

## Commission Agenda Item

|              |   |
|--------------|---|
| Meeting Date | 11/12/2024  |
| Subject      | Third Quarter 2024 Financial Report   |
| Cost         | N/A   |
| Attachments  | For the nine months ended September 30, 2024 Port Income Statement, Marina Income Statement, Rental Properties Income Statement, Investment Summary |
| From         | Tsz Yan Brady, Director of Finance and Administration   |

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

**Revenues/Other Income:** Remained steady at \$10.9 million in Q3 2024 as compared to Q3 2023. See graph below.

This is mainly due to:

- An increase in revenue in Marina Operations of \$134K or 2% offset by a decrease in revenue in Rental Properties of \$134K or 6% when compared year over year at the end of Q3 2024. (Reference to Page 8 Tickmark A in Port Income Statement).
- An increase in other income of fair value of change in investments by \$500K offset by decrease in interest income by \$248K and decrease in operating grant of \$250K in Q3 2024. (Reference to Page 8 Tickmark A in Port Income Statement).
  - The increase in fair value of change in investments is because the Port began to record mark to market journal entry quarterly in 2024 vs. annually in 2023 to improve financial reporting. Moreover, the mark to market in Q3 2024 vs. Q2 2024 increased because the 2-year T-Bill rate dropped from 4.71% on 6/28/2024 to 3.66% on 9/30/2024. Due to an inverse relationship, when interest rate falls, the bond prices rise (source: US Treasury Website: [Resource Center | U.S. Department of the Treasury](#)).
  - The decrease in interest income is because several of the bonds that were purchased in 2023 were callable. The discounted amounts were recognized as interest income immediately vs. amortization.
  - The decrease in operating grant is because the Port did not receive any grants that expend in 2024.
- If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Port reported revenues will become \$10.4 million (instead of \$10.9 million noted below). A decrease of \$503K or 5%, \$10.4 million in Q3 2024 as compared to \$10.9 million in Q3 2023. As mentioned above, the revenues/other income is higher in 2023 because of the interest income and operating grant.

**Operating Expenses/Other Expenses:** An increase of \$1.3 million or 19%, \$8.3 million in Q3 2024 as compared to \$7.0 million in Q3 2023. See graph below.

This is due to Operating expenses before depreciation, an increase of \$1.3 million or 29%, \$5.7 million in Q3 2024 as compared to \$4.4 million in Q3 2023 mainly due to:

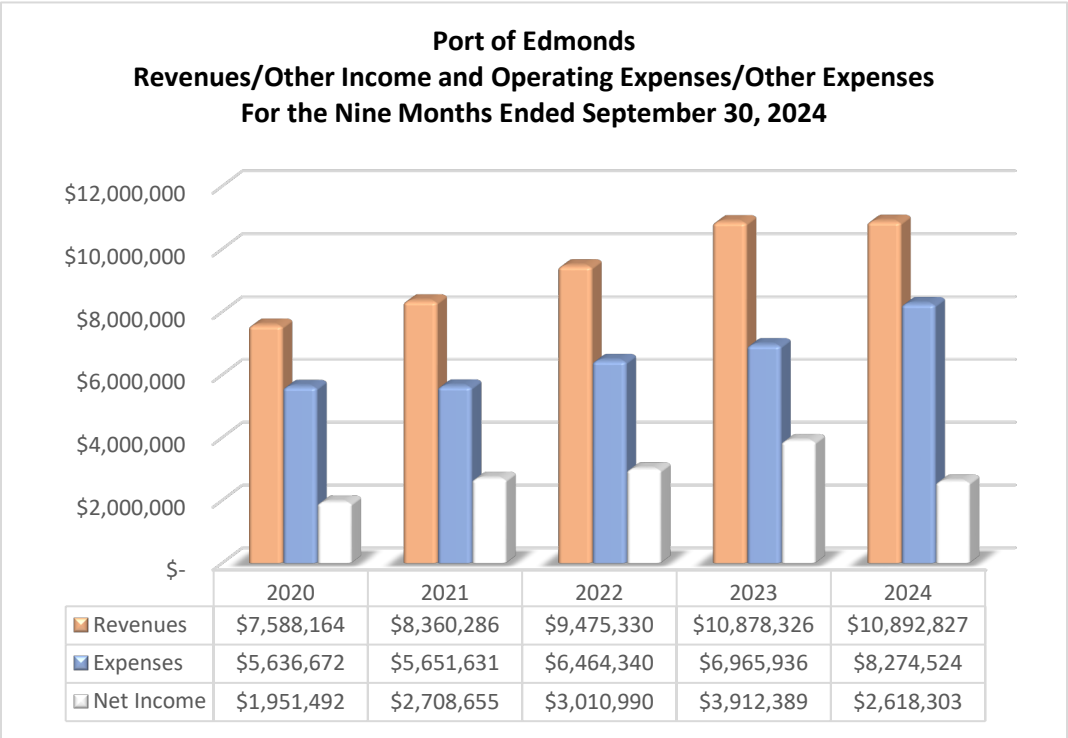
- Repair & Maintenance (+\$495K),
- Professional services (+\$254K),
- Marketing (\$77K),
- Insurance (+50K).

(Reference to Page 9 Tickmark B in Port Income Statement).

**Net Income:** The Port reported a net income of \$2.7 million in Q3 2024. See graph below. A decrease of \$1.3 million or 33%, \$2.6 million in Q3 2024 as compared to \$3.9 million in Q3 2023.

As mark to market was done at a quarterly basis starting in 2024, for consistent comparison, if we were to remove the fair value of change in investments by \$0.5 million from the equation (see page 9 of the Port Income Statement), the Port reported revenues will become \$10.4 million (vs. \$10.9 million noted below), expenses of \$8.2 million (stay the same) and net income will become \$2.2 million (vs. \$2.6 million noted below) in Q3 2024. A decrease of \$1.7 million or 46%, \$2.2 million in Q3 2024 as compared to \$3.9 million in Q3 2023.

While the net income is higher as of Q3 2023 in the operating budget, please note that our significant spending was in the capital budget in 2023 for the new admin building. Please refer to the Investment Summary for the cash position in 2023.



\*Other Income: mainly Change in Fair Value Investments (\$518K), Interest Income (\$529K) and Property Taxes (\$473K) in Q3 2024

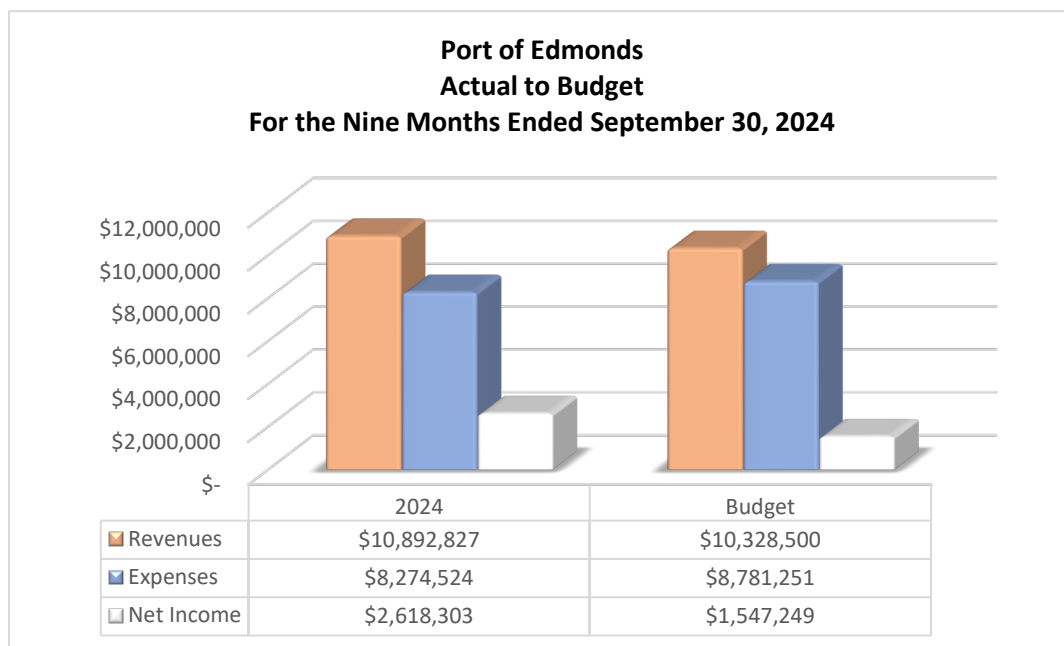
➤ **Combined Port Actual vs. Budget for the Nine Months Ended September 30, 2024**

**Revenues/Other Income:** An increase of \$564K or 5%, \$10.9 million in Q3 2024 as compared to \$10.3 million in Q3 2024 Budget. See graph below. This is mainly due to the fair value of change in investments of \$518K that is not budgeted for during the budget cycle because that number is not determinable, and it is based on market conditions. (Reference to Page 9 Tickmark C in Port Income Statement). If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Port reported revenues will become \$10.4 million (instead of \$10.9 million noted below) which is aligned with our budget.

**Operating Expenses/Other Expenses:** A decrease of \$508K or 6%, \$8.3 million in Q3 2024 as compared to \$8.8 million in Q3 2024 Budget. See graph below. This is mainly due to savings from placeholder items that had not been exercised in repair & maintenance (\$145K) and salaries & wages (\$140K). (Reference to Page 9 Tickmark D in Port Income Statement).

**Net Income:** The Port reported a net income of \$2.7 million in Q3 2024. See graph below. An increase of \$1.0 million or 69%, \$2.6 million in Q3 2024 as compared to \$1.6 million in Q3 2024 Budget.

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Port reported revenues will become \$10.4 million (vs. \$10.9 million noted below), expenses of \$8.2 million (stay the same) and net income will become \$2.2 million (vs. \$2.6 million noted below) in Q3 2024. An increase of \$553K or 36%, \$2.2 million in Q3 2024 vs. \$1.6 million in Q3 2024 Budget. While our revenues are aligned with our budgeted amount, we have savings at the expenditure level which have resulted in higher net income than budgeted.



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

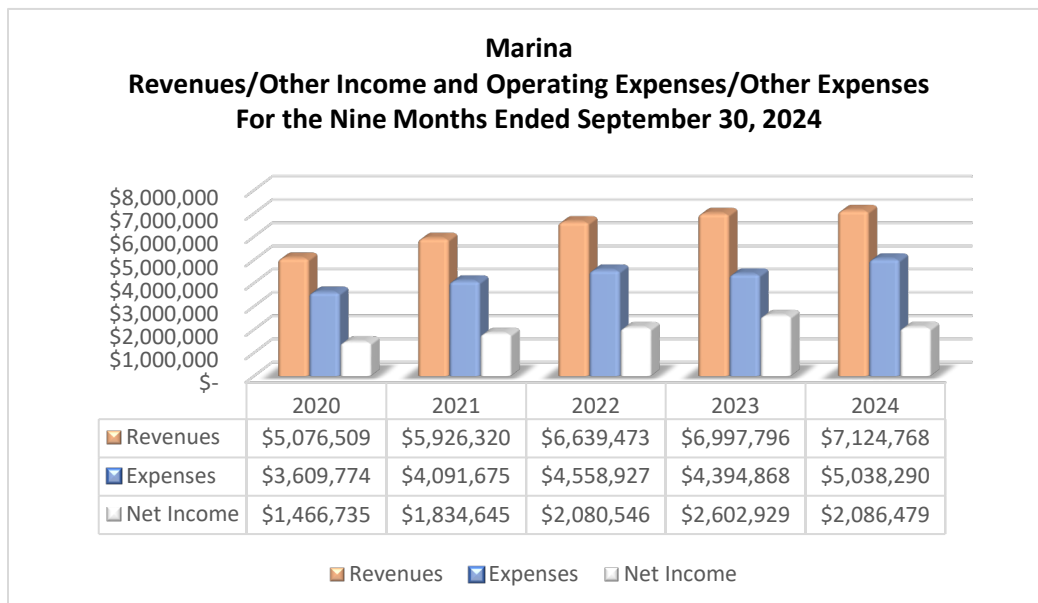
**Marina Revenues/Other Income:** An increase of \$127K or 2%, \$7.1 million in Q3 2024 as compared to \$7.0 million in Q3 2023. See graph below. This is mainly due to the increase in Permanent Moorage of \$179K or 5%. Consistent with tenants’ rate adjustment in 2024 per CPI adjustment of 5.6% (4.6% CPI+1% per June 2023). Additionally, there was an increase in dry storage of \$63K or 9%, increase in Workyard of \$50K or 49% offset by other declining categories in Fuel Sales, Launcher, Guest Moorage and Travelift. (Reference to Page 10 Tickmark A in Marina Income Statement).

**Operating Expenses/Other Expenses:** An increase of \$643K or 15%, \$5.0 million in Q3 2024 as compared to \$4.4 million in Q3 2023. See graph below. This is mainly due to an increase in professional services (\$115K) and an increase in overhead allocation \$456K. (Reference to Page 10 Tickmark B in Marina Income Statement).

- Please note the Overhead Budget in 2023 was favorable due to several of the bonds that were purchased in 2023 were callable. The discounted amounts were recognized as interest income immediately (\$254K) vs. amortization and there was an operating grant of that we received in 2023 from a Snohomish County program funded by the Snohomish County ARPA Coronavirus Local Fiscal Relief Funds (CLFR) of \$250K.

**Net Income:** The Marina reported a net income of \$2.1 million in Q3 2024. A decrease of \$516K or 20%, \$2.1 million in Q3 2024 as compared to \$2.6 million in Q3 2023. See graph below.

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Marina reported revenues will become \$7.1 million (stay the same), expenses of \$5.4 million (vs. \$5.0 million noted below – driven by change in overhead allocation) and net income will become \$1.7 million (vs. \$2.1 million noted below) in Q3 2024. A decrease of \$879K or 34%, \$1.7 million in Q3 2024 as compared to \$2.6 million in Q3 2023. This is mainly due to the increase in expenses in 2024 (Lobbyists in professional services) which is outpacing the revenues increases.



➤ **Marina Actual vs. Budget for the Nine Months Ended September 30, 2024**

**Marina Revenues/Other Income:** An increase of \$92K or 1%, \$7.1 million in Q3 2024 as compared to \$7.0 million in Q3 2024 Budget. See graph below. This is mainly due to the increase in Permanent Moorage of \$97K or 5%. Consistent with tenants’ rate adjustment in 2024 per CPI adjustment of 5.6% (4.6% CPI+1% per June 2023) offset by other categories. (Reference to Page 10 Tickmark C in Marina Income Statement).

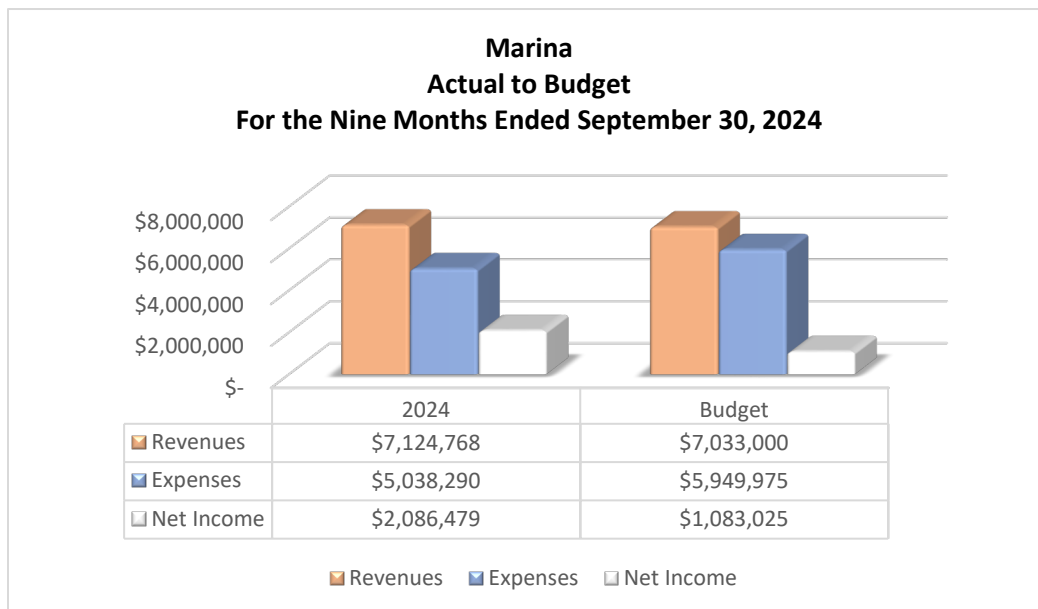
**Operating Expenses/Other Expenses:** A decrease of \$912K or 15%, \$5.0 million in Q3 2024 as compared to \$5.9 million in Q3 2024 Budget. See graph below. We have savings from the following categories:

- Repair & Maintenance (\$116K),
- Salaries & Wages (\$137K),
- Supplies (\$110K),
- Overhead allocation (\$355K).

(Reference to Page 10 Tickmark D in Marina Income Statement).

**Net Income:** The Marina reported a net income of \$2.1 million in Q3 2024. An increase of \$1.0 million or 93%, \$2.1 million in Q3 2024 as compared to \$1.1 million in Q3 2024 Budget. See graph below.

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Marina reported revenues will become \$7.1 million (stay the same), expenses of \$5.4 million (vs. \$5.0 million noted below – driven by change in overhead allocation) and net income will become \$1.7 million (vs. \$2.1 million noted below) in Q3 2024. An increase of \$641K or 59%, \$1.7 million in Q3 2024 as compared to \$1.1 million in Q3 2024 Budget. While our revenues are aligned with our budgeted amount, we have savings at the expenditure level (i.e. placeholder items that have not been exercised) which have resulted in higher net income than budgeted.



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

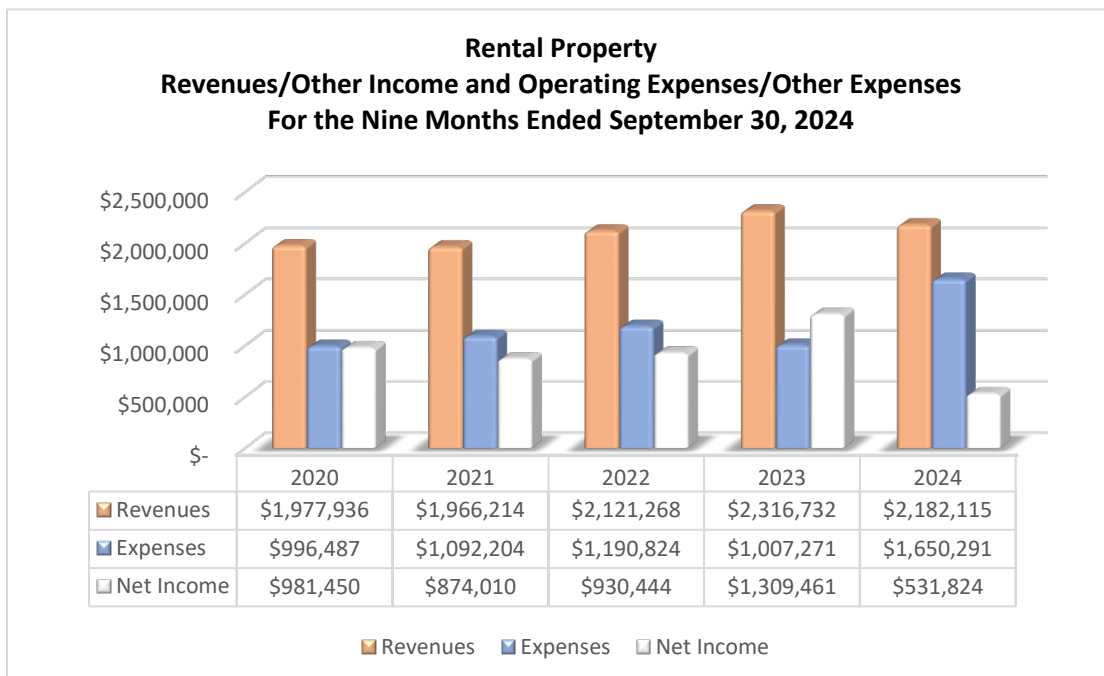
**Rental Properties Revenues/Other Income:** A decrease of \$135K or 6%, \$2.2 million in Q3 2024 as compared to \$2.3 million in Q3 2023. The occupancy rate from Harbor Square fell from 92.8% in Q3 2023 to 82.87% in Q3 2024. (Reference to Page 11 Tickmark A in Rental Properties Income Statement).

**Operating Expenses/Other Expenses:** An increase of \$643K or 64%, \$1.6 million in Q3 2024 as compared to \$1.0 million in Q3 2023. See graph below. This is mainly due to Repair & Maintenance (\$369K) and Overhead Allocation (\$207K). (Reference to Page 11 Tickmark B in Rental Properties Income Statement).

- Please note the Overhead Budget in 2023 was favorable due to several of the bonds that were purchased in 2023 were callable. The discounted amounts were recognized as interest income immediately (\$254K) vs. amortization and there was an operating grant of that we received in 2023 from a Snohomish County program funded by the Snohomish County ARPA Coronavirus Local Fiscal Relief Funds (CLFR) of \$250K.

**Net Income:** The Rental Properties reported a net income of \$532K in Q3 2024. A decrease of 777K or 59%, \$532K in Q3 2024 as compared to \$1.3 million in Q3 2023. See graph below.

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Rental Properties reported revenues will be \$2.2 million (stay the same), expenses of \$1.8 million (vs. \$1.7 million noted below – driven by change in overhead allocation) and net income will become \$377K (vs. \$532K noted below) in Q3 2024. A decrease of 933K or 71%, \$377K in Q3 2024 as compared to \$1.3 million in Q3 2023. This is mainly due to the increase in expenses (atrium window project in 2024) while the revenues have also decreased from the downturn in occupancy rate at Harbor Square Complex.



➤ **Rental Property Actual vs. Budget for the Nine Months Ended September 30, 2024**

**Rental Properties Revenues/Other Income:** A decrease of \$171K or 7%, \$2.2 million in Q3 2024 as compared to \$2.4 million in Q3 2024 Budget. See graph below. The occupancy rate from Harbor Square is at a lower level vs. when the budget was completed. (Reference to Page 11 Tickmark C in Rental Properties Income Statement).

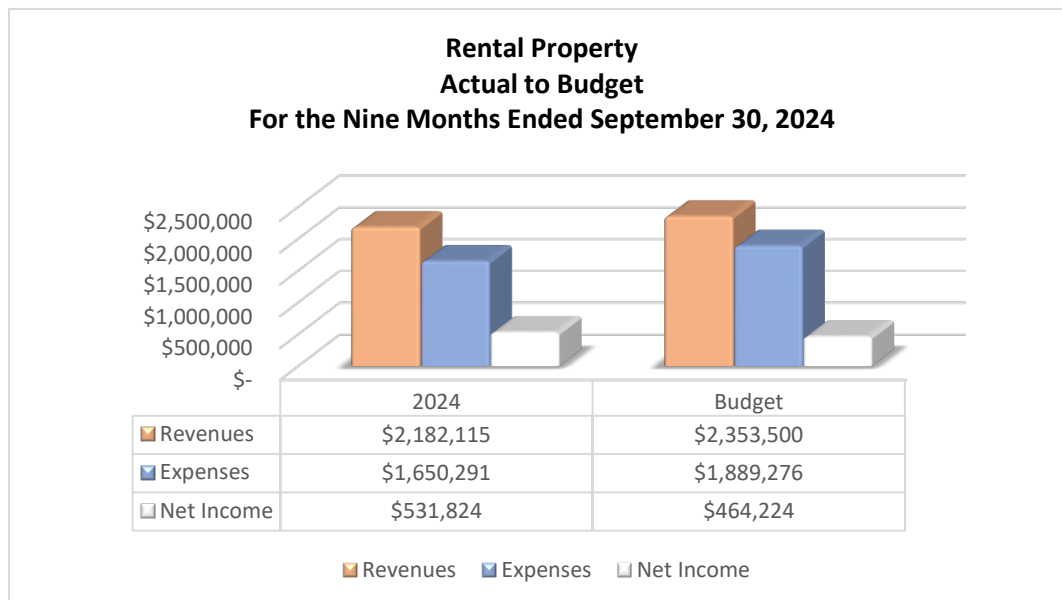
**Operating Expenses/Other Expenses:** A decrease of \$239K or 13%, \$1.7 million in Q3 2024 as compared to \$1.9 million in Q3 2024 Budget. See graph below. This is mainly due to:

- Lease Expenses (\$24K),
- Repair & Maintenance (\$27K),
- Salaries & Wages (\$12K),
- Supplies (\$12K),
- Overhead Allocation (\$152K).

(Reference to Page 11 Tickmark D in Rental Properties Income Statement).

**Net Income:** The Rental Properties reported a net income of \$532K in Q3 2024. An increase of \$68K or 15%, \$532K in Q3 2024 as compared to \$464K in Q3 2024 Budget. See graph below.

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Rental Properties reported revenues will be \$2.2 million (stay the same as noted below), expenses of \$1.8 million (vs. \$1.7 million noted below – driven by change in overhead allocation) and net income will become \$377K (vs. \$532K noted below) in Q3 2024. A decrease of \$88K or 19%, \$377K in Q3 2024 as compared to \$464K in Q3 2024 Budget. This is mainly due to the increase in expenses (atrium window project in 2024) while the revenues have also decreased from the downturn in occupancy rate at Harbor Square Complex.



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

|                                      | NINE MONTHS ENDED |           |               |
|--------------------------------------|-------------------|-----------|---------------|
|                                      | 2024              | BUDGET    | 2023          |
| <b>MARINA REVENUES</b>               |                   |           |               |
| ELECTRICAL FEES                      | 105,536           | 108,750   | 104,888       |
| ENVIRONMENTAL FEES                   | 100,245           | 99,750    | 100,173       |
| ENVIRONMENTAL FEE - WORKYARD         | 23,331            | 24,750    | 28,661        |
| FUEL SALES                           | 1,554,748         | 1,693,000 | 1,720,763     |
| LAUNCHER                             | 121,792           | 107,000   | 123,755       |
| MISCELLANEOUS                        | 90,247            | 95,250    | 75,519        |
| GUEST MOORAGE                        | 218,890           | 217,000   | 226,535       |
| PERMANENT MOORAGE                    | 3,675,668         | 3,570,750 | 3,496,283     |
| PASSENGER FEES                       | 66,342            | 50,000    | 49,217        |
| DRY STORAGE                          | 778,929           | 736,000   | 715,953       |
| PARKING                              | 149,550           | 127,000   | 136,537       |
| TRAVELIFT                            | 125,063           | 130,000   | 149,625       |
| WORKYARD                             | 151,650           | 115,000   | 102,055       |
| LATE FEES                            | 28,953            | 24,000    | 26,706        |
| TOTAL MARINA REVENUE                 | 7,190,943         | 7,098,250 | 7,056,671 (A) |
| <b>RENTAL PROPERTY REVENUES</b>      |                   |           |               |
| HARBOR SQUARE LEASE REVENUE          | 1,269,436         | 1,482,750 | 1,386,261     |
| HARBOR SQUARE CAMS                   | 205,694           | 254,250   | 231,027       |
| WEST SIDE LEASE REVENUE              | 294,571           | 263,250   | 276,457       |
| HARBOR SQUARE LEASE INTEREST REVENUE | 270,331           | 210,750   | 265,468       |
| WEST SIDE LEASE INTEREST REVENUE     | 137,710           | 136,500   | 147,527       |
| MISCELLANEOUS REVENUE                | 4,089             | 3,750     | 6,542         |
| LATE FEES                            | 284               | 2,250     | 3,260         |
| TOTAL RENTAL PROPERTY REVENUE        | 2,182,115         | 2,353,500 | 2,316,541 (A) |
| <b>COST OF GOODS SOLD</b>            |                   |           |               |
| COST OF SALES                        | 101,783           | 104,250   | 91,434        |
| ELECTRICAL PURCHASES                 | 52,884            | 54,000    | 49,406        |
| FUEL & OIL                           | 1,240,201         | 1,410,000 | 1,382,585     |
| LOAN-A-SLIP CREDITS                  | 17,428            | 21,000    | 23,026        |
| TOTAL COST OF GOODS SOLD             | 1,412,295         | 1,589,250 | 1,546,451     |
| <b>GROSS PROFIT</b>                  | 7,960,763         | 7,862,500 | 7,826,761     |



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

|  | NINE MONTHS ENDED |           |                  |
|--|-------------------|-----------|------------------|
|  | 2024              | BUDGET    | 2023             |
| OPERATING EXPENSES                         |                   |           |                  |
| ADVERTISING & NOTICES                      | 4,783             | 7,500     | 6,109            |
| AUDIT                                      | 111               | -         | -                |
| AUTOMOBILE AND EQUIPMENT FUEL              | 19,000            | 20,250    | 19,974           |
| BANK CHARGES                               | 8,375             | 6,750     | 6,915            |
| BUSINESS TAXES                             | 25,007            | 24,750    | 16,011           |
| CLAIMS & DAMAGES                           | 10,570            | 10,500    | 1,328            |
| COMMUNICATIONS                             | 6,275             | 15,000    | 5,667            |
| ECONOMIC DEVELOPMENT & TOURISM             | 13,950            | 10,500    | 12,059           |
| EDUCATION                                  | 31,924            | 34,500    | 22,456           |
| EMPLOYEE BENEFITS                          | 677,321           | 697,500   | 616,135          |
| GASB 68 PENSION EXPENSE                    | -                 | -         | -                |
| OPEB EXPENSE                               | -                 | -         | -                |
| HAZARDOUS WASTE DISPOSAL                   | 13,542            | 12,000    | 9,199            |
| INSURANCE                                  | 313,711           | 341,250   | 263,485 (B)      |
| LEASE EXPENSES                             | -                 | 24,750    | -                |
| LICENSES & PERMITS                         | 3,662             | 2,250     | 2,857            |
| MARKETING                                  | 77,798            | 6,000     | - (B)            |
| MASTER BUSINESS PLAN                       | -                 | -         | -                |
| MEALS                                      | 5,394             | 3,000     | 2,648            |
| MEMBERSHIP DUES                            | 30,667            | 24,000    | 16,345           |
| MISCELLANEOUS                              | -                 | -         | -                |
| OFFICE                                     | 132,878           | 111,750   | 115,569          |
| PAYROLL TAXES                              | 231,447           | 277,500   | 231,685          |
| PROFESSIONAL SERVICES                      | 409,448           | 257,250   | 155,131 (B)      |
| PROMOTIONAL HOSTING                        | 294               | 2,250     | 231              |
| RENT                                       | 9,297             | 12,000    | 10,310           |
| REPAIR & MAINTENANCE                       | 748,911           | 894,251   | 254,113 (B)/(D)  |
| SALARIES & WAGES                           | 2,188,329         | 2,328,750 | 2,016,129 (D)    |
| STRATEGIC PLAN                             | 36,976            | 45,000    | -                |
| SUPPLIES                                   | 236,792           | 326,250   | 230,667          |
| TENANT IMPROVEMENTS                        | -                 | -         | -                |
| TRAVEL                                     | 37,490            | 54,000    | 17,023           |
| UNIFORMS                                   | 16,560            | 12,000    | 3,494            |
| UTILITIES                                  | 400,208           | 429,000   | 359,568          |
| OPERATING EXPENSES BEFORE DEPR             | 5,690,720         | 5,990,501 | 4,395,106        |
| DEPRECIATION AND AMORTIZATION              | 1,180,291         | 1,201,500 | 1,024,020        |
| TOTAL OPERATING EXPENSES                   | 6,871,011         | 7,192,001 | 5,419,126        |
| INCOME FROM OPERATIONS                     | 1,089,753         | 670,499   | 2,407,635        |
| OTHER (INCOME)/EXPENSE                     |                   |           |                  |
| ELECTION EXPENSE                           | -                 | -         | -                |
| (GAIN)/LOSS ON FIXED ASSETS                | (8,954)           | -         | -                |
| CHANGE IN FAIR VALUE OF INVESTMENTS        | (517,748)         | -         | (10,486) (A)/(C) |
| INTEREST INCOME                            | (528,905)         | (408,750) | (776,864) (A)    |
| INTEREST EXPENSE                           | -                 | -         | -                |
| INTEREST EXPENSE ON LEASED ASSET LIABILITY | 173               | -         | 360              |
| PROPERTY TAXES                             | (473,116)         | (468,000) | (467,764)        |
| OPERATING GRANTS                           | -                 | -         | (250,000) (A)    |
| TOTAL OTHER (INCOME)/EXPENSE               | (1,528,550)       | (876,750) | (1,504,754)      |
| NET INCOME                                 | 2,618,303         | 1,547,249 | 3,912,389        |

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

|                                     | NINE MONTHS ENDED |                  |                   |
|-------------------------------------|-------------------|------------------|-------------------|
|                                     | 2024              | BUDGET           | 2023              |
| <b>REVENUES</b>                     |                   |                  |                   |
| ELECTRICAL FEES                     | 105,536           | 108,750          | 104,888           |
| ENVIRONMENTAL FEES                  | 100,245           | 99,750           | 100,173           |
| ENVIRONMENTAL FEE - WORKYARD        | 23,331            | 24,750           | 28,661            |
| FUEL SALES                          | 1,554,748         | 1,693,000        | 1,720,763         |
| LAUNCHER                            | 121,792           | 107,000          | 123,755           |
| MISCELLANEOUS                       | 48,603            | 50,250           | 37,117            |
| GUEST MOORAGE                       | 218,890           | 217,000          | 226,535           |
| PERMANENT MOORAGE                   | 3,675,668         | 3,570,750        | 3,496,283         |
| PASSENGER FEES                      | 66,342            | 50,000           | 49,217 (A)/(C)    |
| DRY STORAGE                         | 778,929           | 736,000          | 715,953           |
| PARKING                             | 106,268           | 88,000           | 97,315 (A)        |
| TRAVELIFT                           | 125,063           | 130,000          | 149,625           |
| WORKYARD                            | 151,650           | 115,000          | 102,055           |
| LATE FEES                           | 28,953            | 24,000           | 26,706 (A)        |
| GROSS REVENUE                       | <u>7,106,018</u>  | <u>7,014,250</u> | <u>6,979,046</u>  |
| <b>COST OF GOODS SOLD</b>           |                   |                  |                   |
| COST OF SALES                       | 100,146           | 102,000          | 89,770            |
| ELECTRICAL PURCHASES                | 52,884            | 54,000           | 49,406            |
| FUEL & OIL                          | 1,240,201         | 1,410,000        | 1,382,585         |
| LOAN-A-SLIP CREDITS                 | 17,428            | 21,000           | 23,026            |
| TOTAL COST OF GOODS SOLD            | <u>1,410,658</u>  | <u>1,587,000</u> | <u>1,544,787</u>  |
| GROSS PROFIT                        | <u>5,695,360</u>  | <u>5,427,250</u> | <u>5,434,260</u>  |
| <b>OPERATING EXPENSES</b>           |                   |                  |                   |
| ADVERTISING                         | 261               | 2,250            | 874               |
| AUTO AND EQUIPMENT FUEL             | 9,904             | 9,750            | 9,148             |
| BUSINESS TAXES                      | 24,761            | 24,750           | 15,916            |
| CLAIMS AND DAMAGES                  | 10,570            | 10,500           | 1,328             |
| EDUCATION AND TRAINING              | 10,091            | 10,500           | 5,678             |
| EMPLOYEE BENEFITS                   | 365,629           | 390,750          | 345,840           |
| HAZARDOUS WASTE DISPOSAL            | 13,542            | 12,000           | 9,199             |
| INSURANCE                           | 225,071           | 234,750          | 192,420           |
| LICENSES & PERMITS                  | 2,763             | 2,250            | 2,755             |
| MARKETING                           | -                 | -                | -                 |
| MISCELLANEOUS                       | -                 | -                | -                 |
| OFFICE                              | 12,165            | 15,750           | 12,702            |
| PAYROLL TAXES                       | 145,842           | 181,500          | 153,216           |
| PROFESSIONAL SERVICES               | 196,673           | 108,750          | 82,016 (B)        |
| RENT                                | 9,297             | 12,000           | 10,310            |
| REPAIR & MAINTENANCE                | 163,848           | 280,500          | 69,256 (D)        |
| SALARIES & WAGES                    | 1,360,940         | 1,498,500        | 1,300,217 (D)     |
| SUPPLIES                            | 93,567            | 204,000          | 128,694 (D)       |
| UTILITIES                           | 163,756           | 155,250          | 135,361           |
| OPERATING EXPENSES BEFORE DEPR & OH | 2,808,680         | 3,153,750        | 2,474,931         |
| DEPRECIATION AND AMORTIZATION       | 511,561           | 537,750          | 514,705           |
| OVERHEAD ALLOCATION                 | 316,344           | 671,475          | (139,554) (B)/(D) |
| TOTAL OPERATING EXPENSES            | <u>3,636,586</u>  | <u>4,362,975</u> | <u>2,850,081</u>  |
| INCOME FROM OPERATIONS              | <u>2,058,775</u>  | <u>1,064,275</u> | <u>2,584,179</u>  |
| <b>OTHER (INCOME)/EXPENSES</b>      |                   |                  |                   |
| (GAIN)/LOSS ON FIXED ASSETS         | (8,954)           | -                | -                 |
| PROPERTY TAX ALLOCATION - LAUNCHER  | (18,750)          | (18,750)         | (18,750)          |
| OPERATING GRANTS                    | -                 | -                | -                 |
| TOTAL OTHER (INCOME)/EXPENSES       | <u>(27,704)</u>   | <u>(18,750)</u>  | <u>(18,750)</u>   |
| NET INCOME                          | <u>2,086,479</u>  | <u>1,083,025</u> | <u>2,602,929</u>  |

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Marina reported overhead allocation will become \$678,768 (vs. 316,344) and net income will become \$1,724,055 (vs. \$2,086,479) in the Q3 2024 actual column.

PORT OF EDMONDS  
RENTAL PROPERTIES  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

|                                      | NINE MONTHS ENDED |                  |                          |
|--------------------------------------|-------------------|------------------|--------------------------|
|                                      | 2024              | BUDGET           | 2023                     |
| <b>REVENUES</b>                      |                   |                  |                          |
| HARBOR SQUARE LEASE REVENUE          | 1,269,436         | 1,482,750        | 1,386,261                |
| HARBOR SQUARE CAMS                   | 205,694           | 254,250          | 231,027                  |
| WEST SIDE LEASE REVENUE              | 294,571           | 263,250          | 276,457                  |
| HARBOR SQUARE LEASE INTEREST REVENUE | 270,331           | 210,750          | 265,468                  |
| WEST SIDE LEASE INTEREST REVENUE     | 137,710           | 136,500          | 147,527                  |
| MISCELLANEOUS REVENUE                | 4,089             | 3,750            | 6,542                    |
| LATE FEES                            | 284               | 2,250            | 3,260                    |
| TOTAL REVENUE                        | <u>2,182,115</u>  | <u>2,353,500</u> | <u>2,316,541</u> (A)/(C) |
| <br>                                 |                   |                  |                          |
| COST OF GOODS SOLD                   | <u>129</u>        | <u>750</u>       | <u>326</u>               |
| <br>                                 |                   |                  |                          |
| GROSS PROFIT                         | <u>2,181,986</u>  | <u>2,352,750</u> | <u>2,316,215</u>         |
| <b>OPERATING EXPENSES</b>            |                   |                  |                          |
| ADVERTISING                          | 77                | 750              | 53                       |
| AUTO AND EQUIPMENT FUEL              | -                 | -                | 116                      |
| BUSINESS TAXES                       | 79                | -                | 95                       |
| EMPLOYEE BENEFITS                    | 48,643            | 53,250           | 44,353                   |
| INSURANCE                            | 70,200            | 72,000           | 60,916                   |
| LEASE EXPENSES                       | -                 | 24,750           | -                        |
| LICENSES & PERMITS - HS              | -                 | -                | -                        |
| MASTER BUSINESS PLAN - HS            | -                 | -                | -                        |
| MISCELLANEOUS                        | -                 | -                | -                        |
| OFFICE                               | 355               | 3,750            | 427                      |
| PAYROLL TAXES                        | 13,251            | 18,750           | 14,730                   |
| PROFESSIONAL SERVICES                | 46,545            | 7,500            | 3,447                    |
| REPAIR & MAINTENANCE                 | 531,562           | 559,001          | 162,565                  |
| SALARIES & WAGES                     | 180,743           | 201,750          | 165,201                  |
| SUPPLIES                             | 26,710            | 39,000           | 26,921                   |
| TENANT IMPROVEMENTS                  | -                 | -                | -                        |
| UTILITIES                            | 139,669           | 162,000          | 143,261                  |
| OPERATING EXPENSES BEFORE DEPR & OH  | <u>1,057,834</u>  | <u>1,142,501</u> | <u>622,085</u>           |
| DEPRECIATION                         | 456,751           | 458,250          | 456,752                  |
| OVERHEAD ALLOCATION                  | <u>135,576</u>    | <u>287,775</u>   | <u>(71,892)</u> (B)/(D)  |
| TOTAL OPERATING EXPENSES             | <u>1,650,162</u>  | <u>1,888,526</u> | <u>1,006,945</u>         |
| <br>                                 |                   |                  |                          |
| INCOME FROM OPERATIONS               | <u>531,824</u>    | <u>464,224</u>   | <u>1,309,270</u>         |
| <br><b>OTHER (INCOME)/EXPENSES</b>   |                   |                  |                          |
| HS LOAN INTEREST                     | -                 | -                | -                        |
| INTEREST INCOME                      | -                 | -                | (191)                    |
| PROPERTY TAXES                       | -                 | -                | -                        |
| (GAIN)/LOSS ON FIXED ASSETS          | -                 | -                | -                        |
| TOTAL OTHER (INCOME)/EXPENSE         | <u>-</u>          | <u>-</u>         | <u>(191)</u>             |
| <br>                                 |                   |                  |                          |
| NET INCOME                           | <u>531,824</u>    | <u>464,224</u>   | <u>1,309,461</u>         |

If we were to remove the fair value of change in investments by \$0.5 million from the equation, the Rental Properties reported overhead allocation will become \$290,901 (vs. \$135,576) and net income will become \$376,500 (vs. \$531,824) in the Q3 2024 actual column.

➤ **Investment Summary**

The following tables show the Company's cash and investments position (5 years trend) as of September 30, 2024. As noted in 2023, there was a drop in the Port's cash and investments position due to the funding of the new Admin Building:

| Cash and Investments Position |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|
| 12/31/2020                    | 12/31/2021    | 12/31/2022    | 12/31/2023    | 9/30/2024     |
| \$ 21,095,566                 | \$ 24,385,602 | \$ 26,060,198 | \$ 24,595,144 | \$ 27,271,178 |

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

| GL #    | Bond                       | Cusip     | Coupon Rate | Par Value    | Principal Cost Purchase Price | Market Value            | Percent of Portfolio    | Callable      | Acquired   | Matures    |
|---------|----------------------------|-----------|-------------|--------------|-------------------------------|-------------------------|-------------------------|---------------|------------|------------|
| 1423-00 | Federal Farm Credit Bank   | 3133EMJS2 | 0.4400%     | 1,000,000.00 | 1,001,387.00                  | 991,703.84              | 3.64%                   | Yes           | 12/9/2020  | 12/9/2024  |
| 1415-00 | Federal Natl Mortgage Assn | 3135G0X24 | 1.6250%     | 500,000.00   | 504,152.00                    | 496,041.67              | 1.82%                   |               | 1/30/2020  | 1/7/2025   |
| 1425-00 | Federal Home Loan Mtg Corp | 3134GWTV8 | 0.4800%     | 1,000,000.00 | 926,562.00                    | 981,639.40              | 3.60%                   | Yes           | 6/12/2023  | 3/28/2025  |
| 1418-00 | Federal Home Loan Mtg Corp | 3134GVYP7 | 0.5000%     | 1,000,000.00 | 998,045.00                    | 975,769.82              | 3.58%                   | Yes           | 6/12/2020  | 5/27/2025  |
| 1419-00 | Farmer Mac                 | 31422BJ27 | 0.5000%     | 1,000,000.00 | 1,003,950.00                  | 972,404.49              | 3.57%                   |               | 7/17/2020  | 7/14/2025  |
| 1421-00 | Federal Home Loan Mtg Corp | 3137EAX3  | 0.3750%     | 1,000,000.00 | 997,812.00                    | 966,602.29              | 3.54%                   |               | 10/23/2020 | 9/23/2025  |
| 1422-00 | Federal Farm Credit Bank   | 3133EMDZ2 | 0.5200%     | 1,000,000.00 | 1,000,000.00                  | 967,302.03              | 3.55%                   | Yes           | 12/4/2020  | 10/21/2025 |
| 1494-00 | US Treasury Notes          | 9182CBQ3  | 0.5000%     | 1,000,000.00 | 940,000.00                    | 956,210.94              | 3.51%                   |               | 3/18/2022  | 2/28/2026  |
| 1495-00 | US Treasury Notes          | 912828R36 | 1.6250%     | 1,000,000.00 | 948,652.00                    | 968,281.25              | 3.55%                   |               | 7/11/2022  | 5/15/2026  |
| 1496-00 | Federal Farm Credit Bank   | 3133END80 | 3.0000%     | 1,000,000.00 | 989,065.00                    | 989,226.32              | 3.63%                   |               | 9/6/2022   | 8/3/2026   |
| 1497-00 | Federal Home Ln Mtg Corp   | 3134GW4C7 | 0.8000%     | 1,000,000.00 | 882,630.00                    | 942,372.90              | 3.46%                   | Yes           | 12/9/2022  | 10/27/2026 |
| 1424-00 | Federal Agric Mtg Corp     | 31422XSV5 | 1.5000%     | 1,000,000.00 | 907,112.00                    | 955,491.00              | 3.50%                   |               | 11/8/2023  | 1/19/2027  |
| 1498-00 | Federal Home Loan Banks    | 3130ARM40 | 3.2000%     | 1,000,000.00 | 967,778.00                    | 984,366.91              | 3.61%                   | Yes           | 1/17/2023  | 4/21/2027  |
| 1499-00 | Federal Farm Credit Bank   | 3133EL4D3 | 0.9000%     | 1,000,000.00 | 882,360.00                    | 922,682.34              | 3.38%                   | Yes           | 4/10/2023  | 8/19/2027  |
| 1454-00 | Federal Home Loan Banks    | 3130AD7C0 | 2.7500%     | 1,000,000.00 | 947,098.00                    | 974,445.19              | 3.57%                   |               | 3/18/2024  | 12/10/2027 |
| 1455-00 | US Treasury Notes          | 91282CGT2 | 3.6250%     | 1,000,000.00 | 974,144.00                    | 1,004,179.69            | 3.68%                   |               | 7/3/2024   | 3/31/2028  |
|         |                            |           |             |              | <u>\$ 16,000,000.00</u>       | <u>\$ 14,870,747.00</u> | <u>\$ 15,048,720.08</u> | <u>55.18%</u> |            |            |

**Short-Term Investments (Less Than 1 year):**

| Entity                            | Type                       | Interest Rate | As of 9/30/2024         | Percent of Portfolio |
|-----------------------------------|----------------------------|---------------|-------------------------|----------------------|
| Port of Edmonds                   | Petty Cash                 | 0.0000%       | \$ 1,000                | 0.00%                |
| WaFd                              | Excess Account             | 3.0300%       | \$ 3,576,952            | 13.12%               |
| WaFd                              | Revolving Checking Account | 0.0000%       | \$ 2,776                | 0.01%                |
| Snohomish County                  | Tax Collections            | 0.0000%       | \$ 10,308               | 0.04%                |
| LGIP                              | Short-Term Investments     | 5.2192%       | \$ 8,631,422            | 31.65%               |
|                                   |                            |               | <u>\$ 12,222,458</u>    |                      |
| <b>Total Cash and Investments</b> |                            |               | <u>\$ 27,271,177.59</u> | 100.00%              |

The following bond has matured in Q3 2024:

| GL #    | Bond                     | Cusip     | Coupon Rate | Par Value  | Principal Cost Purchase Price | Market Value | Callable | Acquired  | Matures   |
|---------|--------------------------|-----------|-------------|------------|-------------------------------|--------------|----------|-----------|-----------|
| 1481-00 | Federal Farm Credit Bank | 3133EKP75 | 1.6000%     | 500.000.00 | 500.949.50                    | 495.645.30   |          | 10/1/2019 | 9/17/2024 |

As of September 30, 2024, the Port has 16 long-term investments. Investments consist of U.S. Government Securities and participation in the State of Washington Local Government Investment Pool (LGIP). As of September 30, 2024, the Port’s cash and investment portfolio totaled \$27.2 million. Approximately fifty-five percent (55%) 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 \$500K in bond maturity during the three months ending September 30, 2024. The Port is waiting for another bond to mature in Q1 2025 of \$500K and then decide if we should purchase another bond with a par value of \$1.0 million based on the laddering approach or invest the money into the State’s LGIP. The decision will be driven by the market condition and budget decisions.