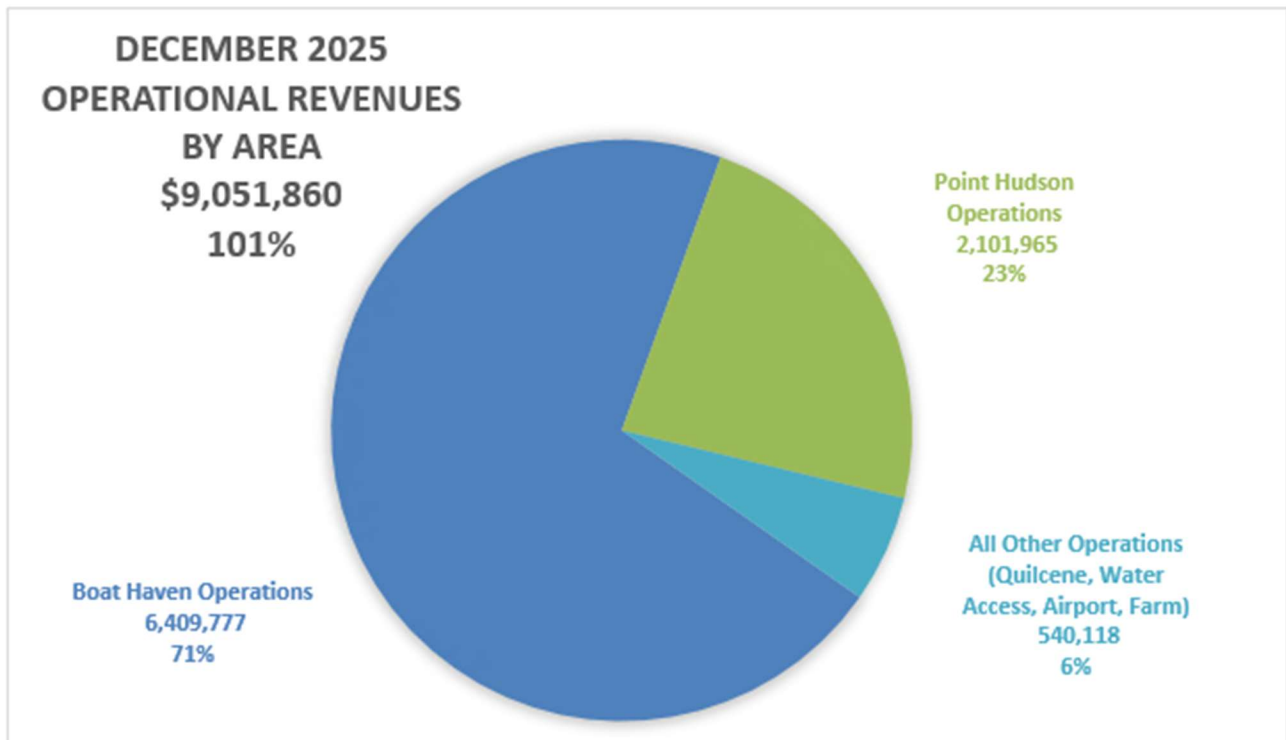


DATE: 2/11/2026
TO: Commission, Executive Staff
FROM: Connie Anderson, Director of Finance & Administration
SUBJECT: December 2025 Year End Financial Report

Attached is the December 2025 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (December 2024) and the % of budget for 2025. December 2025 represents 100% of the budget.

Notes to the Financial Statements:

Operating Revenues

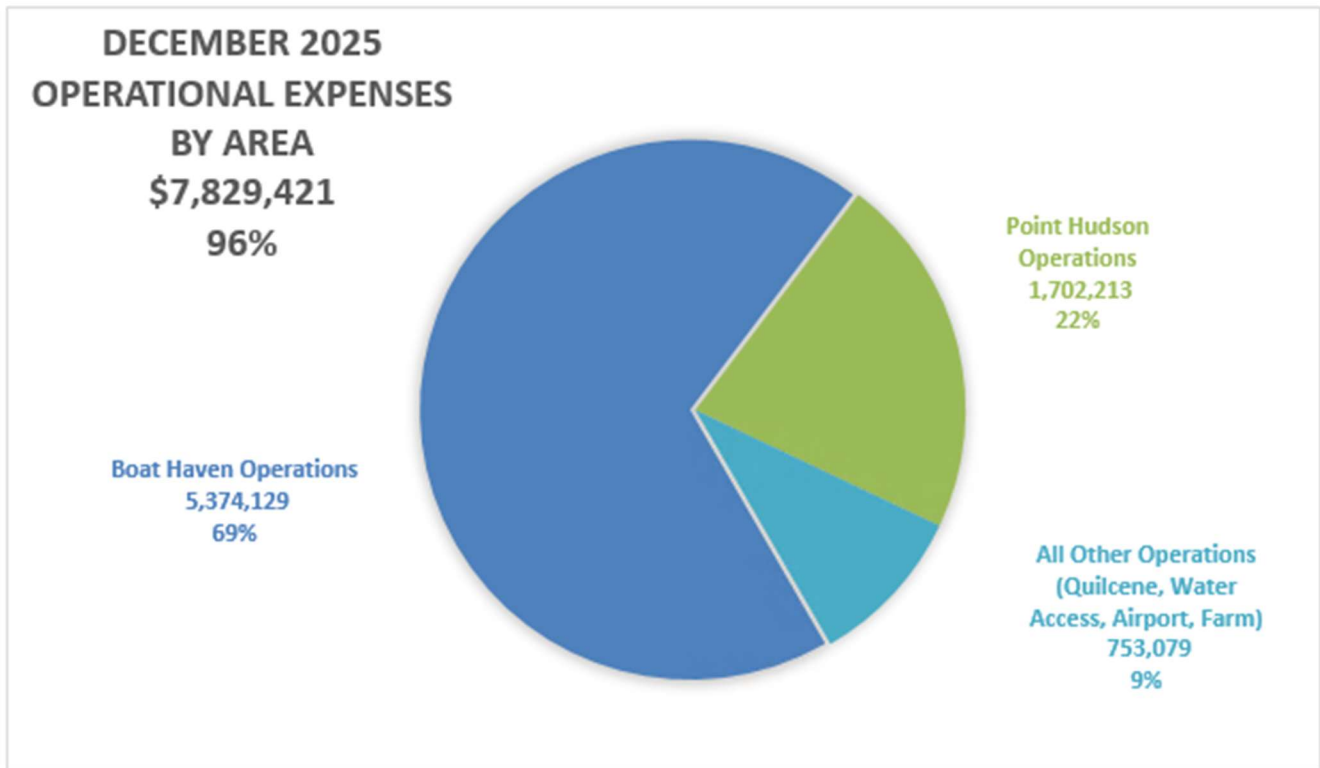


2025 Revenues through December are reported at \$9,051,860, \$726k higher than 2024 and 101% of the 2025 operating budget. Overall, revenues ended strong for the year. 2025 revenues finished 8.7% higher than 2024. In general, the rate and fee increase for 2025 was 3.8%, leaving a 4.9% net increase due to more activity. The boost in activity is noted across all areas, as noted in the *variance to prior year* column of the December 2025 Consolidated report.

Combined Boat Haven operations (moorage, yard and properties) ended the year as the largest source of revenue for the Port, bringing in 71% of the YTD overall revenue. Combined yard operations were \$2,866,113, 32% of the overall 2025 operational revenue. Increased activity in the 70/75T boat yard compensated for the 10% decline in

activity in the 300T boat yard. The Point Hudson Marina remained a strong source of overall Port revenue, ending the year at \$2.1m, 23% of the YTD overall revenues. The remaining combined operating units reported \$540k, 6% of the YTD overall revenue.

Operating Expenditures



December 2025 operating expenses are \$7,829,421, \$446k higher than 2024 and 96% of the 2025 operating budget. In total, expenditures ended 6.1% higher than 2024. Total operating expenses ended the year \$300k under budget. Despite savings on salaries & benefits (\$408k), the Port’s largest expenses, the cost of utilities, fuel, materials & supplies continue to increase. Controlled spending where possible has helped to keep the overall operating expenses down.

In addition to normal operational expenses, the final report for 2025 (YTD December) includes final invoices from contractors and consultants as well as the final purchases of needed tools, materials and supplies.

Net Operating Income (NOI)

December Net Operating Income (NOI) ended at 145% of the 2025 budget or \$1,222,439.

Boat Haven Operations ended the year with the largest share of net operating income. Boat Haven moorage, yard, and properties are clearly tied together, and each area is essential to continued sustainability.

Point Hudson Marina, RV Park and Properties ended the year close to \$400k net operating income. While this is below the peak year of \$535k in 2021, Point Hudson Net Operating Income is closer to average following the completion of the Point Hudson Jetty / Breakwater project in early 2024.

While the airport ended with net income of \$8,453, the other operating units in the All-Other Operations category ended the year with negative net income. These additional areas provide public access to local area water and land. In the future, these operating units may be subsidized with general property tax receipts.

| 2025 Operating Revenues & Expenses by Department | | | |
|---|---------------------|--------------------|---------------------|
| | Revenue | Expenses | NOI |
| Boat Haven Moorage | 2,289,421 | 1,731,451 | 557,970 |
| Combined Yard Operations (75t & 300t) | 2,866,113 | 2,805,381 | 60,732 |
| Boat Haven Properties | 1,254,243 | 837,297 | 416,946 |
| Boat Haven Operations | 6,409,777 | 5,374,129 | 1,035,648 |
| | | | - |
| Point Hudson Marina/RV | 1,477,945 | 1,172,805 | 305,140 |
| Point Hudson Properties | 624,020 | 529,408 | 94,612 |
| Point Hudson Operations | 2,101,965 | 1,702,213 | 399,752 |
| | | | - |
| Quilcene Herb Beck Marina | 181,839 | 221,633 | (39,794) |
| Water Access | 44,684 | 65,578 | (20,894) |
| Short Farm Property | 42,333 | 204,525 | (162,192) |
| Jefferson County Intl Airport | 269,795 | 261,342 | 8,453 |
| Miscellaneous | 1,467 | | 1,467 |
| All Other Operations (Quilcene, Water Access, Airport, Farm) | 540,118 | 753,079 | (212,961) |
| | | | |
| Port wide Operating Revenue & Expenses | \$ 9,051,860 | \$7,829,421 | \$ 1,222,439 |

Other Increases and Decreases in Fund Resources

Other Increases

Account Receivables are reported at \$80,969. This represents operational income generated but not yet recorded to revenues.

Total **Grant Reimbursements and Government Payments** YTD December 2025 are \$4,540,222. Reimbursements were received for the following projects:

| Project | Dec 2025 | Grant Type |
|-----------------------------------|------------------|---------------------------|
| 75T Electric Travel Lift | 446,876 | WA State Dept of Commerce |
| Total Grant Reimbursements | \$446,876 | |

Additional **Tax Receipts** of \$51k are recorded for the month of December, with a YTD total of \$3,914,320, 101% of budget. The final tax receipts for the year have been posted. **Investment Interest** of \$38,516 is recorded for the month of December, with an average interest rate of 3.8772%. The December YTD interest earning total is \$557,163, 139% of budget.

The Federal Reserve cut the federal funds rate by another .25% (25 basis point) in December, the third cut this year, lowering the federal funds rate to a range of 3.5% - 3.75%. The lowering of the federal fund rate indicates lower costs to borrow money but also indicates lower earning rates for the near term. The current earnings rate is approximately .75% lower than a year ago. With continued rate cuts, it is anticipated that the interest earnings rate will continue to decline. It is difficult to predict the exact direction rates will take as we move into 2026. Interest earnings will follow any trends set by the Federal Reserve.

Other Decreases

Capital Project work continues with many large projects in process. Details by project are included in the 2025 YTD Capital Project Expense report. December capital project and equipment expenses total \$705,720. Overall, YTD December 2025 capital project and equipment expenses are \$8,242,480 or 43% of the total 2025 capital budget. YTD capital expense details by project are attached.

Overall, the capital project and equipment expenses can be categorized as indicated in the table below. Port salaries and benefits directly related to capital projects are charged to individual projects and are on target as estimated for the year.

| Capital Expense | YTD Dec 2025 | % of Capital Expense |
|-------------------------------|---------------------|-----------------------------|
| Port Labor | 508,424 | 6% |
| Port Benefits | 123,523 | 1% |
| Materials | 816,948 | 10% |
| Contract Services | 4,999,459 | 61% |
| Capital Equipment | 1,794,125 | 22% |
| Total Capital Expenses | \$8,242,480 | 100% |

Year to Date Cash Balances

The overall change in cash position compared to 2024 has decreased by \$2.369m. The change in cash position is due to the retirement of the 2010 LTGO debt as well as the timing of payment for capital project expenses and grant reimbursements.

| <u>Ending Cash Balances</u> | | <u>2024 Actuals</u> | <u>2025 YTD</u> |
|--|------------------------------|----------------------------|------------------------|
| Reserved Cash & Investments – IDD | | 8,390,244 | 9,094,287 |
| Reserved Cash & Investments – Other, see detail below* | | 3,376,219 | 1,776,218 |
| Unreserved Cash & Investments | | 2,744,491 | 1,271,386 |
| Total Cash & Investments | | 14,510,954 | 12,141,892 |
| <u>*Other Reserves detail:</u> | | | |
| | <u>Target balance</u> | <u>2024 Actuals</u> | <u>2025 YTD</u> |
| <i>Unemployment Reserve</i> | NA | 10,000 | 10,000 |
| <i>Operating Reserve (a) (d)</i> | 1,623,405 | 1,623,405 | 23,405 |
| <i>Emergency Reserve</i> | 500,000 | 500,000 | 500,000 |
| <i>Boat Haven Renovation Reserve (b)</i> | NA | 436,068 | 436,068 |
| <i>Port-Wide Capital Reserve (c)</i> | NA | 806,746 | 806,746 |
| Total Other Reserves | | \$3,376,219 | \$1,776,318 |

2025 Cash Balance Notes:

Reserved cash and investments are invested in the WA State Local Government Investment Pool (LGIP). Year-to-date interest, December 2025, earned \$557,163. The average YTD interest rate earned was 3.8772% before investment fees. Interest rates remain strong but have started to decline. Future interest rates will be impacted by economic circumstances and Federal Reserve decisions through the coming year.

Other Reserves detail:

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per the current budget. The above target is based on the 2024 Operating Budget. See resolution 692-19 for more detail.*
- (b) This reserve is for use on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in resolution 693-19.*
- (c) Resolution 693-19 did not set a target for this reserve; however, in 2024 a long-term projection will be developed for funding future projects by location.*
- (d) On October 22, 2025, the Commission authorized by motion to use \$1,600,000 from the Operating Reserve to retire the 2010 LTGO bond.*

Debt Service for 2025

2010 LTGO Bond – (83% paid A/B Dock Reconstruction, 17% paid 75 Ton Lift Pier)
 6.125% Interest Rate; Build America Bonds Subsidy, 3.98% effective rate *
 June 1 – interest only \$ 58,131
 December 1 – principal and interest 423,131

**2010 LTGO
 PAID IN FULL
 December 2025**

2015 LTGO Refunding Bond- (paid for Point Hudson Marina Reconstruction – 2005 LTGO Bonds refunded in 2015)
 3.00% Interest
 January 1 – interest only 8,025
 July 1 – principal and interest (Final Payment) 543,025

**2015 LTGO
 PAID IN FULL
 July 2025**

Total Debt Service for 2025 \$ 1,032,313

Remaining Debt for years 2025-2029

2010 LTGO Bond – principal and interest \$ 2,365,450 paid in full December 2025
 2015 LTGO Bond – principal and interest 551,050 paid in full July 2025
 Total \$ 2,916,500 *

At the October 22, 2025, Commission meeting, a decision was made to utilize \$1.6m from the operating reserve funds to retire the remaining principal balance owed on the 2010 LTGO bond.

* Remaining Debt for years 2025-2029 includes all principal and interest owed by the Port. The Port also receives the Build America Bond subsidy (or rebate) on the 2010 LTGO Bond which effectively reduces the interest owed on the outstanding principal balance of the bond.

2021 LTGO Line of Credit – Cashmere Valley Bank

2021 LTGO Line of Credit - Cashmere Valley Bank

| Issue | Draw Date | Maturity Date | Interest Rate | Balance | Draw Amount | Redemption Principal | Redemption Interest | Ending Principal Balance | Available Credit | Notes |
|--|-----------|---------------|---------------|-----------|-------------|----------------------|---------------------|--------------------------|------------------|------------------|
| LOC 2021 | | Mar-27 | 1.55% | | | | | | 7,000,000 | Line of Credit |
| 1st draw | Nov-22 | | | - | 2,633,967 | - | - | 2,633,967 | 4,366,033 | |
| 2nd draw | Dec-22 | | | 2,633,967 | 1,189,677 | - | - | 3,823,644 | 3,176,356 | |
| LOC payment | Mar-23 | | | 3,823,644 | - | 423,734 | 16,481 | 3,399,910 | 3,600,090 | |
| Pay Down | Aug-23 | | | 3,399,910 | - | 3,399,910 | 26,057 | - | 7,000,000 | |
| 3rd draw | Oct-23 | | | - | 335,000 | - | - | 335,000 | 6,665,000 | |
| 4th draw | Nov-23 | | | 335,000 | 1,000,000 | | | 1,335,000 | 5,665,000 | |
| 5th draw | Dec-23 | | | 1,335,000 | 1,317,000 | | | 2,652,000 | 4,348,000 | |
| 6th draw | Jan-24 | | | 2,652,000 | 888,000 | | | 3,540,000 | 3,460,000 | |
| 7th draw | Feb-24 | | | 3,540,000 | 849,000 | | | 4,389,000 | 2,611,000 | |
| LOC payment | Feb-24 | | | 4,389,000 | | 506,705 | 13,071 | 3,882,295 | 3,117,705 | |
| LOC payment | Sep-24 | | | 3,882,295 | | 635,079 | 30,197 | 3,247,216 | 3,752,784 | |
| LOC payment | Mar-25 | | | 3,247,216 | | 640,110 | 25,166 | 2,607,106 | 4,392,894 | |
| LOC payment | Sep-25 | | | 2,607,106 | | 643,767 | 21,507 | 1,963,339 | 5,036,661 | |
| Interest Adjustment | | | 1.65% | | | | | | | |
| LOC payment | Mar-26 | | | 1,963,339 | | 649,078 | 16,198 | 1,314,260 | 5,685,740 | per CVB Schedule |
| LOC payment | Sep-26 | | | 1,314,260 | | 654,433 | 10,843 | 659,827 | 6,340,173 | per CVB Schedule |
| LOC payment | Mar-27 | | | 659,827 | | 659,827 | 5,444 | (0) | 7,000,000 | per CVB Schedule |
| LOC payment | Mar-27 | | | (0) | | | | (0) | 7,000,000 | per CVB Schedule |
| 2021 LTGO Line of Credit Available Balance as of September 2025 | | | | | | | | \$ 5,036,661 | | |

Note: Interest payments are calculated just prior to loan due dates.

The 2021 LTGO LOC's required debt redemptions are due in March, and September each year until the end of the bond term, March 1, 2027. This debt instrument serves as a bridge between project expenditure payments, grant reimbursements, and reconciliations with the IDD Levy Reserve, as applicable. An estimated repayment schedule has been included, based on no additional cash draws during the remaining term. The LOC can be paid in full at any time; there are no penalties for pre-payment. The interest rate on the LOC was 1.55% through March 1, 2025, and increased to 1.65% thereafter through the end of bond term.

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.