

**COMMISSION MEETING**

**INFORMATION**

**Date:** October 25, 2021

**Staff Review:** Port Attorney   
 Marina Manager   
 Finance Manager   
 Facilities Maintenance Manager

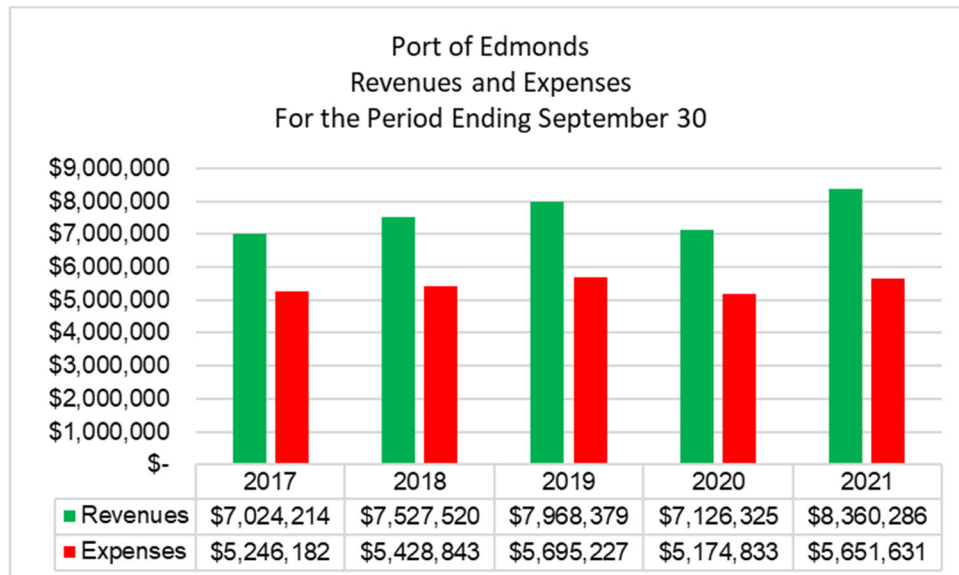
**To:** Port Commission

**From:** Tina Drennan  
 Finance Manager

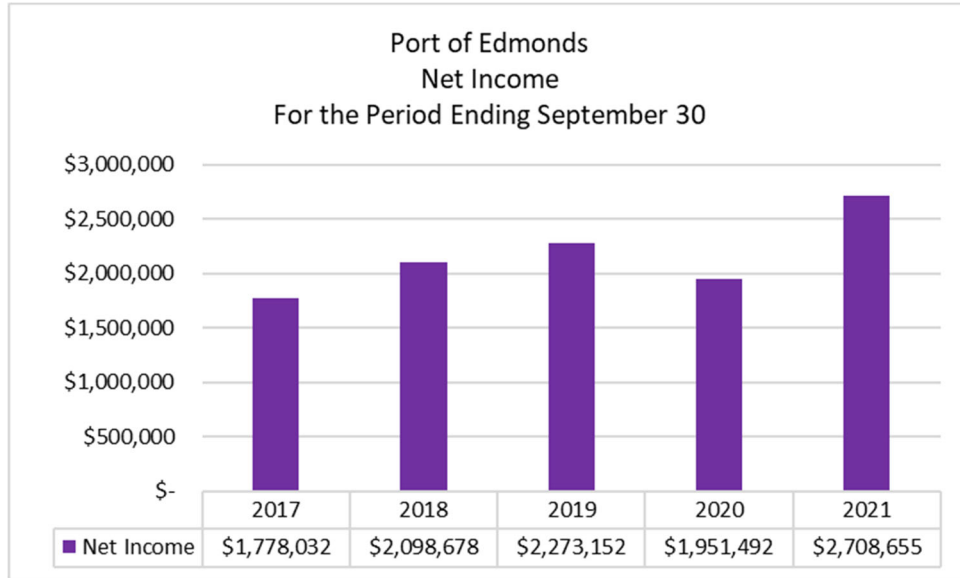
**Attachments:** September Income Statement  
 September Marina Income Statement  
 September Rental Property Income Statement  
 Investment Report as of September 30, 2021

**SUBJECT: THIRD QUARTER 2021 FINANCIAL STATEMENTS**

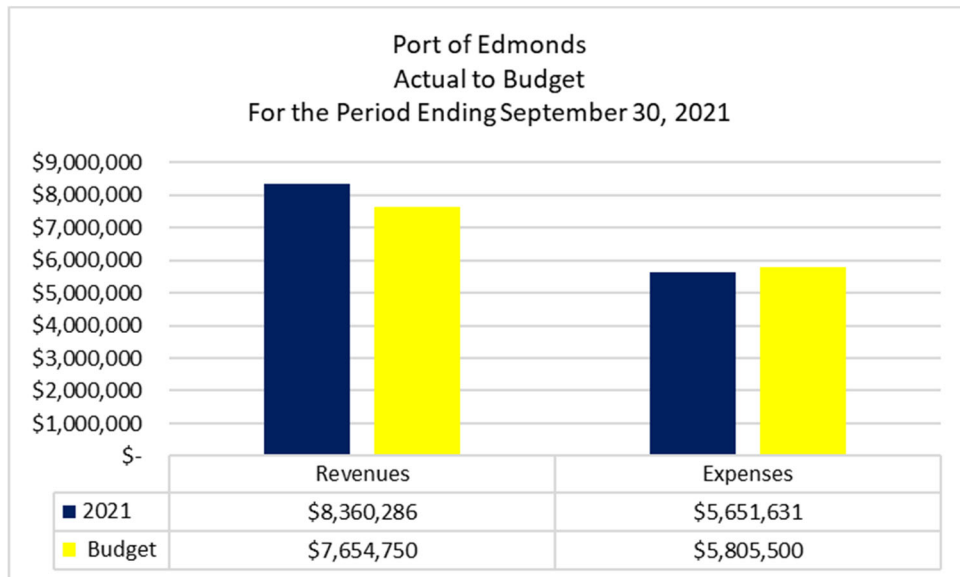
Please find attached the third quarter 2021 financial statements.



Revenues and expenses are generally trending upwards, with a slight drop in 2020 due to COVID.



Net income is trending generally trending upwards, with a blip in 2020.



Revenues were \$706,000 greater than budget. Expenses were \$154,000 less than budget.

Gross profit (revenues less cost of goods sold) for the nine month period ending September 30, 2021, was \$6.7 million, which was \$382,000 greater than budget. Net income for the same period was \$2.7 million.

Marina Operations Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
FUEL SALES, NET	294,847	201,000	93,847	47%
LAUNCHER	102,380	87,000	15,380	18%
GUEST MOORAGE, NET	233,458	158,000	75,458	48%
PERMANENT MOORAGE	2,931,209	2,846,250	84,959	3%
PASSENGER FEES	37,803	10,000	27,803	278%
DRY STORAGE	626,607	576,000	50,607	9%
PARKING	96,531	74,250	22,281	30%
TRAVELIFT	127,242	95,250	31,992	34%
WORKYARD	129,846	78,750	51,096	65%

Financial Occupancy:

	2017	2018	2019	2020	2021	2021 Budgeted
Moorage	98%	100%	98%	98%	99%	96%
Dry Storage	93%	90%	94%	87%	96%	88%

Dry Storage revenue was down for the first half of 2020 as the Port charged Dry Storage tenants at the pay-per-move rate for April 2020, due to limited hours because of COVID-19 procedure changes.

Rental Properties Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
TOTAL RENTAL PROPERTY REVENUE	1,966,084	2,038,500	(72,416)	-4%

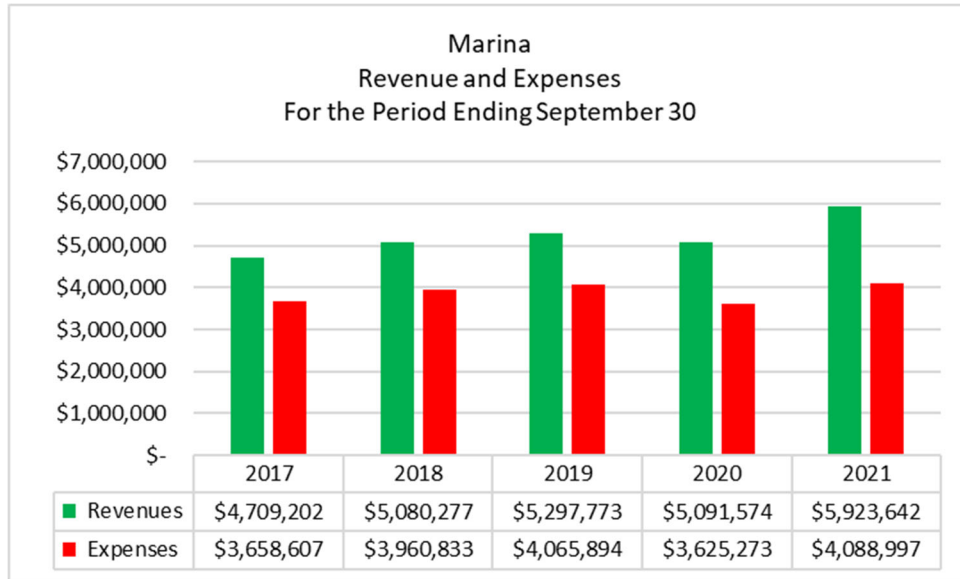
Operating expenses before depreciation for the nine-month period were \$3.4 million, which is \$379,000 or 10% less than budget.

Operating Expenses Actual to Budget:

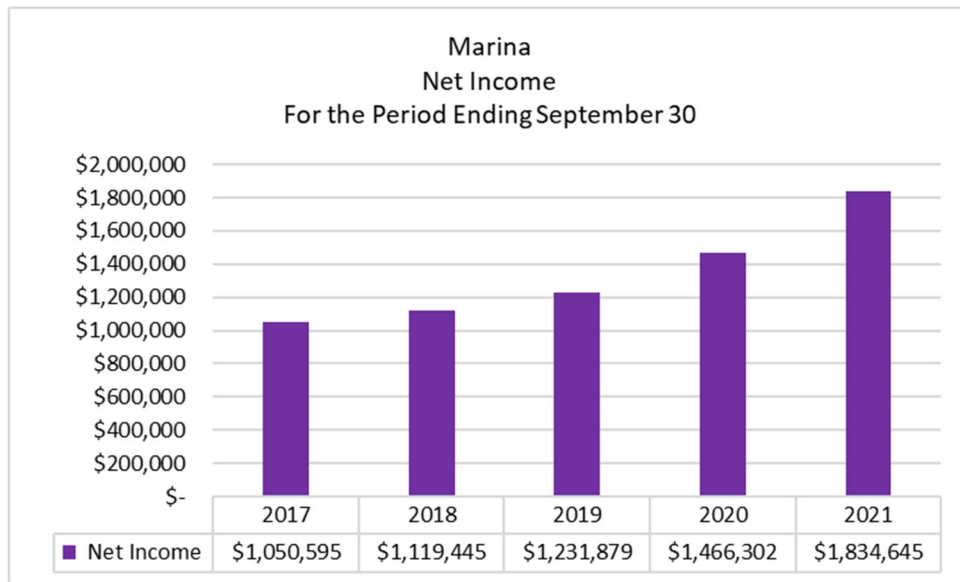
	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
EMPLOYEE BENEFITS	528,218	565,500	37,282	7%
PAYROLL TAXES	206,465	189,750	(16,715)	-9%
REPAIR & MAINTENANCE	173,377	284,250	110,873	39%
SALARIES & WAGES	1,590,542	1,667,250	76,708	5%
SUPPLIES	166,774	252,750	85,976	34%

Net income for the nine months ending September 30, 2021 was \$2.7 million, which is \$859,000 greater than budget.

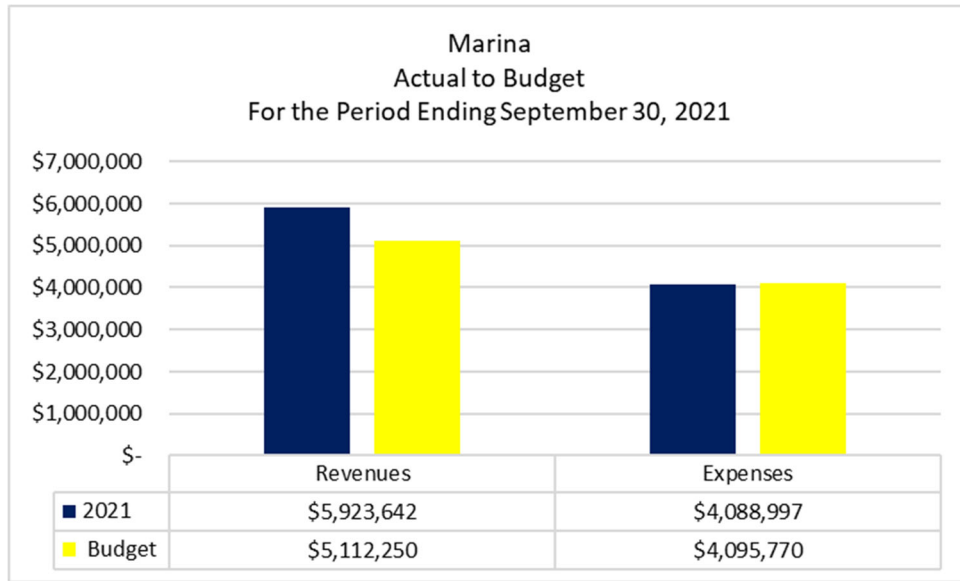
Marina Actual to Budget:



Revenues and expenses are generally trending upwards, with a slight drop in 2020 due to COVID.



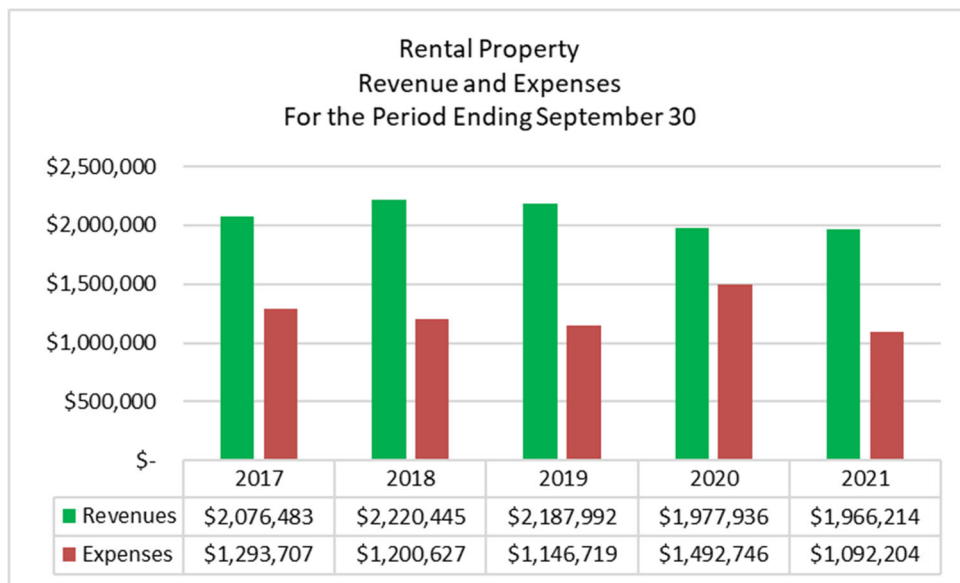
Net income is trending upwards.



Revenues were \$811,000 greater than budget. Expenses were \$7,000 less than budget.

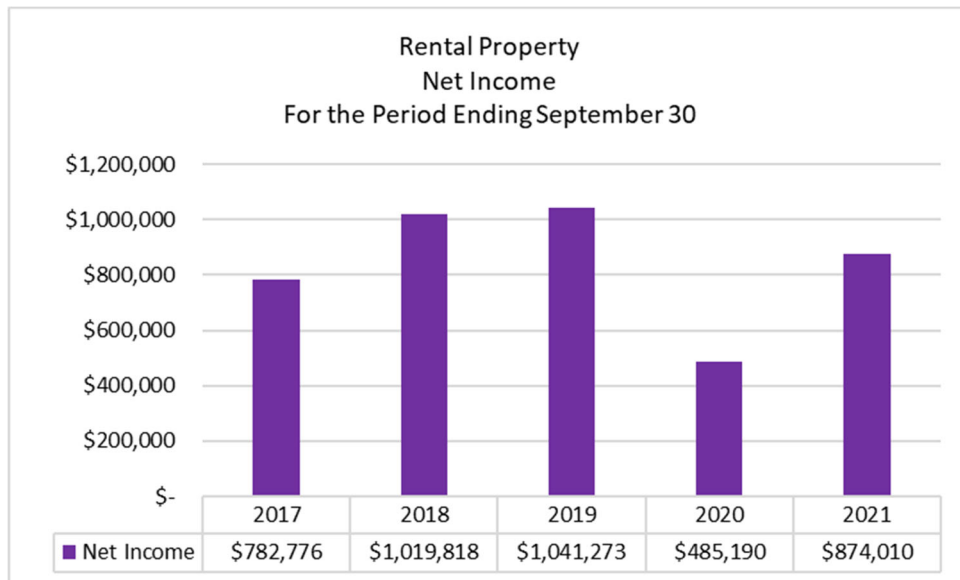
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 5,889,000	\$ 5,112,250	\$ 776,750	15%
Operating Expenses Before Depr, O/H	\$ 1,997,000	\$ 2,142,750	\$ 145,750	7%
Net Income	\$ 1,835,000	\$ 1,016,000	\$ 819,000	81%

Rental Property Actual to Budget:

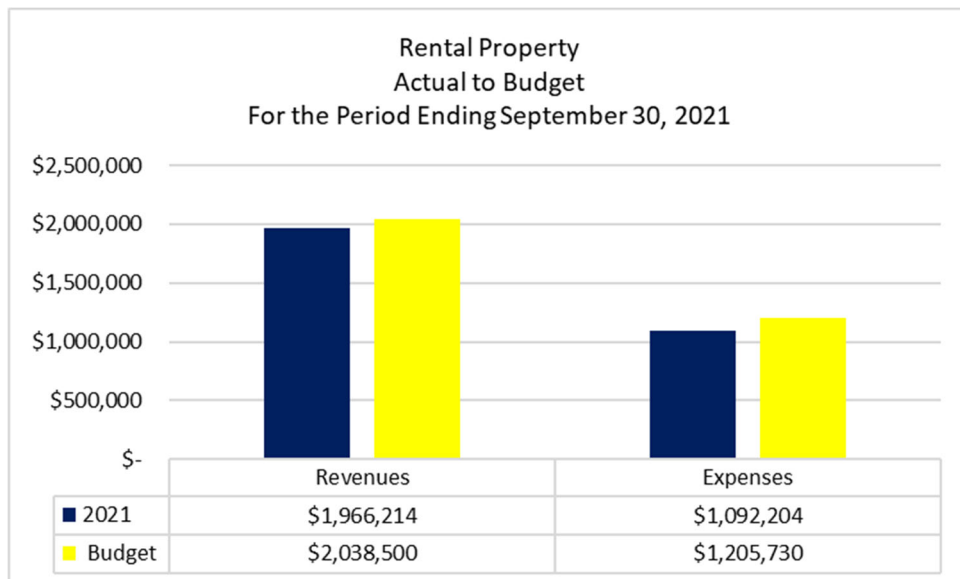


Rental Property revenues trended up to 2018, with a high of \$1.5 million, dropping to \$1.3 million in 2021. Expenses don't appear to have a trend. 2017 through 2019 revenues are misleading, as Rental

Property was subsidized with property taxes of \$150,000 in 2017 and \$127,500 in 2018 and 2019. Removing the property taxes, revenues would be 2017 - \$1,926,000; 2018 - \$2,093,000; and 2019 - \$2,060,000.



Net income trended upwards to \$1 million in 2019, dropping to \$485,000 in 2020, and up to \$874,000 in 2021. Without property taxes, net income would be 2017 - \$633,000, 2018 - \$892,000, and 2019 - \$914,000. 2020 also had a drop in net income due to the write off of the old Building 3 remaining asset that was replaced by the major building renovations conducted in 2020.



Revenues were \$72,000 less than budget. Expenses were \$114,000 less than budget.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 1,966,084	\$ 2,038,500	\$ (72,416)	-4%
Operating Expenses Before Depr, O/H	\$ 441,374	\$ 479,250	\$ 37,876	8%
Net Income	\$ 874,010	\$ 832,770	\$ 41,240	5%

Investing Summary:

- As of September 30, 2021, the Port had 23 long-term investments.
- No bonds matured or were called during the third quarter.
- The Capital Replacement Reserve is currently \$15,826,301.
- The Environmental Reserve is currently \$1,061,765.
- The Public Amenity Reserve Summary shows the public amenity reserve beginning balance, interest earned, property taxes allocated, and project costs allocated to public amenities.
- The Public Amenities Reserve is currently \$61,463.
- As bonds are being called or maturing, the Port is retaining the funds in an interest bearing account in preparation for funding for the Administration/Maintenance Building and North Portwalk and Seawall Reconstruction.

PORT OF EDMONDS  
INCOME STATEMENT  
FOR THE PERIOD ENDING SEPTEMBER 30, 2021

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2020 TO DATE</u>
<b>MARINA REVENUES</b>			
ELECTRICAL FEES	110,059	104,000	100,530
ENVIRONMENTAL FEES	84,356	84,000	83,388
ENVIRONMENTAL FEE - WORKYARD	27,975	18,000	20,864
FUEL SALES	1,327,445	941,000	831,540
LAUNCHER	102,380	87,000	98,757
MISCELLANEOUS	70,586	74,250	61,227
GUEST MOORAGE	258,444	170,000	194,983
PERMANENT MOORAGE	2,931,209	2,846,250	2,853,499
PASSENGER FEES	37,803	10,000	6,540
DRY STORAGE	626,607	576,000	560,268
PARKING	96,531	74,250	75,803
TRAVELIFT	127,242	95,250	107,477
WORKYARD	129,846	78,750	93,434
LATE FEES	24,295	26,250	21,191
TOTAL MARINA REVENUE	<u>5,954,779</u>	<u>5,185,000</u>	<u>5,109,501</u>
<b>RENTAL PROPERTY REVENUES</b>			
HARBOR SQUARE LEASE REVENUE	1,122,995	1,229,250	1,123,161
HARBOR SQUARE CAMS	169,746	168,750	170,051
WEST SIDE LEASE REVENUE	197,118	195,000	185,630
HARBOR SQUARE LEASE INTEREST REVENUE	305,228	271,500	317,441
WEST SIDE LEASE INTEREST REVENUE	165,644	164,250	173,996
MISCELLANEOUS REVENUE	4,635	3,750	3,916
LATE FEES	716	6,000	3,742
TOTAL RENTAL PROPERTY REVENUE	<u>1,966,084</u>	<u>2,038,500</u>	<u>1,977,936</u>
<b>COST OF GOODS SOLD</b>			
COST OF SALES	69,688	57,000	49,176
ELECTRICAL PURCHASES	49,098	52,500	49,486
FUEL & OIL	1,032,598	740,000	637,576
LOAN-A-SLIP CREDITS	24,986	12,000	15,809
TOTAL COST OF GOODS SOLD	<u>1,176,370</u>	<u>861,500</u>	<u>752,047</u>
<b>GROSS PROFIT</b>	<u>6,744,492</u>	<u>6,362,000</u>	<u>6,335,391</u>



PORT OF EDMONDS  
INCOME STATEMENT  
FOR THE PERIOD ENDING SEPTEMBER 30, 2021

	<u>ACTUAL</u> <u>TO DATE</u>	<u>BUDGET</u> <u>TO DATE</u>	<u>2020</u> <u>TO DATE</u>
OPERATING EXPENSES			
ADVERTISING & NOTICES	4,678	9,750	5,358
AUDIT	-	-	32,972
AUTOMOBILE AND EQUIPMENT FUEL	15,041	15,750	9,111
BANK CHARGES	4,473	3,750	4,194
BUSINESS TAXES	23,026	18,000	17,709
CLAIMS & DAMAGES	3,603	9,000	2,344
COMMUNICATIONS	9,955	15,000	98
ECONOMIC DEVELOPMENT & TOURISM	11,591	21,000	7,290
EDUCATION	4,281	18,000	4,982
EMPLOYEE BENEFITS	528,218	565,500	542,010
HAZARDOUS WASTE DISPOSAL	6,597	6,000	1,628
INSURANCE	196,482	202,500	170,415
LICENSES & PERMITS	2,470	2,250	2,241
MARKETING	3,011	8,250	6,441
MEALS	1,472	3,000	1,453
MEMBERSHIP DUES	13,090	14,250	14,461
OFFICE	61,190	74,250	65,083
PAYROLL TAXES	206,465	189,750	190,578
PROFESSIONAL SERVICES	77,827	71,250	59,063
PROMOTIONAL HOSTING	110	2,250	72
RENT	10,928	11,250	10,610
REPAIR & MAINTENANCE	173,377	284,250	169,969
SALARIES & WAGES	1,590,542	1,667,250	1,609,508
SUPPLIES	166,774	252,750	122,482
TENANT IMPROVEMENTS	-	-	(506)
TRAVEL	4,488	16,500	3,653
UNIFORMS	5,042	9,750	8,362
UTILITIES	317,372	330,000	300,830
OPERATING EXPENSES BEFORE DEPR	<u>3,442,104</u>	<u>3,821,250</u>	<u>3,362,411</u>
DEPRECIATION AND AMORTIZATION	1,016,329	1,122,750	1,060,375
TOTAL OPERATING EXPENSES	<u>4,458,432</u>	<u>4,944,000</u>	<u>4,422,786</u>
INCOME FROM OPERATIONS	2,286,060	1,418,000	1,912,605
OTHER (INCOME)/EXPENSE			
ELECTION EXPENSE	15,507	-	-
(GAIN)/LOSS ON FIXED ASSETS	1,191	-	461,839
CHANGE IN FAIR VALUE OF INVESTMENTS	2,541	-	(10,242)
INTEREST INCOME	(137,730)	(131,250)	(186,128)
INTEREST EXPENSE ON LEASED ASSET LIABILITY	130	-	-
PROPERTY TAXES	(304,235)	(300,000)	(304,356)
TOTAL OTHER (INCOME)/EXPENSE	<u>(422,595)</u>	<u>(431,250)</u>	<u>(38,887)</u>
NET INCOME	<u>2,708,655</u>	<u>1,849,250</u>	<u>1,951,492</u>

PORT OF EDMONDS  
MARINA INCOME STATEMENT  
FOR THE PERIOD ENDING SEPTEMBER 30, 2021

	<u>ACTUAL</u> <u>TO DATE</u>	<u>BUDGET</u> <u>TO DATE</u>	<u>2020</u> <u>TO DATE</u>
<b>REVENUES</b>			
ELECTRICAL FEES	110,059	104,000	100,530
ENVIRONMENTAL FEES	84,356	84,000	83,388
ENVIRONMENTAL FEE - WORKYARD	27,975	18,000	20,864
FUEL SALES	1,327,445	941,000	831,540
LAUNCHER	102,380	87,000	98,757
MISCELLANEOUS	33,513	39,750	27,009
GUEST MOORAGE	258,444	170,000	194,983
PERMANENT MOORAGE	2,931,209	2,846,250	2,853,499
PASSENGER FEES	37,803	10,000	6,540
DRY STORAGE	626,607	576,000	560,268
PARKING	67,647	36,000	39,530
TRAVELIFT	127,242	95,250	107,477
WORKYARD	129,846	78,750	93,434
LATE FEES	24,295	26,250	21,191
GROSS REVENUE	<u>5,888,820</u>	<u>5,112,250</u>	<u>5,039,009</u>
<b>COST OF GOODS SOLD</b>			
COST OF SALES	68,667	55,500	48,493
ELECTRICAL PURCHASES	49,098	52,500	49,486
FUEL & OIL	1,032,598	740,000	637,576
LOAN-A-SLIP CREDITS	24,986	12,000	15,809
TOTAL COST OF GOODS SOLD	<u>1,175,349</u>	<u>860,000</u>	<u>751,364</u>
GROSS PROFIT	<u>4,713,472</u>	<u>4,252,250</u>	<u>4,287,646</u>
<b>OPERATING EXPENSES</b>			
ADVERTISING	1,645	3,750	2,500
AUTO AND EQUIPMENT FUEL	7,937	9,000	3,918
BUSINESS TAXES	22,992	18,000	17,644
CLAIMS AND DAMAGES	3,603	9,000	2,344
EDUCATION AND TRAINING	1,173	6,000	2,913
EMPLOYEE BENEFITS	293,356	321,750	315,513
HAZARDOUS WASTE DISPOSAL	6,597	6,000	1,628
INSURANCE	142,423	147,000	126,528
LICENSES & PERMITS	2,376	1,500	1,891
MARKETING	2,071	3,000	6,364
OFFICE	9,692	12,000	9,149
PAYROLL TAXES	148,167	126,750	131,931
PROFESSIONAL SERVICES	13,471	13,500	15,116
RENT	10,928	11,250	10,610
REPAIR & MAINTENANCE	59,351	103,500	73,399
SALARIES & WAGES	1,030,590	1,053,000	1,028,928
SUPPLIES	106,977	150,000	59,654
UTILITIES	134,059	147,750	126,926
OPERATING EXPENSES BEFORE DEPR & OH	<u>1,997,408</u>	<u>2,142,750</u>	<u>1,936,955</u>
DEPRECIATION AND AMORTIZATION	522,347	600,000	592,051
OVERHEAD ALLOCATION	393,893	493,020	344,903
TOTAL OPERATING EXPENSES	<u>2,913,648</u>	<u>3,235,770</u>	<u>2,873,909</u>
INCOME FROM OPERATIONS	<u>1,799,824</u>	<u>1,016,480</u>	<u>1,413,737</u>
<b>OTHER (INCOME)/EXPENSES</b>			
(GAIN)/LOSS ON FIXED ASSETS	2,679	-	(15,065)
PROPERTY TAX ALLOCATION - LAUNCHER	<u>(37,500)</u>	-	<u>(37,500)</u>
TOTAL OTHER (INCOME)/EXPENSES	<u>(34,821)</u>	-	<u>(52,565)</u>
NET INCOME	<u>1,834,645</u>	<u>1,016,480</u>	<u>1,466,302</u>

PORT OF EDMONDS  
RENTAL PROPERTY  
FOR THE PERIOD ENDING SEPTEMBER 30, 2021

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2020 TO DATE</u>
<b>REVENUES</b>			
HARBOR SQUARE LEASE REVENUE	1,122,995	1,229,250	1,123,161
HARBOR SQUARE CAMS	169,746	168,750	170,051
WEST SIDE LEASE REVENUE	197,118	195,000	185,630
HARBOR SQUARE LEASE INTEREST REVENUE	305,228	271,500	317,441
WEST SIDE LEASE INTEREST REVENUE	165,644	164,250	173,996
MISCELLANEOUS REVENUE	4,635	3,750	3,916
LATE FEES	716	6,000	3,742
TOTAL REVENUE	<u>1,966,084</u>	<u>2,038,500</u>	<u>1,977,936</u>
COST OF GOODS SOLD	<u>483</u>	<u>750</u>	<u>355</u>
GROSS PROFIT	<u>1,965,601</u>	<u>2,037,750</u>	<u>1,977,581</u>
<b>OPERATING EXPENSES</b>			
ADVERTISING	-	750	-
AUTO AND EQUIPMENT FUEL	271	750	298
BUSINESS TAXES	32	-	70
EMPLOYEE BENEFITS	37,310	38,250	37,605
INSURANCE	46,724	48,000	40,168
OFFICE	1,151	1,500	1,092
PAYROLL TAXES	11,769	9,750	8,773
PROFESSIONAL SERVICES	2,316	3,750	2,200
REPAIR & MAINTENANCE	78,690	102,000	54,601
SALARIES & WAGES	131,954	129,000	125,919
SUPPLIES	13,364	28,500	15,430
TENANT IMPROVEMENTS	-	-	(506)
UTILITIES	117,794	117,000	111,528
OPERATING EXPENSES BEFORE DEPR & OH	<u>441,374</u>	<u>479,250</u>	<u>397,178</u>
DEPRECIATION	447,432	471,750	421,499
OVERHEAD ALLOCATION	202,914	253,980	177,678
TOTAL OPERATING EXPENSES	<u>1,091,721</u>	<u>1,204,980</u>	<u>996,355</u>
INCOME FROM OPERATIONS	<u>873,880</u>	<u>832,770</u>	<u>981,227</u>
<b>OTHER (INCOME)/EXPENSES</b>			
INTEREST INCOME	(130)	-	-
(GAIN)/LOSS ON FIXED ASSETS	-	-	496,036
TOTAL OTHER (INCOME)/EXPENSE	<u>(130)</u>	<u>-</u>	<u>496,036</u>
NET INCOME	<u><u>874,010</u></u>	<u><u>832,770</u></u>	<u><u>485,190</u></u>

Port of Edmonds  
Investment Report  
As of September 30, 2021

Long-Term Investments (1 year or more until maturity when purchased) 9/30/2021

<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 9/30/2021</u>	<u>Percent of Portfolio</u>
Federal Farm Credit Bank	0.11	11/22/2019	11/8/2021	1.57%	Non-Callable	\$ 500,000	\$ 506,165	\$ 500,803	2.12%
Federal National Mortgage Association	0.27	11/21/2019	1/5/2022	2.00%	Non-Callable	\$ 500,000	\$ 507,711	\$ 502,569	2.12%
Federal Home Loan Bank	0.44	12/5/2019	3/11/2022	2.50%	Non-Callable	\$ 500,000	\$ 510,723	\$ 505,572	2.12%
US Treasury STRIP	0.62	12/10/2019	5/15/2022	0.00%	Non-Callable	\$ 520,000	\$ 525,112	\$ 519,886	2.21%
US Treasury Note	0.79	12/10/2019	7/15/2022	1.75%	Non-Callable	\$ 500,000	\$ 512,213	\$ 506,641	2.12%
Federal National Mortgage Association	0.93	12/5/2019	9/6/2022	1.38%	Non-Callable	\$ 500,000	\$ 511,406	\$ 505,922	2.12%
US Treasury Note	1.04	12/17/2019	10/15/2022	1.38%	Non-Callable	\$ 500,000	\$ 511,622	\$ 506,641	2.12%
Federal Home Loan Bank	1.19	11/15/2019	12/9/2022	1.88%	Non-Callable	\$ 500,000	\$ 515,589	\$ 510,428	2.12%
Federal Natl Mortgage Assn	1.30	12/14/2018	1/19/2023	2.38%	Non-Callable	\$ 500,000	\$ 524,127	\$ 513,977	2.12%
US Treasury Note	1.50	12/5/2019	3/31/2023	1.50%	Non-Callable	\$ 500,000	\$ 515,235	\$ 509,805	2.12%
Federal Home Loan Bank	1.69	6/3/2019	6/9/2023	2.13%	Non-Callable	\$ 500,000	\$ 522,921	\$ 515,751	2.12%
Federal Farm Credit Bank	1.87	8/27/2019	8/14/2023	1.60%	Non-Callable	\$ 500,000	\$ 517,249	\$ 512,067	2.12%
Federal Farm Credit Bank	2.09	11/7/2019	11/1/2023	1.60%	Non-Callable	\$ 500,000	\$ 519,027	\$ 512,885	2.12%
Federal Home Loan Bank	2.37	2/21/2019	2/13/2024	2.50%	Non-Callable	\$ 500,000	\$ 535,657	\$ 525,172	2.12%
Federal Farm Credit Bank	2.45	12/11/2019	3/11/2024	1.55%	Non-Callable	\$ 500,000	\$ 520,508	\$ 513,323	2.12%
Federal Farm Credit Bank	2.72	9/17/2020	6/17/2024	0.39%	Callable 12/27/20	\$ 1,000,000	\$ 1,000,001	\$ 997,025	4.24%
Federal Farm Credit Bank	2.97	10/2/2019	9/17/2024	1.60%	Non-Callable	\$ 500,000	\$ 525,022	\$ 515,152	2.12%
Federal Farm Credit Bank	3.19	12/9/2020	12/9/2024	0.44%	Callable 12/9/21	\$ 1,000,000	\$ 999,041	\$ 995,065	4.24%
Federal Natl Mortgage Assn	3.27	1/30/2020	1/7/2025	1.63%	Non-Callable	\$ 500,000	\$ 526,089	\$ 516,692	2.12%
Federal Home Loan Mtg Corp	3.66	6/12/2020	5/27/2025	0.50%	Callable 11/27/20	\$ 1,000,000	\$ 994,219	\$ 990,066	4.24%
Farmer Mac	3.79	7/17/2020	7/14/2025	0.50%	Non-Callable	\$ 1,000,000	\$ 1,000,752	\$ 990,174	4.24%
Federal Home Loan Mtg Corp	3.98	10/23/2020	9/23/2025	0.38%	Non-Callable	\$ 1,000,000	\$ 998,216	\$ 982,623	4.24%
Federal Farm Credit Bank	4.06	12/4/2020	10/21/2025	0.52%	Callable 10/21/21	\$ 1,000,000	\$ 1,000,027	\$ 990,241	4.24%
						<u>\$ 14,520,000</u>	<u>\$ 14,798,629</u>	<u>\$ 14,638,475</u>	<u>61.58%</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	0.01%
Washington Federal	Business checking account	0.15%	\$ 9,009,456	38.21%
Washington Federal	Revolving checking account	0.00%	\$ 590	0.00%
Snohomish County	Tax collections	0.00%	\$ 8,331	0.04%
Washington LGIP	Short-term investments	0.09%	\$ 40,421	0.16%
			<u>\$ 9,059,998</u>	
<b>Total Cash and Investments</b>			<u>\$ 23,579,998</u>	100%

**Capital Replacement Reserve consists of:**

Investments	\$ 13,520,000
Cash	<u>\$ 2,306,301</u>
	<u>\$ 15,826,301</u>

**Environmental Reserve consists of:**

Investments	\$ 1,000,000
Cash	<u>\$ 61,765</u>
	<u>\$ 1,061,765</u>

**Public Amenities Reserve consists of:**

Cash	<u>\$ 61,463</u>
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**Operating Reserve consists of:**

Cash	<u>\$ 5,938,898</u>
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**Tenant Security Deposits consists of:**

Cash	<u>\$ 691,571</u>
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**Public Amenities Reserve Summary**

Beginning Balance 1/1/21	\$ 135,968
Interest Earned	\$ 852
Property Taxes Allocated	\$ 127,500
Project Costs - Trellis and 40% of North Seawall and Portwalk	<u>\$ (202,857)</u>
Ending Balance 9/30/21	<u>\$ 61,463</u>