

COMMISSION MEETING

INFORMATION

Date: April 24, 2023

Staff Review: Port Attorney
 Director of Marina Operations
 Director of Facilities & Maintenance
 Manager of Finance & Accounting

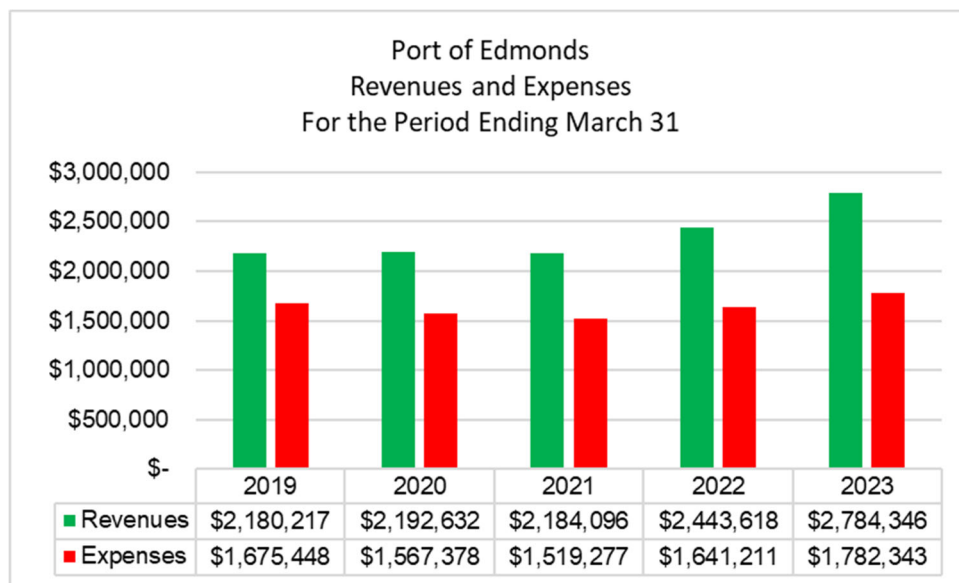
To: Port Commission

From: Tina Drennan
 Manager of Finance &
 Accounting

Attachments: March Income Statement
 March Marina Income Statement
 March Rental Property Income Statement
 Investment Report as of March 31, 2023
 Investing Transactions Report, 1st Quarter

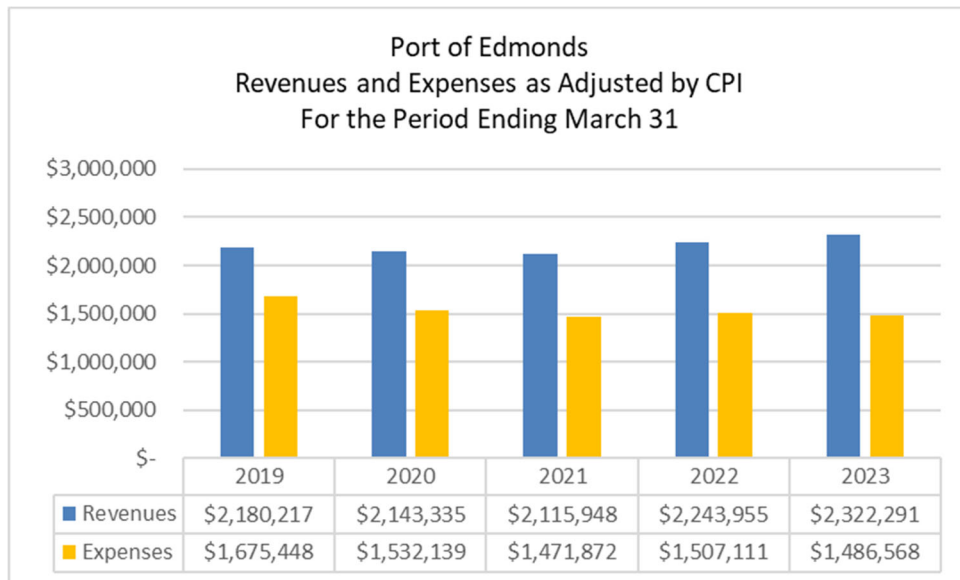
SUBJECT: FIRST QUARTER 2023 FINANCIAL STATEMENTS

Please find attached the first quarter 2023 financial statements.

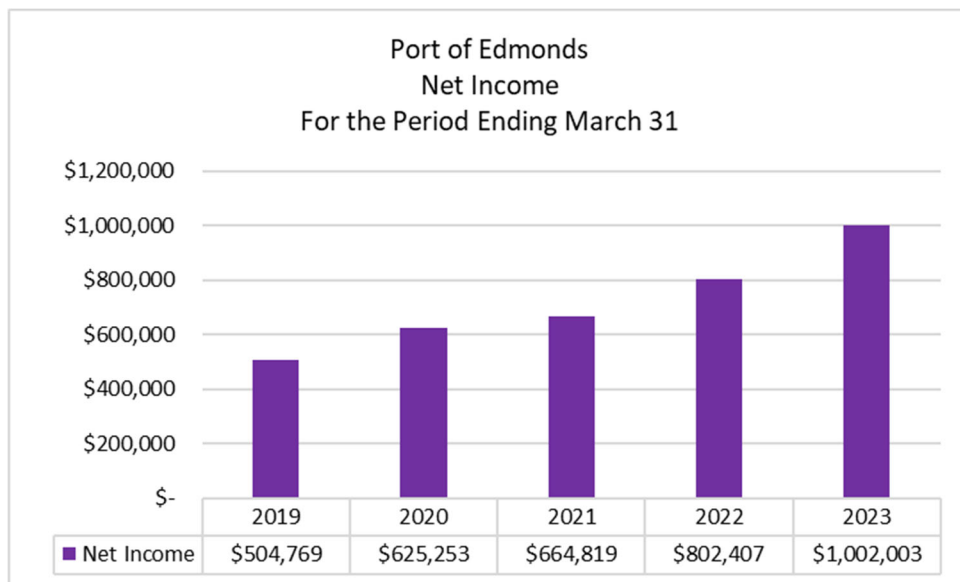


Revenues generally trended up from \$2.2 million to \$2.8 million. Expenses ranged from \$1.5 million to \$1.8 million.

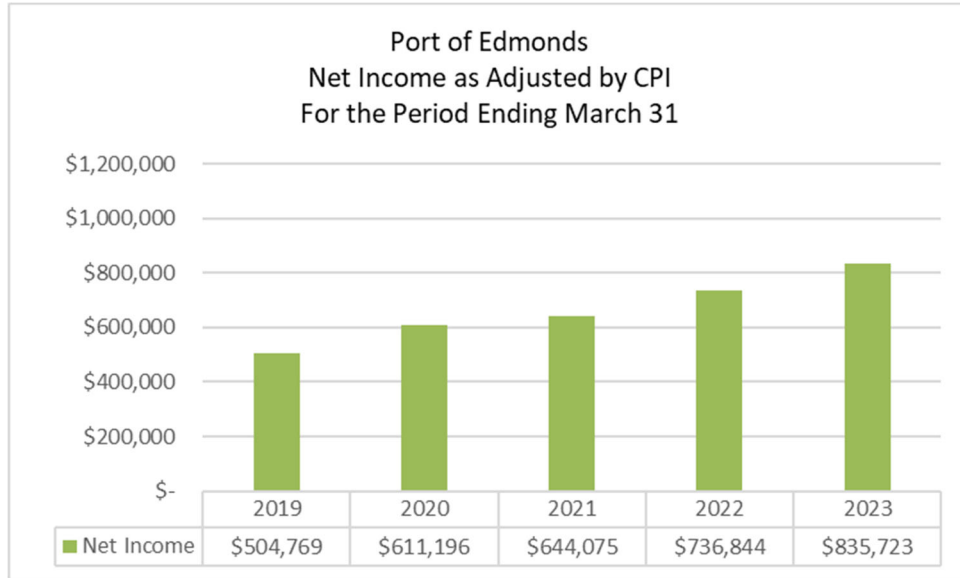
As inflation has dramatically increased from about this time in 2021, the graph below shows the Port's revenues and net income as adjusted by CPI using 2018 as the base period. CPI increased by 22% from February 2019 to February 2023.



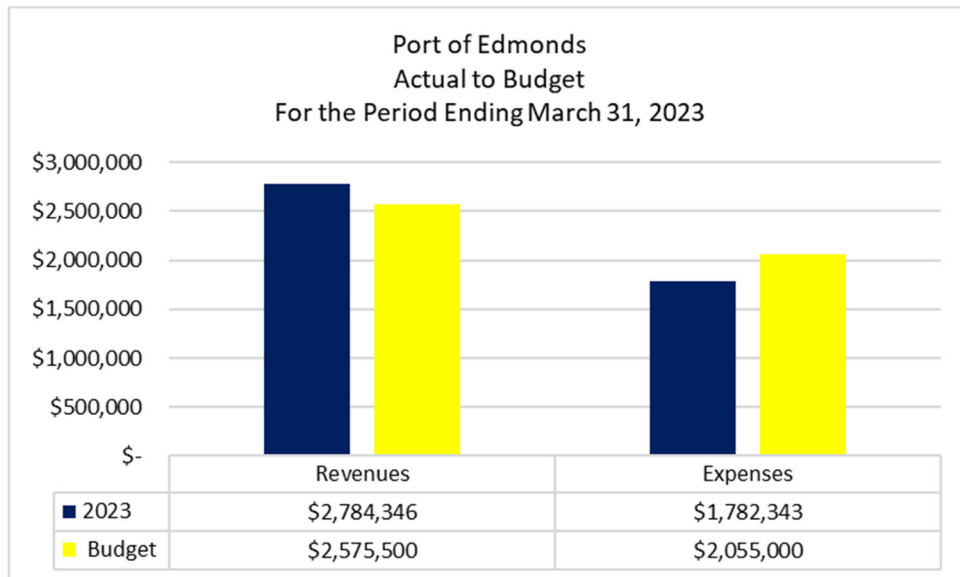
As adjusted by CPI, revenues ranged between \$2.1 and \$2.3 million. Expenses ranged between \$1.5 and \$1.7 million.



Net income generally trended up, ranging from \$500,000 to \$1 million.



As adjusted by CPI, net income ranged from \$505,000 to \$836,000.



Revenues were \$209,000 greater than budget. Expenses were \$273,000 less than budget.

Gross profit (revenues less cost of goods sold) for the three month period ending March 31, 2023, was \$2,283,000, which was \$43,000 greater than budget. Net income for the same period was \$1,002,000.

Marina Operations Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
GUEST MOORAGE, NET	16,812	27,000	(10,188)	-38%
PERMANENT MOORAGE	1,155,851	1,143,250	12,601	1%
DRY STORAGE	187,073	202,000	(14,927)	-7%

Financial Occupancy:

	2019	2020	2021	2022	2023	2023 Budgeted
Moorage	94%	95%	96%	99%	99%	98%
Dry Storage	79%	72%	83%	82%	84%	92%

Dry Storage revenue was down for the first quarter 2020 as the Port charged Dry Storage tenants at the pay-per-move rate on their April statements, due to limited hours because of COVID-19 procedure changes. In order to show the correct amount on the statements, the credits were processed in March 2020.

Rental Properties Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
TOTAL RENTAL PROPERTY REVENUE	745,201	704,750	40,451	6%

Operating expenses before depreciation for the three-month period were \$1.3 million, which is \$246,000 or 16% less than budget.

Operating Expenses Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
EMPLOYEE BENEFITS	195,245	205,250	10,005	5%
PAYROLL TAXES	67,311	82,500	15,189	18%
REPAIR & MAINTENANCE	56,835	145,250	88,415	61%
SALARIES & WAGES	591,377	682,750	91,373	13%
UTILITIES	141,763	123,750	(18,013)	-15%

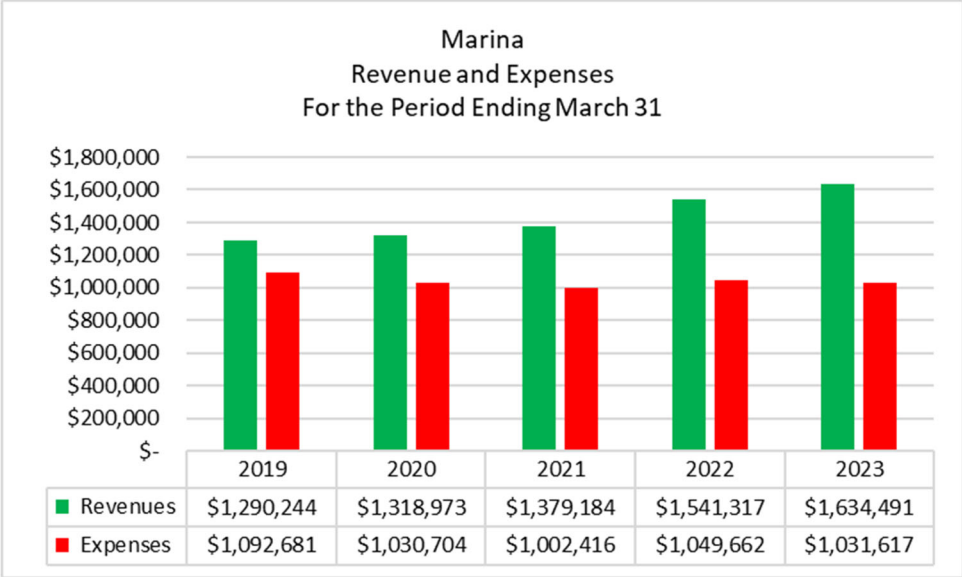
Other (Income)/Expense:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
INTEREST INCOME	(224,065)	(64,750)	159,315	-246%

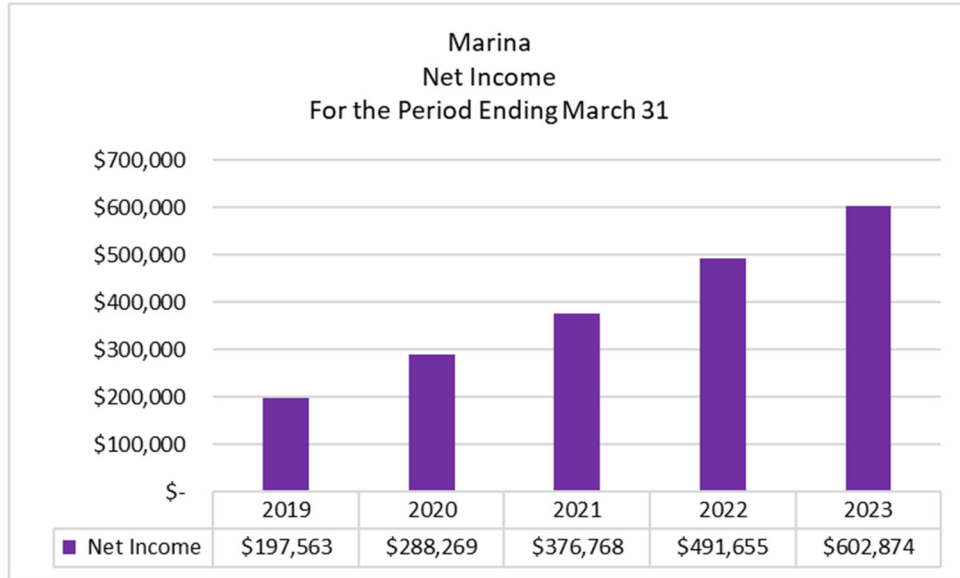
The Port experienced an unusual event in the first quarter of 2023: negative overhead. This is a result of some transactions associated with bonds purchased at a discount in December 2022 and January 2023. Generally accepted accounting principles state that you amortize the bond premium or discount over the life of the bond or if the bond is callable, over the non-callable portion. Both bonds were callable shortly after the Port purchased them, so the discounts of \$117,370 and \$32,222 were amortized in the first quarter of 2023. This, in turn, increased interest income, so that the overhead cost center generated more revenue than expenses in the first quarter. You will see this on the Marina and Rental Properties overhead line items as negative overhead allocation.

Net income for the three months ending March 31, 2023 was \$1,002,000, which is \$482,000 greater than budget.

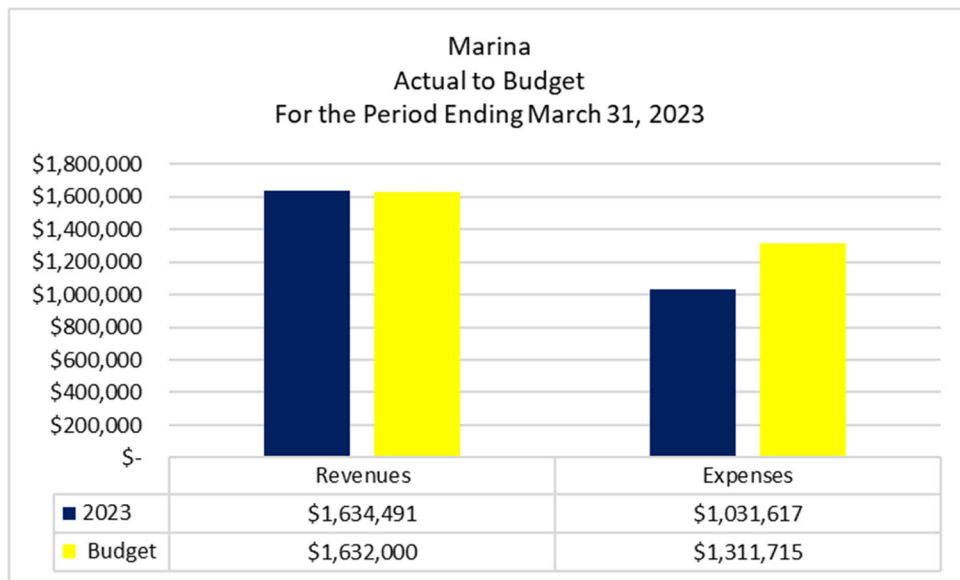
Marina Actual to Budget:



Revenues trended up to a high of \$1.6 million in 2023. Expenses ranged from \$1 million to \$1.1 million.



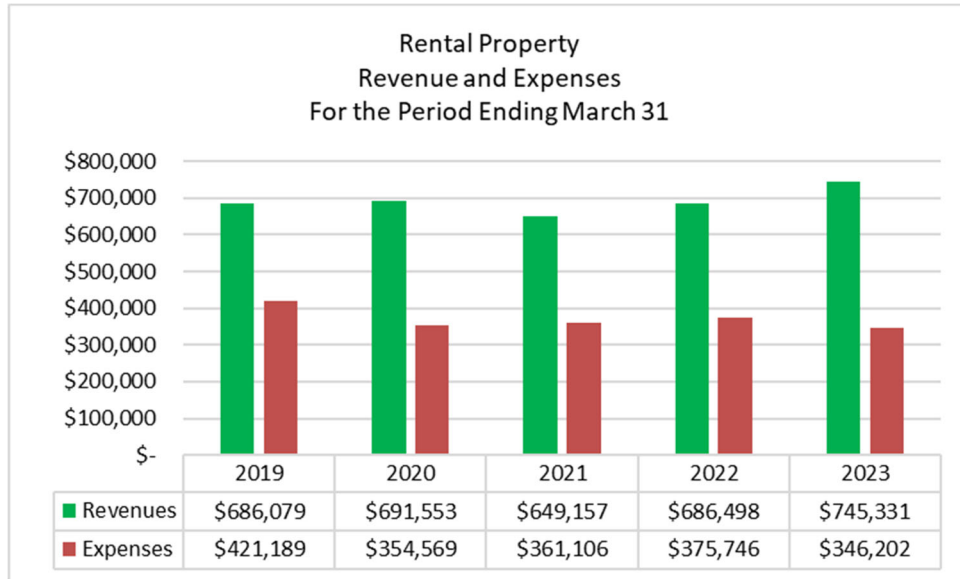
Net income trended up to \$603,000 in 2023.



Revenues were \$2,500 greater than budget. Expenses were \$280,000 less than budget.

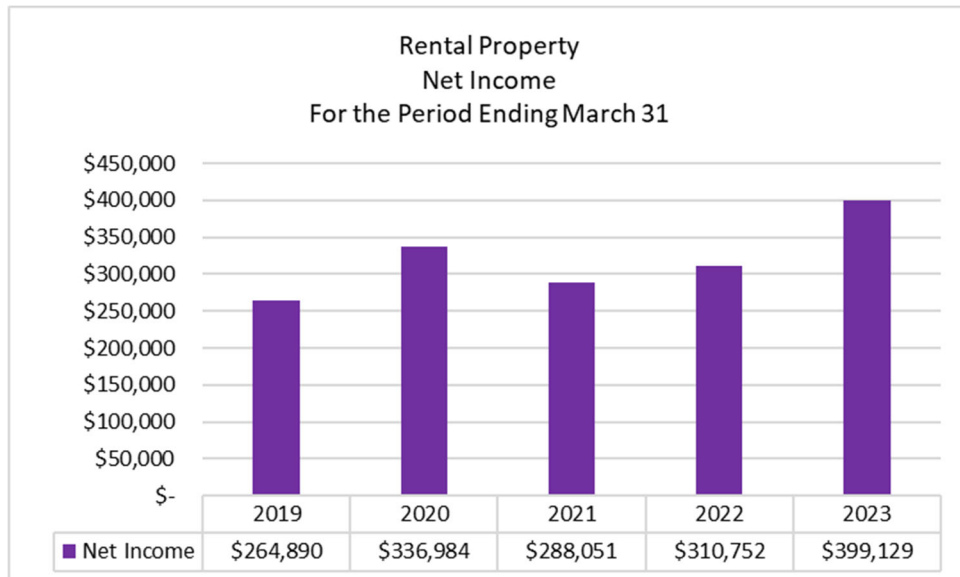
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 1,628,000	\$ 1,625,750	\$ 2,250	0%
Operating Expenses Before Depr, O/H	\$ 759,000	\$ 847,750	\$ (88,750)	-10%
Net Income	\$ 603,000	\$ 320,000	\$ 283,000	88%

Rental Property Actual to Budget:

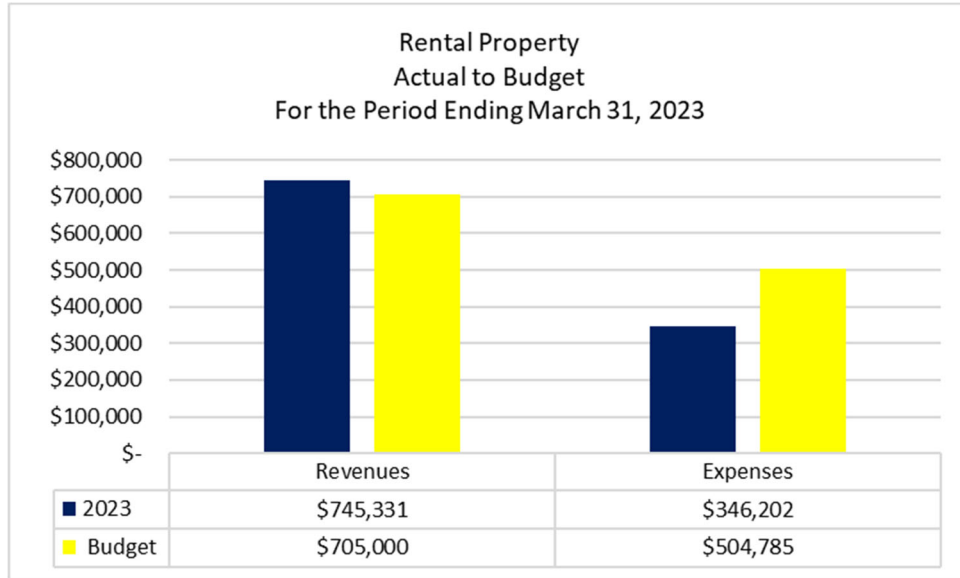


Rental Property revenues ranged from \$650,000 to \$750,000. Expenses ranged from \$350,000 to \$425,000. For comparison purposes, property tax revenue for 2018 and 2019 have been removed.

The Port subsidized Harbor Square with property taxes from 2007 to 2019, when the Port made its final bond payment on the Harbor Square loan. With property tax revenue, 2019 revenues would be \$729,000.



Net income ranged from \$265,000 to \$399,000.



Revenues were \$40,000 greater than budget. Expenses were \$159,000 less than budget.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 745,000	\$ 704,750	\$ 40,250	6%
Operating Expenses Before Depr, O/H	\$ 201,000	\$ 256,250	\$ (55,250)	-22%
Net Income	\$ 399,000	\$ 200,215	\$ 198,785	99%

Investing Summary:

- As of March 31, 2023, the Port had 18 long-term investments.
- The details of the Port’s bond maturity and calls are attached.
- Cash and investments increased by \$1.9 million in 2022, which was added to the Capital Replacement Reserve in the first quarter of 2023.
- The Capital Replacement Reserve is currently \$18,763,000.
- The Environmental Reserve is currently \$1,081,000.
- The Public Amenities Reserve is currently \$552,000.
- As bonds are being called or maturing in 2023, the Port is continuing investing using the laddering method, with each investment at \$1 million.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2023

	<u>ACTUAL</u> <u>TO DATE</u>	<u>BUDGET</u> <u>TO DATE</u>	<u>2022</u> <u>TO DATE</u>
MARINA REVENUES			
ELECTRICAL FEES	51,770	53,000	52,705
ENVIRONMENTAL FEES	32,751	33,500	29,377
ENVIRONMENTAL FEE - WORKYARD	6,356	8,250	7,923
FUEL SALES	96,325	80,000	116,748
LAUNCHER	8,606	7,000	9,492
MISCELLANEOUS	21,227	28,750	21,991
GUEST MOORAGE	17,312	27,000	33,777
PERMANENT MOORAGE	1,155,851	1,143,250	1,045,248
PASSENGER FEES	-	-	-
DRY STORAGE	187,073	202,000	163,164
PARKING	14,128	12,750	14,229
TRAVELIFT	30,609	26,000	32,487
WORKYARD	24,026	22,000	27,165
LATE FEES	8,300	8,500	7,640
TOTAL MARINA REVENUE	<u>1,654,333</u>	<u>1,652,000</u>	<u>1,561,946</u>
RENTAL PROPERTY REVENUES			
HARBOR SQUARE LEASE REVENUE	451,273	427,000	396,821
HARBOR SQUARE CAMS	76,815	68,000	66,615
WEST SIDE LEASE REVENUE	70,968	79,500	69,047
HARBOR SQUARE LEASE INTEREST REVENUE	92,115	79,750	99,824
WEST SIDE LEASE INTEREST REVENUE	49,969	49,000	53,029
MISCELLANEOUS REVENUE	3,051	1,250	780
LATE FEES	1,010	250	-
TOTAL RENTAL PROPERTY REVENUE	<u>745,201</u>	<u>704,750</u>	<u>686,116</u>
COST OF GOODS SOLD			
COST OF SALES	14,912	29,000	16,861
ELECTRICAL PURCHASES	26,617	28,000	27,898
FUEL & OIL	74,434	60,000	80,381
LOAN-A-SLIP CREDITS	500	-	506
TOTAL COST OF GOODS SOLD	<u>116,463</u>	<u>117,000</u>	<u>125,646</u>
GROSS PROFIT	<u>2,283,070</u>	<u>2,239,750</u>	<u>2,122,416</u>

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2023

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2022 TO DATE</u>
OPERATING EXPENSES			
ADVERTISING & NOTICES	2,696	2,750	2,788
AUDIT	-	-	-
AUTOMOBILE AND EQUIPMENT FUEL	5,254	8,250	5,622
BANK CHARGES	2,630	2,000	1,383
BUSINESS TAXES	4,790	8,250	4,921
CLAIMS & DAMAGES	1,328	2,500	(5,000)
COMMUNICATIONS	-	-	-
ECONOMIC DEVELOPMENT & TOURISM	-	4,250	2,075
EDUCATION	7,700	10,250	747
EMPLOYEE BENEFITS	195,245	205,250	171,884
HAZARDOUS WASTE DISPOSAL	448	3,750	-
INSURANCE	87,776	95,500	73,889
LICENSES & PERMITS	735	750	684
MARKETING	-	3,750	509
MEALS	1,346	1,000	675
MEMBERSHIP DUES	5,949	4,500	5,357
OFFICE	32,432	41,750	23,904
PAYROLL TAXES	67,311	82,500	61,923
PROFESSIONAL SERVICES	25,912	30,500	27,339
PROMOTIONAL HOSTING	212	750	223
RENT	2,568	4,000	3,740
REPAIR & MAINTENANCE	56,835	145,250	74,972
SALARIES & WAGES	591,377	682,750	526,292
SUPPLIES	87,665	95,750	61,164
TRAVEL	1,625	6,250	2,367
UNIFORMS	110	3,500	2,497
UTILITIES	141,763	123,750	123,784
OPERATING EXPENSES BEFORE DEPR DEPRECIATION AND AMORTIZATION	<u>1,323,707</u>	<u>1,569,500</u>	<u>1,173,737</u>
TOTAL OPERATING EXPENSES	<u>1,665,751</u>	<u>1,938,000</u>	<u>1,515,448</u>
 INCOME FROM OPERATIONS	 617,319	 301,750	 606,967
 OTHER (INCOME)/EXPENSE			
ELECTION EXPENSE	-	-	-
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
CHANGE IN FAIR VALUE OF INVESTMENTS	(4,141)	-	1,666
INTEREST INCOME	(224,065)	(64,750)	(42,648)
INTEREST EXPENSE ON LEASED ASSET LIABILITY	128	-	117
PROPERTY TAXES	(156,606)	(154,000)	(154,574)
OPERATING GRANTS	-	-	-
TOTAL OTHER (INCOME)/EXPENSE	<u>(384,684)</u>	<u>(218,750)</u>	<u>(195,440)</u>
 NET INCOME	 <u>1,002,003</u>	 <u>520,500</u>	 <u>802,407</u>

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2023

	ACTUAL <u>TO DATE</u>	BUDGET <u>TO DATE</u>	2022 <u>TO DATE</u>
REVENUES			
ELECTRICAL FEES	51,770	53,000	52,705
ENVIRONMENTAL FEES	32,751	33,500	29,377
ENVIRONMENTAL FEE - WORKYARD	6,356	8,250	7,923
FUEL SALES	96,325	80,000	116,748
LAUNCHER	8,606	7,000	9,492
MISCELLANEOUS	7,385	14,250	6,744
GUEST MOORAGE	17,312	27,000	33,777
PERMANENT MOORAGE	1,155,851	1,143,250	1,045,248
PASSENGER FEES	-	-	-
DRY STORAGE	187,073	202,000	163,164
PARKING	1,878	1,000	2,597
TRAVELIFT	30,609	26,000	32,487
WORKYARD	24,026	22,000	27,165
LATE FEES	8,300	8,500	7,640
GROSS REVENUE	<u>1,628,241</u>	<u>1,625,750</u>	<u>1,535,067</u>
COST OF GOODS SOLD			
COST OF SALES	14,558	28,500	16,727
ELECTRICAL PURCHASES	26,617	28,000	27,898
FUEL & OIL	74,434	60,000	80,381
LOAN-A-SLIP CREDITS	500	-	506
TOTAL COST OF GOODS SOLD	<u>116,109</u>	<u>116,500</u>	<u>125,512</u>
GROSS PROFIT	<u>1,512,132</u>	<u>1,509,250</u>	<u>1,409,555</u>
OPERATING EXPENSES			
ADVERTISING	695	1,000	1,545
AUTO AND EQUIPMENT FUEL	1,653	4,250	2,301
BUSINESS TAXES	4,753	8,250	4,909
CLAIMS AND DAMAGES	1,328	2,500	(5,000)
EDUCATION AND TRAINING	5,600	5,000	-
EMPLOYEE BENEFITS	115,885	108,500	90,888
HAZARDOUS WASTE DISPOSAL	448	3,750	-
INSURANCE	64,140	68,500	53,785
LICENSES & PERMITS	684	-	684
MARKETING	-	2,000	509
OFFICE	5,465	4,750	4,736
PAYROLL TAXES	42,817	55,000	39,775
PROFESSIONAL SERVICES	7,508	3,000	5,353
RENT	2,568	4,000	3,740
REPAIR & MAINTENANCE	8,774	41,750	44,408
SALARIES & WAGES	380,213	427,000	320,650
SUPPLIES	59,809	59,000	28,383
UTILITIES	56,369	49,500	51,976
OPERATING EXPENSES BEFORE DEPR & OH	758,709	847,750	648,642
DEPRECIATION AND AMORTIZATION	171,653	170,750	173,780
OVERHEAD ALLOCATION	(14,854)	176,715	101,727
TOTAL OPERATING EXPENSES	<u>915,508</u>	<u>1,195,215</u>	<u>924,150</u>
INCOME FROM OPERATIONS	<u>596,624</u>	<u>314,035</u>	<u>485,405</u>
OTHER (INCOME)/EXPENSES			
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
PROPERTY TAX ALLOCATION - LAUNCHER	(6,250)	(6,250)	(6,250)
OPERATING GRANTS	-	-	-
TOTAL OTHER (INCOME)/EXPENSES	<u>(6,250)</u>	<u>(6,250)</u>	<u>(6,250)</u>
NET INCOME	<u><u>602,874</u></u>	<u><u>320,285</u></u>	<u><u>491,655</u></u>

PORT OF EDMONDS
RENTAL PROPERTY
FOR THE PERIOD ENDING MARCH 31, 2023

	ACTUAL <u>TO DATE</u>	BUDGET <u>TO DATE</u>	2022 <u>TO DATE</u>
REVENUES			
HARBOR SQUARE LEASE REVENUE	451,273	427,000	396,821
HARBOR SQUARE CAMS	76,815	68,000	66,615
WEST SIDE LEASE REVENUE	70,968	79,500	69,047
HARBOR SQUARE LEASE INTEREST REVENUE	92,115	79,750	99,824
WEST SIDE LEASE INTEREST REVENUE	49,969	49,000	53,029
MISCELLANEOUS REVENUE	3,051	1,250	780
LATE FEES	1,010	250	-
TOTAL REVENUE	<u>745,201</u>	<u>704,750</u>	<u>686,116</u>
COST OF GOODS SOLD	<u>125</u>	<u>250</u>	<u>66</u>
GROSS PROFIT	<u>745,076</u>	<u>704,500</u>	<u>686,050</u>
 OPERATING EXPENSES			
ADVERTISING	-	250	316
AUTO AND EQUIPMENT FUEL	55	250	59
BUSINESS TAXES	36	-	13
EMPLOYEE BENEFITS	16,176	16,750	14,263
INSURANCE	20,305	21,750	17,362
OFFICE	226	1,250	439
PAYROLL TAXES	4,571	6,000	4,748
PROFESSIONAL SERVICES	-	1,250	2,230
REPAIR & MAINTENANCE	39,314	87,750	26,867
SALARIES & WAGES	52,703	65,750	51,110
SUPPLIES	8,758	9,250	3,888
UTILITIES	59,336	46,000	49,922
OPERATING EXPENSES BEFORE DEPR & OH	<u>201,479</u>	<u>256,250</u>	<u>171,217</u>
DEPRECIATION	152,251	157,250	152,058
OVERHEAD ALLOCATION	(7,652)	91,035	52,405
TOTAL OPERATING EXPENSES	<u>346,077</u>	<u>504,535</u>	<u>375,680</u>
INCOME FROM OPERATIONS	<u>398,998</u>	<u>199,965</u>	<u>310,370</u>
 OTHER (INCOME)/EXPENSES			
INTEREST INCOME	(130)	(250)	(383)
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
TOTAL OTHER (INCOME)/EXPENSE	<u>(130)</u>	<u>(250)</u>	<u>(383)</u>
NET INCOME	<u><u>399,129</u></u>	<u><u>200,215</u></u>	<u><u>310,752</u></u>

Port of Edmonds
Investment Report
As of March 31, 2023

Long-Term Investments (1 year or more until maturity when purchased) 3/31/2023

<u>Security</u>	<u>Remaining Life</u>	<u>Purchased</u>	<u>Final Maturity</u>	<u>Coupon</u>	<u>Callable/ Non-Callable</u>	<u>Par Value</u>	<u>Amortized Book Value</u>	<u>Market Value at 3/31/2023</u>	<u>Percent of Portfolio</u>
Federal Home Loan Bank	0.19	6/3/2019	6/9/2023	2.13%	Non-Callable	\$ 500,000	\$ 493,865	\$ 497,124	1.83%
Federal Farm Credit Bank	0.37	8/27/2019	8/14/2023	1.60%	Non-Callable	\$ 500,000	\$ 489,989	\$ 493,907	1.83%
Federal Farm Credit Bank	0.59	11/7/2019	11/1/2023	1.60%	Non-Callable	\$ 500,000	\$ 486,209	\$ 490,774	1.83%
Federal Home Loan Bank	0.87	2/21/2019	2/13/2024	2.50%	Non-Callable	\$ 500,000	\$ 487,948	\$ 490,370	1.83%
Federal Farm Credit Bank	0.95	12/11/2019	3/11/2024	1.55%	Non-Callable	\$ 500,000	\$ 482,542	\$ 486,035	1.83%
Federal Farm Credit Bank	1.22	9/17/2020	6/17/2024	0.39%	Callable 12/27/20	\$ 1,000,000	\$ 938,067	\$ 950,142	3.65%
Federal Farm Credit Bank	1.47	10/2/2019	9/17/2024	1.60%	Non-Callable	\$ 500,000	\$ 476,515	\$ 480,138	1.83%
Federal Farm Credit Bank	1.70	12/9/2020	12/9/2024	0.44%	Callable 12/9/21	\$ 1,000,000	\$ 921,529	\$ 932,747	3.65%
Federal Natl Mortgage Assn	1.78	1/30/2020	1/7/2025	1.63%	Non-Callable	\$ 500,000	\$ 472,853	\$ 476,560	1.83%
Federal Home Loan Mtg Corp	2.16	6/12/2020	5/27/2025	0.50%	Callable 11/27/20	\$ 1,000,000	\$ 905,922	\$ 919,003	3.65%
Farmer Mac	2.29	7/17/2020	7/14/2025	0.50%	Non-Callable	\$ 1,000,000	\$ 909,547	\$ 920,725	3.65%
Federal Home Loan Mtg Corp	2.48	10/23/2020	9/23/2025	0.38%	Non-Callable	\$ 1,000,000	\$ 901,723	\$ 911,873	3.65%
Federal Farm Credit Bank	2.56	12/4/2020	10/21/2025	0.52%	Callable 10/21/21	\$ 1,000,000	\$ 896,266	\$ 912,023	3.65%
US Treasury Notes	2.92	3/18/2022	2/28/2026	0.50%	Non-Callable	\$ 1,000,000	\$ 896,291	\$ 906,406	3.65%
US Treasury Notes	3.13	7/8/2022	5/15/2026	1.63%	Non-Callable	\$ 1,000,000	\$ 924,716	\$ 933,945	3.65%
Federal Farm Credit Bank	3.35	9/6/2022	8/3/2026	3.00%	Non-Callable	\$ 1,000,000	\$ 959,903	\$ 966,317	3.65%
Federal Home Ln Mtg Corp	3.58	12/9/2022	10/27/2026	0.80%	Callable 1/27/23	\$ 1,000,000	\$ 937,265	\$ 889,673	3.65%
Federal Home Loan Banks	4.06	1/17/2023	4/21/2027	3.20%	Callable 4/21/23	\$ 1,000,000	\$ 983,889	\$ 961,704	3.65%
						\$ 14,500,000	\$ 13,565,037	\$ 13,619,464	52.98%

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%	\$ 1,000	0.00%
Washington Federal	Business checking account	3.03%	\$ 9,767,280	35.69%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.01%
Snohomish County	Tax collections	0.00%	\$ 42,417	0.15%
Washington LGIP	Short-term investments	4.83%	\$ 3,052,946	0.16%
			<u>\$ 12,866,643</u>	
Total Cash and Investments			<u>\$ 27,366,643</u>	89%

Capital Replacement Reserve consists of:

Investments	\$ 13,500,000
Cash	\$ 5,262,628
	<u>\$ 18,762,628</u>

Environmental Reserve consists of:

Investments	\$ 1,000,000
Cash	\$ 81,309
	<u>\$ 1,081,309</u>

Public Amenities Reserve consists of:

Cash	<u>\$ 552,328</u>
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Operating Reserve consists of:

Cash	<u>\$ 6,923,960</u>
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Tenant Security Deposits consists of:

Cash	<u>\$ 778,434</u>
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Public Amenities Reserve Summary

Beginning Balance 1/1/23	\$ 454,033
Interest Earned	\$ 2,435
Property Taxes Allocated	\$ 110,250
Project Costs - 40% of North Seawall and Portwalk	<u>\$ (14,390)</u>
Ending Balance 3/31/2023	<u>\$ 552,328</u>

Port of Edmonds
Investing Transactions Report
January 1, 2023 to March 31, 2023

Matured or Called

<u>Security</u>	<u>Called or Matured</u>	<u>Remaining Life</u>	<u>Purchased</u>	<u>Final Maturity</u>	<u>Coupon</u>	<u>Callable/ Non-Callable</u>	<u>Par Value</u>
Federal Natl Mortgage Assn	Matured		12/14/2018	1/19/2023	2.38%	Non-Callable	\$ 500,000
US Treasury Note	Matured		12/5/2019	3/31/2023	1.50%	Non-Callable	\$ 500,000
							<u>\$ 1,000,000</u>

Purchases

<u>Security</u>	<u>Remaining Life</u>	<u>Purchased</u>	<u>Final Maturity</u>	<u>Coupon</u>	<u>Callable/ Non-Callable</u>	<u>Par Value</u>	<u>Purchased Value</u>
Federal Home Loan Banks	4.06	1/17/2023	4/21/2027	3.20%	Callable 4/21/23	\$ 1,000,000	\$ 967,778
						<u>\$ 1,000,000</u>	<u>\$ 967,778</u>