

 ORIGINAL

PORT OF KINGSTON
KITSAP COUNTY, WASHINGTON
RESOLUTION 11-02-14

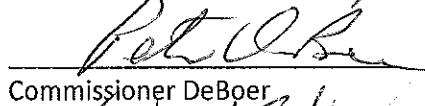
BE IT RESOLVED by the Board of Commissioners of the Port of Kingston that the port adopts the proposed 2015 Port of Kingston budget as final for the fiscal year 2015. A copy of such budget in final form is attached and is part of this resolution.

PASSED by the Board of Commissioners of the Port of Kingston, Kitsap County, Washington at the regular scheduled Port of Kingston meeting this 25th day of November, 2014.

PORT OF KINGSTON
KITSAP COUNTY, WASHINGTON



Commissioner MacIntyre



Commissioner DeBoer



Commissioner Elliott



Attest: Christine Conners

PORT OF KINGSTON

2015 BUDGET

PORT OF KINGSTON

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

November 12, 2014

Port Commissioners
Port of Kingston, Washington

We have compiled the accompanying budgeted statements of income, cash flows, schedule of operating revenues and supplemental schedule of budget by month for the year ending December 31, 2015 in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation of budgeted statements is limited to presenting in the form of financial forecast herein referred to as a budget and supplemental schedules information 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 supplemental schedules, and, accordingly do not express an opinion or any other form of assurance on the accompanying budget, supplemental schedule, 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 & Treger, LLP

BALL & TREGER, LLP

**PORT OF KINGSTON
BUDGET
STATEMENT OF INCOME
FOR THE YEAR ENDING DECEMBER 31, 2015**

OPERATING REVENUES:

Marina User Charges	\$ 832,838
Property Rentals	442,236
Retail Sales (net)	1,311
Fuel Sales (net)	71,290
Total Operating Revenues	<u>1,347,675</u>

OPERATING EXPENSES:

Salaries & Wages	436,280
Commissioner Salary	7,200
Payroll Taxes	64,748
Employee Medical	146,364
Commissioner Medical	10,632
Pension Expense	40,181
Legal (see monthly budget for detail)	57,004
Public Records Expense/legal assistance	50,004
Accounting	23,980
State Audit	7,500
Election Fees	2,090
Consulting	20,000
Operating Supplies	16,655
Office Supplies	10,200
Computer Supplies/IT	9,660
Equipment Rental	1,900
Travel	2,956
Insurance	45,978
Advertising & Promotion	12,408
Dues & Subscriptions	16,416
Training & Education	7,404
Water, Sewer & Garbage	34,445
Environmental Inspections	3,090
Electricity	40,744
Telephone	6,264
B&O/Excise/SSWM	9,747
Miscellaneous	3,000
Landscaping	9,078
Storage Rent	960
Office Credit Card Fees	15,391
Repairs & Maintenance	32,283
Parking Expense	9,526
SoundRunner Ferry Expense	10,320
Commissioners Compensation	4,374
Commissioners Travel/Training & Education	7,242
Secretary Compensation	1,360
Total Operating Expenses Before Depreciation	<u>1,177,384</u>
Income from Operations Before Depreciation	<u>\$ 170,291</u>
Depreciation Expense	480,000
Loss from Operations after Depreciation	<u>\$ (309,709)</u>

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

**PORT OF KINGSTON
BUDGET
STATEMENT OF INCOME (CON'T.)
FOR THE YEAR ENDING DECEMBER 31, 2015**

NON-OPERATING REVENUE/(EXPENSE):

Interest Income	\$ 9,749
Property Tax Receipts	186,432
Timber and Leasehold Excise Tax	1,635
Service Charges	3,061
Total Non-operating Revenue/(Expense)	<u>200,877</u>
Net Loss	\$ <u>(108,832)</u>

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accounting policies and assumptions
and independent accountant's report

**PORT OF KINGSTON
BUDGET
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2015**

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

Net Loss	\$ (108,832)
Depreciation Expense	480,000
Cash Flows provided by Operations	<u>371,168</u>

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

Capital charges for covered moorage	(977,500)
Capital charges for christmas lights	(5,000)
Capital charges for parking lot modifications	(9,000)
Capital charges for park modifications - Moga	(30,000)
Capital charges for Toth land improvements	(2,700)
Capital charges for security system camera upgrades	(10,000)
Capital charges for computer workstation	(1,200)
Capital charges for tabloid printer	(2,000)
Capital charges for electric car	(17,500)
Capital charges for gator vehicle	(10,000)
Capital charges for unbudgeted capital items	(15,000)
Contribution to marina dock rehabilitation account	(210,000)
Cash Flows Used for Capital and Related Financing Activities	<u>(1,289,900)</u>

CASH USED FOR DESIGNATED ACTIVITIES **\$ (918,732)**

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

PORT OF KINGSTON
BUDGET
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDING DECEMBER 31, 2015

MARINA USER CHARGES:

Moorage - Permanent	\$ 560,256
Covered Moorage Premium	81,264
Moorage - Transient	126,951
Kayak Facility	4,325
Winter Moorage	13,601
Electricity - Permanent	32,455
Electricity - Transient	10,185
Laundry Income	2,540
Deposits Forfeited	1,041
Yacht Club Reservation Fees	220
Total Marina User Charges	<u><u>\$ 832,838</u></u>

PROPERTY RENTALS - FACILITIES:

Parking	\$ 220,096
Parking tickets	4,564
Yacht Club	14,616
Other	7,224
Dept. of Transportation	195,736
Total Property Rentals	<u><u>\$ 442,236</u></u>

FUEL SALES (net) \$ 71,290

RETAIL SALES (net) \$ 1,311

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, 2015

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 full-accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. The Port is contemplating changing to the cash basis. Such a change would not have a material effect on the budget.

Receivables: Receivables are written off when deemed to be uncollectible, which does not differ materially from the allowance method.

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 carried at cost. Depreciation is computed using the straight-line method over estimated useful lives. Estimated useful lives range from 5 to 50 years.

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 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 November 12, 2014, 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, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

Significant budget assumptions are as follows for the year ending December 31, 2015:

Permanent moorage base rate of \$5.41 applies to covered and uncovered moorage. Permanent moorage covered has a premium of \$3.52 per lineal foot. Winter moorage revenue was increased 1.2% over the 2014 rate. The guest moorage rate of \$1.00 per foot year round remains unchanged.

Kingston Cove Yacht Club lease revenue increased 1.8%, which is an estimated 2015 CPI-U for the Seattle/Tacoma/Bremerton area.

Department of Transportation lease revenue was increased by 1.7%, which is an estimated 2015 CPI-U for All U.S. Cities.

Kayak income decreased by 15% due to (8) slips tied up in lawsuit.

Aviator Coffees and Teas land rent increased 15% per signed contract.

Wages were increased by 4.2%, which is an increase of 1.2% 2013 annual average CPI-U for the Seattle/Tacoma/Bremerton area and 3% discretionary for merit.

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

Employee medical expense was budgeted from the insurance provider's 2015 rate schedule.

Property tax receipts have been budgeted using the Kitsap County Assessor's 2014 estimated levy rate for taxes to be collected in 2015 with 1.26% increase from 2014.

Legal included a contingency expense for monthly overage and unknown 2015 lawsuit eviction expense. Public records/legal assistance is estimated at \$50,000.

Interest income was budgeted based on prior years actual for nine months annualized.

PORT OF KINGSTON
SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES AND SIGNIFICANT ASSUMPTIONS
December 31, 2015

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 derived from historical amounts.

Cash flows used by capital activities include \$1,079,900 for capital improvements estimated to be expended during 2015. It is possible that some portion of these costs will be charged to expense (versus capitalization) during December 2015.

SUPPLEMENTAL INFORMATION