

DATE: March 13, 2019
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of January 31, 2019

Typically, mid-quarter, there is no memo to accompany the financial statement reports to the Commission. However, with the shift towards reporting annually on a cash basis, we have also started moving towards cash basis reporting on a monthly basis.

Note there are a number of footnotes to the Statement of Activity. Some of these are related to variances due to improved operations results (like the sale of annual ramp passes), whereas other notes are related to variances caused by the shift towards cash basis reporting. For instance, one significant contributing factor to the bottom line Net Income (Loss) variance of (\$87,441) is not recognizing Property Tax revenues on a pro-rated, monthly basis based on the budget, which is congruent with an accrual or GAAP basis method. The variance is not cash.

As we continue to shift towards cash basis reporting, there will be other noted variances that may make the trends spike, such as the Property Tax receipts. However, this will reflect a more accurate cash flow.

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2019 Activity with Comparison to Prior Year and Budget

	YTD Jan 2018	YTD Jan 2019	Variance to prior year - 2018 v 2019	notes	YTD Budget 2019	Variance to Budget YTD
REVENUES						
Boat Haven Moorage	140,535	149,513	8,978		144,399	5,114
Yard Operations	95,138	120,558	25,420		105,778	14,780
Boat Haven Properties	54,221	58,280	4,059		54,014	4,266
Pt. Hudson Marina, RV & Prop	79,032	89,880	10,848		81,314	8,566
Quilcene	8,871	9,813	941	a	9,199	614
Ramps	5,437	7,203	1,766	b	4,900	2,303
JCIA	11,194	12,317	1,123		11,229	1,087
Total Operating Revenues	394,428	447,563	53,135		410,833	36,730
OPERATING EXPENSES						
Salaries & Wages	175,219	166,908	(8,311)		172,411	(5,503)
Payroll Taxes	17,681	33,382	15,701	c	18,900	14,482
Employee Benefits	63,746	7,372	(56,374)	d	63,773	(56,401)
Uniform Expense	-	1,118	1,118		683	436
Contract Services	2,226	22,913	20,688	e	27,093	(4,180)
Consulting Services	-	-	-		8,000	(8,000)
Legal & Auditing	-	32,132	32,132	f	8,333	23,799
Facilities & Operations	41,842	31,482	(10,361)	g, h	47,993	(16,511)
Utilities	3,982	56,339	52,357	i	8,882	47,456
Marketing	1,900	3,615	1,715		2,750	865
Economic Development	-	-	-		-	-
Travel & Training	-	3,327	3,327		1,100	2,227
Cost of Goods - Fuel	322	317	(4)		322	(5)
Community Relations	-	-	-		-	-
Total Operating Expenses	306,916	358,904	51,987		360,240	(1,336)
Income from Operations w/o Depr	87,512	88,660	1,148		50,593	38,066
Non-Operating Revenue						
Capital Contributions/Grants	1,231	2,824	1,593		23,000	(20,177)
Interest	1,458	2,596	1,138		1,100	1,496
Property & other taxes	82,188	15,628	(66,560)	j	85,500	(69,872)
Misc Non-Operating Revenue	2,095	2,233	137		2,305	(72)
Total Non-Operating Revenues	86,972	23,280	(63,692)		111,905	(88,625)
Non-Operating Expenses						
Bond Interest	26,477	51,375	24,898	k, l	24,486	26,889
Bond Mgmt, Issuance & Misc Exp	50	50	-		40	10
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	26,527	51,425	24,898		24,526	26,899
Net Non-Operating Income (Expense)	60,445	(28,145)	(88,589)		87,379	(115,524)
Net Income (Loss)	147,956	60,515	(87,441)		137,972	(77,457)

Notes:

- (a) Late 2018, added 3 water meters and increased rates to match current Jefferson PUD water rates.*
- (b) Sold substantially more Annual Passes in Jan. 2019 than 2018.*
- (c) Part of moving to Cash Basis reporting, this amount includes the Qtr. 4, 2018 LNI payment.*
- (d) Benefits paid in February (Cash Basis), not accrued back to January like in 2018.*
- (e) Invoice receipt timing difference year to year.*
- (f) Substantial invoice for legal services related to current litigation.*
- (g) Part of moving to Cash Basis, Insurance will not be allocated monthly, but recognized when paid.*
- (h) Increased maintenance activity in Moorage, Yard and Maintenance depts. Comparative year to year.*
- (i) Part of moving to Cash Basis, didn't accrue "December" incurred utilities.*
- (j) Part of moving to Cash Basis, Prop. Tax not allocated monthly by budget, but recorded as received.*
- (k) Part of moving to Cash Basis, Bond Int. exp. not allocated monthly, but recognized when paid.*
- (l) 2013 Revenue Bond was extinguished in 2018.*

**Port of Port Townsend
YTD Cashflow report**

	YTD January 2019
Net Income w/out Depreciation	60,515
Net Change in Accruals from Balance Sheet*	(242,183)
Less: Capital Expenses:	
Point Hudson South Jetty project	-
WorkYard Resurfacing 2018	-
JCIA Runway Replacement project	(349)
PTBH Water Meters project	-
2019 PTBH Restroom Remodel	(16,436)
Land	-
Buildings	-
Improvements	-
Equipment replacement	-
Total Capital Expenses	(16,785)
Less: Principal Payments on Debt:	
Hudson Point Refunding Bond	-
PTBH Marina Bond	-
Total Principal Payments	-
Increase (Decrease) in Cash Y-T-D	(198,453)
Beginning Cash at 1/1/2019	1,885,761
Ending Cash at 1/31/19	1,687,308

**These are current assets and current liabilities.*