

COMMISSION MEETING

INFORMATION

Date: August 8, 2022

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

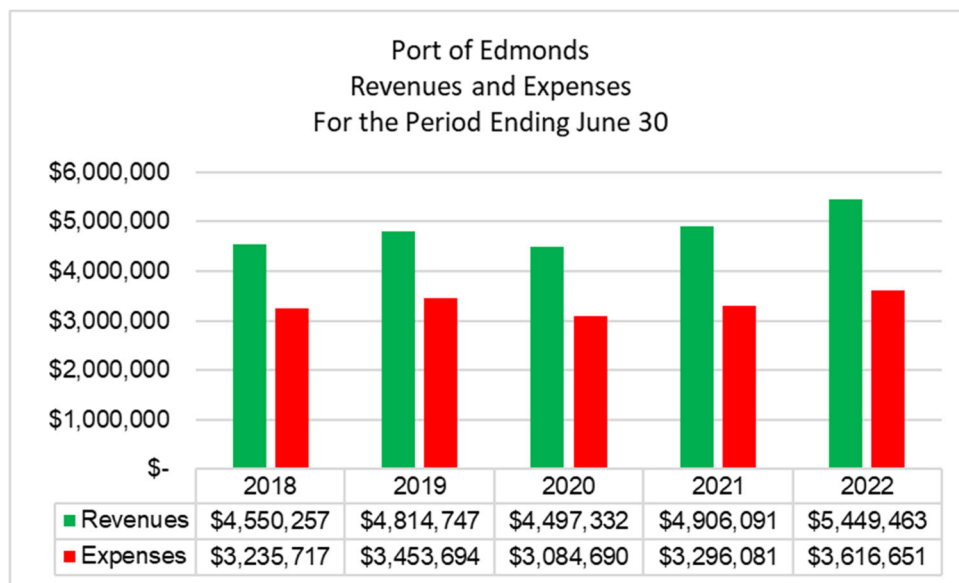
To: Port Commission

From: Tina Drennan
 Manager of Finance &
 Accounting

Attachments: June Income Statement
 June Marina Income Statement
 June Rental Property Income Statement
 Investment Report as of June 30, 2022
 Investing Transactions Report, 2nd Quarter

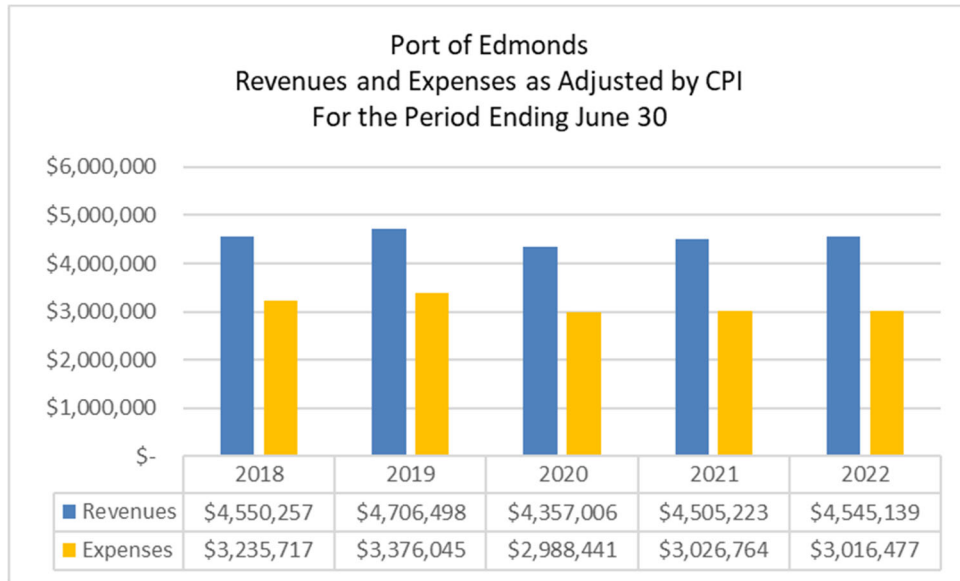
SUBJECT: SECOND QUARTER 2022 FINANCIAL STATEMENTS

Please find attached the second quarter 2022 financial statements.

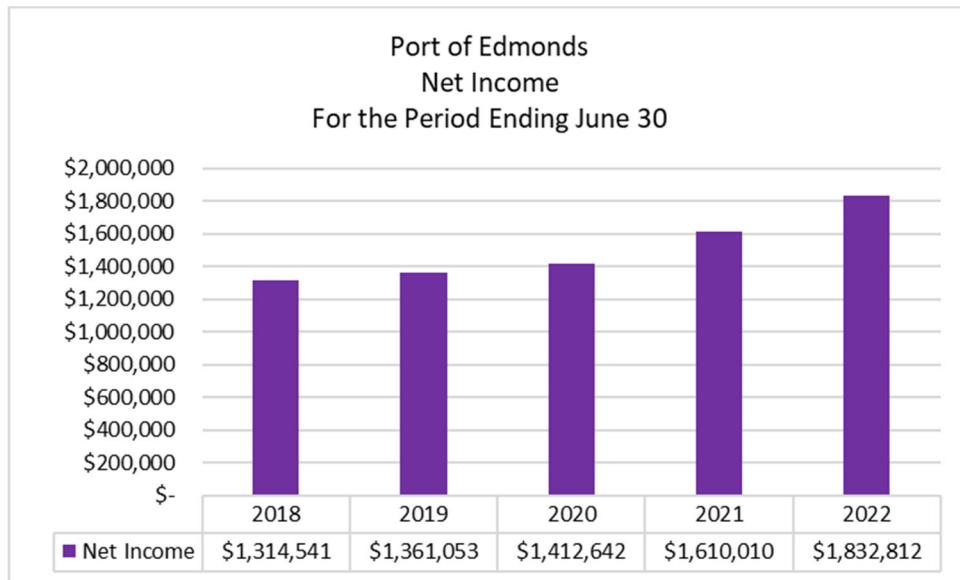


Revenues generally trended up from \$4.5 million in 2018 to \$5.5 million in 2022. Expenses ranged from \$3.2 million to \$3.6 million.

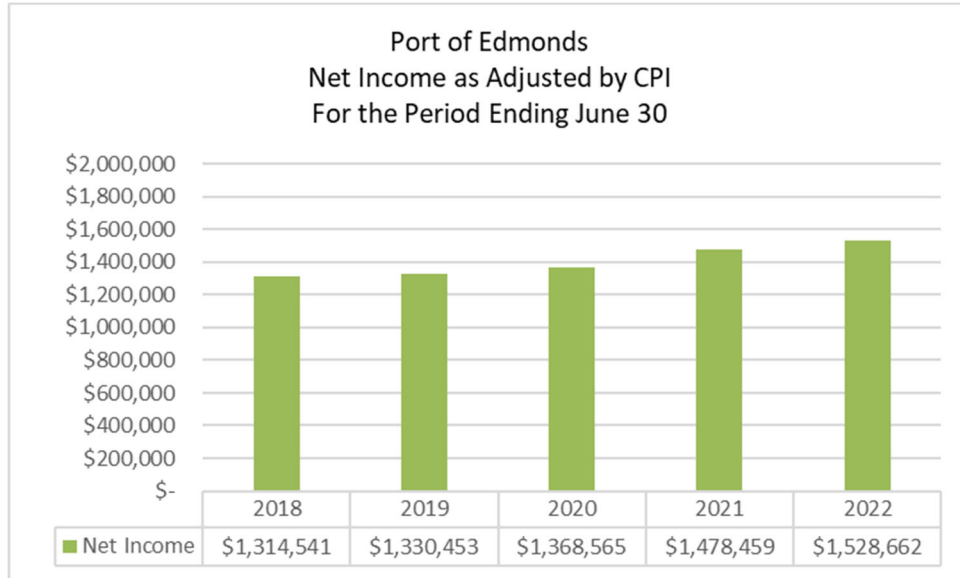
As inflation has dramatically increased from about this time in 2021, the graph below shows the Port's revenues and net income as adjusted by CPI using 2018 as the base period. CPI increased by 18.8% from June 2018 to June 2022.



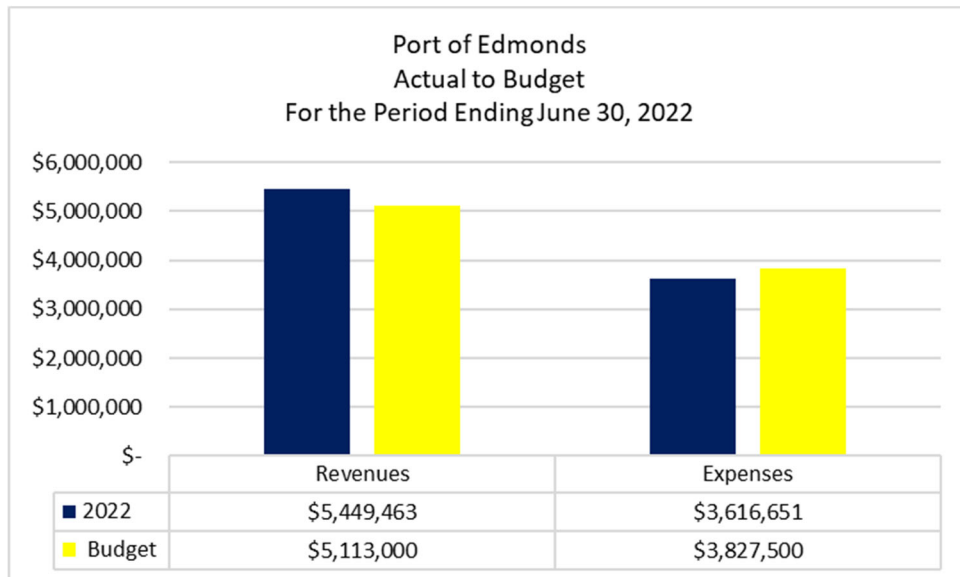
As adjusted by CPI, revenues averaged \$4.5 million. Expenses ranged between \$2.9 and \$3.4 million.



Net income generally trended up, ranging from \$1.3 million to \$1.8 million.



As adjusted by CPI, net income ranged from \$1.3 million to \$1.5 million.



Revenues were \$336,000 greater than budget. Expenses were \$211,000 less than budget.

Gross profit (revenues less cost of goods sold) for the six month period ending June 30, 2022, was \$4.5 million, which was \$149,000 greater than budget. Net income for the same period was \$1.8 million.

Marina Operations Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
FUEL SALES, NET	125,549	140,000	(14,451)	-10%
GUEST MOORAGE, NET	77,575	44,000	33,575	76%
PERMANENT MOORAGE	2,108,306	2,060,000	48,306	2%
DRY STORAGE	394,858	382,000	12,858	3%
WORKYARD	80,746	59,000	21,746	37%

Financial Occupancy:

	2018	2019	2020	2021	2022	2022 Budgeted
Moorage	95%	97%	97%	98%	100%	98%
Dry Storage	81%	87%	77%	88%	90%	87%

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	1,382,774	1,335,000	47,773	4%

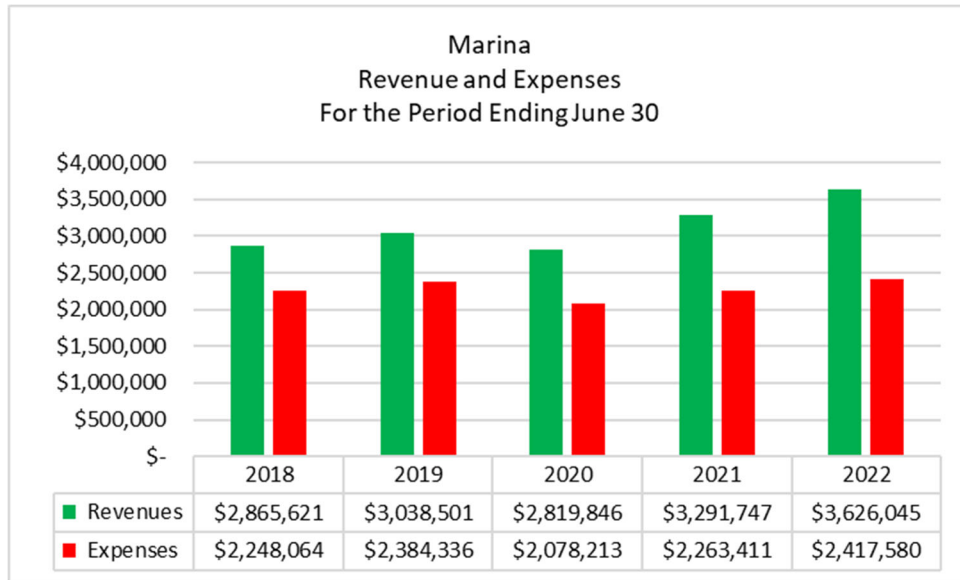
Operating expenses before depreciation for the six-month period were \$2.4 million, which is \$387,000 or 14% less than budget.

Operating Expenses Actual to Budget:

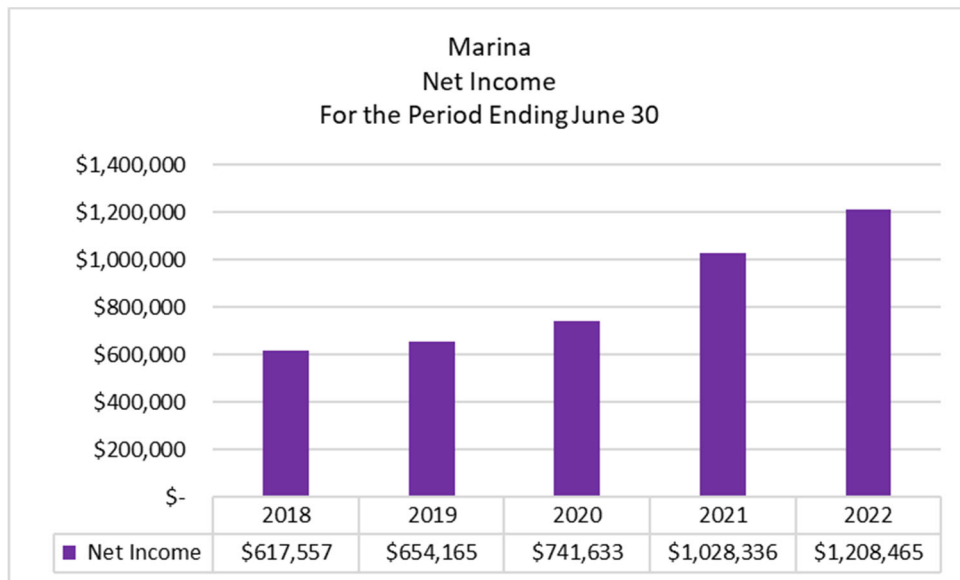
	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
AUDIT	-	38,000	38,000	100%
EMPLOYEE BENEFITS	347,761	380,000	32,239	8%
PAYROLL TAXES	128,724	156,000	27,276	17%
REPAIR & MAINTENANCE	146,304	192,500	46,196	24%
SALARIES & WAGES	1,072,074	1,206,500	134,426	11%
SUPPLIES	125,404	163,000	37,596	23%

Some of these staff expense variances are timing differences, as the pay period ending July 2nd includes staff costs from June 19th to June 30th. Net income for the six months ending June 30, 2022 was \$1.8 million, which is \$547,000 greater than budget.

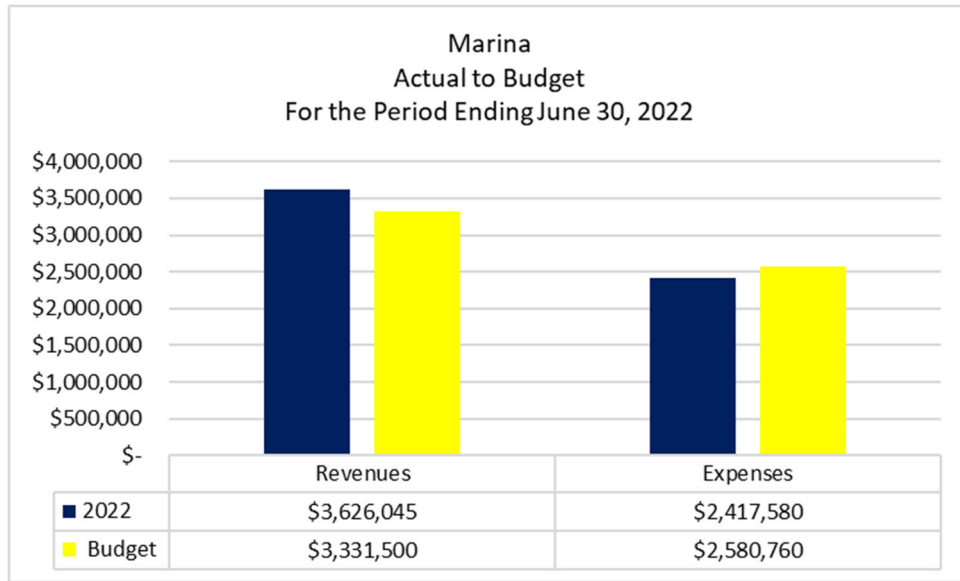
Marina Actual to Budget:



Revenues ranged between \$2.8 million and \$3.6 million. Expenses ranged from \$2 million to \$2.4 million.



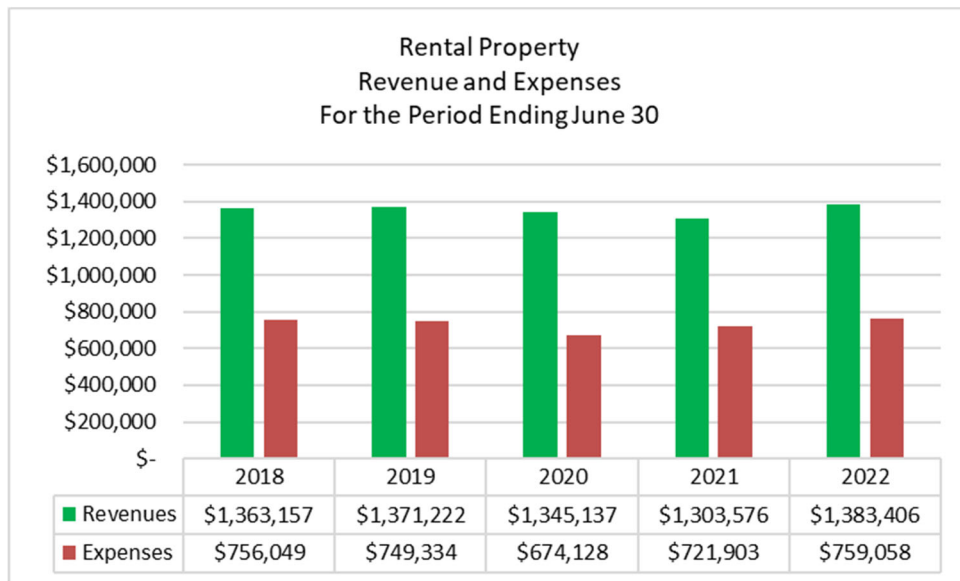
Net income trended up to \$1.2 million in 2022.



Revenues were \$295,000 greater than budget. Expenses were \$163,000 less than budget.

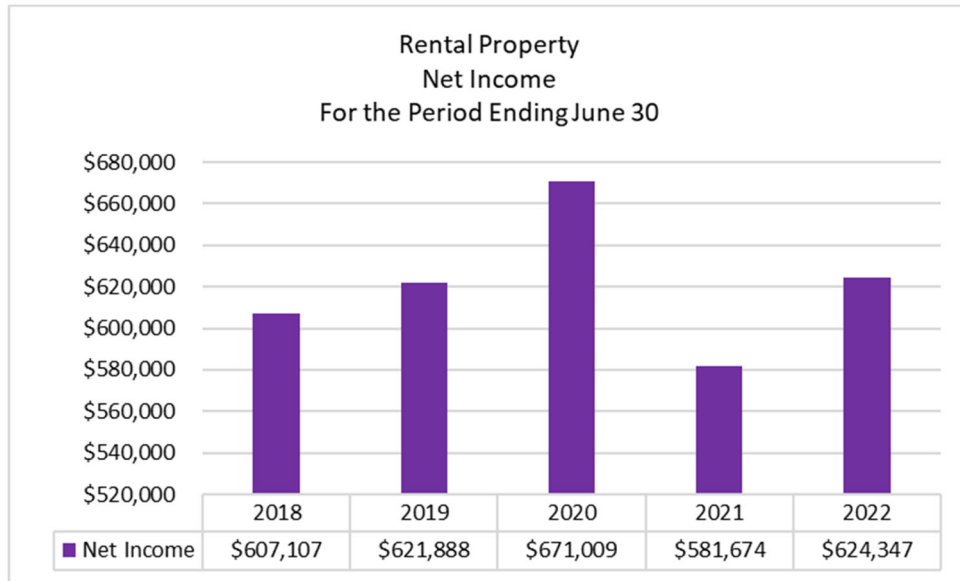
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 3,614,000	\$ 3,319,000	\$ 295,000	9%
Operating Expenses Before Depr, O/H	\$ 1,299,000	\$ 1,553,000	\$ (254,000)	-16%
Net Income	\$ 1,208,000	\$ 751,000	\$ 457,000	61%

Rental Property Actual to Budget:

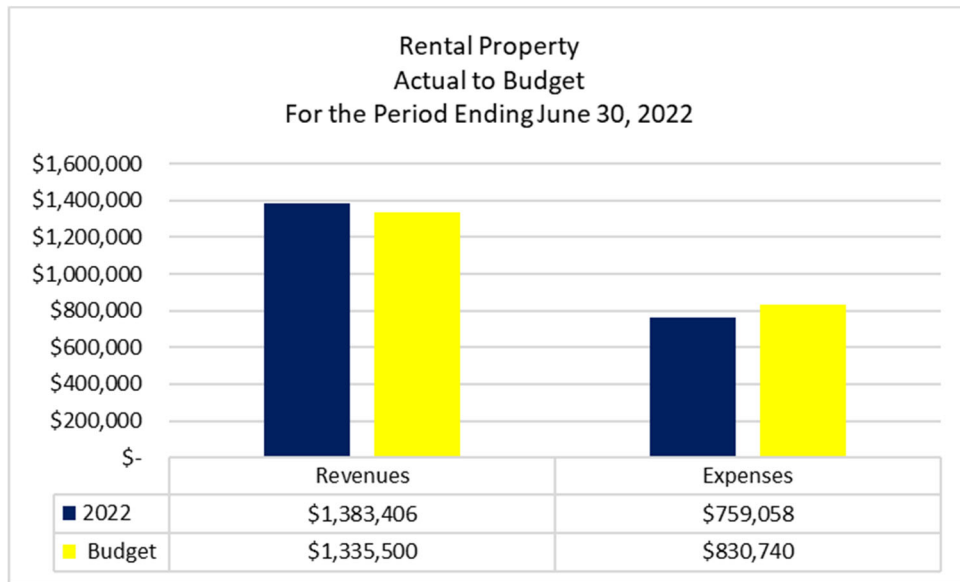


Rental Property revenues ranged from \$1.3 million to \$1.4 million. Expenses ranged from \$675,000 to \$760,000.

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. For comparison purposes, property tax revenue for 2018 and 2019 have been removed.



Net income ranged from \$582,000 to \$624,000.



Revenues were \$48,000 greater than budget. Expenses were \$72,000 less than budget.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 1,382,774	\$ 1,335,000	\$ 47,773	4%
Operating Expenses Before Depr, O/H	\$ 341,164	\$ 361,500	\$ (20,336)	-6%
Net Income	\$ 624,347	\$ 504,760	\$ 119,587	24%

Investing Summary:

- As of June 30, 2022, the Port had 20 long-term investments.
- The details of the Port's bond maturity and calls are attached.
- The \$520,000 US Treasury STRIP that matured on May 15, 2022 was matched with the US Treasury Note that matured on July 15, 2022 to make a new \$1 million investment. The additional \$20,000 was retained in the Port's interest bearing savings account.
- The Capital Replacement Reserve is currently \$19,015,000.
- The Environmental Reserve is currently \$1,067,000.
- The Public Amenities Reserve is currently \$269,000.
- As bonds are being called or maturing in 2022, the Port is continuing investing using the laddering method, with each investment at \$1 million.

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2022

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2021 TO DATE</u>
MARINA REVENUES			
ELECTRICAL FEES	85,125	86,000	84,283
ENVIRONMENTAL FEES	60,164	59,500	55,185
ENVIRONMENTAL FEE - WORKYARD	20,333	19,500	20,424
FUEL SALES	594,871	405,000	453,161
LAUNCHER	30,972	31,000	33,900
MISCELLANEOUS	50,477	53,500	52,474
GUEST MOORAGE	79,030	54,000	79,720
PERMANENT MOORAGE	2,108,306	2,060,000	1,938,866
PASSENGER FEES	11,926	9,000	8,465
DRY STORAGE	394,858	382,000	362,034
PARKING	40,374	49,500	31,427
TRAVELIFT	93,482	84,000	88,103
WORKYARD	80,746	59,000	85,167
LATE FEES	15,020	17,500	15,304
TOTAL MARINA REVENUE	<u>3,665,684</u>	<u>3,369,500</u>	<u>3,308,513</u>
RENTAL PROPERTY REVENUES			
HARBOR SQUARE LEASE REVENUE	807,738	763,500	743,810
HARBOR SQUARE CAMS	134,323	112,000	113,005
WEST SIDE LEASE REVENUE	136,048	154,000	127,851
HARBOR SQUARE LEASE INTEREST REVENUE	197,106	197,500	204,801
WEST SIDE LEASE INTEREST REVENUE	105,309	104,500	111,145
MISCELLANEOUS REVENUE	1,673	2,500	2,248
LATE FEES	577	1,000	716
TOTAL RENTAL PROPERTY REVENUE	<u>1,382,774</u>	<u>1,335,000</u>	<u>1,303,576</u>
COST OF GOODS SOLD			
COST OF SALES	39,279	42,000	34,413
ELECTRICAL PURCHASES	42,795	41,000	40,640
FUEL & OIL	469,322	265,000	332,768
LOAN-A-SLIP CREDITS	1,455	10,000	3,826
TOTAL COST OF GOODS SOLD	<u>552,851</u>	<u>358,000</u>	<u>411,646</u>
GROSS PROFIT	<u>4,495,607</u>	<u>4,346,500</u>	<u>4,200,443</u>

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2022

	<u>ACTUAL</u> <u>TO DATE</u>	<u>BUDGET</u> <u>TO DATE</u>	<u>2021</u> <u>TO DATE</u>
OPERATING EXPENSES			
ADVERTISING & NOTICES	4,999	6,500	3,322
AUDIT	-	38,000	-
AUTOMOBILE AND EQUIPMENT FUEL	14,530	11,000	8,451
BANK CHARGES	2,851	3,500	2,625
BUSINESS TAXES	12,295	12,500	11,516
CLAIMS & DAMAGES	7,114	5,000	1,163
COMMUNICATIONS	-	10,000	4,393
ECONOMIC DEVELOPMENT & TOURISM	7,161	13,500	5,242
EDUCATION	9,917	13,500	1,497
EMPLOYEE BENEFITS	347,761	380,000	357,557
HAZARDOUS WASTE DISPOSAL	506	4,500	1,412
INSURANCE	147,779	155,500	128,904
LICENSES & PERMITS	2,131	1,500	1,995
MARKETING	509	13,500	2,180
MEALS	906	2,000	595
MEMBERSHIP DUES	9,678	10,000	9,550
OFFICE	44,118	63,500	40,987
PAYROLL TAXES	128,724	156,000	126,811
PROFESSIONAL SERVICES	46,417	52,500	56,487
PROMOTIONAL HOSTING	427	1,500	-
RENT	8,726	7,500	8,471
REPAIR & MAINTENANCE	146,304	192,500	119,307
SALARIES & WAGES	1,072,074	1,206,500	980,073
SUPPLIES	125,404	163,000	111,469
TRAVEL	8,551	12,500	2,497
UNIFORMS	4,908	7,000	4,588
UTILITIES	226,583	224,500	216,526
OPERATING EXPENSES BEFORE DEPR	<u>2,380,372</u>	<u>2,767,500</u>	<u>2,207,617</u>
DEPRECIATION AND AMORTIZATION	683,201	702,000	676,818
TOTAL OPERATING EXPENSES	<u>3,063,573</u>	<u>3,469,500</u>	<u>2,884,435</u>
 INCOME FROM OPERATIONS	 1,432,034	 877,000	 1,316,009
 OTHER (INCOME)/EXPENSE			
(GAIN)/LOSS ON FIXED ASSETS	-	-	(1,488)
CHANGE IN FAIR VALUE OF INVESTMENTS	4,625	-	2,541
INTEREST INCOME	(96,372)	(75,500)	(92,231)
INTEREST EXPENSE ON LEASED ASSET LIABILITY	227	-	-
PROPERTY TAXES	(309,259)	(303,000)	(202,824)
OPERATING GRANTS	-	(30,000)	-
TOTAL OTHER (INCOME)/EXPENSE	<u>(400,778)</u>	<u>(408,500)</u>	<u>(294,001)</u>
 NET INCOME	 <u>1,832,812</u>	 <u>1,285,500</u>	 <u>1,610,010</u>

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2022

	ACTUAL <u>TO DATE</u>	BUDGET <u>TO DATE</u>	2021 <u>TO DATE</u>
REVENUES			
ELECTRICAL FEES	85,125	86,000	84,283
ENVIRONMENTAL FEES	60,164	59,500	55,185
ENVIRONMENTAL FEE - WORKYARD	20,333	19,500	20,424
FUEL SALES	594,871	405,000	453,161
LAUNCHER	30,972	31,000	33,900
MISCELLANEOUS	22,036	27,000	27,797
GUEST MOORAGE	79,030	54,000	79,720
PERMANENT MOORAGE	2,108,306	2,060,000	1,938,866
PASSENGER FEES	11,926	9,000	8,465
DRY STORAGE	394,858	382,000	362,034
PARKING	16,675	25,500	14,339
TRAVELIFT	93,482	84,000	88,103
WORKYARD	80,746	59,000	85,167
LATE FEES	15,020	17,500	15,304
GROSS REVENUE	<u>3,613,545</u>	<u>3,319,000</u>	<u>3,266,747</u>
COST OF GOODS SOLD			
COST OF SALES	38,672	41,000	33,864
ELECTRICAL PURCHASES	42,795	41,000	40,640
FUEL & OIL	469,322	265,000	332,768
LOAN-A-SLIP CREDITS	1,455	10,000	3,826
TOTAL COST OF GOODS SOLD	<u>552,245</u>	<u>357,000</u>	<u>411,097</u>
GROSS PROFIT	<u>3,061,300</u>	<u>2,962,000</u>	<u>2,855,650</u>
OPERATING EXPENSES			
ADVERTISING	2,295	2,500	1,645
AUTO AND EQUIPMENT FUEL	7,084	6,000	3,584
BUSINESS TAXES	12,263	12,500	11,493
CLAIMS AND DAMAGES	7,114	5,000	1,163
EDUCATION AND TRAINING	3,101	5,000	52
EMPLOYEE BENEFITS	183,344	207,000	197,535
HAZARDOUS WASTE DISPOSAL	506	4,500	1,412
INSURANCE	107,570	113,000	93,371
LICENSES & PERMITS	2,081	1,500	1,901
MARKETING	509	10,000	2,048
OFFICE	8,205	12,000	5,807
PAYROLL TAXES	83,241	109,500	87,397
PROFESSIONAL SERVICES	6,943	4,000	12,456
RENT	8,726	7,500	8,471
REPAIR & MAINTENANCE	70,069	85,000	33,261
SALARIES & WAGES	650,844	770,000	620,149
SUPPLIES	52,623	99,500	73,952
UTILITIES	92,063	98,500	93,365
OPERATING EXPENSES BEFORE DEPR & OH	<u>1,298,582</u>	<u>1,553,000</u>	<u>1,249,061</u>
DEPRECIATION AND AMORTIZATION	346,805	350,000	348,635
OVERHEAD ALLOCATION	219,948	320,760	254,618
TOTAL OPERATING EXPENSES	<u>1,865,335</u>	<u>2,223,760</u>	<u>1,852,314</u>
INCOME FROM OPERATIONS	<u>1,195,965</u>	<u>738,240</u>	<u>1,003,337</u>
OTHER (INCOME)/EXPENSES			
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
PROPERTY TAX ALLOCATION - LAUNCHER	(12,500)	(12,500)	(25,000)
OPERATING GRANTS	-	-	-
TOTAL OTHER (INCOME)/EXPENSES	<u>(12,500)</u>	<u>(12,500)</u>	<u>(25,000)</u>
NET INCOME	<u>1,208,465</u>	<u>750,740</u>	<u>1,028,336</u>

PORT OF EDMONDS
RENTAL PROPERTY
FOR THE PERIOD ENDING JUNE 30, 2022

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2021 TO DATE</u>
REVENUES			
HARBOR SQUARE LEASE REVENUE	807,738	763,500	743,810
HARBOR SQUARE CAMS	134,323	112,000	113,005
WEST SIDE LEASE REVENUE	136,048	154,000	127,851
HARBOR SQUARE LEASE INTEREST REVENUE	197,106	197,500	204,801
WEST SIDE LEASE INTEREST REVENUE	105,309	104,500	111,145
MISCELLANEOUS REVENUE	1,673	2,500	2,248
LATE FEES	577	1,000	716
TOTAL REVENUE	<u>1,382,774</u>	<u>1,335,000</u>	<u>1,303,576</u>
COST OF GOODS SOLD	<u>278</u>	<u>500</u>	<u>353</u>
GROSS PROFIT	<u>1,382,495</u>	<u>1,334,500</u>	<u>1,303,223</u>
 OPERATING EXPENSES			
ADVERTISING	316	500	-
AUTO AND EQUIPMENT FUEL	122	500	271
BUSINESS TAXES	31	-	23
EMPLOYEE BENEFITS	28,130	28,000	26,878
INSURANCE	34,724	36,500	30,702
OFFICE	763	1,000	811
PAYROLL TAXES	9,288	9,500	7,957
PROFESSIONAL SERVICES	4,005	2,500	480
REPAIR & MAINTENANCE	66,176	78,500	55,246
SALARIES & WAGES	100,257	106,000	86,826
SUPPLIES	14,008	18,000	7,739
UTILITIES	83,344	80,500	75,795
OPERATING EXPENSES BEFORE DEPR & OH	<u>341,164</u>	<u>361,500</u>	<u>292,726</u>
DEPRECIATION	304,309	303,500	297,656
OVERHEAD ALLOCATION	113,307	165,240	131,167
TOTAL OPERATING EXPENSES	<u>758,780</u>	<u>830,240</u>	<u>721,550</u>
INCOME FROM OPERATIONS	<u>623,715</u>	<u>504,260</u>	<u>581,674</u>
 OTHER (INCOME)/EXPENSES			
INTEREST INCOME	(632)	(500)	-
(GAIN)/LOSS ON FIXED ASSETS	-	-	-
TOTAL OTHER (INCOME)/EXPENSE	<u>(632)</u>	<u>(500)</u>	<u>-</u>
NET INCOME	<u><u>624,347</u></u>	<u><u>504,760</u></u>	<u><u>581,674</u></u>

Port of Edmonds
Investment Report
As of June 30, 2022

Long-Term Investments (1 year or more until maturity when purchased) 6/30/2022

<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 6/30/2022</u>	<u>Percent of Portfolio</u>	<u>G/L</u>
US Treasury Note	0.04	12/10/2019	7/15/2022	1.75%	Non-Callable	\$ 500,000	\$ 503,949	\$ 500,090	1.87%	1488-00
Federal National Mortgage Association	0.19	12/5/2019	9/6/2022	1.38%	Non-Callable	\$ 500,000	\$ 504,209	\$ 499,569	1.87%	1486-00
US Treasury Note	0.29	12/17/2019	10/15/2022	1.38%	Non-Callable	\$ 500,000	\$ 504,538	\$ 498,871	1.87%	1493-00
Federal Home Loan Bank	0.44	11/15/2019	12/9/2022	1.88%	Non-Callable	\$ 500,000	\$ 506,089	\$ 499,011	1.87%	1412-00
Federal Natl Mortgage Assn	0.56	12/14/2018	1/19/2023	2.38%	Non-Callable	\$ 500,000	\$ 511,154	\$ 499,539	1.87%	1476-00
US Treasury Note	0.75	12/5/2019	3/31/2023	1.50%	Non-Callable	\$ 500,000	\$ 506,133	\$ 495,137	1.87%	1485-00
Federal Home Loan Bank	0.94	6/3/2019	6/9/2023	2.13%	Non-Callable	\$ 500,000	\$ 510,574	\$ 495,916	1.87%	1478-00
Federal Farm Credit Bank	1.12	8/27/2019	8/14/2023	1.60%	Non-Callable	\$ 500,000	\$ 509,359	\$ 492,201	1.87%	1452-00
Federal Farm Credit Bank	1.34	11/7/2019	11/1/2023	1.60%	Non-Callable	\$ 500,000	\$ 510,278	\$ 491,133	1.87%	1411-00
Federal Home Loan Bank	1.62	2/21/2019	2/13/2024	2.50%	Non-Callable	\$ 500,000	\$ 517,974	\$ 495,683	1.87%	1477-00
Federal Farm Credit Bank	1.70	12/11/2019	3/11/2024	1.55%	Non-Callable	\$ 500,000	\$ 510,531	\$ 488,740	1.87%	1490-00
Federal Farm Credit Bank	1.97	9/17/2020	6/17/2024	0.39%	Callable 12/27/20	\$ 1,000,000	\$ 988,546	\$ 948,918	3.74%	1420-00
Federal Farm Credit Bank	2.22	10/2/2019	9/17/2024	1.60%	Non-Callable	\$ 500,000	\$ 508,485	\$ 484,656	1.87%	1481-00
Federal Farm Credit Bank	2.45	12/9/2020	12/9/2024	0.44%	Callable 12/9/21	\$ 1,000,000	\$ 983,956	\$ 937,707	3.74%	1423-00
Federal Natl Mortgage Assn	2.53	1/30/2020	1/7/2025	1.63%	Non-Callable	\$ 500,000	\$ 508,545	\$ 481,518	1.87%	1415-00
Federal Home Loan Mtg Corp	2.91	6/12/2020	5/27/2025	0.50%	Callable 11/27/20	\$ 1,000,000	\$ 979,963	\$ 920,219	3.74%	1418-00
Farmer Mac	3.04	7/17/2020	7/14/2025	0.50%	Non-Callable	\$ 1,000,000	\$ 978,057	\$ 922,885	3.74%	1419-00
Federal Home Loan Mtg Corp	3.24	10/23/2020	9/23/2025	0.38%	Non-Callable	\$ 1,000,000	\$ 972,830	\$ 913,918	3.74%	1421-00
Federal Farm Credit Bank	3.31	12/4/2020	10/21/2025	0.52%	Callable 10/21/21	\$ 1,000,000	\$ 972,830	\$ 912,652	3.74%	1422-00
US Treasury Notes	3.67	3/18/2022	2/28/2026	0.50%	Non-Callable	\$ 1,000,000	\$ 943,830	\$ 907,812	3.74%	1494-00
						\$ 13,500,000	\$ 13,431,830	\$ 12,886,170	50.47%	

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	1.24%	\$ 13,202,730	49.36%
Washington Federal	Revolving checking account	0.00%	\$ 3,076	0.01%
Snohomish County	Tax collections	0.00%	\$ 2,046	0.01%
Washington LGIP	Short-term investments	1.01%	\$ 40,516	0.16%
			<u>\$ 13,249,368</u>	
Total Cash and Investments			<u>\$ 26,749,368</u>	100%

Capital Replacement Reserve consists of:

Investments	\$ 12,500,000
Cash	\$ 6,515,392
	<u>\$ 19,015,392</u>

Environmental Reserve consists of:

Investments	\$ 1,000,000
Cash	\$ 67,492
	<u>\$ 1,067,492</u>

Public Amenities Reserve consists of:

Cash	<u>\$ 268,855</u>
------	-------------------

Operating Reserve consists of:

Cash	<u>\$ 5,667,160</u>
------	---------------------

Tenant Security Deposits consists of:

Cash	<u>\$ 730,468</u>
------	-------------------

Public Amenities Reserve Summary

Beginning Balance 1/1/22	\$ 65,996
Interest Earned	\$ 415
Property Taxes Allocated	\$ 215,500
Project Costs - 40% of North Seawall and Portwalk	\$ (13,056)
Ending Balance 6/30/2022	<u>\$ 268,855</u>

Port of Edmonds
Investing Transactions Report
April 1, 2022 to June 30, 2022

Matured or Called		<u>Called or</u>	<u>Remaining</u>	<u>Final</u>	<u>Callable/</u>	<u>Par</u>	<u>Range of Liquid Funds</u>	
<u>Security</u>	<u>Matured</u>	<u>Life</u>	<u>Purchased</u>	<u>Maturity</u>	<u>Non-Callable</u>	<u>Value</u>	<u>During Ownership</u>	
US Treasury STRIP	Matured		12/10/2019	5/15/2022	0.00% Non-Callable	\$ 520,000	0.10%	1.55%
						\$ 520,000		
Purchases		<u>Remaining</u>	<u>Purchased</u>	<u>Final</u>	<u>Coupon</u>	<u>Callable/</u>	<u>Par</u>	<u>Purchased</u>
<u>Security</u>		<u>Life</u>	<u>Purchased</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Non-Callable</u>	<u>Value</u>	<u>Value</u>
							\$ -	\$ -