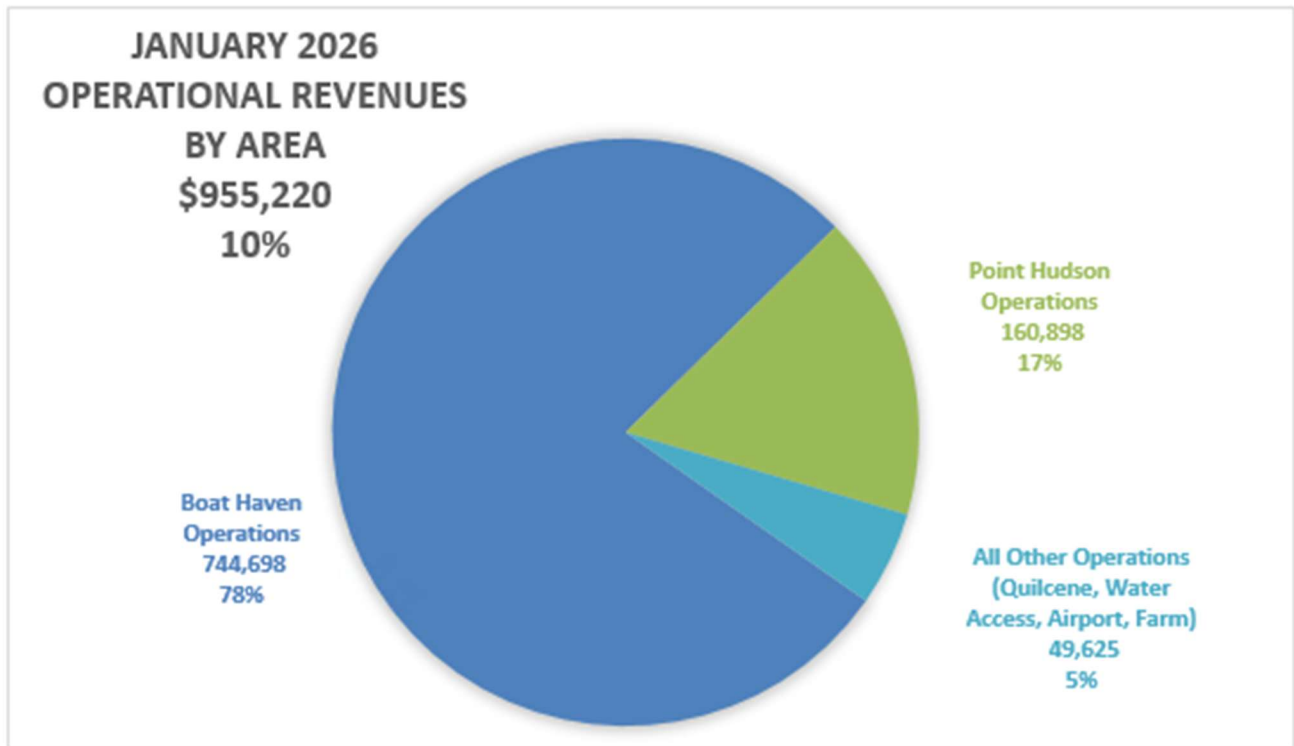


DATE: 3/11/2026
TO: Commission, Executive Staff
FROM: Connie Anderson, Director of Finance & Administration
SUBJECT: January 2026 YTD Financial Report

Attached is the January 2026 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (January 2025) and the % of budget for 2026. January 2026 represents 8% of the budget.

Notes to the Financial Statements:

Operating Revenues



2026 revenues through January reported at \$955,220, \$286k higher than 2025 and 10% of the 2026 operating budget. Combined Boat Haven operations (moorage, yard, and properties) leads the year as the largest source of revenue for the Port, bringing in \$745k, 73% of the YTD overall revenue. Combined yard operations were \$247,699, 34% of the overall 2026 YTD operational revenue. Point Hudson Operations begins the year at \$161k, 17% of the overall revenue. The remaining combined operating units reported \$50k, 5% of the YTD overall revenue.

January YTD revenues include the 5% prepaid moorage for 2026. Normally, 1/12th or \$25,542 would have been posted, leaving a remainder of \$280,963 posted to Accounts Receivable. When the prepayments are eliminated,

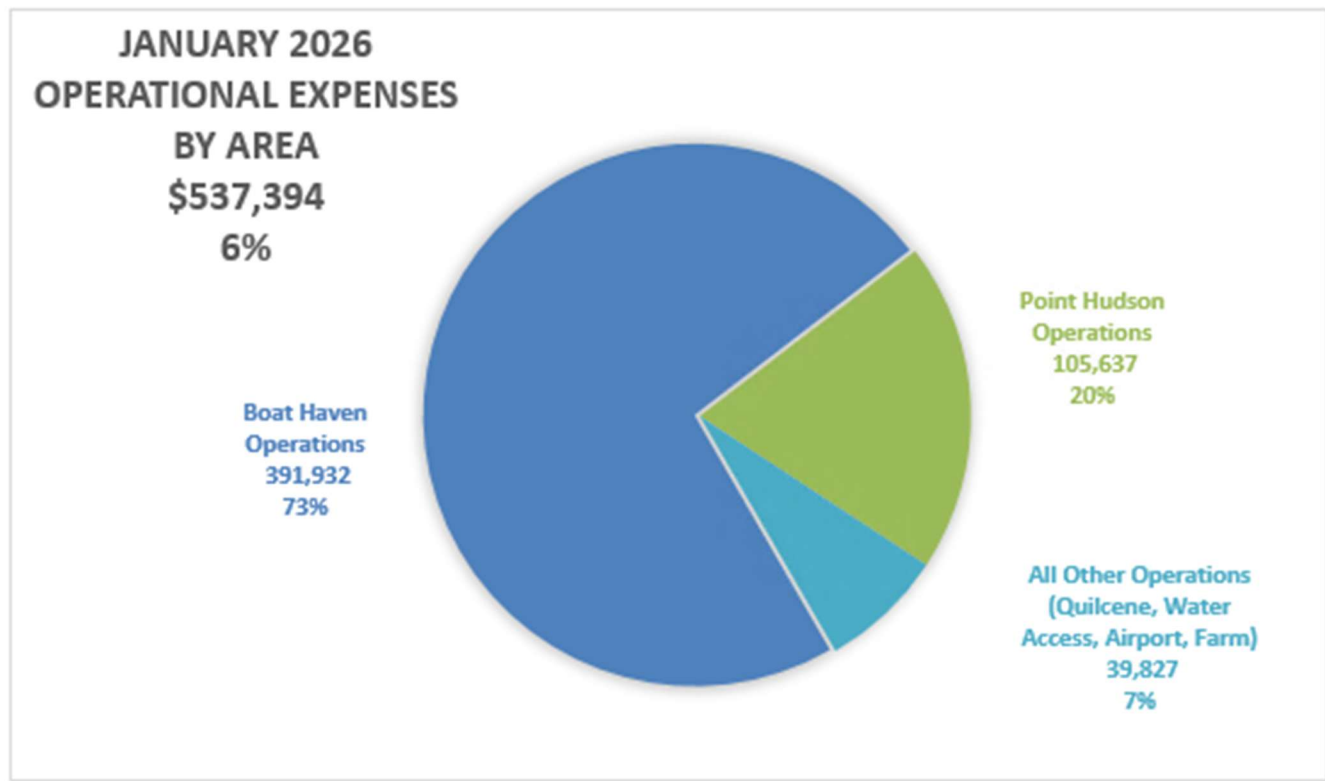
January 2026 is similar to January 2025. The posting of prepaid moorage reflects the change to cash-basis accounting where cash posts as revenue on the day cash is received rather than being held in an Accounts Receivable account. The uptick in permanent moorage revenue will decrease as the year progresses 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	20,059	\$220,650
Point Hudson	\$54,529	4,544	\$49,985
Herb Beck	\$11,267	939	\$10,328
Total	\$306,505	\$25,542	\$280,963

A new credit card fee was added in 2026 to offset the bank charges the Port incurs for processing the cards for payment. The credit card fee was implemented in early January but did not capture the full month of activity as staff worked through software set up with our marina software vendors. In January we collected \$5,876 in credit card fees; the expenses were \$13,540 resulting in a 43% recovery rate on the costs incurred for the month.

Operating Expenditures



January 2026 operating expenses are \$537,394, \$65k lower than 2025 and 6% of the 2026 operating budget. Salaries and benefits reported at 7%, about \$48k under budget representing the largest share of the difference to the January 2025 actuals. 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)

January Net Operating Income (NOI) is \$417,826, 45% of the 2026 budget. January NOI includes the remaining 11 months of the 5% prepaid moorage for \$280,963 (see page 1-2 of this report for details). After the 5% prepaid moorage is subtracted, NOI is approximately \$137k and would be about 15% of budget. The current report indicates we are on track with budget.

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

2026 Operating Revenues & Expenses by Department			
	Revenue	Expenses	NOI
Boat Haven Moorage	392,944	132,137	260,807
Combined Yard Operations (75t & 300t)	247,699	198,699	49,000
Boat Haven Properties	104,054	61,095	42,959
Boat Haven Operations	744,698	391,932	352,766
Point Hudson Marina/RV	110,312	63,301	47,011
Point Hudson Properties	50,586	42,336	8,250
Point Hudson Operations	160,898	105,637	55,261
Quilcene Herb Beck Marina	22,720	16,404	6,316
Water Access	990	3,557	(2,567)
Short Farm Property	2,871	4,069	(1,197)
Jefferson County Intl Airport	22,953	15,798	7,155
Miscellaneous	90		90
All Other Operations (Quilcene, Water Access, Airport, Farm)	49,625	39,827	9,797
Port wide Operating Revenue & Expenses	\$ 955,220	\$ 537,396	\$ 417,824

• *Small difference is due to rounding*

Other Increases and Decreases in Fund Resources

Other Increases

Account Receivables are reported at \$-4,469. 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 January 2026 are \$1,666,216. Reimbursements were received for the following projects:

Project	Jan 2026	Grant Type
Boat Haven Stormwater	1,058,349	Federal Indirect – WA State Dept of Commerce
75T Electric Travelift	319,197	WA State Dept of Commerce (CERB)
Clean Vessel Act O&M	9,730	WA State Parks & Rec
Sims Gateway	227,717	Jefferson County PIF
Gardiner Beach Road Improvements	50,000	Jefferson County PIF
JCIA Industrial Park	1,224	Jefferson County PIF
Total Grant Reimbursements	\$1,666,216	

Tax Receipts of \$11,984 are recorded for the month of January. **Investment Interest** of \$37,573 is recorded for the month of January, 16% of budget, with an average interest rate of 3.7753%.

The Federal Reserve voted to hold the benchmark federal funds rate to a range of 3.5% - 3.75%, pausing a streak of three consecutive rate cuts that occurred in late 2025. The Fed paused to assess economic data, noting that while economic activity was solid, inflation remained somewhat elevated. 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. January capital project expenses total \$80,073, less than 1% of the total 2026 capital budget. In addition, January capital equipment expenses were \$184,886 for the purchase of the 15-ton excavator.

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 JAN 2026	% of Capital Expense
Port Labor	41,929	52%
Port Benefits	9,839	12%
Materials	18,827	24%
Contract Services	9,478	12%
Total Capital Expenses	\$80,073	100%

Year to Date Cash Balances

The overall change in cash position compared to Year End 2025 has increased by \$1.7m. The change in cash position is due to the timing of payments for capital project expenses as well as the receipt of grant reimbursements for previous expenses incurred. Actual grant receipts are detailed above.

<u>Ending Cash Balances</u>		<u>YE 2025 Actuals</u>	<u>2026 YTD</u>
Reserved Cash & Investments – IDD		9,094,287	9,131,744
Reserved Cash & Investments – Other (* see detail below)		1,684,690	1,684,690
Unreserved Cash & Investments		1,362,915	3,061,083
Total Cash & Investments		12,141,892	13,881,147
<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>			3,630
<i>Boat Haven Renovation Reserve (c)</i>	NA	436,068	436,068
<i>Port-Wide Capital Reserve (d)</i>	NA	806,746	806,746
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, January 2026, earned \$37,573. The average YTD interest rate earned was 3.7753% 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.