

PORT OF KINGSTON

2016 BUDGET

Proposed Budget I

PORT OF KINGSTON

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

September 21, 2015

Port Commissioners
Port of Kingston, Washington

We have compiled the accompanying cash basis budgeted statements of revenues and expenses, cash flows, and schedules of operating revenues for the year ending December 31, 2016 in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast herein referred to as a budget that is the representation of management and does not include evaluation of the support for the assumptions underlying the budget. We have not examined the budget and, accordingly do not express an opinion or any other form of assurance on the accompanying budget or assumptions. Furthermore, there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Ball & Tregar, LLP
BALL & TREGER, LLP

**PORT OF KINGSTON
BUDGET
STATEMENT OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2016**

OPERATING REVENUES:

Marina User Charges	\$ 868,743
Property Rentals	462,382
Retail Sales (net)	176
Fuel Sales (net)	92,170
Total Operating Revenues	<u>1,423,471</u>

OPERATING EXPENSES:

Salaries & Wages	489,447
Commissioner Salary	7,200
Employee Medical	123,840
Commissioner Medical	16,368
Pension Expense	51,828
Legal	107,100
Accounting	24,450
Consulting	20,000
Operating Supplies	14,220
Office Supplies	12,260
Equipment Rental	2,425
Travel	6,000
Insurance	54,996
Advertising & Promotion	15,000
Dues & Subscriptions	9,252
Training & Education	10,000
Water, Sewer & Garbage	43,380
Environmental Inspections	4,500
Electricity	39,230
Telephone	4,644
Communications/Computer Supplies	16,200
Payroll Taxes	58,020
B&O/Excise/SSWM	12,448
Miscellaneous	2,844
Landscaping	12,000
Storage Rent	1,146
Office Credit Card Fees	12,780
Repairs & Maintenance	36,768
Purchase of Capital Assets	2,018,500
Parking Expense	11,208
SoundRunner Ferry Expense	12,000
Commissioners Compensation	4,902
Commissioners Travel/Training & Education	9,200
Secretary Compensation	1,190
Total Operating Expenses	<u>3,265,346</u>

Loss from Operations	<u>\$ (1,841,875)</u>
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PORT OF KINGSTON

BUDGET

STATEMENT OF REVENUES AND EXPENSES - CASH BASIS (CON'T.)

FOR THE YEAR ENDING DECEMBER 31, 2016

NON-OPERATING REVENUE/(EXPENSE):

Interest Income	\$	15,601
Property Tax Receipts		188,863
Service Charges		7,224
MOGA Property Development Grant		400,000
Total Non-operating Revenue/(Expense)		<u>611,688</u>
Net Loss	\$	<u>(1,230,187)</u>

See accompanying summaries of significant
accounting policies and assumptions
and independent accountant's report

**PORT OF KINGSTON
BUDGET
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING
AND NON-OPERATING ACTIVITIES**

Net Loss	\$ (1,230,187)
Cash Flows used by Operations	<u>(1,230,187)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES**

Contribution to marina dock rehabilitation account	<u>(210,000)</u>
Cash Flows Used for Capital and Related Financing Activities	<u>(210,000)</u>

CASH USED FOR DESIGNATED ACTIVITIES	\$ <u><u>(1,440,187)</u></u>
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PORT OF KINGSTON
BUDGET
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDING DECEMBER 31, 2016

MARINA USER CHARGES:

Moorage - Permanent	\$ 668,722
Moorage - Transient	134,484
Kayak Facility	3,863
Winter Moorage	14,474
Electricity - Permanent	31,855
Electricity - Transient	10,085
Laundry Income	1,860
Deposits Forfeited	1,825
Yacht Club Reservation Fees	1,575
Total Marina User Charges	<u>\$ 868,743</u>

PROPERTY RENTALS - FACILITIES:

Parking	\$ 223,321
Parking tickets	4,890
Diamond Parking	7,312
Yacht Club	14,952
Aviator Land Rent	3,491
Other	8,546
Dept. of Transportation	199,870
Total Property Rentals	<u>\$ 462,382</u>

FUEL SALES (net) \$ 92,170

RETAIL SALES (net) \$ 176

See accompanying summaries of significant
accounting policies and assumptions
and independent accountant's report

PORT OF KINGSTON
SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES AND SIGNIFICANT ASSUMPTIONS
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: The Port of Kingston operates under the laws of the State of Washington applicable to a municipal corporation. The Port is a special purpose government and provides moorage and related facilities to the general public, and is supported primarily through user charges.

Basis of Accounting and Presentation: The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port uses the *Budgeting, Accounting, and Reporting System for Classified Port Districts* in the State of Washington. The Port uses the cash basis of accounting wherein revenues are recognized when received and expenses are recognized when paid.

Use of Estimates: Management makes estimates and assumptions that affect the amounts reported in the budget and accompanying notes. Actual results could differ from those estimates.

Property, Equipment, and Vehicles: Property, equipment, and vehicles are expensed when paid. See note 2.

NOTE 2 – SUMMARY OF SIGNIFICANT ASSUMPTIONS

The financial forecast herein referred to as a budget presents, to the best of management's knowledge and belief, the Port's expected cash basis results of operations and cash flows for the budgeted period and could be referred to as a forecast. Accordingly, the budget reflects management's judgment as of September 21, 2015, the date of this budget, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the budget. There will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**PORT OF KINGSTON
SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES AND SIGNIFICANT ASSUMPTIONS
December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

Significant budget assumptions are as follows for the year ending December 31, 2016:

Moorage base revenue was increased 2.8%. Covered and transient moorage rate remained the same. The guest moorage rate of \$1.00 per foot year round remains unchanged. Live-aboard fees increased from \$22.16 to \$50.00 per month plus leasehold tax.

Electricity Transit increased \$5 per day for use of 50 amp power.

Kingston Cove Yacht Club lease revenue increased 2.8%, which is an estimated 2016 CPI-U for the Seattle/Tacoma/Bremerton area.

Department of Transportation lease revenue was increased by 1%, which is an estimated 2016 CPI-U for All U.S. Cities.

Aviator Coffee & Teas land rent was increased by 15% per signed contract.

Kayak income includes (8) slips tied up in lawsuit.

Monthly (7 day) parking increased from \$75 to \$100 a month. Parking citations increased from \$20 to \$25 per space per day.

Wages other than the executive director which remained unchanged, were increased by 1.5%.

Payroll taxes and employer pension expense were budgeted as a percentage of wages.

Employee medical expense was budgeted on an estimate based on changing medical plans.

Property tax receipts have been budgeted using the Kitsap County Assessor's 2015 estimated levy rate for taxes to be collected in 2016.

Interest income was budgeted based off of 2015 actuals.

PORT OF KINGSTON
SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES AND SIGNIFICANT ASSUMPTIONS
December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

Operating expenses have been estimated from the Port's historical financial information. See the "budget by month" which contains notations regarding the specific accounts reduced from historical amounts.

Purchase of capital assets includes the following:

Covered Moorage	\$1,477,500
MOGA Property Development	400,000
Christmas Lights Display	10,000
Gates & Dock Entrances	50,000
Lawn Equipment (McLane Edger)	750
Replacement of Two Way Radios	4,000
Computer Workstation	1,200
Fuel Dock Floats (4 Total)	2,000
Roof System for Transfer Span to Ferry Barge	15,000
Truck & Trailer Ventek Machine	16,000
Security System Camera	25,000
Billy Goat Parking Lot Vacuum	2,050
Unbudgeted Items	<u>15,000</u>
Total	<u>\$2,018,500</u>