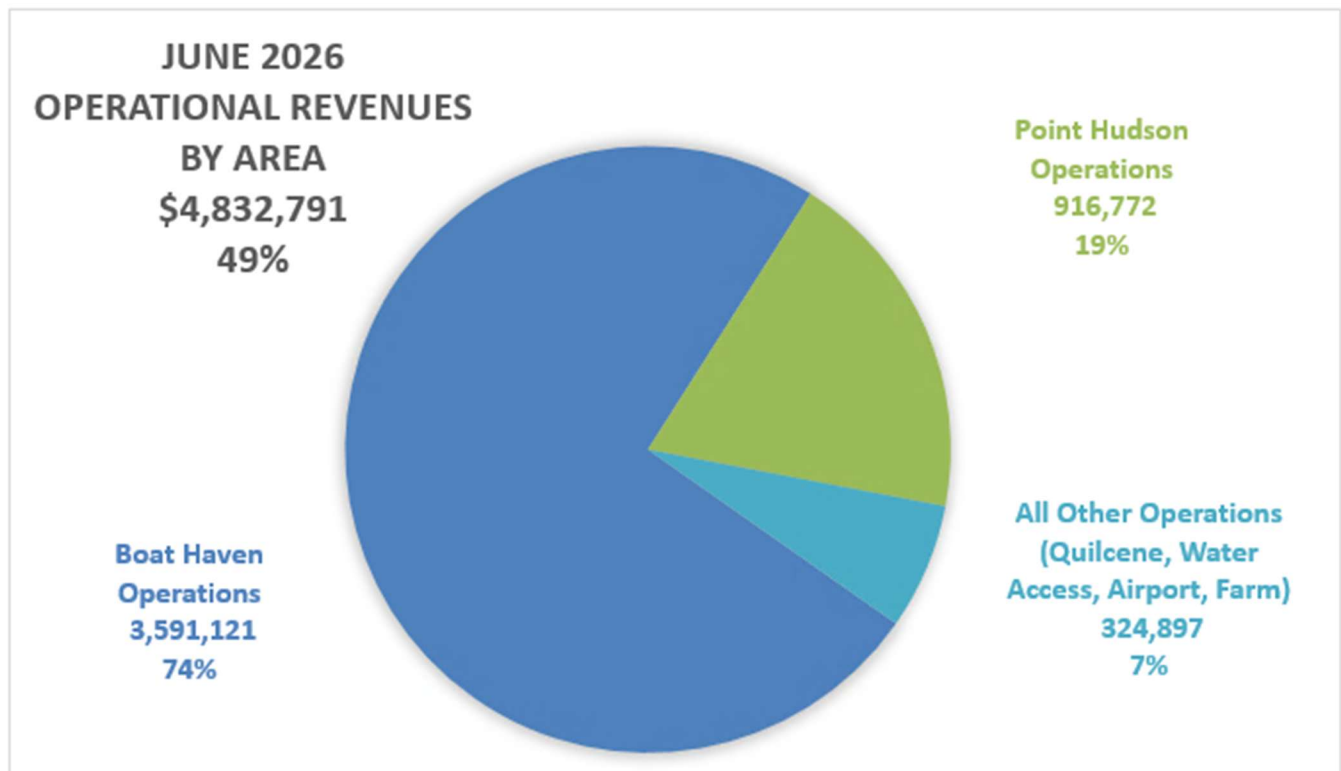


DATE: 8/12/2026
TO: Commission, Executive Staff
FROM: Connie Anderson, Director of Finance & Administration
SUBJECT: June 2026 YTD Financial Report

Attached are some of the highlights of the June 2026 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (June 2025) and the % of budget for 2026. June 2026 represents 50% of the budget.

Notes to the Financial Statements:

Operating Revenues



2026 revenues through June reported at \$4,832,791, \$412k higher than 2025 and 49% of the 2026 operating budget. Combined Boat Haven operations (moorage, yard, and properties) are the largest sources of revenue for the Port, bringing in \$3,591,121, 74% of the YTD overall revenue. Point Hudson Operations reports at \$916,772 19% of the overall revenue. The remaining combined operating units reported \$324,897, 7% of the YTD overall revenue.

Lease revenues are 15% or \$36k above June 2025, and 45% of 2026 budget. The 2026 lease revenue budget includes Leasehold Excise Tax (approx. 5%), which is recorded separately in Other Fund Resources. With consideration for the tax reporting, lease revenues are on target for the year. Turnover at both Boat Haven and

Point Hudson properties has created new opportunities for executing beneficial leases, determining the best use of existing space as well as working with new tenants that fit the culture of the Port.

The Port experienced strong revenues in the first quarter of 2026, \$385k or 20% higher than 2025. The highest activity was noted in combined yard operations. First quarter in the Pacific NW was unseasonably mild and large vessel activity was higher partially due to the weather as well as reduced availability during the 2025 Stormwater project. A dip in revenue was noted in April, following the start of the Iran War. Activity stabilized in May and June and at mid-year, the Port's revenue remains strong at \$4.8m, \$412k or 9% above 2025 and 49% of budget. However, we are seeing lower than average numbers in both the RV and Marina transient activity as well as lower storage activity in the boatyard, possible indicators of a change from recent years and key indicators that Port staff will continue to monitor.

June YTD revenues include the 5% prepaid moorage of \$306,505 for 2026. Normally, six months or \$120,355 would have been posted to cash, leaving the remainder of \$120,355 posted to Accounts Receivable. When the prepayments are eliminated from the YTD Total Operating Revenues, June 2026 is \$153k or 6% higher than March 2025.

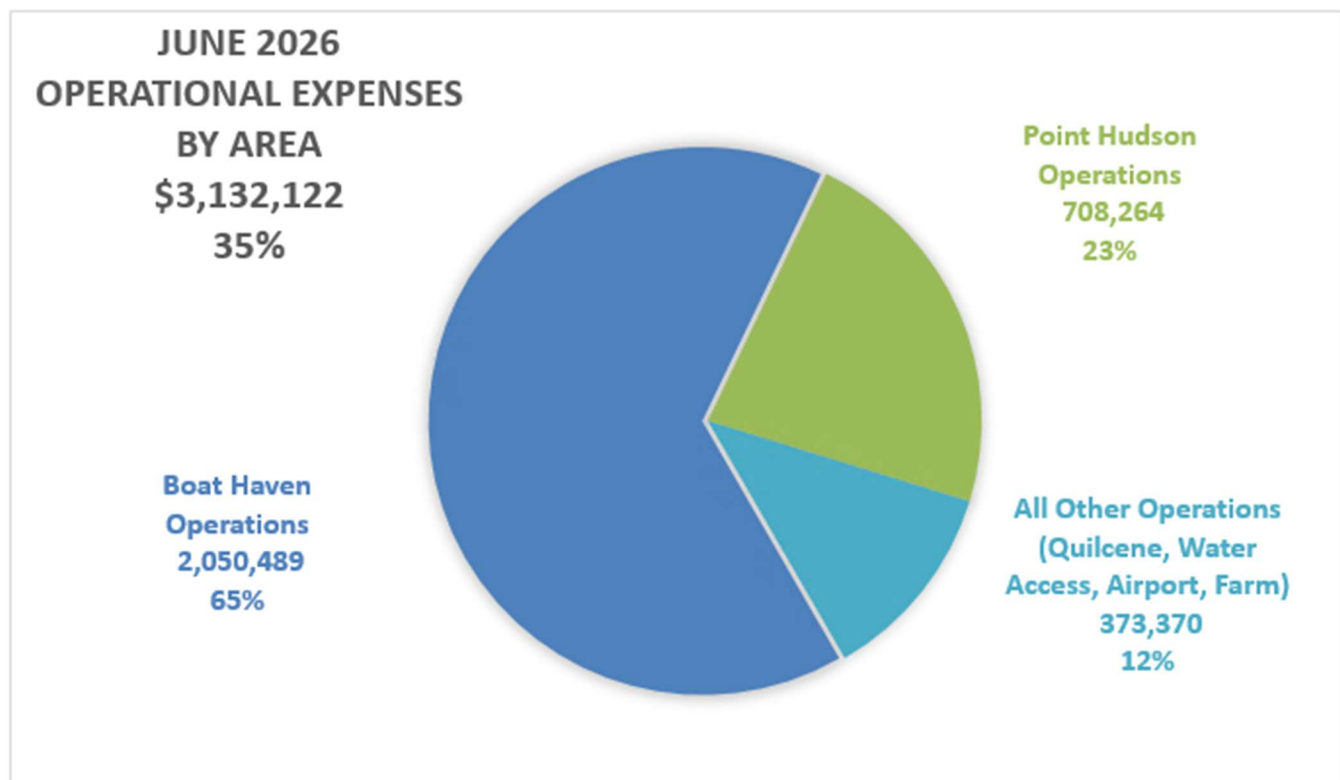
Note: Below is a breakdown of prepayments by department:

Department	Full Rate	5% Discount	5% Prepaid	June YTD Actual	Remaining
Boat Haven	\$253,378	(\$12,669)	\$240,709	\$120,355	\$120,355
Point Hudson	\$57,399	(\$2,870)	\$54,529	\$27,264	\$27,264
Herb Beck	\$11,860	(\$593)	\$11,267	\$5,634	\$5,634
Total	\$322,637	(\$16,132)	\$306,505	\$153,252	\$153,252

** 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.

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, use of credit cards has dropped by 14% compared to June 2025. The result is increased cash and check activity which is manually processed by Port staff. Through June 2026, credit card fee revenue is \$50,329 compared to credit card charges of \$81,294. The YTD recovery rate is 62%. The May recovery rate was 65%. The recovery rate is holding steady as Port customers have become accustomed to the new fee.

Operating Expenditures



June 2026 operating expenses, including unallocated administrative expenses, are \$3,391,131, \$150k lower than 2025 and 38% of the 2026 operating budget. Salaries and benefits reported at \$2,347,521, 44% of budget. Salaries and benefits represent the largest share of expenses, reporting \$313k below the 2026 budget. Other operational expenses are being monitored and remained controlled as we monitor the current economic activity.

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 current period. In addition to increasing costs, the premium reflects building improvements at Point Hudson as well as the acquired hangar at the airport. We are still waiting for notification of the airport liability and marina operators' insurance policies.

With the insurance premiums factored into YTD expenditures, we are roughly 45% of budget.

Net Operating Income (NOI)

June Net Operating Income (NOI) is \$1,441,660, 174% of the 2026 budget. June NOI includes the remaining 6 months of the 5% prepaid moorage for \$153,252. After the 5% prepaid moorage is subtracted, NOI is approximately \$1.28m and would be about 155% of budget. The current report indicates we are well ahead of budget for the year with the needed revenue available to cover the annual insurance premiums.

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

2026 Operating Revenues & Expenses by Department			
	Revenue	Expenses	NOI
Boat Haven Moorage	1,309,788	490,846	818,942
Combined Yard Operations (75t & 300t)	1,624,380	1,195,073	429,307
Boat Haven Properties	656,953	359,786	297,167
Boat Haven Operations	3,591,121	2,045,705	1,545,416
Point Hudson Marina/RV	605,863	404,656	201,207
Point Hudson Properties	310,909	308,390	2518
Point Hudson Operations	916,772	713,047	203,726
Quilcene Herb Beck Marina	94,080	106,527	(12,447)
Water Access	61,500	33,280	28,220
Short Farm Property	26,301	98,800	(72,499)
Jefferson County Intl Airport	136,888	134,763	2,125
Miscellaneous	495	--	495
All Other Operations (Quilcene, Water Access, Airport, Farm)	319,263	373,370	(54,107)

Other Increases and Decreases in Fund Resources

Other Increases

Total **Grant Reimbursements and Government Payments** YTD June 2026 are \$2,665,937.

May / June reimbursements were received for the following projects:

Project	May/June 2026	Grant Type / Agency
Gardiner Boat Launch	152,943	WA State RCO
JCIA Pavement Preservation	3,133	FAA
JCIA Master Plan	83,342	FAA
JCIA Master Plan	4,631	WA Dept of Transportation
Total Grant Reimbursements	\$244,049	

Tax Receipts of \$111,522 are recorded for the month of June; YTD tax receipts equal \$2,304,396. 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 \$42,843 is recorded for the month of June, YTD interest equals \$236,953, 99% of budget. Interest earnings are \$46,253 less than June 2025 which reflects the lowered federal funds rate monitored by the Federal Reserve board. Investment interest is recorded separately between Reserved / UnReserved and IDD cash investments. Details are listed below.

Investment Interest	YTD June 2026	2026 Budget	% of Budget
Investment Interest - Reserved / UnReserved Cash & Investments	60,868	80,000	
Investment Interest – IDD Cash & Investments	176,086	160,000	
Total Interest Earned	\$236,953	\$240,000	99%

Reserved cash and investments are invested in the WA State Local Government Investment Pool (LGIP), with an average interest rate of 3.6924% before investment fees. Interest rates remain steady. The Federal Reserve Board continues to hold the federal funds rate to a range of 3.5% - 3.75%.

Other Decreases

Capital Project work for the year is underway with a new focus on the 2026 capital work plan. Primary focus has been on the final closeout for the BH Stormwater Improvement Project, the JCIA Fueling System and continued work at Point Hudson on the Duplex and Building Weatherization projects. June YTD capital project expenses total

\$1,609,096, approximately 13% of the total 2026 capital budget. June YTD capital equipment expenses were \$724,835.

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 June 2026	% of Capital Expense
Port Labor	318,472	48%
Port Benefits	73,010	5%
Materials	187,272	12%
Contract Services	1,030,342	64%
Total Capital Expenses	\$1,609,096	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	
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 March 2026								\$5,685,740		

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.

Year to Date Cash Balances

The overall change in cash position compared to Year End 2025 has increased by \$3.6m. 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	10,520,683
Reserved Cash & Investments – Other (* see detail below)		1,684,690	2,757,894
Unreserved Cash & Investments		1,362,915	2,491,901
Total Cash & Investments		12,141,892	15,770,478
<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		23,405	
Econ. Dvlp. Initiatives & Emergency Reserve (a)	1,000,000	500,000	1,000,000
Property Tax Reserve (b)			661,987
Boat Haven Renovation Reserve	NA	436,068	
Port-Wide Capital Reserve (c)	NA	806,746	1,085,907
Total Other Reserves		\$1,684,690	\$2,757,894

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.*

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.