed to 100% design.

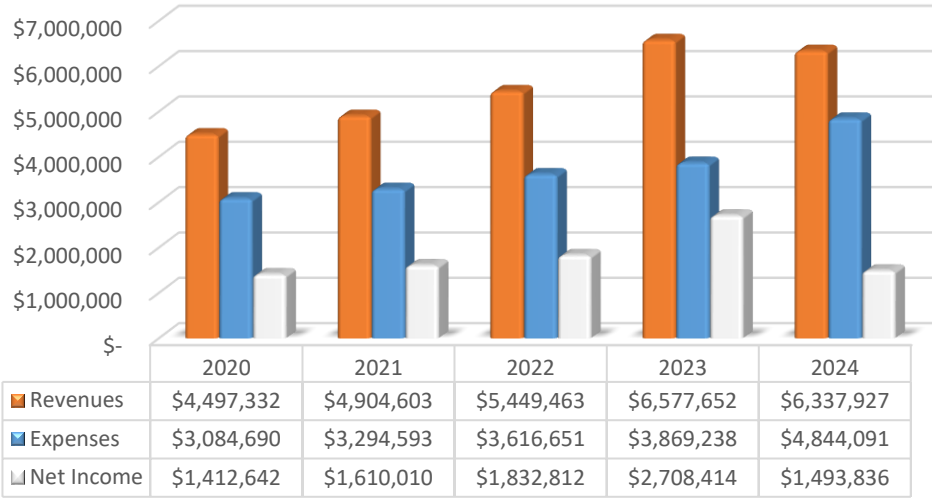
➤ Combined Port Revenues/Other Income, Operating Expenses/Other Expenses and Net Income for Years Ended 2020 – 2024

Revenues/Other Income: Per the 5 years trend analysis, trended downwards from Q2 2023 of \$6.5 million, a decrease of \$0.2 million or 4%, to \$6.3 million for Q2 2024. This is mainly due to the decrease in revenue from Rental Property by \$62K or 4%, decrease in interest income by \$0.3 million or 44% offset by a favorable change in fair value of investments by \$0.1 million. The decrease in interest income is due to the fact that several of the bonds that were purchased in 2023 were callable. The discounted amounts were recognized as interest income immediately vs. amortization.

Expenses: Operating expenses before depreciation increased from Q2 2023 of \$2.6 million to Q2 2024 of \$3.5 million (see Port Income Statement), by \$0.9 million or 33% mainly as follows: strategic plan (\$32K), marketing from rebranding, website development and website security (\$78K), professional services (\$146K), repairs & maintenance (\$183K), salaries & wages and employee benefits (\$235K and \$56K respectively).

Net Income: The Port reported a net income of \$2.7 million in Q2 2023, a decrease of \$1.2 million or 45%, to \$1.5 million for Q2 2024. This is mainly due to the decrease in revenues/other income and increase in operating expenses before depreciation noted above.

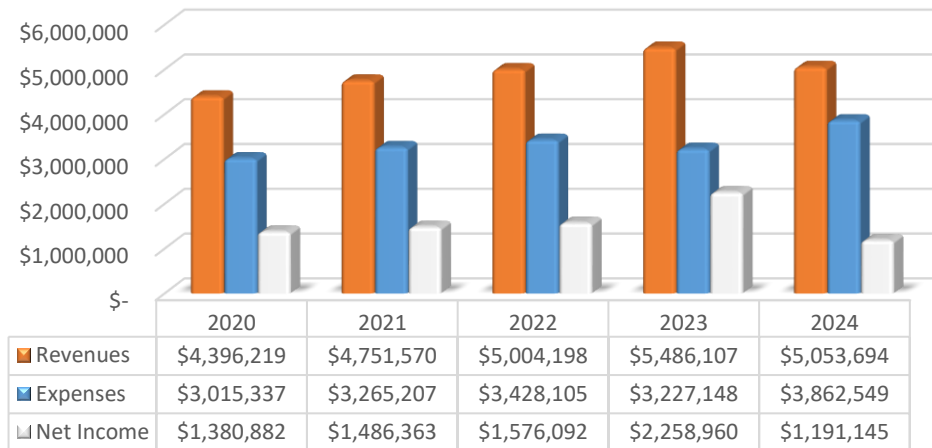
**Port of Edmonds
Revenues/Other Income, Operating Expenses/Other Expenses and
Net Income
For the Period Ended June 30, 2024**



*Other Income: mainly Interest Income (\$340K) and Property Taxes (\$318K) in Q2 2024

➤ **Combined Port Revenues/Other Income, Expenses and Net Income adjusted by CPI for Years Ended 2020 – 2024**

**Port of Edmonds
Revenues/Other Income, Operating Expenses/Other Expenses and
Net Income as Adjusted by CPI
For the Period Ended June 30, 2024**

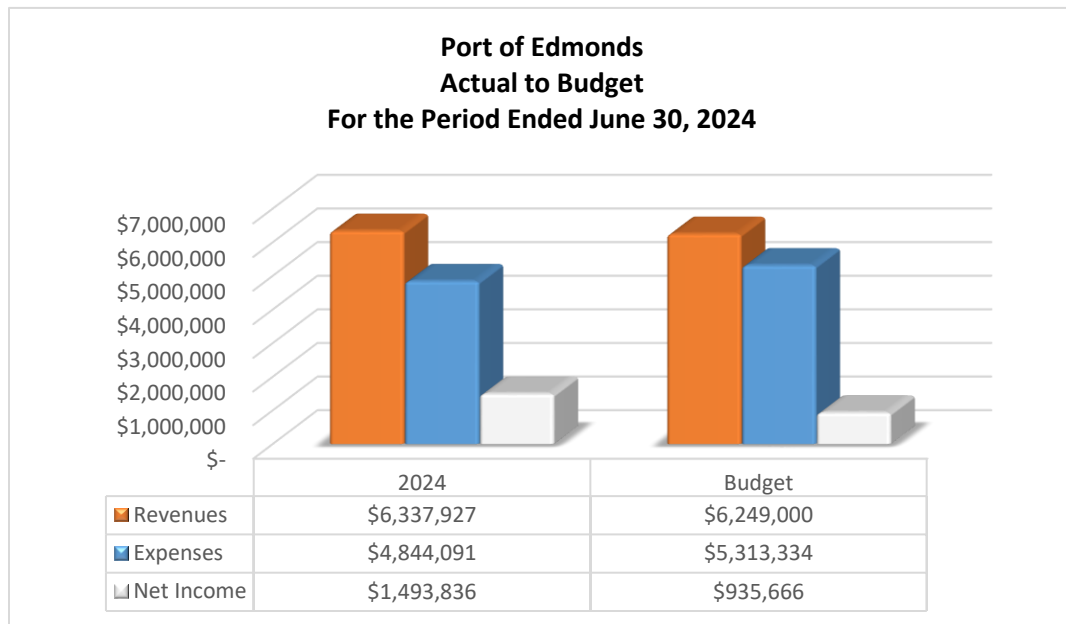


➤ **Combined Port Actual vs. Budget for Period Ended June 30, 2024**

Revenues/Other Income: Q2 2024 actual of \$6.3 million exceeded the Q2 2024 budgeted amount of \$6.2 million by \$89K or 1% mainly due to earned interest income of \$67K or 25% from the Port’s investment and property taxes of \$6K or 2%.

Expenses: Operating expenses before depreciation Q2 2024 actual of \$3.5 million was less than the Q2 2024 budgeted amount of \$3.9 million (see Port Income Statement), by \$0.4M or 10% mainly because of repair & maintenance costs that were budgeted for linearly, whereas the projects had not started/work in progress. Additionally, there were fewer expenses in salaries & wages as there are two open positions (Maintenance Utility Worker and Operations Utility Worker) that were budgeted for, but the positions have not been filled.

Net Income: The Port reported a net income of \$1.5 million in Q2 2024, an increase of \$0.6 million or 60%, in comparison to Q2 2024 budgeted amount of \$0.9 million. This is mainly due to the planned maintenance projects which were approved and scheduled for in Q3 and Q4 of 2024 along with the unfilled positions.

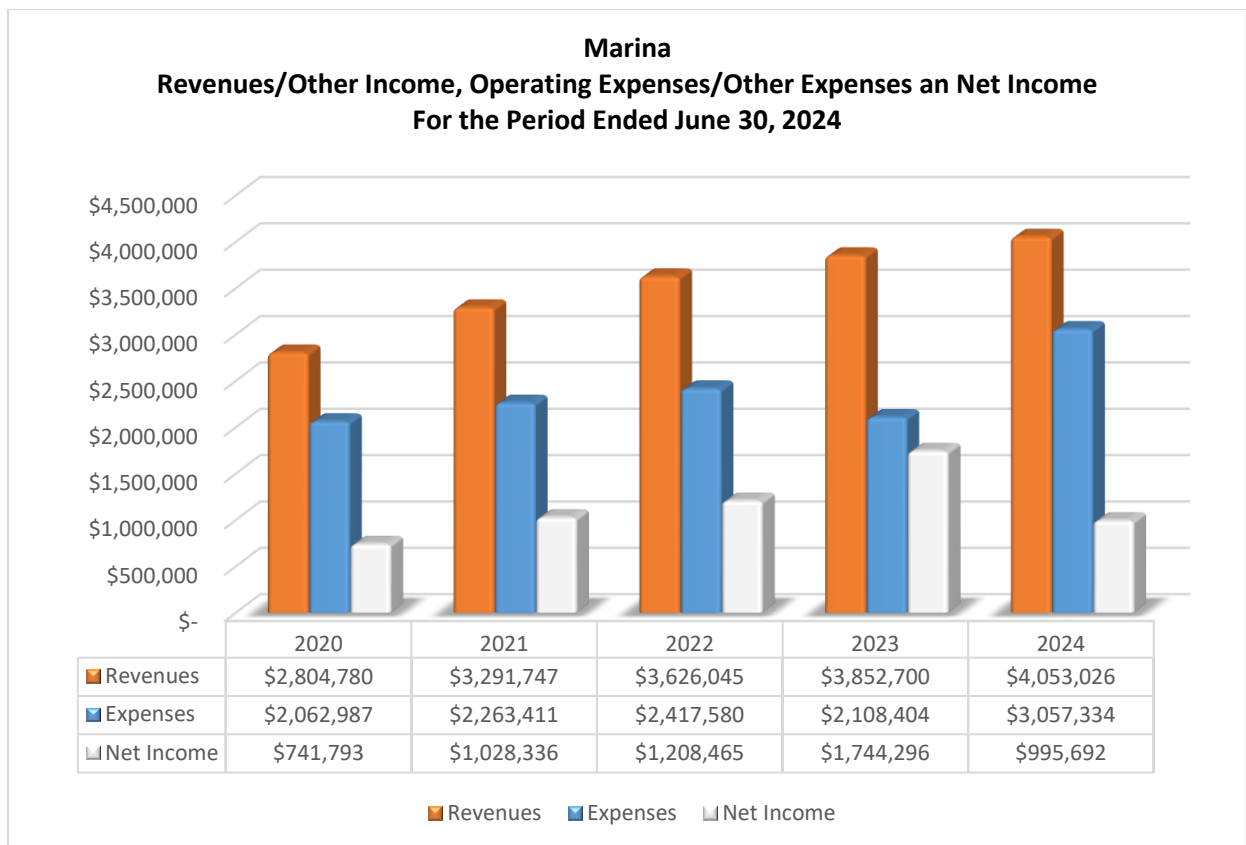


➤ **Marina Revenues/Other Income, Expenses and Net Income for Years Ended 2020 – 2024**

Marina revenues/other income: Q2 2024 was \$4.1M, an increase of \$0.2 million or 5% from Q2 2023 of \$3.9 million. This is mainly due to the increase in permanent moorage of \$118K or 5%. Consistent with tenants’ rate adjustment in 2024 per CPI adjustment of 5.6% (4.6% CPI+1% per June 2023). Additionally, there was an increase in dry storage of \$28K or 7% and increase in workyard of \$52K or 81%.

Expenses: Operating expenses before depreciation increased from Q2 2023 of \$1.5 million, by \$0.3 million or 21%, to \$1.8 million in Q2 2024 (see Marina Income Statement) mainly as follows: professional services (\$69K), repairs & maintenance (\$74K), salaries & wages and employee benefits (\$126K and \$26K respectively).

Net Income: The Marina reported a net income of \$1.7 million in Q2 2023, a decrease of \$0.7 million or 43%, to \$1.0 million for Q2 2024. This is mainly due to the increase in operating expenses before depreciation noted above which outpacing the revenues/other income increases.

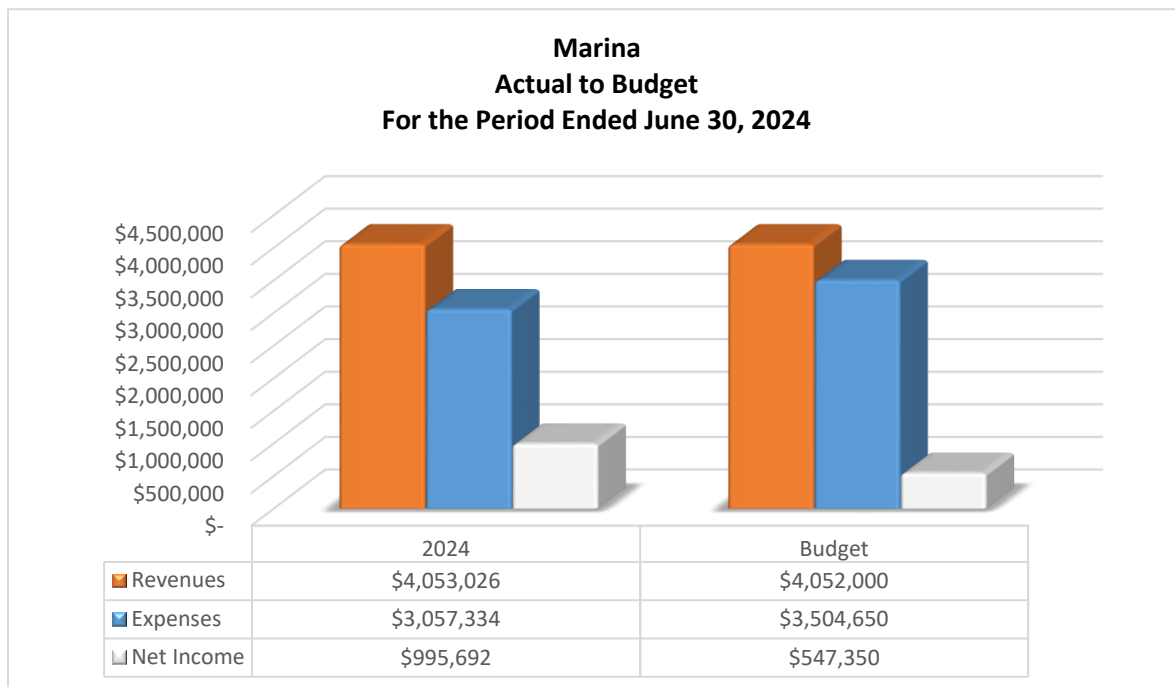


➤ **Marina Actual vs. Budget for Period Ended June 30, 2024**

Marina revenues/other Income: Q2 2024 actual aligned with the Q2 2024 budgeted amount of \$4.0 million.

Expenses: Operating expenses before depreciation for Q2 2024 actual of \$1.8 million was less than the Q2 2024 budgeted amount of \$2.1 million (see Marina Income Statement) by \$0.3 million or 14%. This is mainly because of repair & maintenance costs that were budgeted for linearly and the projects have not started/work in progress. Additionally, there were fewer expenses in salaries & wages as there are two open positions (Maintenance Utility Worker and Operations Utility Worker) that were budgeted for, but the positions have not been filled.

Net Income: The Marina reported a net income of \$1.0 million in Q2 2024, an increase of \$0.5 million or 82%, in comparison to Q2 2024 budgeted amount of \$0.5 million. This is mainly due to steady increase in revenues/other income and operating expenses that have not been recognized from planned maintenance projects that were approved and scheduled for in Q3 and Q4 of 2024 along with the unfilled positions.

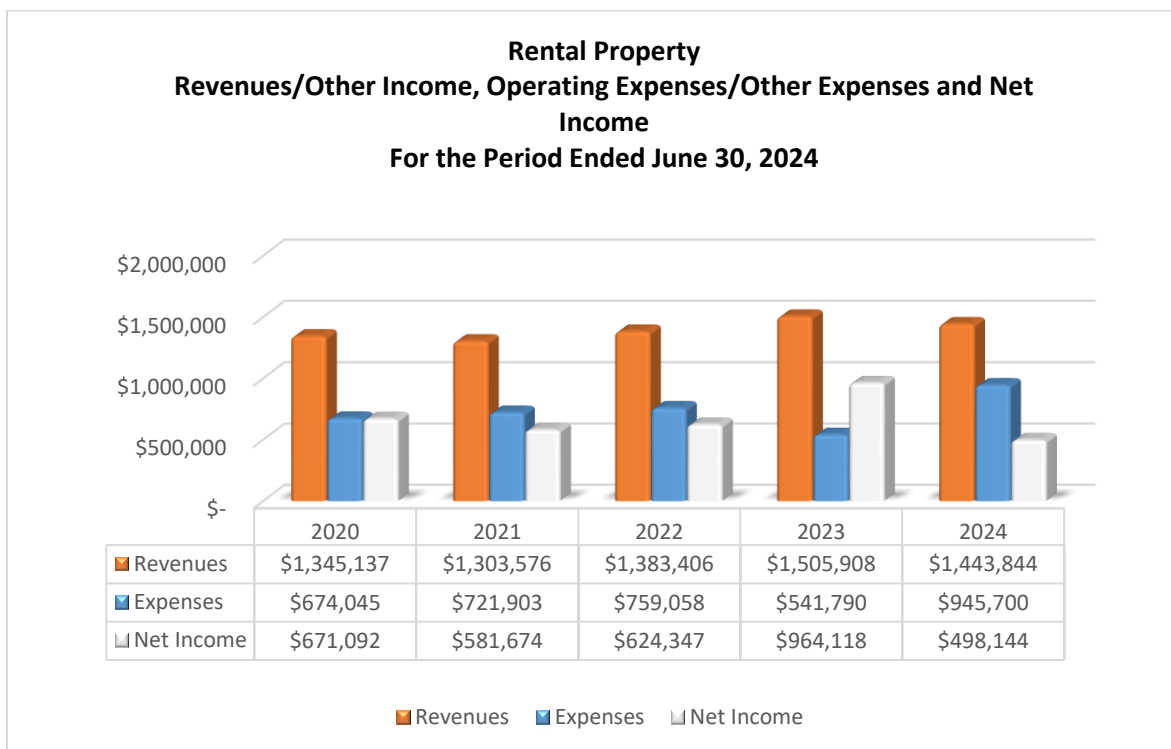


➤ **Rental Property Revenues/Other Income, Expenses and Net Income for Years Ended 2020 – 2024**

Property revenues/other income: Q2 2024 was \$1.4 million, a decrease of \$0.1 million or 4% from Q2 2023 of \$1.5 million. The occupancy rate from Harbor Square has fallen from 92.80% in Q2 2023 to 82.63% in Q2 2024.

Expenses: Operating expenses before depreciation increased from Q2 2023 of \$0.4 million to Q2 2024 of \$0.5 million (see Rental Property Income Statement), by \$0.1 million or 31% mainly as follows: professional services (\$35K) and repairs & maintenance (\$77K).

Net Income: The Rental Property reported a net income of \$0.5 million in Q2 2024, a decrease of \$0.5 million or 48%, from \$1.0 million in Q2 2023. This is mainly due to increase in operating expenses before depreciation noted above while the revenues/other income have decreased.

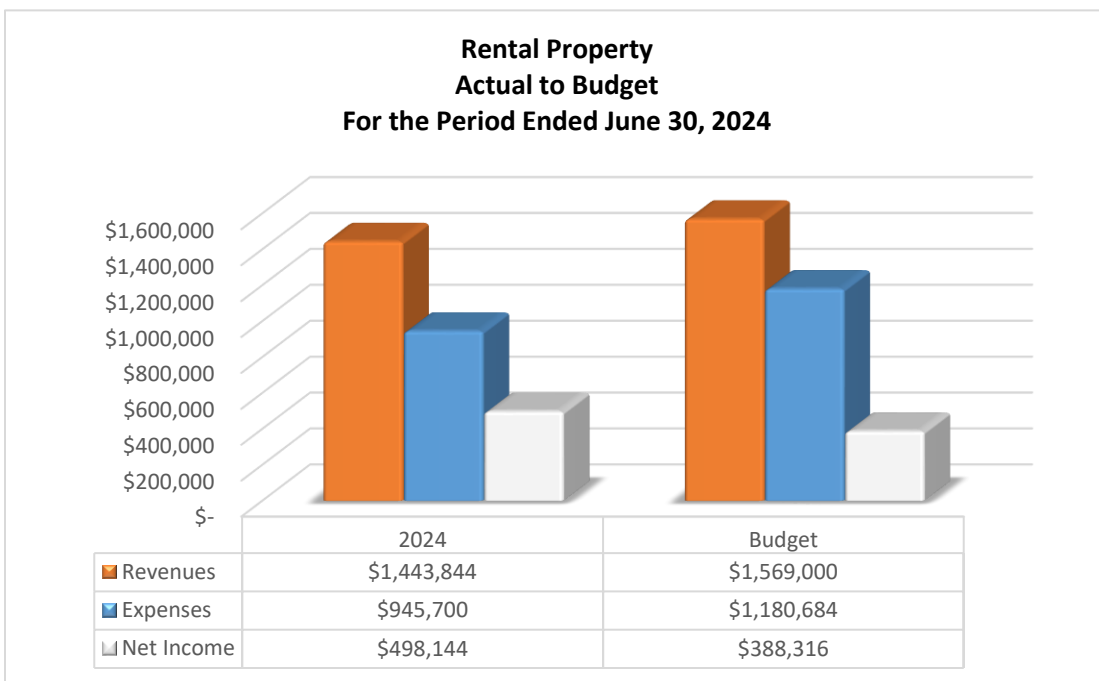


➤ **Rental Property Actual vs. Budget for Period Ended June 30, 2024**

Rental Property revenues/other Income: Q2 2024 actual of \$1.4 million was less than the Q2 2024 budgeted amount of \$1.5 million, by \$0.1 million or 8% mainly because of lower occupancy rate.

Expenses: were less than the Q2 2024 budgeted amount of \$0.2 million or 20% mainly because of repair & maintenance costs that were budgeted for linearly and the projects were not started/work in progress.

Net Income: The Rental Property reported a net income of \$0.5 million in Q2 2024, an increase of \$0.1 million or 28%, in comparison to Q2 2024 budgeted amount of \$0.4 million. This is mainly due to the planned maintenance projects that were approved and scheduled for in Q3 and Q4 of 2024.



PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024

	SIX MONTHS ENDED		
	2024	BUDGET	2023
MARINA REVENUES			
CONCESSIONS	10	-	-
ELECTRICAL FEES	80,400	72,500	81,610
ENVIRONMENTAL FEES	65,981	66,500	66,182
ENVIRONMENTAL FEE - WORKYARD	16,348	16,500	20,063
FUEL SALES	563,559	690,000	578,107
LAUNCHER	40,164	39,000	36,743
MISCELLANEOUS	67,665	63,500	53,132
GUEST MOORAGE	72,450	68,000	61,166
PERMANENT MOORAGE	2,441,663	2,380,500	2,324,040
PASSENGER FEES	20,560	16,000	14,198
DRY STORAGE	457,034	463,000	428,863
PARKING	51,771	49,000	53,725
TRAVELIFT	83,138	88,000	95,178
WORKYARD	115,652	67,000	63,989
LATE FEES	20,656	16,000	17,090
TOTAL MARINA REVENUE	<u>4,097,051</u>	<u>4,095,500</u>	<u>3,894,086</u>
RENTAL PROPERTY REVENUES			
HARBOR SQUARE LEASE REVENUE	870,092	988,500	915,895
HARBOR SQUARE CAMS	134,866	169,500	154,549
WEST SIDE LEASE REVENUE	157,839	175,500	148,493
HARBOR SQUARE LEASE INTEREST REVENUE	182,783	140,500	179,316
WEST SIDE LEASE INTEREST REVENUE	92,648	91,000	99,149
MISCELLANEOUS REVENUE	5,497	2,500	6,399
LATE FEES	120	1,500	1,916
TOTAL RENTAL PROPERTY REVENUE	<u>1,443,844</u>	<u>1,569,000</u>	<u>1,505,717</u>
COST OF GOODS SOLD			
COST OF SALES	59,837	69,500	43,603
ELECTRICAL PURCHASES	41,861	36,000	41,170
FUEL & OIL	453,902	480,000	442,732
LOAN-A-SLIP CREDITS	3,141	1,500	1,819
TOTAL COST OF GOODS SOLD	<u>558,741</u>	<u>587,000</u>	<u>529,325</u>
GROSS PROFIT	<u>4,982,153</u>	<u>5,077,500</u>	<u>4,870,478</u>

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024

OPERATING EXPENSES	SIX MONTHS ENDED		
	2024	BUDGET	2023
ADVERTISING & NOTICES	3,419	5,000	4,425
AUDIT	-	-	-
AUTOMOBILE AND EQUIPMENT FUEL	10,854	13,500	11,196
BANK CHARGES	5,134	4,500	4,324
BUSINESS TAXES	12,585	16,500	12,213
CLAIMS & DAMAGES	4,231	7,000	1,328
COMMUNICATIONS	-	10,000	-
ECONOMIC DEVELOPMENT & TOURISM	2,529	7,000	785
EDUCATION	21,628	23,000	12,468
EMPLOYEE BENEFITS	449,313	465,000	393,265
GASB 68 PENSION EXPENSE	-	-	-
OPEB EXPENSE	-	-	-
HAZARDOUS WASTE DISPOSAL	20,041	8,000	2,597
INSURANCE	199,528	227,500	175,709
LEASE EXPENSES	-	16,500	-
LICENSES & PERMITS	2,387	1,500	2,217
MARKETING	77,695	4,000	-
MASTER BUSINESS PLAN	-	-	-
MEALS	4,387	2,000	1,984
MEMBERSHIP DUES	28,564	16,000	10,210
MISCELLANEOUS	-	-	-
OFFICE	88,447	74,500	65,335
PAYROLL TAXES	152,537	185,000	137,151
PROFESSIONAL SERVICES	199,024	171,500	52,802
PROMOTIONAL HOSTING	294	1,500	212
RENT	6,612	8,000	6,420
REPAIR & MAINTENANCE	308,076	512,834	125,522
SALARIES & WAGES	1,440,591	1,552,500	1,205,163
STRATEGIC PLAN	32,488	45,000	-
SUPPLIES	147,877	217,500	163,942
TENANT IMPROVEMENTS	-	-	-
TRAVEL	28,979	36,000	11,352
UNIFORMS	14,206	8,000	2,973
UTILITIES	264,390	286,000	252,612
OPERATING EXPENSES BEFORE DEPR DEPRECIATION AND AMORTIZATION	3,525,817	3,925,334	2,656,204
TOTAL OPERATING EXPENSES	4,294,183	4,726,334	3,339,665
 INCOME FROM OPERATIONS	 687,971	 351,166	 1,530,813
 OTHER (INCOME)/EXPENSE			
ELECTION EXPENSE	-	-	-
(GAIN)/LOSS ON FIXED ASSETS	(8,954)	-	-
CHANGE IN FAIR VALUE OF INVESTMENTS	(139,407)	-	(10,486)
INTEREST INCOME	(340,101)	(272,500)	(603,941)
INTEREST EXPENSE	-	-	-
INTEREST EXPENSE ON LEASED ASSET LIABILITY	121	-	248
PROPERTY TAXES	(317,523)	(312,000)	(313,423)
OPERATING GRANTS	-	-	(250,000)
TOTAL OTHER (INCOME)/EXPENSE	(805,865)	(584,500)	(1,177,601)
 NET INCOME	 1,493,836	 935,666	 2,708,414

**During January 2024 Commission Meeting, the Board of Commission formally adopted an increase of \$250K in Harbor Square Atrium Window Project. This budget increase will be reflected in Q2/Q3 2024 financials as this project is scheduled for Q2/Q3 2024.*

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024

	SIX MONTHS ENDED		
	2024	BUDGET	2023
REVENUES			
CONCESSIONS	10	-	-
ELECTRICAL FEES	80,400	72,500	81,610
ENVIRONMENTAL FEES	65,981	66,500	66,182
ENVIRONMENTAL FEE - WORKYARD	16,348	16,500	20,063
FUEL SALES	563,559	690,000	578,107
LAUNCHER	40,164	39,000	36,743
MISCELLANEOUS	39,951	33,500	24,819
GUEST MOORAGE	72,450	68,000	61,166
PERMANENT MOORAGE	2,441,663	2,380,500	2,324,040
PASSENGER FEES	20,560	16,000	14,198
DRY STORAGE	457,034	463,000	428,863
PARKING	22,961	23,000	28,153
TRAVELIFT	83,138	88,000	95,178
WORKYARD	115,652	67,000	63,989
LATE FEES	20,656	16,000	17,090
GROSS REVENUE	<u>4,040,526</u>	<u>4,039,500</u>	<u>3,840,200</u>
COST OF GOODS SOLD			
COST OF SALES	58,909	68,000	42,668
ELECTRICAL PURCHASES	41,861	36,000	41,170
FUEL & OIL	453,902	480,000	442,732
LOAN-A-SLIP CREDITS	3,141	1,500	1,819
TOTAL COST OF GOODS SOLD	<u>557,813</u>	<u>585,500</u>	<u>528,390</u>
GROSS PROFIT	<u>3,482,714</u>	<u>3,454,000</u>	<u>3,311,810</u>
OPERATING EXPENSES			
ADVERTISING	50	1,500	874
AUTO AND EQUIPMENT FUEL	4,966	6,500	4,110
BUSINESS TAXES	12,478	16,500	12,138
CLAIMS AND DAMAGES	4,231	7,000	1,328
EDUCATION AND TRAINING	6,670	7,000	5,678
EMPLOYEE BENEFITS	239,488	260,500	213,238
HAZARDOUS WASTE DISPOSAL	20,041	8,000	2,597
INSURANCE	146,854	156,500	128,280
LICENSES & PERMITS	1,488	1,500	2,115
MARKETING	-	-	-
MISCELLANEOUS	-	-	-
OFFICE	8,867	10,500	9,000
PAYROLL TAXES	93,333	121,000	86,801
PROFESSIONAL SERVICES	80,370	72,500	11,830
RENT	6,612	8,000	6,420
REPAIR & MAINTENANCE	127,596	187,000	53,310
SALARIES & WAGES	884,319	999,000	758,192
SUPPLIES	62,697	136,000	104,930
UTILITIES	104,495	103,500	94,204
OPERATING EXPENSES BEFORE DEPR & OH	<u>1,804,554</u>	<u>2,102,500</u>	<u>1,495,045</u>
DEPRECIATION AND AMORTIZATION	337,049	358,500	343,179
OVERHEAD ALLOCATION	366,872	458,150	(258,209)
TOTAL OPERATING EXPENSES	<u>2,508,476</u>	<u>2,919,150</u>	<u>1,580,015</u>
INCOME FROM OPERATIONS	<u>974,238</u>	<u>534,850</u>	<u>1,731,796</u>
OTHER (INCOME)/EXPENSES			
(GAIN)/LOSS ON FIXED ASSETS	(8,954)	-	-
PROPERTY TAX ALLOCATION - LAUNCHER	(12,500)	(12,500)	(12,500)
OPERATING GRANTS	-	-	-
TOTAL OTHER (INCOME)/EXPENSES	<u>(21,454)</u>	<u>(12,500)</u>	<u>(12,500)</u>
NET INCOME	<u>995,692</u>	<u>547,350</u>	<u>1,744,296</u>

PORT OF EDMONDS
RENTAL PROPERTY
FOR THE PERIOD ENDED JUNE 30, 2024

	THREE MONTHS ENDED		
	2024	BUDGET	2023
REVENUES			
HARBOR SQUARE LEASE REVENUE	870,092	988,500	915,895
HARBOR SQUARE CAMS	134,866	169,500	154,549
WEST SIDE LEASE REVENUE	157,839	175,500	148,493
HARBOR SQUARE LEASE INTEREST REVENUE	182,783	140,500	179,316
WEST SIDE LEASE INTEREST REVENUE	92,648	91,000	99,149
MISCELLANEOUS REVENUE	5,497	2,500	6,399
LATE FEES	120	1,500	1,916
TOTAL REVENUE	<u>1,443,844</u>	<u>1,569,000</u>	<u>1,505,717</u>
COST OF GOODS SOLD	<u>29</u>	<u>500</u>	<u>284</u>
GROSS PROFIT	<u>1,443,815</u>	<u>1,568,500</u>	<u>1,505,434</u>
OPERATING EXPENSES			
ADVERTISING	32	500	-
AUTO AND EQUIPMENT FUEL	-	-	55
BUSINESS TAXES	71	-	75
EMPLOYEE BENEFITS	31,592	35,500	30,579
INSURANCE	45,108	48,000	40,610
LEASE EXPENSES	-	16,500	-
LICENSES & PERMITS - HS	-	-	-
MASTER BUSINESS PLAN - HS	-	-	-
MISCELLANEOUS	-	-	-
OFFICE	270	2,500	341
PAYROLL TAXES	8,976	12,500	9,505
PROFESSIONAL SERVICES	38,559	5,000	3,447
REPAIR & MAINTENANCE	135,619	289,334	58,253
SALARIES & WAGES	116,485	134,500	108,734
SUPPLIES	16,649	26,000	20,260
TENANT IMPROVEMENTS	-	-	-
UTILITIES	90,577	108,000	98,162
OPERATING EXPENSES BEFORE DEPR & OH	<u>483,940</u>	<u>678,334</u>	<u>370,022</u>
DEPRECIATION	304,501	305,500	304,501
OVERHEAD ALLOCATION	<u>157,231</u>	<u>196,350</u>	<u>(133,017)</u>
TOTAL OPERATING EXPENSES	<u>945,671</u>	<u>1,180,184</u>	<u>541,506</u>
INCOME FROM OPERATIONS	<u>498,144</u>	<u>388,316</u>	<u>963,927</u>
OTHER (INCOME)/EXPENSES			
HS LOAN INTEREST	-	-	-
INTEREST INCOME	-	-	(191)
PROPERTY TAXES	-	-	-
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
TOTAL OTHER (INCOME)/EXPENSE	<u>-</u>	<u>-</u>	<u>(191)</u>
NET INCOME	<u><u>498,144</u></u>	<u><u>388,316</u></u>	<u><u>964,118</u></u>

The following tables show the Company's cash, cash equivalents and investments as of June 30, 2024:

Port of Edmonds
Investment Quarterly Summary Report
As of June 30, 2024

Long-Term Investments (1 year or more until maturity when purchased) 6/30/2024

Security	Remaining Life	Purchased	Final Maturity	Coupon	Callable/Non-Callable	Par Value	Market Value at 6/30/2024	Percent of Portfolio
Federal Natl Mortgage Assn	0.52	1/30/2020	1/7/2025	1.63%	Non-Callable	\$ 500,000	\$ 490,399	1.83%
Federal Home Loan Mtg Corp	0.91	6/12/2020	5/27/2025	0.50%	Callable 11/27/20	\$ 1,000,000	\$ 956,752	3.56%
Farmer Mac	1.04	7/17/2020	7/14/2025	0.50%	Non-Callable	\$ 1,000,000	\$ 951,692	3.55%
Federal Home Loan Mtg Corp	1.23	10/23/2020	9/23/2025	0.38%	Non-Callable	\$ 1,000,000	\$ 944,536	3.52%
Federal Farm Credit Bank	1.31	12/4/2020	10/21/2025	0.52%	Callable 10/21/21	\$ 1,000,000	\$ 943,684	3.52%
Federal Farm Credit Bank	0.44	12/9/2020	12/9/2024	0.44%	Callable 12/9/21	\$ 1,000,000	\$ 976,906	3.64%
Federal Agric Mtg Corp	2.56	11/9/2023	1/19/2027	1.50%	Non-Callable	\$ 1,000,000	\$ 925,292	3.45%
Federal Home Loan Mtg Corp	0.74	6/14/2023	3/28/2025	0.48%	Non-Callable	\$ 1,000,000	\$ 964,207	3.59%
Federal Home Loan Banks	3.45	3/15/2024	12/10/2027	2.75%	Non-Callable	\$ 1,000,000	\$ 942,448	3.51%
Federal Farm Credit Bank	0.22	10/2/2019	9/17/2024	1.60%	Non-Callable	\$ 500,000	\$ 495,645	1.85%
US Treasury Notes	1.67	3/18/2022	2/28/2026	0.50%	Non-Callable	\$ 1,000,000	\$ 930,898	3.47%
US Treasury Notes	1.87	7/8/2022	5/15/2026	1.63%	Non-Callable	\$ 1,000,000	\$ 943,945	3.52%
Federal Farm Credit Bank	2.09	9/6/2022	8/3/2026	3.00%	Non-Callable	\$ 1,000,000	\$ 966,070	3.60%
Federal Home Ln Mtg Corp	2.33	12/9/2022	10/27/2026	0.80%	Callable 1/27/23	\$ 1,000,000	\$ 912,502	3.40%
Federal Home Loan Banks	2.81	1/17/2023	4/21/2027	3.20%	Callable 4/21/23	\$ 1,000,000	\$ 961,036	3.58%
Federal Farm Credit Bank	3.14	4/10/2023	8/19/2027	0.9%	Callable 4/18/23	\$ 1,000,000	\$ 890,223	3.32%
						<u>\$15,000,000</u>	<u>\$ 14,196,236</u>	<u>52.89%</u>

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

Entity	Type	Interest Rate	As of 6/30/2024	Percent of Portfolio
Port of Edmonds	Cash and change funds	0.00%	\$ 1,000	0.00%
Washington Federal	Business checking account	2.94%	\$ 5,115,893	19.06%
Washington Federal	Revolving checking account	0.00%	\$ 2,970	0.01%
Snohomish County	Tax collections	0.00%	\$ 2,975	0.01%
Washington LGIP	Short-term investments	5.41%	\$ 7,523,489	28.03%
			<u>\$ 12,646,326</u>	
Total Cash and Investments			<u>\$ 26,842,562</u>	100%

Port of Edmonds
Investing Transactions Report
March 1, 2024 to June 30, 2024

Matured or Called						
Security	Remaining Life	Purchased	Final Maturity	Coupon	Callable/Non-Callable	Par Value
Federal Farm Credit Bank	Matured	9/17/2020	6/17/2024	0.39%	Callable 12/27/20	\$1,000,000

➤ **Investment Summary**

As of June 30, 2024, the Port has 17 long-term investments. Investments consist of U.S. Government Securities and participation in the State of Washington Local Government Investment Pool (LGIP). As of June 30, 2024, the Port’s cash and investment portfolio totaled \$26.8 million at book value. Approximately sixty percent (60%) of the invested cash is invested in U.S. Government Securities. The remainder is invested in short-term savings and the State’s LGIP.

As noted above, there was a total of \$1.0 million in bond maturity during the three months ended June 30, 2024. In July 2024, the Port purchased another \$1.0 million treasury bond with a coupon rate of 3.625%. It follows the Port’s laddering approach with a maturity date of 3/31/2028. Bonds tend to be less volatile and offer consistent returns as interest rates are anticipated to decline later this year to combat inflation.