



COMMISSION MEETING

INFORMATION

Date: November 14, 2016

Staff Review: Port Attorney
 Deputy Director
 Finance Manager
 Facilities Maintenance Manager

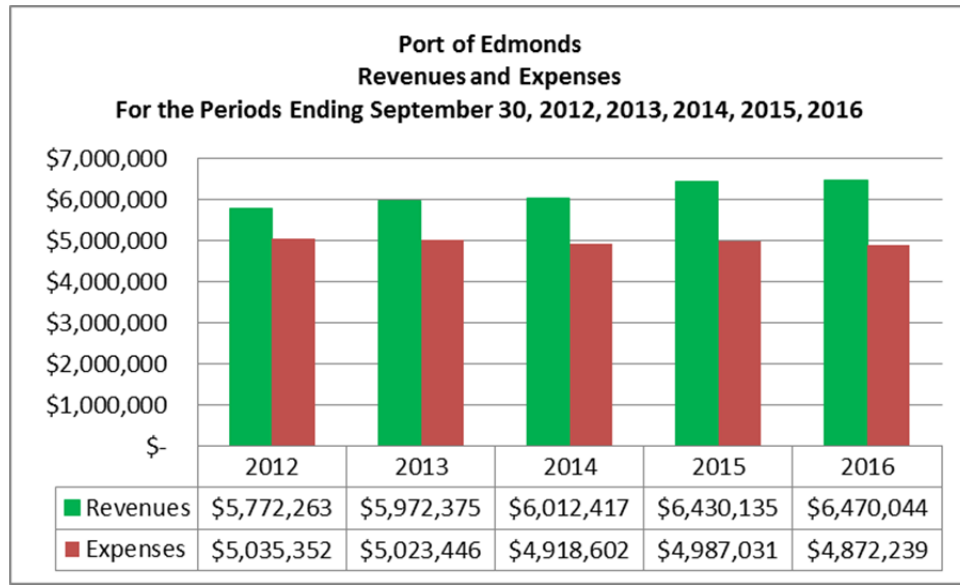
To: Port Commission

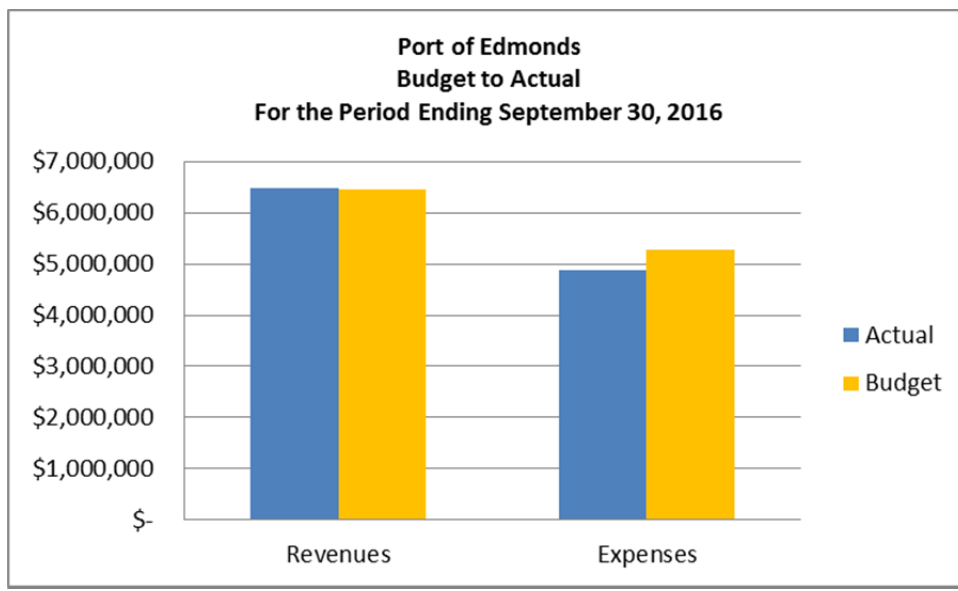
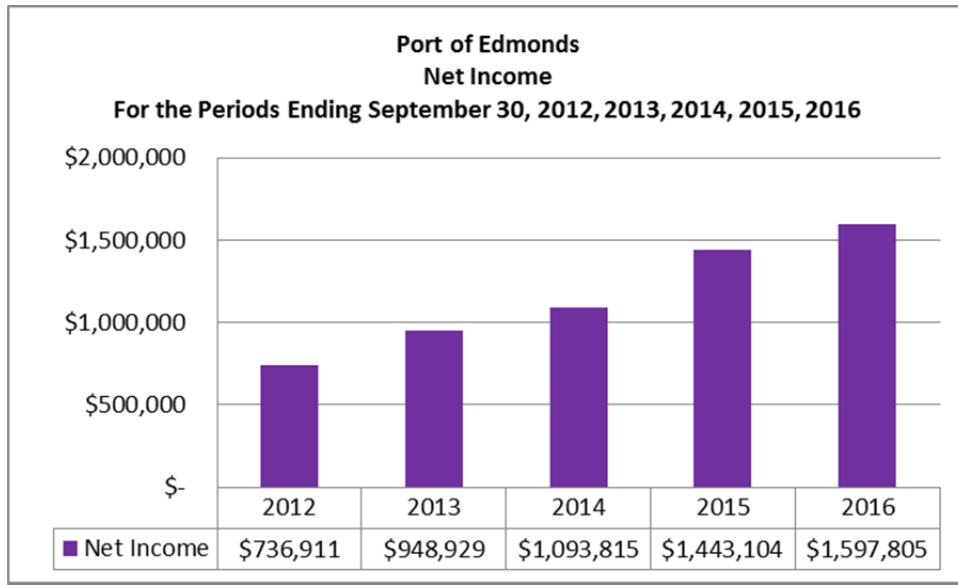
From: Tina Drennan
 Finance Manager

Attachments: September Income Statement
 September Marina Income Statement
 September Rental Property Income Statement
 Investment Report as of September 30, 2016

SUBJECT: 3RD QUARTER 2016 FINANCIAL STATEMENTS

Please find attached the third quarter 2016 financial statements.





Gross profit for the nine month period ending September 30, 2016, was \$5,507,867, which is \$275,147 or 5.2% greater than budget. Net income for the same period was \$1,597,805.

Marina Operations Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Fuel Sales, Net	166,933	107,000	59,933	56.01%
Launcher	66,339	89,000	(22,661)	-25.46%
Miscellaneous	78,320	57,750	20,570	35.62%
Permanent Moorage	2,405,172	2,394,000	11,172	0.47%
Dry Storage Revenue	501,166	533,000	(31,834)	-5.97%
Parking	39,424	27,000	12,424	46.01%
Travelift	100,570	77,000	23,570	30.61%
Workyard	77,423	44,250	33,173	74.97%
Late Fees	31,096	15,000	16,096	107.31%

Rental Properties Revenue Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Harbor Square Property	1,288,895	1,221,750	67,145	5.50%
Anthony's	215,646	229,220	(13,574)	-5.92%

Operating expenses without depreciation for the nine month period were \$2,791,642, which is \$133,008 or 4.5% less than budget.

Operating Expenses Actual to Budget:

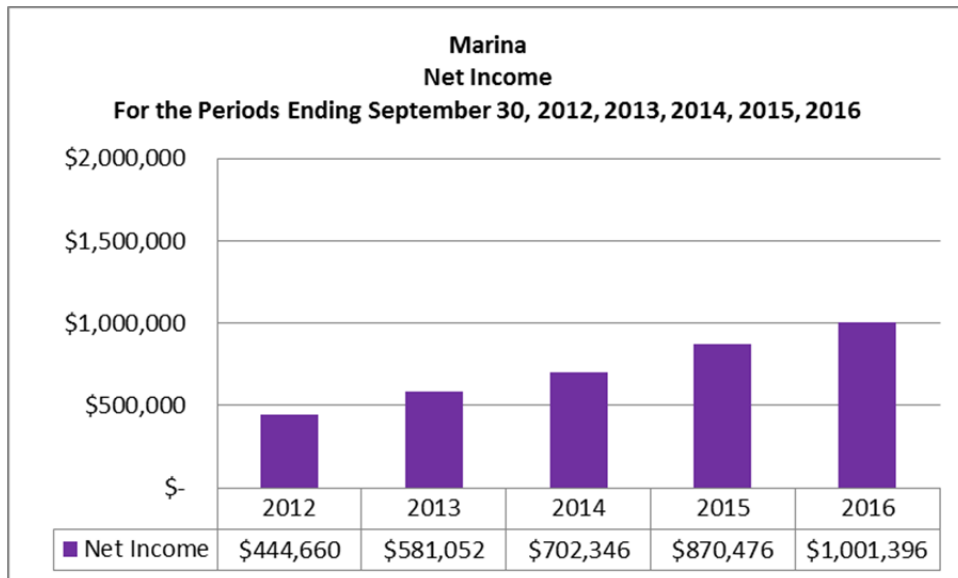
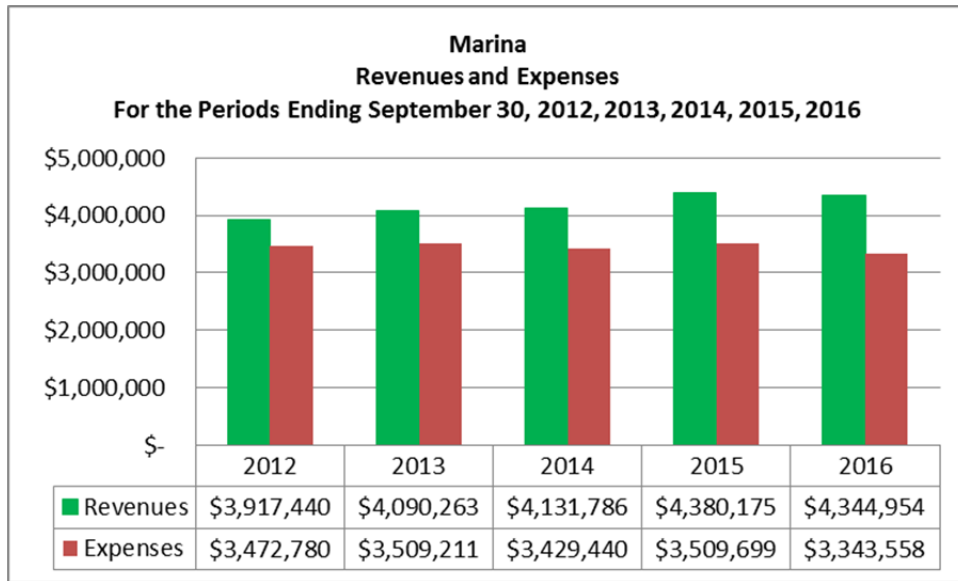
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Employee Benefits	408,098	428,250	20,152	4.71%
Master Business Plan	56,051	3,750	(52,301)	-1394.69%
Office	42,151	52,500	10,349	19.71%
Payroll Taxes	134,096	151,500	17,404	11.49%
Repair & Maintenance	149,124	178,500	29,376	16.46%
Salaries & Wages	1,175,854	1,230,375	54,521	4.43%
Supplies	121,965	140,250	18,285	13.04%
Utilities	269,152	291,000	21,848	7.51%
Depreciation	1,258,382	1,320,000	61,618	4.67%

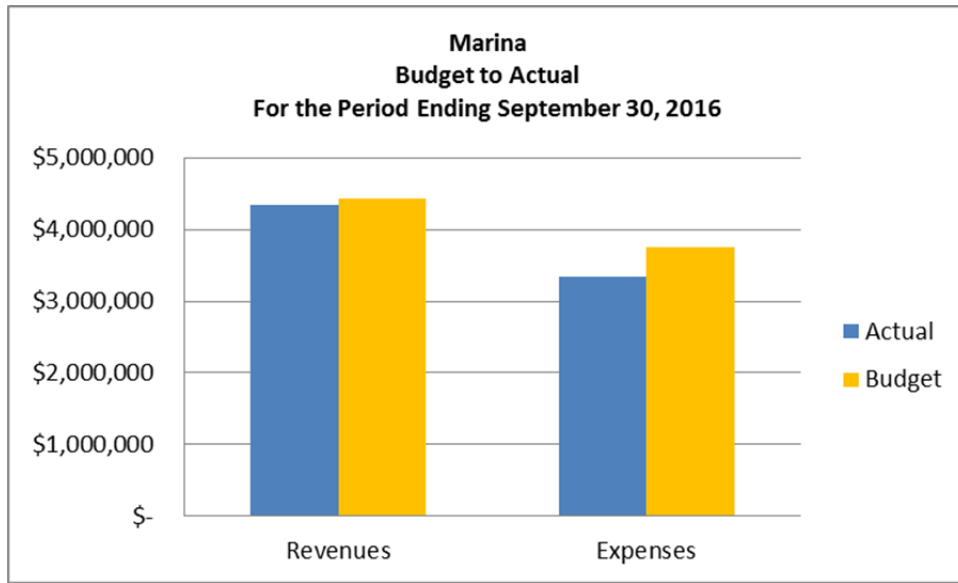
Non-Operating Items – Expenses (Revenues) Actual to Budget:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Interest Income	(49,470)	(30,375)	19,095	62.86%

Net income for the nine months ending September 30, 2016 was \$1,597,805, which is \$417,110 or 35% greater than budget.

Marina Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	4,305,710	4,386,000	(80,290)	-1.83%
Operating Expenses Before Depr, O/H	2,149,735	2,414,875	(265,140)	-10.98%
Net Income	1,001,396	664,250	337,146	50.76%

Occupancy Water Moorage

End of 3rd Quarter	2012	2013	2014	2015	2016
Total Inventory	662	662	662	662	662
Occupancy-financials-YTD	95%	96%	97%	98%	98%

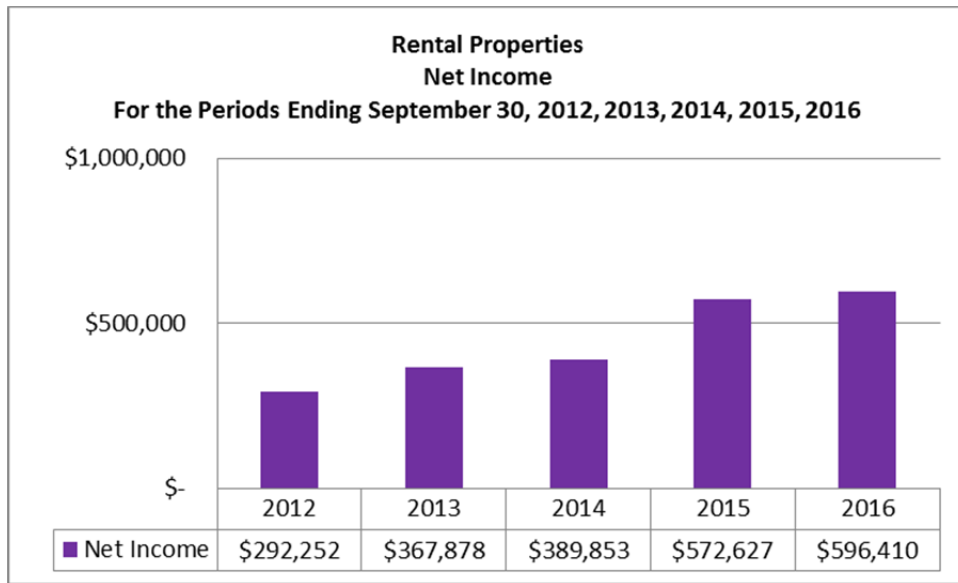
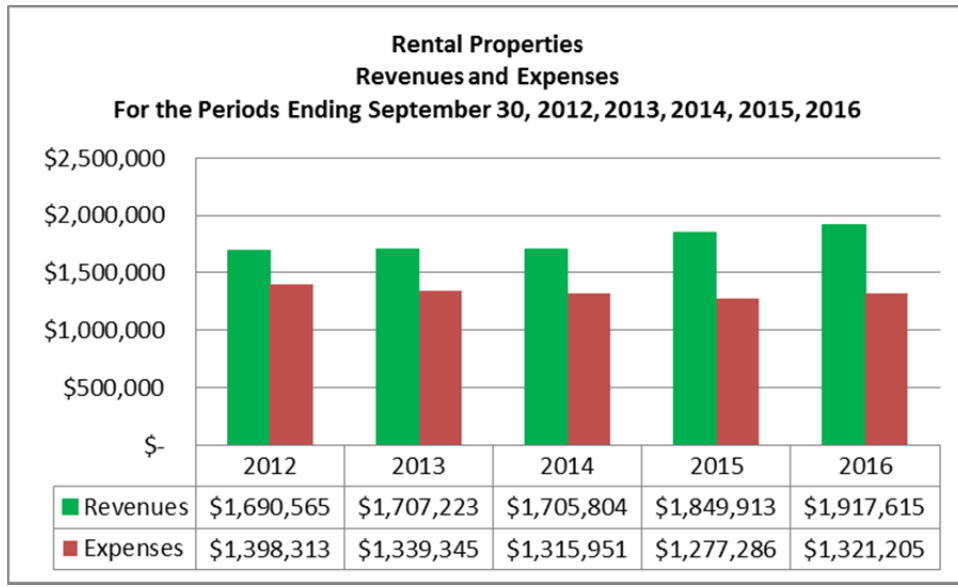
Occupancy Dry Storage

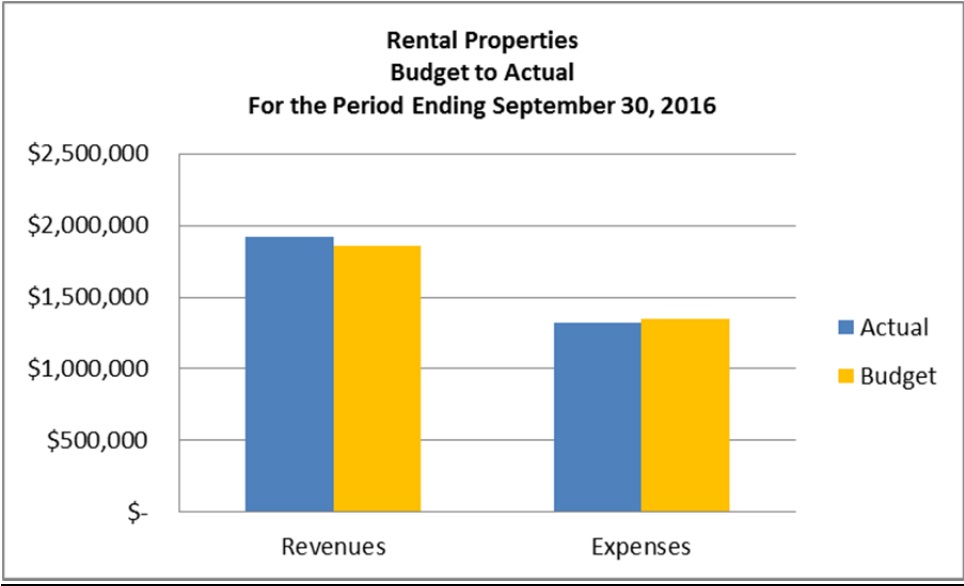
End of 3rd Quarter	2012	2013	2014	2015	2016
Total Inventory	232	232	232	233**	233
Occupancy-financials-YTD	100%	92%	90%	93%	86%

****Removed storage items from area which freed up space to add an additional ground rack and increase revenue.**

A total occupancy of 97% was budgeted for water moorage and a total occupancy of 89% was budgeted for dry storage.

Rental Property Actual to Budget:





	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	1,766,031	1,711,845	54,186	3.17%
Operating Expenses Before Depr, O/H	491,780	464,775	27,005	5.81%
Net Income	596,410	510,195	86,215	16.90%

Investing Summary:

- The Port has been investing for longer terms since December 2013.
- The Port has 10 long-term investments, with the first maturing in October 2016.
- In August, the Federal National Mortgage Association bond of \$500,000 with a coupon rate of 1.82% was called. The Port purchased the bond on 3/9/16. Over the life of the bond, the Port earned interest of \$2,211 and realized a gain of \$2,339.
- To replace the called bond, the Port purchased a Federal Farm Credit Bank bond of \$500,000 with a coupon rate of 1.44% that matures 8/16/21.
- In September, the Federal Farm Credit Bank bond of \$500,000 with a coupon rate of 1.86% was called. The Port purchased the bond on 9/23/15. Over the life of the bond, the Port earned interest of \$5,973.
- The Port earned interest of \$49,471 for the year to date, which is 20% more than interest earned in 2015 to date.
- The Capital Replacement Reserve is currently \$5,206,640, with a part of the reserve in Opus Bank and part invested long term.
- The Port has \$4,991,909 remaining in outstanding debt. \$970,391 of that is due within one year.

Banking Update:

The Port issued a request for proposal for banking services on October 12, 2016. Proposals were due November 2nd. Staff is reviewing the proposals and will work with the Finance Committee to bring a recommendation at the November 28th Commission meeting.

The Port issued a request for proposal for the Harbor Square loan on October 26, 2016. Proposals are due November 16th. Staff will review the proposals and will work with the Finance Committee to bring a recommendation to the Commission at the December 12th Commission meeting.

PORT OF EDMONDS
 INCOME STATEMENT
 MONTHS ENDED SEPTEMBER 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$42	0	110
ELECTRICAL FEES	92,903	97,500	88,487
ENVIRONMENTAL FEES	81,318	81,750	83,243
ENVIRONMENTAL FEE - WORKYARD	20,106	15,500	15,930
FUEL SALES	701,155	847,000	812,516
LAUNCHER	66,339	89,000	101,125
MISCELLANEOUS	78,320	57,750	59,163
GUEST MOORAGE	137,652	135,000	145,414
PERMANENT MOORAGE	2,405,172	2,394,000	2,349,503
PASSENGER FEES	9,396	0	5,414
DRY STORAGE REVENUE	501,166	533,000	523,981
PARKING	39,424	27,000	34,123
TRAVELIFT	100,570	77,000	83,985
WORKYARD	77,423	44,250	55,788
LATE FEES	31,096	15,000	10,738
GROSS REVENUE	4,342,082	4,413,750	4,369,520
COST OF GOODS SOLD:			
COST OF SALES	14,538	12,000	10,210
ELECTRICAL PURCHASES	44,800	45,000	43,954
FUEL & OIL	534,222	740,000	649,591
LOAN-A-SLIP CREDITS	6,686	4,875	7,414
TOTAL COST OF GOODS SOLD	600,246	801,875	711,169
GROSS PROFIT: MARINA OPER.	3,741,836	3,611,875	3,658,351
RENTAL PROPERTIES:			
HARBOR SQUARE PROPERTY	1,288,895	1,221,750	1,211,160
ANTHONY'S	215,646	229,220	229,662
BUD'S BAIT	5,666	4,000	5,606
EDMONDS YACHT SALES	2,615	2,625	2,574
HARBOR SQUARE ATHLETIC CLUB	92,516	93,000	91,223
POE 2 LLC	38,462	39,000	37,523
LANDING	81,696	81,750	81,696
YACHT CLUB	40,535	40,500	40,045
TOTAL RENTAL PROPERTIES	1,766,031	1,711,845	1,699,489
GROSS PROFIT	5,507,867	5,323,720	5,357,840

Note: The Marina Budget and the Rental Properties Budget will not equal the total budget because overhead is allocated by expense category and then allocated a second time to marina and rental property.

PORT OF EDMONDS
 INCOME STATEMENT
 MONTHS ENDED SEPTEMBER 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
OPERATING EXPENSES:			
AUDIT	\$24,638	23,000	0
ADVERTISING	8,935	5,625	3,755
ADVERTISING - MARKETING - MARI	8,360	5,625	6,660
AUTO AND EQUIPMENT FUEL	11,071	16,125	12,867
BAD DEBT EXPENSE	0	0	3,881
BANK CHARGES	1,805	2,250	1,059
BUSINESS TAXES	15,689	15,150	15,526
CLAIMS & DAMAGES	7,316	4,500	807
ECONOMIC DEVELOPMENT	13,457	15,000	15,226
EDUCATION & TRAINING	8,675	10,500	7,499
EMPLOYEE BENEFITS	408,098	428,250	400,725
HAZARDOUS WASTE DISPOSAL	13,326	13,500	12,323
INSURANCE	131,277	132,000	129,366
LICENSES & PERMITS	1,869	1,875	1,412
MARKETING	5,300	6,500	5,301
MASTER BUSINESS PLAN	56,051	3,750	11,006
MEALS	3,707	4,875	4,377
MEMBERSHIP DUES	12,034	12,750	13,347
MISCELLANEOUS	359	750	1,120
OFFICE	42,151	52,500	42,575
PAYROLL TAXES	134,096	151,500	144,579
PROMOTIONAL HOSTING	0	1,875	1,187
PROFESSIONAL FEES	138,601	146,250	143,354
RENT	9,427	9,750	9,152
REPAIR AND MAINTENANCE	149,124	178,500	151,052
SALARIES AND WAGES	1,175,854	1,230,375	1,155,660
SUPPLIES	121,965	140,250	144,919
TENANT IMPROVEMENTS	1,516	1,500	800
TRAVEL	12,717	12,375	11,057
UNIFORMS	5,072	6,750	5,994
UTILITIES	269,152	291,000	282,087
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OPERATING EXPENSES BEFORE DEPR	2,791,642	2,924,650	2,738,673
DEPRECIATION	1,258,382	1,320,000	1,271,346
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TOTAL OPERATING EXPENSES	4,050,024	4,244,650	4,010,019
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INCOME FROM OPERATIONS	1,457,843	1,079,070	1,347,821
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OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	221,969	228,750	304,224
INTEREST INCOME	(49,471)	(30,375)	(41,457)
(GAIN)/LOSS ON FIXED ASSETS	(1,744)	0	36,510
CHANGE IN FAIR VALUE OF INVEST	(5,615)	0	(14,741)
PROPERTY TAXES	(305,101)	(300,000)	(304,927)
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OTHER EXPENSE (INCOME), NET	(139,962)	(101,625)	(20,391)
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NET INCOME	<u>\$1,597,805</u>	<u>1,180,695</u>	<u>1,368,212</u>

Note: The Marina Budget and the Rental Properties Budget will not equal the total budget because overhead is allocated by expense category and then allocated a second time to marina and rental property.

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
MARINA OPERATIONS:			
REVENUE:			
CONCESSIONS	\$42	0	110
ELECTRICAL FEES	92,903	97,500	88,487
ENVIRONMENTAL FEES	81,318	81,750	83,243
ENVIRONMENTAL FEE - WORKYARD	20,106	15,500	15,930
FUEL SALES	701,155	847,000	812,516
LAUNCHER	66,339	89,000	101,125
MISCELLANEOUS	41,947	30,000	32,319
GUEST MOORAGE	137,653	135,000	145,415
PERMANENT MOORAGE	2,405,171	2,394,000	2,349,503
PASSENGER FEES	9,396	0	5,414
DRY STORAGE REVENUE	501,166	533,000	523,981
PARKING	39,424	27,000	34,122
TRAVELIFT	100,570	77,000	83,986
WORKYARD	77,423	44,250	55,788
LATE FEES	31,097	15,000	10,737
GROSS REVENUE	<u>4,305,710</u>	<u>4,386,000</u>	<u>4,342,676</u>
COST OF GOODS SOLD:			
COST OF SALES	14,538	12,000	10,210
ELECTRICAL PURCHASES	44,800	45,000	43,954
FUEL & OIL	534,222	740,000	649,591
LOAN-A-SLIP CREDITS	6,686	4,875	7,414
TOTAL COST OF GOODS SOLD	<u>600,246</u>	<u>801,875</u>	<u>711,169</u>
GROSS PROFIT: MARINA OPER.	<u>3,705,464</u>	<u>3,584,125</u>	<u>3,631,507</u>
OPERATING EXPENSES:			
ADVERTISING	9,083	5,625	7,476
AUTO AND EQUIPMENT FUEL	5,648	9,750	7,452
BAD DEBT EXPENSE	0	0	3,881
BUSINESS TAXES	15,595	15,000	15,433
CLAIMS & DAMAGES	7,317	4,500	808
EDUCATION & TRAINING	3,730	2,625	3,004
EMPLOYEE BENEFITS	239,913	234,000	228,639
HAZARDOUS WASTE DISPOSAL	13,326	13,500	12,324
INSURANCE	98,043	99,000	96,992
LICENSES & PERMITS	1,697	1,125	780
MARKETING	5,300	6,500	5,236
MISCELLANEOUS	(11)	375	384
OFFICE EXPENSE	12,446	15,750	12,008
PAYROLL TAXES	88,923	96,000	96,493
PROFESSIONAL FEES	2,618	21,000	3,520
RENT	9,426	9,750	9,152
REPAIR AND MAINTENANCE	51,754	57,000	65,143
SALARIES AND WAGES	780,774	792,000	771,095
SUPPLIES	59,440	75,750	83,306
UTILITIES	144,467	153,750	145,711
OPERATING EXPENSES BEFORE DEPR & O/H	<u>1,549,489</u>	<u>1,613,000</u>	<u>1,568,837</u>
DEPRECIATION	727,095	778,500	744,902
OVERHEAD ALLOCATION - MARINA	425,579	523,875	419,152
TOTAL OPERATING EXPENSES	<u>2,702,163</u>	<u>2,915,375</u>	<u>2,732,891</u>
INCOME FROM OPERATIONS	<u>1,003,301</u>	<u>668,750</u>	<u>898,616</u>
OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	41,149	42,000	89,885
PROPERTY TAX ALLOCATION - MARI	(37,500)	(37,500)	(37,500)
MISCELLANEOUS, NET	(1,744)	0	27,365
OTHER EXPENSE (INCOME), NET	<u>1,905</u>	<u>4,500</u>	<u>79,750</u>
NET INCOME	<u>\$1,001,396</u>	<u>664,250</u>	<u>818,866</u>

Note: Marina Revenues on the Port Income Statement are greater than the Marina Revenues on the Marina Income Statement because the Port Income Statement Marina Revenues include Miscellaneous Revenues that are coded to Overhead.

PORT OF EDMONDS
 RENTAL PROPERTY INCOME STATEMENT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	PRIOR YEAR
REVENUES:			
RENTAL PROPERTIES:			
MISCELLANEOUS - HS	\$3,092	0	61
HARBOR SQUARE PROPERTY	1,168,455	1,117,500	1,107,189
HARBOR SQUARE CAMS	116,567	98,250	100,245
HARB SQ OTHER REIMB EXPENSES	738	0	145
HARB SQ CONFERENCE ROOM REV	2,645	2,250	2,075
HS RENT ABATEMENT	(5,714)	0	(2,659)
LATE FEES - HARBOR SQUARE PROP	3,437	4,125	4,225
HARB SQ MEETING ROOM COSTS	(325)	(375)	(120)
ANTHONY'S	215,645	229,220	229,661
BUD'S BAIT	5,666	4,000	5,607
EDMONDS YACHT SALES	2,616	2,625	2,573
HARBOR SQUARE ATHLETIC CLUB	92,516	93,000	91,223
POE 2 LLC	38,462	39,000	37,524
LANDING	81,696	81,750	81,696
YACHT CLUB	40,535	40,500	40,044
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TOTAL RENTAL PROPERTIES	1,766,031	1,711,845	1,699,489
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GROSS PROFIT	1,766,031	1,711,845	1,699,489
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OPERATING EXPENSES:			
ADVERTISING	0	1,500	165
AUTO & EQUIPMENT FUEL	237	375	200
BANK CHARGES	318	375	1
BUSINESS TAXES	93	150	91
EMPLOYEE BENEFITS	23,949	24,750	21,677
INSURANCE	28,833	29,250	28,695
LEASE EXPENSES	12,167	0	0
MASTER BUSINESS PLAN	56,051	3,750	11,005
MISCELLANEOUS	355	375	736
PAYROLL TAXES	8,892	9,750	9,069
PROFESSIONAL FEES	84,997	77,250	77,763
REPAIR AND MAINTENANCE	83,147	105,750	73,195
SALARIES AND WAGES	78,008	83,250	72,943
SUPPLIES	10,036	12,000	10,519
TENANT IMPROVEMENTS	1,516	1,500	800
UTILITIES	103,181	114,750	115,032
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OPERATING EXPENSES BEFORE DEPR & O/H	491,780	464,775	421,891
DEPRECIATION	466,214	475,500	460,851
OVERHEAD ALLOCATION - RENTAL P	182,391	225,000	179,637
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TOTAL OPERATING EXPENSES	1,140,385	1,165,275	1,062,379
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INCOME FROM OPERATIONS	625,646	546,570	637,110
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OTHER EXPENSE (INCOME):			
INTEREST EXPENSE	180,820	186,750	214,339
INTEREST INCOME	(1,584)	(375)	(424)
GAIN (LOSS) ON FIXED ASSETS -	0	0	4,381
PROPERTY TAX ALLOCATION - RENT	(150,000)	(150,000)	(150,000)
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OTHER EXPENSE (INCOME), NET	29,236	36,375	68,296
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NET INCOME	\$596,410	510,195	568,814
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Port of Edmonds
Investment Report
As of September 30, 2016

Long-Term Investments (1 year or more until maturity when purchased)

Security	Remaining Life	Purchased	Final Maturity	Coupon	Par Value	Amortized Book Value	Market Value at 9/30/2016	Percent of Portfolio
Federal Home Loan Mtg Corp	0.04	12/10/2013	10/14/2016	0.875%	\$ 500,000	\$ 499,118	\$ 500,086	4.33%
FICO	1.17	9/24/2015	11/30/2017	0.000%	\$ 508,000	\$ 498,742	\$ 502,760	4.35%
Federal Natl Mortgage Assn	1.33	12/10/2013	1/30/2018	1.000%	\$ 500,000	\$ 497,517	\$ 500,044	4.33%
Federal Farm Credit Bank	2.08	10/23/2014	11/6/2018	1.100%	\$ 250,000	\$ 247,745	\$ 250,001	2.16%
Federal Farm Credit Bank	2.46	3/10/2016	2/22/2019	1.120%	\$ 500,000	\$ 500,000	\$ 499,902	4.33%
Federal Natl Mortgage Assn	2.71	10/23/2014	6/13/2019	1.300%	\$ 250,000	\$ 246,319	\$ 250,326	2.17%
Federal Home Loan Bank	3.08	10/23/2014	11/8/2019	1.450%	\$ 250,000	\$ 245,007	\$ 250,002	2.16%
Resolution Funding Corporation	3.79	9/27/2016	7/15/2020	0.000%	\$ 525,000	\$ 504,213	\$ 502,227	4.35%
Federal Farm Credit Bank	4.67	6/2/2016	6/2/2021	1.690%	\$ 500,000	\$ 500,953	\$ 500,966	4.34%
Federal Farm Credit Bank	4.88	8/15/2016	8/16/2021	1.440%	\$ 500,000	\$ 500,991	\$ 499,277	4.32%
					\$ 4,283,000	\$ 4,240,605	\$ 4,255,589	

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

Entity	Type	Interest Rate	Amount	
Port of Edmonds	Cash and change funds	0.00%	\$ 1,200	0.01%
Bank of Washington	Revolving checking account	0.00%	\$ 3,000	0.03%
Bank of Washington	Business checking account	0.45%	\$ 1,735,365	15.03%
Bank of Washington	Debt service account	0.45%	\$ 272,153	2.36%
Opus Bank	HS checking account	0.50%	\$ 971,955	8.42%
Snohomish County	Tax collections	0.00%	\$ 7,986	0.07%
Washington LGIP	Short-term investments	5.17%	\$ 38,064	0.33%
Opus Bank	Money market	0.50%	\$ 4,262,691	36.91%
			\$ 7,292,414	

Total Cash and Investments

\$ 11,548,002 100.00%

Opus Bank Money Market consists of:

Environmental Reserve	\$ 609,532	Harbor Square Loan Balance	\$ 4,226,909
Capital Replacement Reserve	\$ 1,776,640		
Operating Reserve	<u>\$ 1,876,520</u>	Balance Required in Opus Bank per Loan Agreement	\$ 2,536,145
	<u>\$ 4,262,691</u>		

Capital Replacement Reserve consists of:

Opus Bank Money Market	\$ 1,776,640
Federal Ntl Mortgage 1 01/30/18	\$ 500,000
Fed Home Loan Mtg Corp 0 7/8 10/14/16	\$ 500,000
Federal Farm Credit Bank 1.1 11/6/18	\$ 250,000
Federal Ntl Mortgage 1.3 6/13/19	\$ 250,000
Federal Home Loan Bank 1.45 11/8/19	\$ 250,000
Federal Farm Credit Bank 1.12 2/22/19	\$ 500,000
Federal Farm Credit Bank 1.4 6/2/21	\$ 500,000
Federal Farm Credit Bank 1.44 8/16/21	<u>\$ 500,000</u>
	<u>\$ 5,026,640</u>

Outstanding Debt

2005 LTGO & Refunding Bond	\$ 765,000
2011 Revenue Bond - Opus Bank	<u>\$ 4,226,909</u>
	<u>\$ 4,991,909</u>

Due Within 1 Year \$ 970,391