

COMMISSION MEETING

INFORMATION

Date: April 25, 2022

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

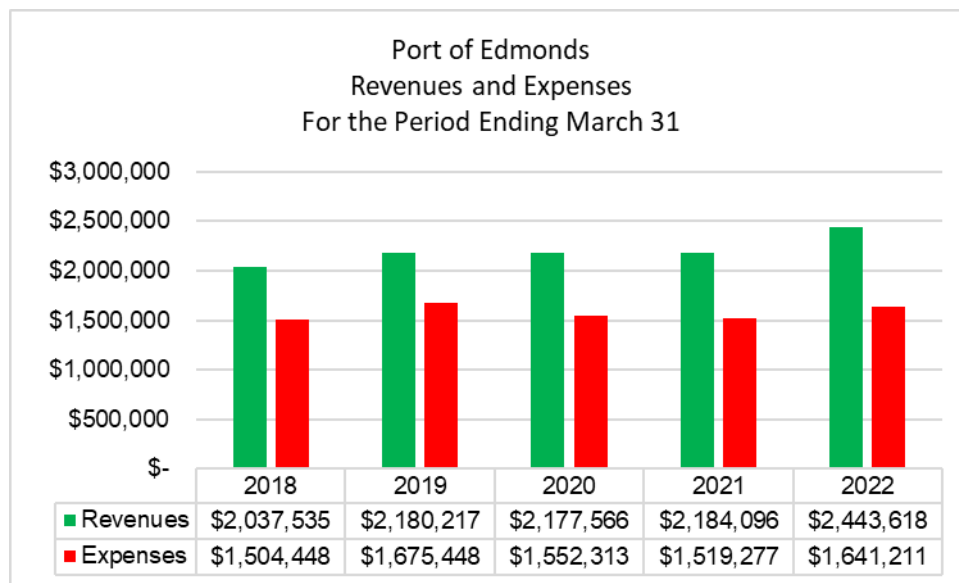
To: Port Commission

From: Tina Drennan
 Manager of Finance &
 Accounting

Attachments: March Income Statement
 March Marina Income Statement
 March Rental Property Income Statement
 Investment Report as of March 31, 2022
 Investing Transactions Report, 1st Quarter

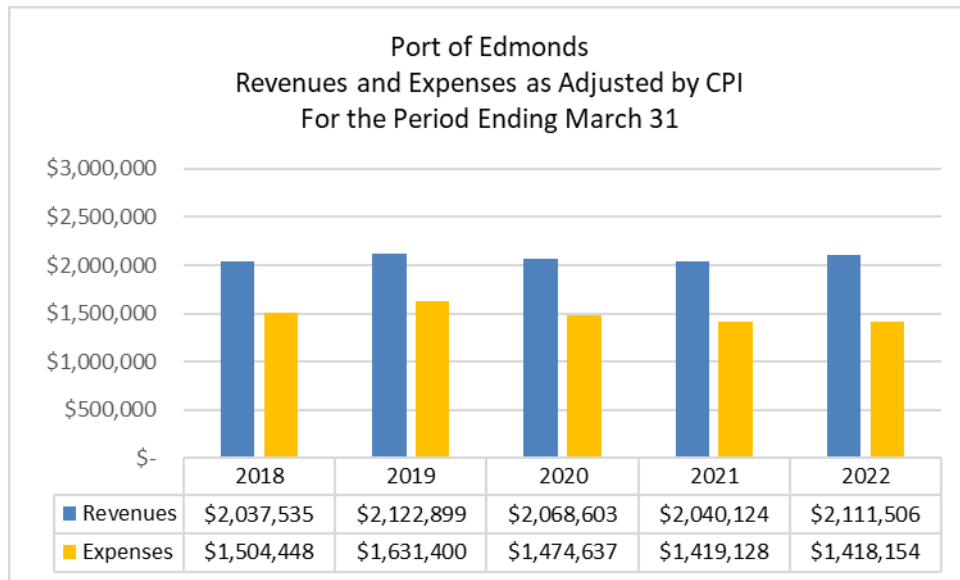
SUBJECT: FIRST QUARTER 2022 FINANCIAL STATEMENTS

Please find attached the first quarter 2022 financial statements.

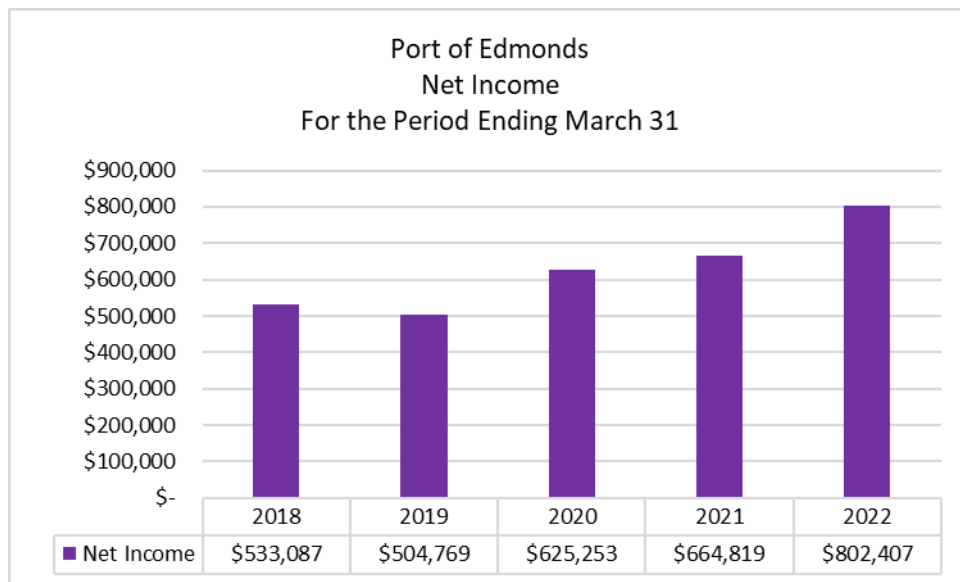


Revenues generally trended up from \$2 million in 2018 to \$2.4 million in 2022. Expenses ranged from \$1.5 million to \$1.7 million.

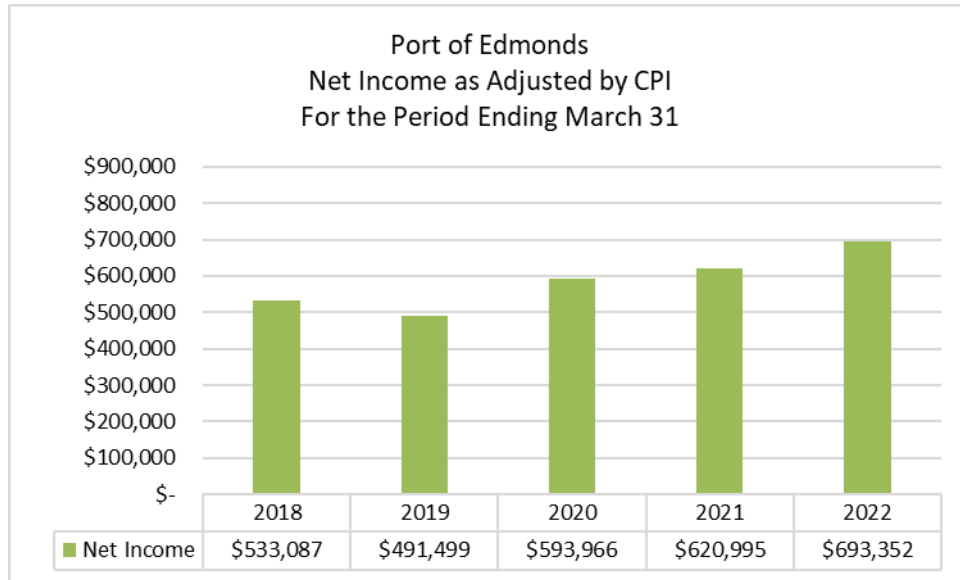
As inflation has dramatically increased from about this time in 2021, the graph below shows the Port's revenues and net income as adjusted by CPI using 2018 as the base period. CPI increased by 15.59% from February 2018 to February 2022.



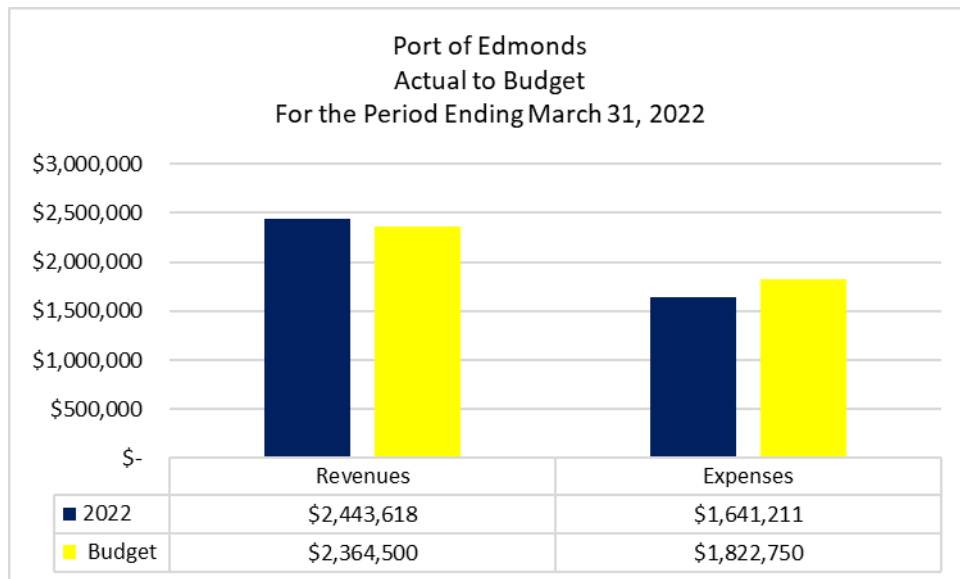
As adjusted by CPI, revenues ranged between \$2.0 and \$2.1 million. Expenses ranged between \$1.4 and \$1.6 million.



Net income generally trended up, ranging from \$505,000 to \$802,000.



As adjusted by CPI, net income ranged from \$491,000 to \$693,000.



Revenues were \$79,000 greater than budget. Expenses were \$182,000 less than budget.

Gross profit (revenues less cost of goods sold) for the three month period ending March 31, 2022, was \$2.1 million, which was \$50,000 greater than budget. Net income for the same period was \$802,000.

Marina Operations Revenue Actual to Budget:

	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
GUEST MOORAGE, NET	33,271	9,000	24,271	270%
PERMANENT MOORAGE	1,045,248	1,030,000	15,248	1%
DRY STORAGE	163,164	174,000	(10,836)	-6%
PARKING	14,229	24,750	(10,521)	-43%

Financial Occupancy:

	2018	2019	2020	2021	2022	2022 Budgeted
Moorage	94%	94%	95%	96%	99%	98%
Dry Storage	77%	79%	72%	83%	84%	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	686,116	667,500	18,616	3%

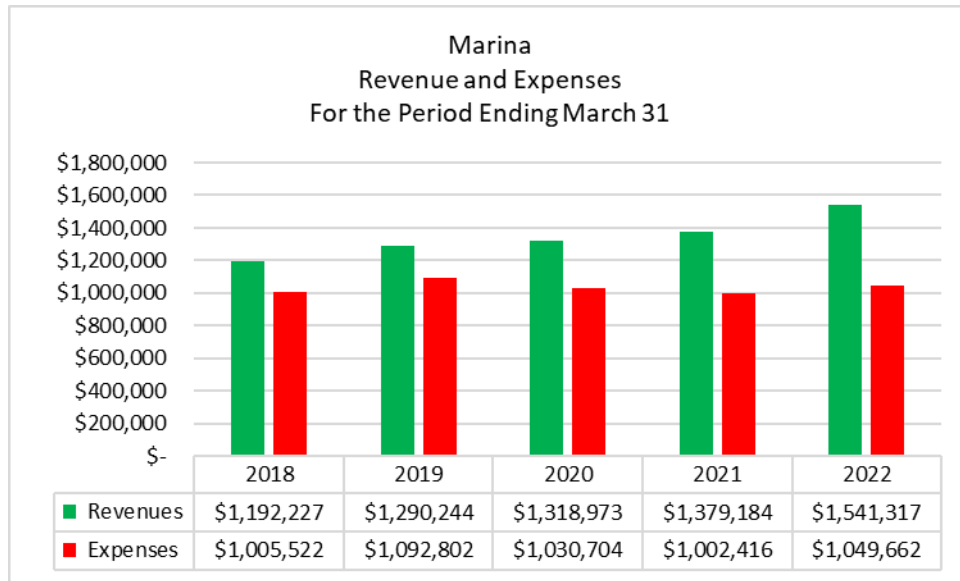
Operating expenses before depreciation for the three-month period were \$1.2 million, which is \$195,000 or 14% less than budget.

Operating Expenses Actual to Budget:

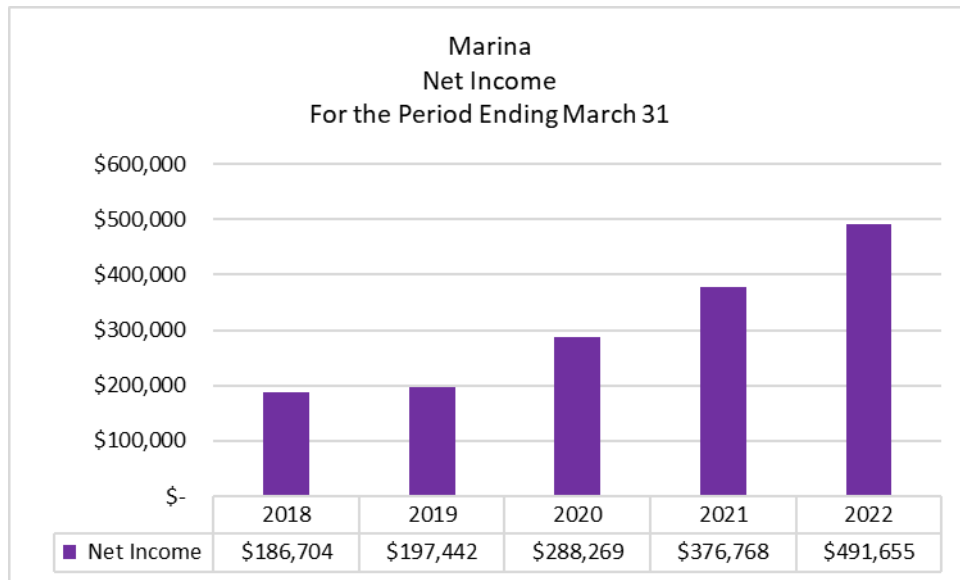
	ACTUAL TO DATE	BUDGET TO DATE	VARIANCE	%
EMPLOYEE BENEFITS	171,884	190,000	18,116	10%
PAYROLL TAXES	61,923	78,000	16,077	21%
REPAIR & MAINTENANCE	74,972	96,250	21,278	22%
SALARIES & WAGES	526,292	603,250	76,958	13%
SUPPLIES	61,164	81,500	20,336	25%

Net income for the three months ending March 31, 2022 was \$802,000, which is \$261,000 greater than budget.

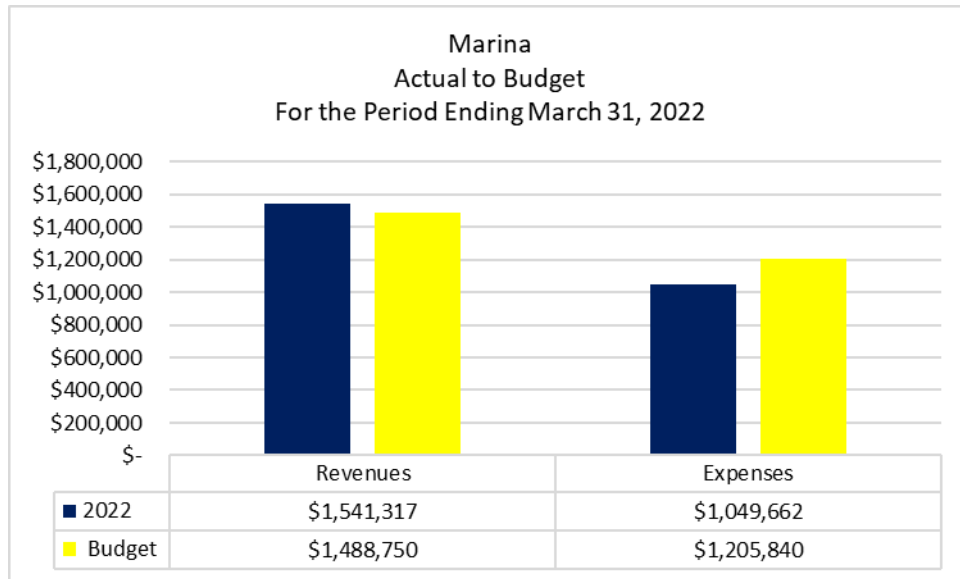
Marina Actual to Budget:



Revenues trended up to a high of \$1.5 million in 2022. Expenses ranged from \$1 million to \$1.1 million.



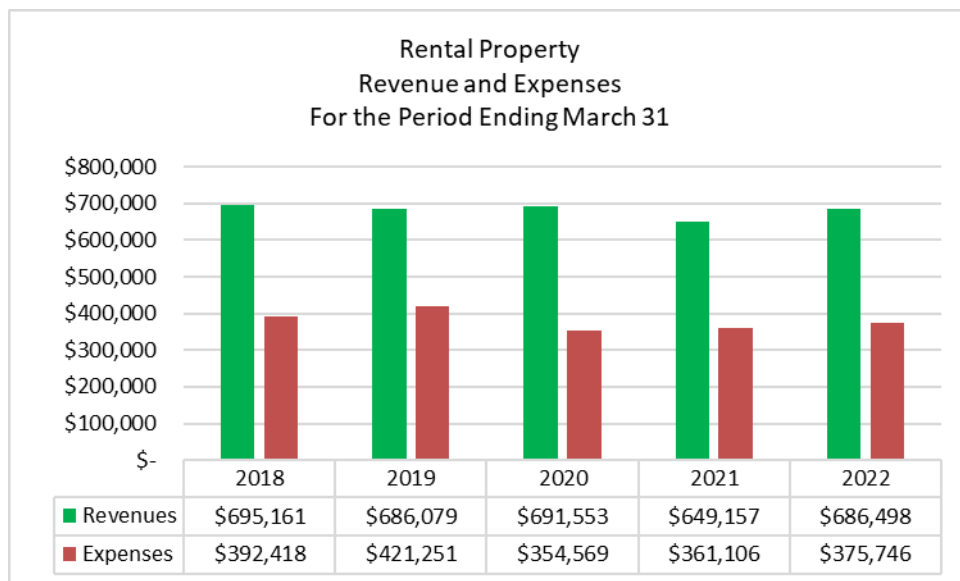
Net income trended up to \$500,000 in 2022.



Revenues were \$53,000 greater than budget. Expenses were \$156,000 less than budget.

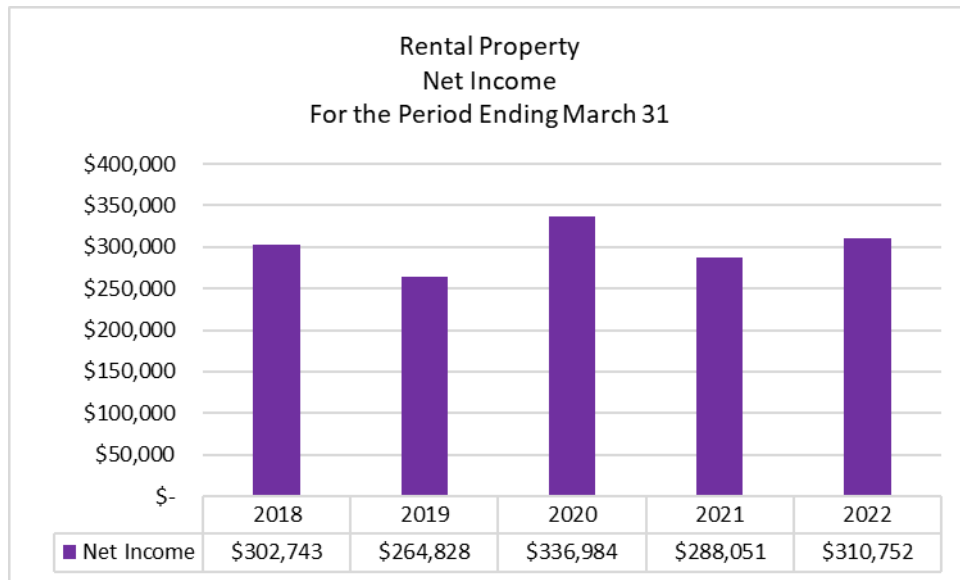
	Actual	Budget	Variance	%
Operating Revenues	\$ 1,535,000	\$ 1,482,500	\$ 52,500	4%
Operating Expenses Before Depr, O/H	\$ 649,000	\$ 780,500	\$ (131,500)	-17%
Net Income	\$ 492,000	\$ 283,000	\$ 209,000	74%

Rental Property Actual to Budget:

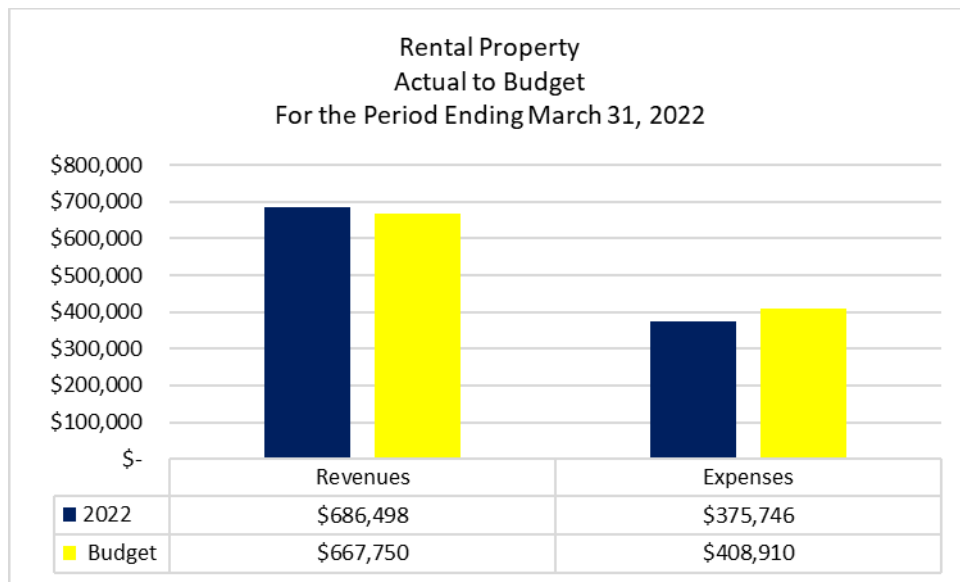


Rental Property revenues ranged from \$650,000 to \$700,000. Expenses ranged from \$350,000 to \$425,000. For comparison purposes, property tax revenue for 2018 and 2019 have been removed.

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, 2018 revenues would be \$738,000 and 2019 revenues would be \$729,000.



Net income ranged from \$265,000 to \$337,000.



Revenues were \$19,000 greater than budget. Expenses were \$33,000 less than budget.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 686,116	\$ 667,500	\$ 18,616	3%
Operating Expenses Before Depr, O/H	\$ 171,217	\$ 180,750	\$ (9,533)	-5%
Net Income	\$ 310,752	\$ 258,840	\$ 51,912	20%

Investing Summary:

- As of March 31, 2022, the Port had 21 long-term investments.
- The details of the Port's bond maturity and calls are attached.
- Cash and investments increased by \$3.3 million in 2021. After calculating the other reserves, \$3.1 million was added to the Capital Replacement Reserve in the first quarter of 2022. The Capital Replacement Reserve is currently \$18,986,500.
- The Environmental Reserve is currently \$1,066,000.
- The Public Amenities Reserve is currently \$168,000.
- As bonds are being called or maturing in 2021, 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, 2022

	<u>ACTUAL TO DATE</u>	<u>BUDGET TO DATE</u>	<u>2021 TO DATE</u>
MARINA REVENUES			
ELECTRICAL FEES	52,705	54,000	52,419
ENVIRONMENTAL FEES	29,377	29,750	26,680
ENVIRONMENTAL FEE - WORKYARD	7,923	9,750	7,842
FUEL SALES	116,748	85,000	80,599
LAUNCHER	9,492	6,000	7,986
MISCELLANEOUS	21,991	26,750	17,579
GUEST MOORAGE	33,777	14,000	19,912
PERMANENT MOORAGE	1,045,248	1,030,000	946,684
DRY STORAGE	163,164	174,000	153,399
PARKING	14,229	24,750	10,419
TRAVELIFT	32,487	24,000	27,839
WORKYARD	27,165	21,000	27,791
LATE FEES	7,640	8,750	7,884
TOTAL MARINA REVENUE	<u>1,561,946</u>	<u>1,507,750</u>	<u>1,387,031</u>
RENTAL PROPERTY REVENUES			
HARBOR SQUARE LEASE REVENUE	396,821	381,750	370,166
HARBOR SQUARE CAMS	66,615	56,000	56,514
WEST SIDE LEASE REVENUE	69,047	77,000	63,219
HARBOR SQUARE LEASE INTEREST REVENUE	99,824	98,750	102,559
WEST SIDE LEASE INTEREST REVENUE	53,029	52,250	55,927
MISCELLANEOUS REVENUE	780	1,250	771
LATE FEES	-	500	-
TOTAL RENTAL PROPERTY REVENUE	<u>686,116</u>	<u>667,500</u>	<u>649,157</u>
COST OF GOODS SOLD			
COST OF SALES	16,861	21,000	10,951
ELECTRICAL PURCHASES	27,898	27,000	26,223
FUEL & OIL	80,381	50,000	53,532
LOAN-A-SLIP CREDITS	506	5,000	-
TOTAL COST OF GOODS SOLD	<u>125,646</u>	<u>103,000</u>	<u>90,706</u>
GROSS PROFIT	<u>2,122,416</u>	<u>2,072,250</u>	<u>1,945,482</u>

PORT OF EDMONDS
INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 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	2,788	3,250	1,685
AUTOMOBILE AND EQUIPMENT FUEL	5,622	5,500	3,217
BANK CHARGES	1,383	1,750	968
BUSINESS TAXES	4,921	6,250	4,490
CLAIMS & DAMAGES	(5,000)	2,500	1,163
COMMUNICATIONS	-	5,000	-
ECONOMIC DEVELOPMENT & TOURISM	2,075	6,750	2,075
EDUCATION	747	6,750	230
EMPLOYEE BENEFITS	171,884	190,000	176,808
HAZARDOUS WASTE DISPOSAL	-	2,250	952
INSURANCE	73,889	77,750	64,422
LICENSES & PERMITS	684	750	989
MARKETING	509	10,750	2,180
MEALS	675	1,000	116
MEMBERSHIP DUES	5,357	5,000	5,318
OFFICE	23,904	31,750	21,349
PAYROLL TAXES	61,923	78,000	61,980
PROFESSIONAL SERVICES	27,339	26,250	23,082
PROMOTIONAL HOSTING	223	750	-
RENT	3,740	3,750	3,631
REPAIR & MAINTENANCE	74,972	96,250	58,862
SALARIES & WAGES	526,292	603,250	484,791
SUPPLIES	61,164	81,500	47,614
TRAVEL	2,367	6,250	1,200
UNIFORMS	2,497	3,500	1,983
UTILITIES	123,784	112,250	121,150
OPERATING EXPENSES BEFORE DEPR	<u>1,173,737</u>	<u>1,368,750</u>	<u>1,090,255</u>
DEPRECIATION AND AMORTIZATION	<u>341,711</u>	<u>351,000</u>	<u>338,316</u>
TOTAL OPERATING EXPENSES	<u>1,515,448</u>	<u>1,719,750</u>	<u>1,428,571</u>
INCOME FROM OPERATIONS	606,967	352,500	516,912
OTHER (INCOME)/EXPENSE			
CHANGE IN FAIR VALUE OF INVESTMENTS	1,666	-	306
INTEREST INCOME	(42,648)	(37,750)	(46,813)
INTEREST EXPENSE ON LEASED ASSET LIABILITY	117	-	-
PROPERTY TAXES	(154,574)	(151,500)	(101,401)
TOTAL OTHER (INCOME)/EXPENSE	<u>(195,440)</u>	<u>(189,250)</u>	<u>(147,908)</u>
NET INCOME	<u>802,407</u>	<u>541,750</u>	<u>664,819</u>

PORT OF EDMONDS
MARINA INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2022

	ACTUAL <u>TO DATE</u>	BUDGET <u>TO DATE</u>	2021 <u>TO DATE</u>
REVENUES			
ELECTRICAL FEES	52,705	54,000	52,419
ENVIRONMENTAL FEES	29,377	29,750	26,680
ENVIRONMENTAL FEE - WORKYARD	7,923	9,750	7,842
FUEL SALES	116,748	85,000	80,599
LAUNCHER	9,492	6,000	7,986
MISCELLANEOUS	6,744	13,500	5,132
GUEST MOORAGE	33,777	14,000	19,912
PERMANENT MOORAGE	1,045,248	1,030,000	946,684
DRY STORAGE	163,164	174,000	153,399
PARKING	2,597	12,750	2,518
TRAVELIFT	32,487	24,000	27,839
WORKYARD	27,165	21,000	27,791
LATE FEES	7,640	8,750	7,884
GROSS REVENUE	<u>1,535,067</u>	<u>1,482,500</u>	<u>1,366,684</u>
COST OF GOODS SOLD			
COST OF SALES	16,727	20,500	10,728
ELECTRICAL PURCHASES	27,898	27,000	26,223
FUEL & OIL	80,381	50,000	53,532
LOAN-A-SLIP CREDITS	506	5,000	-
TOTAL COST OF GOODS SOLD	<u>125,512</u>	<u>102,500</u>	<u>90,483</u>
GROSS PROFIT	<u>1,409,555</u>	<u>1,380,000</u>	<u>1,276,201</u>
OPERATING EXPENSES			
ADVERTISING	1,545	1,250	850
AUTO AND EQUIPMENT FUEL	2,301	3,000	988
BUSINESS TAXES	4,909	6,250	4,486
CLAIMS AND DAMAGES	(5,000)	2,500	1,163
EDUCATION AND TRAINING	-	2,500	-
EMPLOYEE BENEFITS	90,888	103,500	91,013
HAZARDOUS WASTE DISPOSAL	-	2,250	952
INSURANCE	53,785	56,500	46,685
LICENSES & PERMITS	684	750	955
MARKETING	509	9,000	2,048
OFFICE	4,736	6,000	2,768
PAYROLL TAXES	39,775	54,750	42,065
PROFESSIONAL SERVICES	5,353	2,000	5,573
RENT	3,740	3,750	3,631
REPAIR & MAINTENANCE	44,408	42,500	15,534
SALARIES & WAGES	320,650	385,000	309,593
SUPPLIES	28,383	49,750	27,186
UTILITIES	51,976	49,250	55,313
OPERATING EXPENSES BEFORE DEPR & OH	<u>648,642</u>	<u>780,500</u>	<u>610,803</u>
DEPRECIATION AND AMORTIZATION	173,780	175,000	174,609
OVERHEAD ALLOCATION	101,727	147,840	126,520
TOTAL OPERATING EXPENSES	<u>924,150</u>	<u>1,103,340</u>	<u>911,933</u>
INCOME FROM OPERATIONS	<u>485,405</u>	<u>276,660</u>	<u>364,268</u>
OTHER (INCOME)/EXPENSES			
PROPERTY TAX ALLOCATION - LAUNCHER	(6,250)	(6,250)	(12,500)
TOTAL OTHER (INCOME)/EXPENSES	<u>(6,250)</u>	<u>(6,250)</u>	<u>(12,500)</u>
NET INCOME	<u>491,655</u>	<u>282,910</u>	<u>376,768</u>

PORT OF EDMONDS
RENTAL PROPERTY
FOR THE PERIOD ENDING MARCH 31, 2022

	<u>ACTUAL</u> <u>TO DATE</u>	<u>BUDGET</u> <u>TO DATE</u>	<u>2021</u> <u>TO DATE</u>
REVENUES			
HARBOR SQUARE LEASE REVENUE	396,821	381,750	370,166
HARBOR SQUARE CAMS	66,615	56,000	56,514
WEST SIDE LEASE REVENUE	69,047	77,000	63,219
HARBOR SQUARE LEASE INTEREST REVENUE	99,824	98,750	102,559
WEST SIDE LEASE INTEREST REVENUE	53,029	52,250	55,927
MISCELLANEOUS REVENUE	780	1,250	771
LATE FEES	-	500	-
TOTAL REVENUE	<u>686,116</u>	<u>667,500</u>	<u>649,157</u>
 COST OF GOODS SOLD	 <u>66</u>	 <u>250</u>	 <u>172</u>
 GROSS PROFIT	 <u>686,050</u>	 <u>667,250</u>	 <u>648,985</u>
 OPERATING EXPENSES			
ADVERTISING	316	250	-
AUTO AND EQUIPMENT FUEL	59	250	161
BUSINESS TAXES	13	-	4
EMPLOYEE BENEFITS	14,263	14,000	12,753
INSURANCE	17,362	18,250	15,351
OFFICE	439	500	275
PAYROLL TAXES	4,748	4,750	3,624
PROFESSIONAL SERVICES	2,230	1,250	-
REPAIR & MAINTENANCE	26,867	39,250	21,376
SALARIES & WAGES	51,110	53,000	42,705
SUPPLIES	3,888	9,000	5,775
UTILITIES	49,922	40,250	44,905
OPERATING EXPENSES BEFORE DEPR & OH	<u>171,217</u>	<u>180,750</u>	<u>146,928</u>
DEPRECIATION	152,058	151,750	148,829
OVERHEAD ALLOCATION	52,405	76,160	65,177
TOTAL OPERATING EXPENSES	<u>375,680</u>	<u>408,660</u>	<u>360,934</u>
 INCOME FROM OPERATIONS	 <u>310,370</u>	 <u>258,590</u>	 <u>288,051</u>
 OTHER (INCOME)/EXPENSES			
INTEREST INCOME	(383)	(250)	-
TOTAL OTHER (INCOME)/EXPENSE	<u>(383)</u>	<u>(250)</u>	<u>-</u>
 NET INCOME	 <u><u>310,752</u></u>	 <u><u>258,840</u></u>	 <u><u>288,051</u></u>

Port of Edmonds
Investment Report
As of March 31, 2022

Long-Term Investments (1 year or more until maturity when purchased) 3/31/2022

<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 3/31/2022</u>	<u>Percent of Portfolio</u>
US Treasury STRIP	0.12	12/10/2019	5/15/2022	0.00%	Non-Callable	\$ 520,000	\$ 521,674	\$ 519,781	2.04%
US Treasury Note	0.29	12/10/2019	7/15/2022	1.75%	Non-Callable	\$ 500,000	\$ 504,045	\$ 501,543	1.96%
Federal National Mortgage Association	0.44	12/5/2019	9/6/2022	1.38%	Non-Callable	\$ 500,000	\$ 504,020	\$ 500,901	1.96%
US Treasury Note	0.54	12/17/2019	10/15/2022	1.38%	Non-Callable	\$ 500,000	\$ 504,369	\$ 500,606	1.96%
Federal Home Loan Bank	0.69	11/15/2019	12/9/2022	1.88%	Non-Callable	\$ 500,000	\$ 506,493	\$ 501,709	1.96%
Federal Natl Mortgage Assn	0.81	12/14/2018	1/19/2023	2.38%	Non-Callable	\$ 500,000	\$ 510,720	\$ 503,421	1.96%
US Treasury Note	1.00	12/5/2019	3/31/2023	1.50%	Non-Callable	\$ 500,000	\$ 506,133	\$ 498,926	1.96%
Federal Home Loan Bank	1.19	6/3/2019	6/9/2023	2.13%	Non-Callable	\$ 500,000	\$ 510,784	\$ 501,351	1.96%
Federal Farm Credit Bank	1.37	8/27/2019	8/14/2023	1.60%	Non-Callable	\$ 500,000	\$ 509,563	\$ 497,389	1.96%
Federal Farm Credit Bank	1.59	11/7/2019	11/1/2023	1.60%	Non-Callable	\$ 500,000	\$ 510,314	\$ 496,397	1.96%
Federal Home Loan Bank	1.87	2/21/2019	2/13/2024	2.50%	Non-Callable	\$ 500,000	\$ 517,974	\$ 501,452	1.96%
Federal Farm Credit Bank	1.95	12/11/2019	3/11/2024	1.55%	Non-Callable	\$ 500,000	\$ 510,531	\$ 494,064	1.96%
Federal Farm Credit Bank	2.22	9/17/2020	6/17/2024	0.39%	Callable 12/27/20	\$ 1,000,000	\$ 988,546	\$ 958,848	3.92%
Federal Farm Credit Bank	2.47	10/2/2019	9/17/2024	1.60%	Non-Callable	\$ 500,000	\$ 508,533	\$ 490,970	1.96%
Federal Farm Credit Bank	2.70	12/9/2020	12/9/2024	0.44%	Callable 12/9/21	\$ 1,000,000	\$ 983,956	\$ 947,951	3.92%
Federal Natl Mortgage Assn	2.78	1/30/2020	1/7/2025	1.63%	Non-Callable	\$ 500,000	\$ 508,753	\$ 488,045	1.96%
Federal Home Loan Mtg Corp	3.16	6/12/2020	5/27/2025	0.50%	Callable 11/27/20	\$ 1,000,000	\$ 979,963	\$ 936,825	3.92%
Farmer Mac	3.29	7/17/2020	7/14/2025	0.50%	Non-Callable	\$ 1,000,000	\$ 978,255	\$ 936,302	3.92%
Federal Home Loan Mtg Corp	3.48	10/23/2020	9/23/2025	0.38%	Non-Callable	\$ 1,000,000	\$ 972,719	\$ 928,116	3.92%
Federal Farm Credit Bank	3.56	12/4/2020	10/21/2025	0.52%	Callable 10/21/21	\$ 1,000,000	\$ 972,830	\$ 928,072	3.92%
US Treasury Notes	3.92	3/18/2022	2/28/2026	0.50%	Non-Callable	\$ 1,000,000	\$ 940,000	\$ 924,570	3.92%
						<u>\$ 14,020,000</u>	<u>\$ 13,950,173</u>	<u>\$ 13,557,237</u>	<u>54.99%</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	0.00%
Washington Federal	Business checking account	0.15%	\$ 11,390,834	44.68%
Washington Federal	Revolving checking account	0.00%	\$ 3,000	0.01%
Snohomish County	Tax collections	0.00%	\$ 38,013	0.15%
Washington LGIP	Short-term investments	0.23%	\$ 40,445	0.16%
			<u>\$ 11,473,491</u>	
Total Cash and Investments			<u>\$ 25,493,491</u>	100%

Capital Replacement Reserve consists of:

Investments	\$ 13,020,000
Cash	\$ 5,966,460
	<u>\$ 18,986,460</u>

Environmental Reserve consists of:

Investments	\$ 1,000,000
Cash	\$ 65,868
	<u>\$ 1,065,868</u>

Public Amenities Reserve consists of:

Cash	<u>\$ 167,966</u>
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Operating Reserve consists of:

Cash	<u>\$ 4,545,531</u>
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Tenant Security Deposits consists of:

Cash	<u>\$ 727,666</u>
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Public Amenities Reserve Summary

Beginning Balance 1/1/22	\$ 65,996
Interest Earned	\$ 159
Property Taxes Allocated	\$ 107,750
Project Costs - 40% of North Seawall and Portwalk	<u>\$ (5,939)</u>
Ending Balance 3/31/2022	<u>\$ 167,966</u>

Port of Edmonds
Investing Transactions Report
January 1, 2022 to March 31, 2022

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>	<u>Range of Liquid Funds During Ownership</u>	
Federal National Mortgage Association	Matured		11/21/2019	1/5/2022	2.00%	Non-Callable	\$ 500,000	0.10%	2.25%
Federal Home Loan Bank	Matured		12/5/2019	3/11/2022	2.50%	Non-Callable	\$ 500,000	0.10%	2.25%
							<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>
US Treasury Notes	3.92	3/18/2022	2/28/2026	0.50%	Non-Callable	\$ 1,000,000	\$ 940,000
						<u>\$ 1,000,000</u>	<u>\$ 940,000</u>