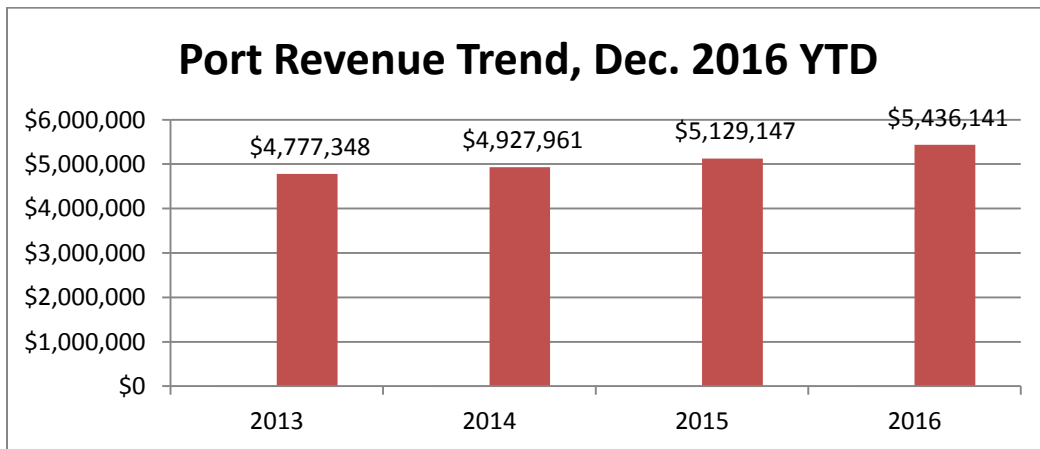


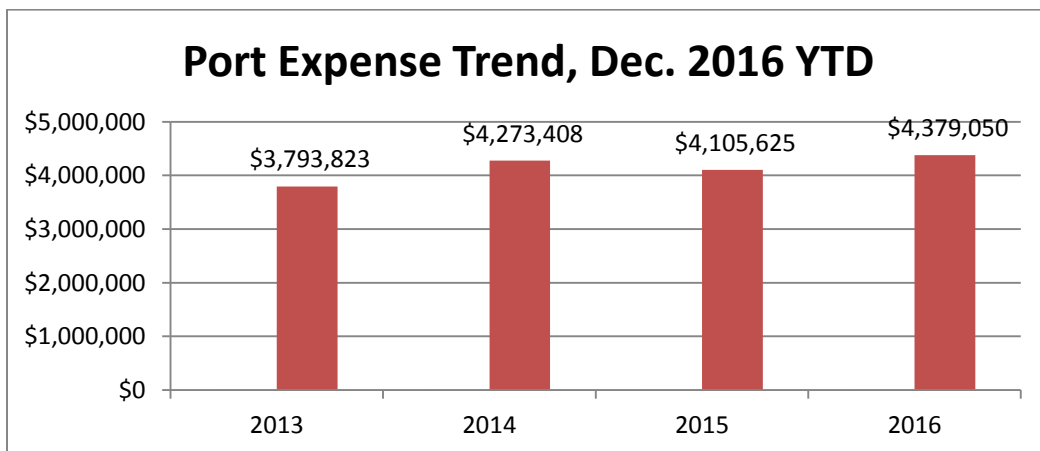
## MEMORANDUM

**Date:** January 20, 2017  
**To:** Commission & Directors  
**From:** Abigail Berg  
**Subject:** Port financial highlights, YTD December 2016 - PRELIMINARY

I would like to preface this report to emphasize the fact that this is a preliminary report. It is preliminary because we have not completed the Annual Report which will be completed on or before May 31, 2017. For the purposes of reviewing the performance of Operations, this preliminary report is substantially accurate, however, there are several other factors that will affect the results. For instance, there will likely be additional 2016 expenditures that will arise but haven't been received yet. As of today, we are aware of an additional \$167,316 in expenditures that is not reflected in this report (it is being paid with the January 25<sup>th</sup> warrants). We don't anticipate another wave of 2016 expenditures that will reach that amount, however, there may be some. In addition, we are in the process of reviewing the L3 Stormwater expenditures that, to date, have been treated as a Work in Progress (WIP), however, we've come to believe that much if not all of those expenditures are not capitalizable and thus will be moved into Operations expenditures.



**YTD Operating Revenues are up \$306,994, or 6%, compared to 2015. In addition, at year end (100% of budget) we ended the year at 100.3% of budget.**



**YTD 2016 Operating expenses are \$273,425, or 6.7%, more than 2015. In addition, at year end (100% of budget) we ended the year at 98% of budget (without depreciation).**

Before depreciation, we have YTD net operating income of \$1,057,091 and after depreciation the YTD net operating income is a loss of (\$484,279). However the overall net income is \$427,081 (with depreciation) after non-operating revenues and expenses are included. This is \$70,270 more than 2015 YTD. In addition, at year end (100% of budget) we ended at 164.4% of budget for the Net Income (Loss) of the Port. *(It should be noted that though this is an increase over 2015 and over budget, there is approximately \$85,000 in revenues that will likely not be collected between Landry and Cobb.)*

YTD, the Port expended \$465,663 in WIP costs, which do not show on the Statement of Revenue and Expense, and reduces the amount to an overall Net Loss of (\$38,582).

YTD, the Port paid \$625,000 total principal debt service for 2016. The Bond *principal* payments are not reflected in the year to date non-operating results but are a reduction in cash.

Cash and investment balances at December 31, 2016 were \$2,820,460, of which \$977,850 were reserves leaving a \$1,842,610 unreserved balance of cash to cover the seasonal ebb and flow of revenues, debt service payments and capital project costs.

<b>2016 Cash Flow - Preliminary</b>		
<b>2016 Beginning Year Cash (audited)</b>		
Unreserved Cash	\$	<b>1,079,277</b>
Customer Deposits		<b>155,794</b>
Reserved Cash		<b>857,850</b>
		<b>2,092,921</b>
Operating Revenues	\$	5,436,141
Operating Expenses (w/o depreciation)		(4,379,050)
Non-Operating Revenues		1,308,930
Non-Operating Expenses		(397,571)
Debt service - principle		(625,000)
Issuance of Bond Debt		-
Capital expenses (WIPs)		(465,663)
Increase/(Decrease) in cash	\$	877,787
<b>Preliminary Year End Cash</b>		
Unreserved Cash		<b>1,692,416</b>
Customer Deposits		<b>150,194</b>
Reserved Cash		<b>977,850</b>
<b>TOTAL</b>	<b>\$</b>	<b>2,820,460</b>

Port of Port Townsend  
Consolidated Statement of Revenue & Expense  
For the Period Ended December 31, 2016

**PRELIMINARY**

	Actual thru Dec. 31, 2015	Actual thru Dec. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 100% of year	Budget Remaining from Actual Results	Remarks
<b>Revenues</b>							
PTBH - Permanent Moorage	952,981	1,009,082	56,101	1,032,000	97.8%	22,919	~\$22k Cobb
PTBH - Ship Moorage	3,465	0	(3,465)	0	0.0%	0	2016 monthly or nightly
PTBH - Liveaboard Fee	16,020	20,020	4,000	18,000	111.2%	(2,020)	
Work Float/Lift Pier Usage	2,399	12,823	10,424	18,000	71.2%	5,177	
PTBH - Monthly Guest	165,602	181,755	16,153	159,500	114.0%	(22,255)	
PTBH - Nightly Guest	194,049	242,473	48,424	231,600	104.7%	(10,873)	~\$16k Cobb
PTBH - Electric	86,630	90,218	3,587	80,000	112.8%	(10,218)	
PTBH - Miscellaneous	10,527	23,030	12,503	10,000	230.3%	(13,030)	City water reim ~\$10k ck, Cobb ~\$3.5k
PTBH - Enviro Clean-up	135	0	(135)	0	0.0%	0	
PTBH - Showers	21,105	20,936	(169)	20,000	104.7%	(936)	
PTBH - Laundry	4,447	5,056	609	6,000	84.3%	944	
<b>Total Moorage Revenue</b>	<b>1,457,361</b>	<b>1,605,393</b>	<b>148,032</b>	<b>1,575,100</b>	<b>101.9%</b>	<b>(30,293)</b>	
Yard - Liveaboard Fee	140	840	700	500	168.0%	(340)	
Yard - Miscellaneous	7,575	39,061	31,486	15,000	260.4%	(24,061)	~\$33k Landry, ~\$1.5k Cobb
Yard - Enviro Clean-up	19,226	14,790	(4,436)	0	0.0%	(14,790)	~\$5.5k Cobb
Yard - BMP infractions	600	3,600	3,000	0	0.0%	(3,600)	
Yard - 70/75 Ton Hoist	272,748	280,353	7,605	270,639	103.6%	(9,714)	
Yard - 300 Ton Hoist	129,292	154,382	25,091	186,735	82.7%	32,353	
Yard - Washdown	69,845	73,943	4,099	75,000	98.6%	1,057	
Yard - Bilge Water	7,016	4,398	(2,618)	12,000	36.7%	7,602	
Yard - Work Yard	531,201	484,259	(46,942)	600,000	80.7%	115,741	
Yard - Ship Yard	342,936	347,490	4,553	360,080	96.5%	12,590	
Yard - L/T Storage	62,279	54,665	(7,614)	70,322	77.7%	15,657	
Yard - Electric	18,471	23,017	4,546	25,000	92.1%	1,983	
Yard - Blocking Rent	13,779	19,300	5,521	16,000	120.6%	(3,300)	
Yard - Tarp Pool Fee	320	0	(320)	0	0.0%	0	
Marine Trades 3%	115,922	107,293	(8,629)	81,800	131.2%	(25,493)	
<b>Total Work Yard Revenue</b>	<b>1,591,348</b>	<b>1,607,391</b>	<b>16,043</b>	<b>1,713,076</b>	<b>93.8%</b>	<b>105,685</b>	
PTBH Prop - Leases	486,146	508,113	21,968	509,600	99.7%	1,487	
PTBH Prop - Storage Unit	5,096	4,974	(121)	5,000	99.5%	26	
PTBH Prop - Fuel Dock Lease	20,889	19,850	(1,038)	20,400	97.3%	550	pre 2016 "other" utilities were put in Electric, now is corrected
PTBH Prop - Electric	14,311	4,116	(10,195)	14,000	29.4%	9,884	
PTBH Prop - Other Utilities	7,485	17,231	9,746	8,200	210.1%	(9,031)	
<b>Total PTBH Property Revenue</b>	<b>533,925</b>	<b>554,285</b>	<b>10,614</b>	<b>557,200</b>	<b>99.5%</b>	<b>2,915</b>	

Port of Port Townsend  
Consolidated Statement of Revenue & Expense  
For the Period Ended December 31, 2016

**PRELIMINARY**

	Actual thru Dec. 31, 2015	Actual thru Dec. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 100% of year	Budget Remaining from Actual Results	Remarks
Pt Hudson Prop - Bldg Leases	374,695	377,042	2,347	400,000	94.3%	22,958	
Pt Hudson Prop - Utility Reim	0	11,674	11,674	0	0.0%	(11,674)	<i>chg in accounting practice</i>
Pt Hudson - Perm Moorage	118,636	126,228	7,592	124,277	101.6%	(1,951)	
Pt Hudson - Liveaboard Fee	4,060	3,920	(140)	4,300	91.2%	380	
Pt Hudson - Monthly Guest	87,589	99,773	12,183	70,000	142.5%	(29,773)	
Pt Hudson - Wharf Garbage Reim	0	25,891	25,891	0	0.0%	(25,891)	<i>chg in accounting practice</i>
Pt Hudson - Nightly Guest	230,157	239,353	9,196	235,350	101.7%	(4,003)	
Pt Hudson - Wharf Usage	6,778	8,687	1,909	10,000	86.9%	1,313	
Pt Hudson - Monthly R.V.	28,838	33,525	4,688	27,100	123.7%	(6,425)	
Pt Hudson - Nightly R.V.	300,069	336,928	36,859	290,126	116.1%	(46,802)	
Pt Hudson - Kayak Racks	9,021	10,959	1,938	6,000	182.7%	(4,959)	
Pt Hudson - Reservation Fee	33,348	31,298	(2,050)	26,000	120.4%	(5,298)	
Pt Hudson - Showers	8,467	8,437	(30)	8,000	105.5%	(437)	
Pt Hudson - Laundry	8,318	9,407	1,089	7,500	125.4%	(1,907)	
Pt Hudson - Passenger Fee	3,815	4,019	205	4,000	100.5%	(19)	
Pt Hudson - Electric	29,506	30,204	698	22,000	137.3%	(8,204)	
Pt Hudson - Miscellaneous	3,345	3,840	496	2,500	153.6%	(1,340)	
Pt Hudson - Event Facility	5,277	5,372	96	5,000	107.4%	(372)	
<b>Total Pt Hudson Revenue</b>	<b>1,251,918</b>	<b>1,366,556</b>	<b>114,638</b>	<b>1,242,153</b>	<b>110.0%</b>	<b>(124,403)</b>	
Quilcene - Permanent Moorage	29,616	31,200	1,584	33,150	94.1%	1,950	
Quilcene - Nightly Moorage	4,314	3,573	(741)	2,600	137.4%	(973)	
Quilcene - Nightly R.V.	1,243	995	(248)	1,200	82.9%	205	
Quilcene - Electric	1,043	1,097	54	2,000	54.8%	903	
Quilcene - Showers	2,310	2,113	(197)	2,500	84.5%	387	
Quilcene - Fuel Sales	20,456	17,639	(2,817)	28,000	63.0%	10,361	
Quilcene - Ramp fees	0	2,707	2,707	0	0.0%	(2,707)	<i>prev under "Ramps"</i>
Quilcene - Leases	56,894	57,947	1,054	59,160	97.9%	1,213	
Quilcene - Rental Property	6,000	6,000	0	6,000	100.0%	0	
Quilcene - Water	6,749	6,718	(31)	7,000	96.0%	282	
Quilcene - Miscellaneous	0	0	0	200	0.0%	200	
<b>Total Quilcene Revenue</b>	<b>128,625</b>	<b>129,989</b>	<b>1,364</b>	<b>141,810</b>	<b>91.7%</b>	<b>11,821</b>	
Ramps - Passes	34,400	35,917	1,517	53,899	66.6%	17,982	<i>moved Quil to Quil</i>
Ramps - Dinghy Float	840	856	16	1,350	63.4%	494	
<b>Total Ramp Revenue</b>	<b>35,240</b>	<b>36,773</b>	<b>1,533</b>	<b>55,249</b>	<b>66.6%</b>	<b>18,476</b>	
JCIA - Miscellaneous	0	2,363	2,363	100	2363.5%	(2,263)	<i>incl reim damaged lights</i>
JCIA - Leases	103,917	105,395	1,478	105,264	100.1%	(131)	
JCIA - Hangar Revenue	22,314	23,525	1,211	22,404	105.0%	(1,121)	
JCIA - Vehicle Parking	720	720	0	750	96.0%	30	
JCIA - Aircraft Parking	582	1,225	643	1,000	122.5%	(225)	
JCIA - Commercial Landing Fee	0	0	0	0	0.0%	0	
JCIA - Fuel Lease	3,194	2,526	(669)	3,500	72.2%	974	
<b>Total JCIA Revenue</b>	<b>130,727</b>	<b>135,754</b>	<b>5,027</b>	<b>133,018</b>	<b>102.1%</b>	<b>(2,736)</b>	
<b>Total Operating Revenue</b>	<b>5,129,144</b>	<b>5,436,141</b>	<b>297,251</b>	<b>5,417,606</b>	<b>100.3%</b>	<b>(18,535)</b>	

Port of Port Townsend  
Consolidated Statement of Revenue & Expense  
For the Period Ended December 31, 2016

**PRELIMINARY**

	Actual thru Dec. 31, 2015	Actual thru Dec. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 100% of year	Budget Remaining from Actual Results	Remarks
<b>Operating Expenses</b>							
Salaries & Wages	1,691,079	1,834,612	143,533	1,877,504	97.7%	42,892	
Payroll Taxes	177,053	194,520	17,467	221,100	88.0%	26,580	
Employee Benefits	594,030	637,884	43,853	670,101	95.2%	32,217	
Uniforms	9,072	8,517	(556)	9,908	86.0%	1,391	
Contract Services	304,084	295,348	(8,737)	201,310	146.7%	(94,038)	<i>Boat Demo ~\$30k, not Patrol I</i>
Legal & Auditing	45,694	144,436	98,742	81,600	177.0%	(62,836)	<i>primarily Patrol I &amp; Cobb</i>
Operating Supplies	176,653	160,243	(16,410)	154,854	103.5%	(5,389)	
Cost of Fuel Sold - Quilcene	18,060	15,571	(2,489)	20,000	77.9%	4,429	
Moorage Credit System - PTBH	53,581	47,825	(5,756)	40,000	119.6%	(7,825)	<i>expected to vary</i>
Travel	21,357	19,194	(2,163)	17,100	112.2%	(2,094)	
Training	12,109	10,865	(1,244)	8,000	135.8%	(2,865)	<i>retreat Strtgc Plan</i>
Insurance	190,346	195,700	5,354	189,175	103.4%	(6,524)	
Claims & Damages	0	5,923	5,923	7,000	84.6%	1,077	
Advertising	28,524	52,027	23,503	48,050	108.3%	(3,977)	<i>Exec. Dir. Recruitment</i>
Promotion	6,627	5,631	(996)	5,000	112.6%	(631)	
Membership & Dues	12,935	12,622	(313)	14,670	86.0%	2,048	<i>WPPA dues pd in Jan.</i>
Community Relations	1,374	0	(1,374)	4,000	0.0%	4,000	
Bank Charges	55,898	57,847	1,949	53,320	108.5%	(4,527)	<i>incr in customer chrgs</i>
Utilities	473,673	541,911	68,238	530,347	102.2%	(11,564)	<i>~\$34k related to chg in acctg practice</i>
Excise Tax	21,163	23,484	2,321	23,125	101.6%	(359)	<i>expected to vary</i>
Bad Debt	14,477	1,838	(12,639)	19,200	9.6%	17,362	<i>expected to vary</i>
Miscellaneous	325	3,427	3,102	4,200	81.6%	773	
Repair & Maintenance	172,509	152,203	(20,306)	245,520	62.0%	93,317	
Economic Development	25,000	25,000	0	25,000	100.0%	0	
Operating Expenses w/o Depr	4,105,625	4,446,627	341,002	4,470,084	99.5%	23,457	
Income from Operations w/o Depr	1,023,519	989,515	(43,750)	947,522	104.4%	(41,993)	
Depreciation Expense	1,523,011	1,541,370	18,360	1,548,147	99.6%	6,777	
Income (Loss) from Oper w/Depr	(499,492)	(551,856)	(52,364)	(600,625)	91.9%	(48,769)	

Port of Port Townsend  
Consolidated Statement of Revenue & Expense  
For the Period Ended December 31, 2016

**PRELIMINARY**

	Actual thru Dec. 31, 2015	Actual thru Dec. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 100% of year	Budget Remaining from Actual Results	Remarks
<b>Non-Operating Revenue</b>							
Grant - FAA	18,364	38,907	20,543	0	0.0%	(38,907)	<i>final AWOS close-out</i>
Miscellaneous Grants	0	26,469	26,469	0	0.0%	(26,469)	<i>Quil WW Study-County</i>
Capital Contributions	207,991	177,413	(30,578)	223,740	79.3%	46,327	<i>incl PH Jetty 2014 reim</i>
ARRA Bond Interest Subsidy	33,033	16,283	(16,749)	0	0.0%	(16,283)	<i>2010 LTGO Bond rebate</i>
Investment Interest	3,327	8,014	4,687	4,200	190.8%	(3,814)	<i>incr in invstmt balances</i>
Operating Tax Levy	922,286	933,800	11,514	948,000	98.5%	14,200	
State Forest Sales	51,141	37,661	(13,479)	25,000	150.6%	(12,661)	<i>expected to vary</i>
State Timber Excise Tax	52,469	31,140	(21,329)	39,000	79.8%	7,860	<i>expected to vary</i>
Leasehold Excise Tax	7,253	6,728	(525)	7,000	96.1%	272	
Insurance Recovery	10,847	10,000	(847)	0	#DIV/0!	(10,000)	<i>expected to vary</i>
Finance Charges	17,287	22,056	4,769	14,000	157.5%	(8,056)	<i>incr in credit card use &amp; ~\$3.5k Cobb</i>
Other Non-Operating	10,001	598	(9,403)	0	0.0%	(598)	
Cash Over/(Short)	(89)	(140)	(51)	0	0.0%	140	
<b>Total Non-Operating Revenue</b>	<b>1,333,911</b>	<b>1,308,930</b>	<b>(24,980)</b>	<b>1,260,940</b>	<b>103.8%</b>	<b>(47,990)</b>	
<b>Non-Operating Expenses</b>							
Interest Exp - CERB Loan	5,959	4,582	(1,377)	5,500	83.3%	918	
Interest Exp - 2005 Rev Ref Bond	61,875	0	(61,875)	0	0.0%	0	
Interest Exp - 2005 LTGO Bond	2,299	0	(2,299)	0	0.0%	0	
Interest Exp - 2006 LTGO Ref Bond	21,689	18,066	(3,624)	17,532	103.0%	(534)	
Interest Exp - 2010 LTGO Bond	225,672	217,394	(8,278)	226,836	95.8%	9,442	
Interest Exp - 2013 Revenue Bond	17,754	18,830	1,076	17,754	106.1%	(1,076)	
Interest Exp - 2015 LTGO Ref Bond	63,260	110,402	47,142	130,651	84.5%	20,249	
Bond Management Fees	5,259	940	(4,319)	1,200	78.3%	260	
Bond Issue Costs	67,338	0	(67,338)	0	0.0%	0	
Investment Fees	106	354	248	1,000	35.4%	646	
Other Non-Operating	0	27,003	27,003	0	0.0%	(27,003)	<i>Quil WW Study</i>
<b>Total Non-Operating Expenses</b>	<b>477,608</b>	<b>397,571</b>	<b>(80,037)</b>	<b>400,473</b>	<b>99.3%</b>	<b>2,902</b>	
<b>Net Non-Oper Income(Expense)</b>	<b>856,303</b>	<b>911,360</b>	<b>55,057</b>	<b>860,467</b>	<b>105.9%</b>	<b>(50,893)</b>	
<b>Net Income(Loss)</b>	<b>356,811</b>	<b>359,504</b>	<b>2,694</b>	<b>259,842</b>	<b>138.4%</b>	<b>(99,662)</b>	