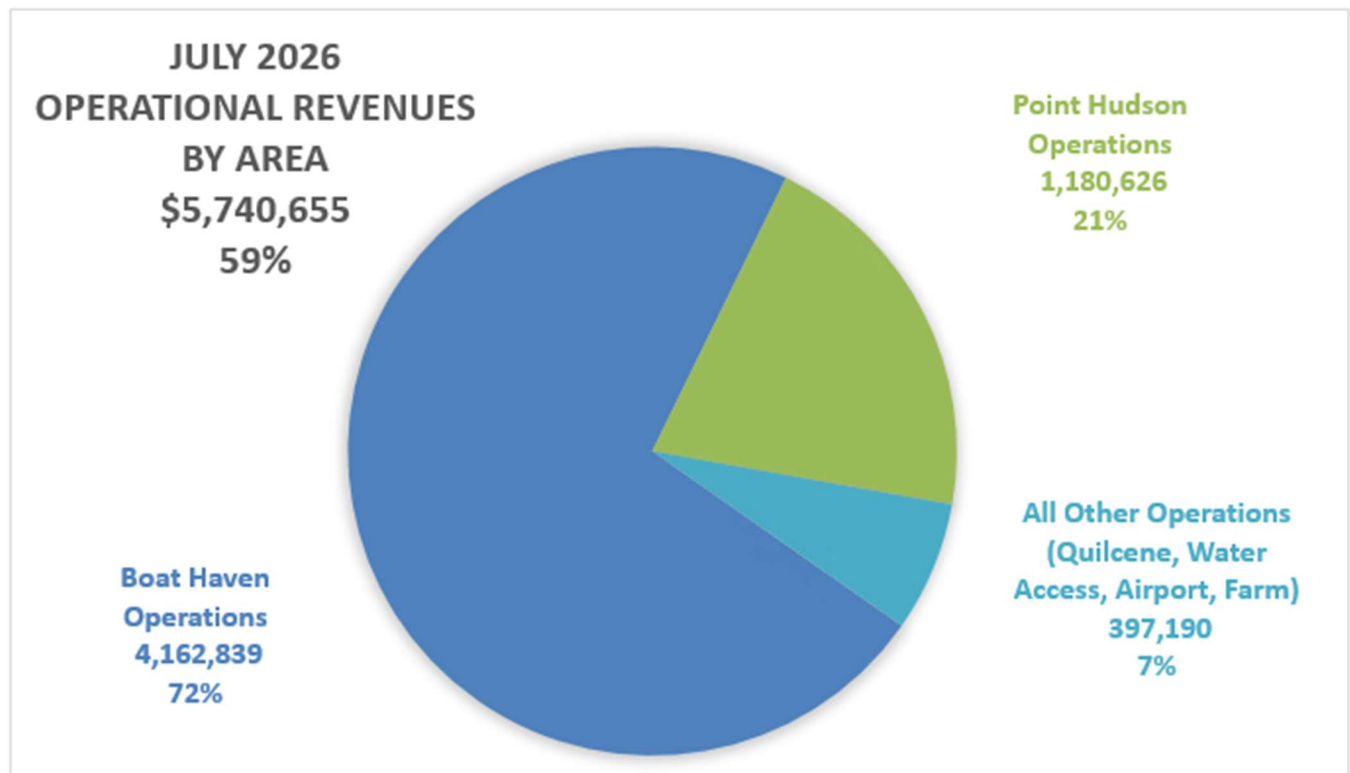


DATE: 9/9/2026
TO: Commission, Executive Staff
FROM: Connie Anderson, Director of Finance & Administration
SUBJECT: July 2026 YTD Financial Report

Attached are some of the highlights of the July 2026 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (July 2025) and the % of budget for 2026. July 2026 represents 58% of the budget.

Notes to the Financial Statements:

Operating Revenues



2026 revenues through July were reported at \$5,740,655, \$434k higher than 2025 and 59% of the 2026 operating budget. Combined Boat Haven operations (moorage, yard, and properties) are the largest sources of revenue for the Port, bringing in \$4,162,839, 72% of the YTD overall revenue. Point Hudson Operations reports at \$1,180,626 21% of the overall revenue. The remaining combined operating units reported \$397,190, 7% of the YTD overall revenue.

Operating Expenditures

July 2026 operating expenses are \$4,146,986, \$115k lower than 2025 and 46% of the 2026 operating budget. Salaries and benefits reported at \$2,804,143, 53% of budget. Salaries and benefits represent the largest share of expenses, reporting \$302k below the 2026 budget.

Not yet reflected in the 2026 YTD financials is the annual insurance cost, which has been budgeted for \$600k. Premiums are typically paid in August and September. General liability insurance will be \$428k for the upcoming insurance period, a 9% increase from the 2025-2026 policy year. In addition to increasing costs, the premium reflects building improvements at Point Hudson as well as the acquired hangar at the airport. The Marine Operators Liability insurance will be \$137,725, a 15% increase. The premium increase is primarily due to increased costs and increased activity in the marina and boatyard. We are still waiting for notification of the airport liability.

With the insurance premiums factored into YTD expenditures, we are roughly 53% of budget.

Net Operating Income (NOI)

July Net Operating Income (NOI) is \$1,593,670, 192% of the 2026 budget. July NOI includes the remaining 5 months of the 5% prepaid moorage for \$127,710. After the 5% prepaid moorage is subtracted, and the annual insurance costs are paid, NOI is approximately \$883k and would be about 106% of budget. The current report indicates we are on target to end the year in line with budget.

Other Increases and Decreases in Fund Resources

Other Increases

Total **Grant Reimbursements and Government Payments** YTD July 2026 are \$32,589

July reimbursements were received for the following projects:

Project	July 2026	Grant Type / Agency
Sims Gateway	20,365	Jefferson County PIF Grant
JCIA Pavement Preservation	2,250	WA State Dept of Transportation
JCIA Master Plan	2951	WA State Dept of Transportation
DNR Vessel Destruction	7,023	WA State Dept of Natural Resources
Total Grant Reimbursements	\$32,589	

Tax Receipts of \$56,799 are recorded for the month of July; YTD tax receipts equal \$2,361,196. Tax receipts include General Operating and IDD property taxes, associated State Forest revenues and State Timber taxes as well as Leasehold Excise tax.

Investment Interest of \$43,313 is recorded for the month of July, YTD interest equals \$280,267, 117% of budget. Interest earnings are (\$72,601) less than July 2025 which reflects the lowered federal funds rate monitored by the Federal Reserve board. Investment interest is recorded separately between Reserved / UnReserved cash & investments and IDD cash & investments. Details are listed below.

Investment Interest	YTD July 2026	2026 Budget	% of Budget
Investment Interest - Reserved / UnReserved Cash & Investments	71,182	80,000	
Investment Interest – IDD Cash & Investments	209,085	160,000	
Total Interest Earned	\$280,267	\$240,000	117%

Cash and investments are invested in the WA State Local Government Investment Pool (LGIP), with an average interest rate of 3.709% before investment fees. Interest rates remain steady. Funds invested with the LGIP are readily available for operational use with proper notice given to the County Treasurer.

Other Decreases

Capital Project work for the year has been focused on the final closeout for the BH Stormwater Improvement Project, the JCIA Fueling System, JCIA pavement preservation and continued work at Point Hudson on the Duplex and Building Weatherization projects. July capital project expenses totaled \$1,203,769; YTD total of \$2,816,048, approximately 23% of the total 2026 capital budget. July YTD capital equipment including the airport hangar purchase expenses were \$1,418,689. Total capital project work, capital equipment and property equaled \$4,234,737 through the end of July.

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 July 2026	% of Capital Expense
Port Labor	359,662	13%
Port Benefits	81,582	3%
Materials	256,218	9%
Contract Services	2,118,586	75%
Total Capital Expenses	\$2,816,048	100%

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	
8th draw	Aug-26			1,314,260	1,000,000			2,314,260	4,685,740	
LOC payment	Sep-26			2,314,260		654,433	10,843	1,659,827	5,340,173	per CVB Schedule
LOC payment	Mar-27			1,659,827		659,827	5,444	1,000,000	6,000,000	per CVB Schedule
LOC final pmt	Mar-27			1,000,000		1,000,000	10,000	(0)	7,000,000	estimated
2021 LTGO Line of Credit Available Balance as of August 2026								\$4,685,740		

An additional draw for \$1,000,000 was requested at the end of August to cover capital project expenses while waiting for grant reimbursements and IDD levy match reconciliation. The balance owing after the September 2026 payment will be \$1,659,827. The balance will be due in full March 2027.

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 the additional draw request on August 31, 2026, for \$1,000,000. The LOC can be paid in full at any time; there are no penalties for pre-payment. The interest rate on the LOC is 1.65% through the end of bond term.

Year to Date Cash Balances

The overall change in cash position compared to Year End 2025 has increased by \$1.8. The change in cash position is due to the timing of payments for capital project expenses, prepaid moorage rates, property tax receipts 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	9,891,794
Reserved Cash & Investments – Other (* see detail below)		1,684,690	2,515,185
Unreserved Cash & Investments		1,362,915	1,602,960
Total Cash & Investments		\$12,141,892	\$14,009,939
<u>*Other Reserves detail:</u>			
	<u>Target balance</u>	<u>YE 2025 Actuals</u>	<u>2026 YTD</u>
Unemployment Reserve	NA	10,000	10,000
Operating Reserve (a)		23,405	
Econ. Dvlp. Initiatives & Emergency Reserve (a)	1,000,000	500,000	1,000,000
Property Tax Reserve (b)			673,298
Boat Haven Renovation Reserve (c)	NA	436,068	
Port-Wide Capital Reserve (c)	NA	806,746	831,887
Total Other Reserves		\$1,684,690	\$2,515,185

Reserve Policies were updated April 8, 2026, at the commission business meeting.

*** Other Reserves detail:**

- (a) The Economic Development Initiatives & Emergency Reserve was established in April 2026 with a target balance of \$1,000,000. This reserve account replaced the prior Operating Reserve and Emergency Reserve.*
- (b) The Property Tax Reserve was established in resolution 863-25 in 2025.*
- (c) The Port-Wide Capital Reserve was combined with the Boat Haven Moorage Renovation Reserve in April 2026.*

Staff Recommended Liquid Cash Reserve – (Unreserved Cash & Investments)

Maintain cash liquidity in the Port's Unreserved Cash & Investments sufficient to pay an average of two and a half months of operating expenses and one month of capital budget to outside vendors and employees plus one month of required annual debt obligations.

The Liquid Cash Reserve represents cash available to pay operating and capital expenses during the period. The balance will fluctuate depending on the timing of seasonal work, capital project expenses as well as the receipt of grant reimbursements for previous expenses incurred. The cash liquidity allows the Port to use available cash balances to pay expenses as they are incurred.

When the Unreserved Cash & Investments are under the recommended balance, the Executive Director will direct staff to provide a plan to return the Liquid Cash Reserve to its recommended balance.

The (\$1,353,686) under the recommended Liquid Cash Reserve as of July 30, 2026, will be replenished by \$1,296,188 requested in grant reimbursements from FAA, WA State Department of Commerce, and the WA State Historical Capital Program (HCP). In addition, the IDD will reimburse the Port \$1,014,981 for the budgeted Port share of capital project expenses. The Line of Credit will also be utilized to ensure adequate funds to cover the operational and capital expenses.

2026 Liquid Cash Reserve	
<i>2026 Operating Budget</i>	<i>\$ 8,697,932</i>
<i>2026 Capital Budget</i>	<i>12,420,664</i>
<i>2026 Debt (LOC)</i>	<i>1,314,260</i>
<i>2.5 mos. Operating Expense</i>	<i>1,812,069</i>
<i>1 mo. Capital budget</i>	<i>1,035,055</i>
<i>1 mo. Annual debt obligation</i>	<i>109,522</i>
<i>Recommended 2026 Liquid Cash Reserve</i>	<i>\$ 2,956,646</i>
<i>Unreserved Cash & Investments</i>	<i>1,602,960</i>
<i>Over / Under Liquid Cash Reserve as of July 30, 2026</i>	<i>(\$1,353,686)</i>

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.