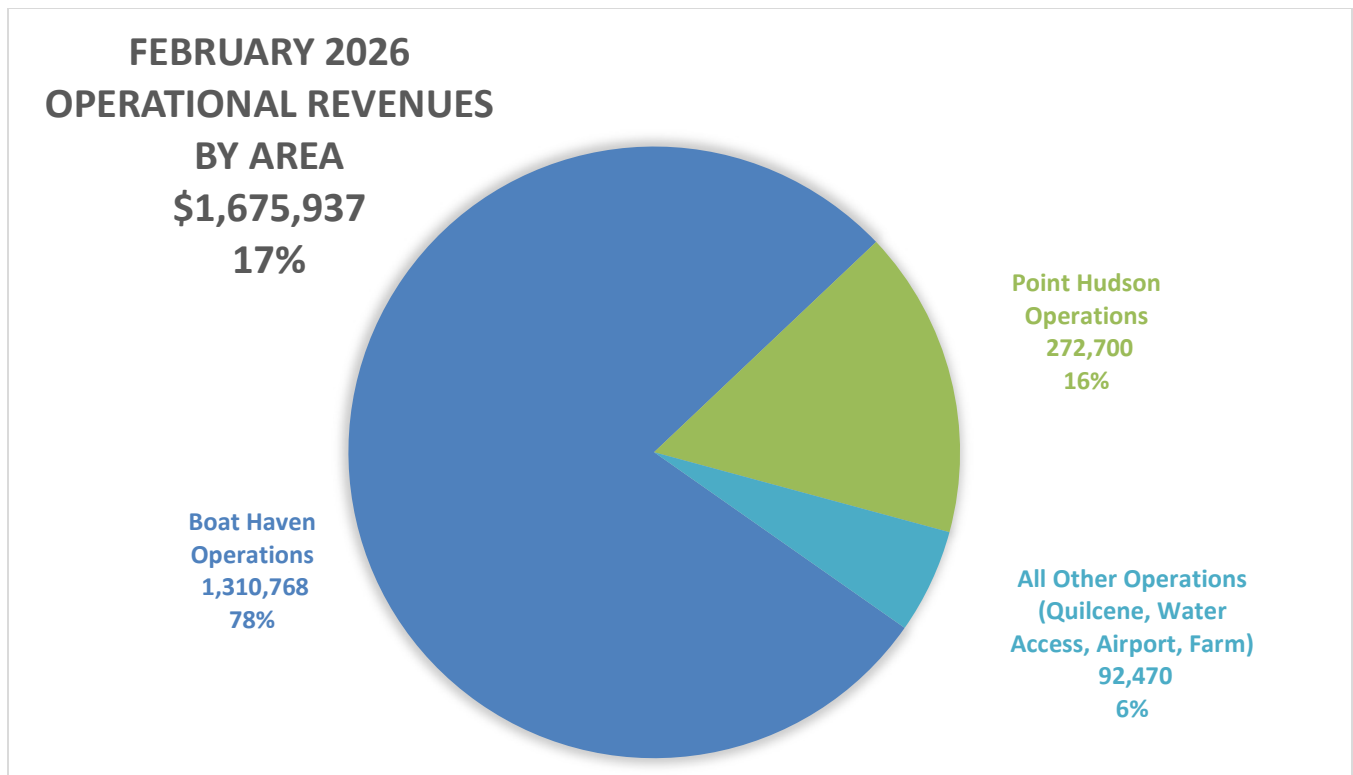


DATE: 4/8/2026
TO: Commission, Executive Staff
FROM: Connie Anderson, Director of Finance & Administration
SUBJECT: February 2026 YTD Financial Report

Attached is the February 2026 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (February 2025) and the % of budget for 2026. February 2026 represents 17% of the budget.

Notes to the Financial Statements:

Operating Revenues



2026 revenues through February reported at \$1,675,937, \$388k higher than 2025 and 17% of the 2026 operating budget. Combined Boat Haven operations (moorage, yard, and properties) is the largest source of revenue for the Port, bringing in \$1,312,048, 78% of the YTD overall revenue. Point Hudson Operations reports at \$271,419, 16% of the overall revenue. The remaining combined operating units reported \$92,470, 6% of the YTD overall revenue.

Both Boat Haven and Point Hudson properties have existing vacancies. A few more tenant changes are anticipated in the coming months. Lease revenues are 2% or \$7k above February 2025, and 16% of 2026 budget, approximately 1% or \$40k below budget. While we expect this to improve as the year progresses, consideration must be made to properties located in the “Maritime Heritage Corridor” subdistrict of the City’s Shoreline Master Program (SMP), which can create a challenge in locating tenants that satisfy the use regulations. The time allowance to fill any vacancies is typically longer for these properties due to the restrictions.

The boat yard has started strong, reporting 16% of budget or \$477,140 through the end of February. While the 75-ton yard had a slower start than the 300-ton yard, both areas are reporting high. Yard storage is 85%-90% with haul out times booking into late May (75T) and July (300T). The yard is again at capacity, showing the need for the boat yard expansion.

Point Hudson Marina & RV Park is reporting 1% or \$1,408 below February 2025, and 14% of 2026 budget, \$13k below budget. The monthly RV park is 17% of budget, but \$11k less than report in February 2025, showing a decline in the monthly RV park activity which is in line with the visual observation of the area.

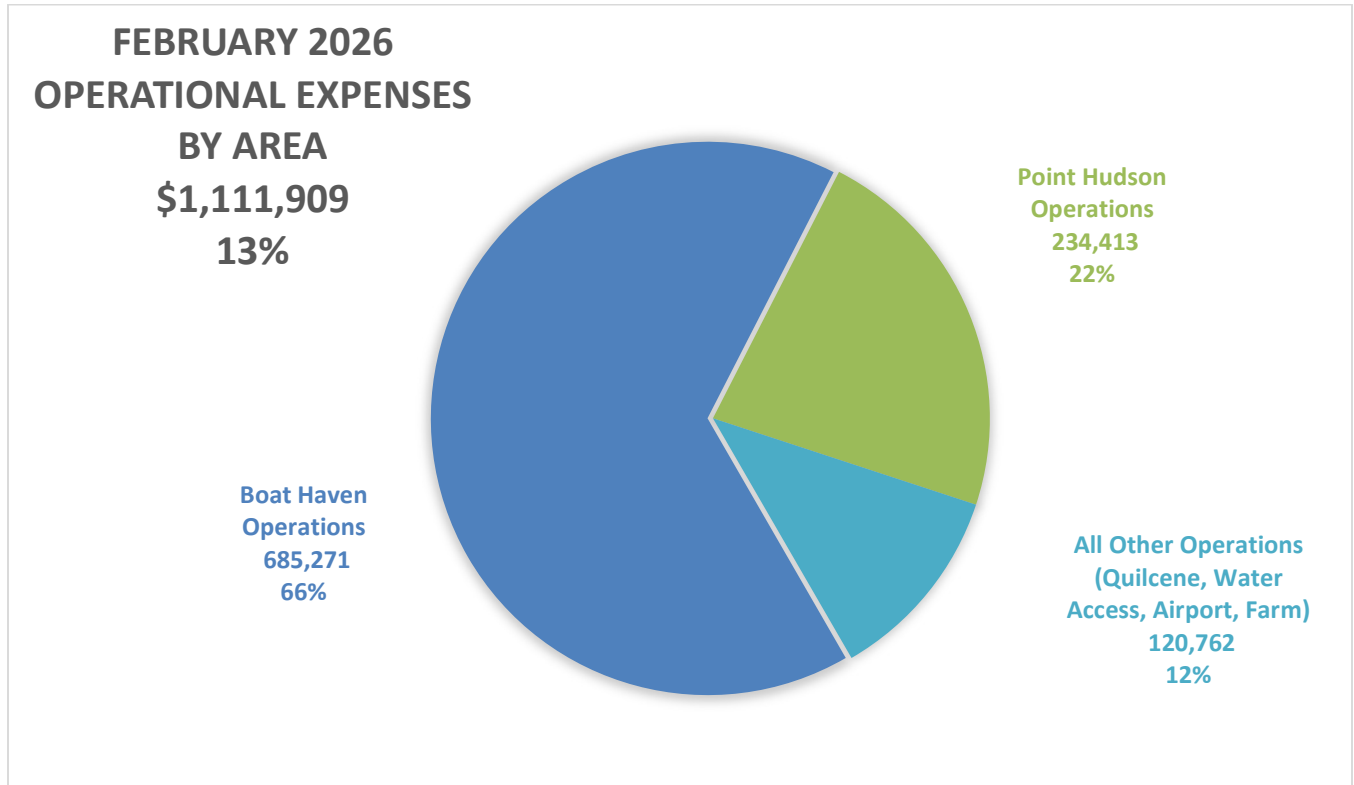
February YTD revenues include the 5% prepaid moorage of \$306,505 for 2026. Normally, two months or \$51,084 would have been posted, leaving the remainder of \$255,421 posted to Accounts Receivable. When the prepayments are eliminated from the YTD Total Operating Revenues, February 2026 is \$133k or 10% higher than February 2025. The posting of prepaid moorage reflects the change to cash-basis accounting where cash posts as revenue on the day cash is received rather than being held in an Accounts Receivable account. The uptick in permanent moorage revenue will decrease as the year progresses and the prepayments are relevant to the actual month of activity.

Below is a breakdown of prepayments by department:

Department	5% Prepay	YTD Actual	Remaining
Boat Haven	\$240,709	40,118	\$200,591
Point Hudson	\$54,529	9,088	\$45,441
Herb Beck	\$11,267	1,878	\$9,389
Total	\$306,505	\$51,084	\$255,421

A new credit card fee was added in 2026 to offset the bank charges the Port incurs for processing the cards for payment. Since implementation of the credit card fee, we have seen a slight shift away from using credit cards to debit cards or cash/check transactions. The February recovery rate was 57%, up from the January recovery rate of 43%. Improvements in the process continue as we work through the software implementation of the fee.

Operating Expenditures



February 2026 operating expenses are \$1,111,654, \$52k lower than 2025 and 13% of the 2026 operating budget. Salaries and benefits reported at \$775k, 15% of budget, approximately \$48k under budget. Salaries and benefits represent the largest share of expenses, reporting \$110k below the 2026 budget. The new maintenance technician-farm position was finalized in late February converting a prior temporary position to permanent work at the Shorts Farm. In addition, some of the operational invoices received in early January for work completed in 2025 were paid in a closeout period for December 2025.

Net Operating Income (NOI)

February Net Operating Income (NOI) is \$564,283, 61% of the 2026 budget. February NOI includes the remaining 10 months of the 5% prepaid moorage for \$255,421 (see page 1-2 of this report for details). After the 5% prepaid moorage is subtracted, NOI is approximately \$309k and would be about 33% of budget. The current report indicates we are ahead of budget for the year, a strong start for 2026.

Department Level Net Operating Income is as follows (including 5% prepaid moorage):

2026 Operating Revenues & Expenses by Department			
	Revenue	Expenses	NOI
Boat Haven Moorage	623,426	158,317	465,109
Combined Yard Operations (75t & 300t)	477,140	466,309	10,831
Boat Haven Properties	210,202	130,851	79,352
Boat Haven Operations	1,310,768	755,477	555,291
Point Hudson Marina/RV	172,914	126,038	46,876
Point Hudson Properties	99,786	109,378	(9,592)
Point Hudson Operations	272,700	235,416	37,284
Quilcene Herb Beck Marina	34,577	33,793	783
Water Access	6,246	9,100	(2,855)
Short Farm Property	5,750	29,668	(23,919)
Jefferson County Intl Airport	45,808	48,200	(2,392)
Miscellaneous	90		90
All Other Operations (Quilcene, Water Access, Airport, Farm)	92,470	120,762	(28,293)
Port wide Operating Revenue & Expenses	\$ 1,675,937	\$ 1,111,654	\$ 564,283

• *Small difference is due to rounding*

Other Increases and Decreases in Fund Resources

Other Increases

Account Receivables are reported at \$211,129. This represents operational income generated but not yet recorded to revenues as well as refunds given, account adjustments and uncollected account activity. Beginning in 2026, most prepaid revenues will be posted as revenue in the month the cash is received.

Total **Grant Reimbursements and Government Payments** YTD February 2026 are \$1,742,373. February reimbursements were received for the following projects:

Project	Feb 2026	Grant Type
JCIA Fuel System Replacement	76,158	Federal Direct – FAA
Total Grant Reimbursements	\$76,158	

Tax Receipts of \$170,980 are recorded for the month of February; YTD tax receipts equal \$182,964. **Investment Interest** of \$34,939 is recorded for the month of February, YTD interest equals \$72,512, 30% of budget, with an average interest rate of 3.7420%. Interest earnings are \$21,900 less than February 2025 which reflects the lowered federal funds rate monitored by the Federal Reserve board.

The Federal Reserve voted once again to hold the benchmark federal funds rate to a range of 3.5% - 3.75%. The Federal Reserve continues to monitor inflation, the job market and the global economy impact to determine how to apply monetary policy. Currently they are maintaining a “neutral” policy by holding the current Fed Funds rate. The Federal Reserve chair is scheduled to change in May 2026. It is uncertain whether this change will have any impact on future federal reserve policy. Interest earnings will follow any trends set by the Federal Reserve.

Other Decreases

Capital Project work for the year is underway with a new focus on the 2026 capital work plan. Work at the Point Hudson campus continues as well as continued work at JCIA and Boat Haven. Details by project are included in the 2026 YTD Capital Project Expense report. February YTD capital project expenses total \$222,609, approximately 2% of the total 2026 capital budget. In addition, February capital equipment expenses were \$209,692 which includes the purchase of the 15-ton excavator plus much-needed computer equipment refresh around the Port.

Overall, the capital project 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 FEB 2026	% of Capital Expense
Port Labor	88,889	40%
Port Benefits	21,126	9%
Materials	48,035	5%
Contract Services	64,560	1%
Total Capital Expenses	\$222,609	100%

Year to Date Cash Balances

The overall change in cash position compared to Year End 2025 has increased by \$2m. The change in cash position is due to the timing of payments for capital project expenses, prepaid moorage rates as well as the receipt of grant reimbursements for previous expenses incurred.

<u>Ending Cash Balances</u>		<u>YE 2025 Actuals</u>	<u>2026 YTD</u>
Reserved Cash & Investments – IDD		9,094,287	9,276,670
Reserved Cash & Investments – Other (* see detail below)		1,684,690	1,684,690
Unreserved Cash & Investments		1,362,915	3,232,488
Total Cash & Investments		12,141,892	14,193,848
<u>*Other Reserves detail:</u>			
	<u>Target balance</u>	<u>YE 2025 Actuals</u>	<u>2026 YTD</u>
<i>Unemployment Reserve</i>	NA	10,000	10,000
<i>Operating Reserve (a) (e)</i>	1,623,405	23,405	23,405
<i>Emergency Reserve</i>	500,000	500,000	500,000
<i>Property Tax Reserve (b)</i>			
<i>Boat Haven Renovation Reserve (c)</i>	NA	436,068	436,068
<i>Port-Wide Capital Reserve (d)</i>	NA	806,746	715,217
Total Other Reserves		\$1,684,690	\$1,684,690

2026 Cash Balance Notes:

Reserved cash and investments are invested in the WA State Local Government Investment Pool (LGIP). Year-to-date interest, February 2026, earned \$34,939. The average YTD interest rate earned was 3.7420% before investment fees. Interest rates started the year in line with the closing rates from 2025. 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) The Property Tax Reserve was established in resolution 863-25 in 2025.*
- (c) 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.*
- (d) 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.*
- (e) 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 2026

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
2021 LTGO Line of Credit Available Balance as of January 2026								\$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.