

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

**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>

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, 2015

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

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

**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	(1,289,900)

CASH USED FOR DESIGNATED ACTIVITIES	\$ (918,732)
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**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>\$ 832,838</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>\$ 442,236</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

	\$	34,612	\$	34,612	\$	35,030	\$	34,612	\$	34,612	\$	49,612	\$
OPERATING EXPENSES:													
Salaries & Wages	600	600	600	600	600	600	600	600	600	600	600	600	600
Commissioner Salary	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141
Payroll Taxes	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197	12,197
Employee Medical	886	886	886	886	886	886	886	886	886	886	886	886	886
Commissioner Medical	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188
Pension Expense	800	800	800	800	800	800	800	800	800	800	800	800	800
Legal Sanchez Mitchell & Eastman (Base)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Legal Sanchez Mitchell & Eastman Contingency	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Legal Endrus Federal Case	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
Legal for Appellant Attorney	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
Public Records Expense /legal assistance	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115
Accounting	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115
Audit Washington State Auditor	-	-	-	-	-	-	-	-	-	-	-	-	-
Election Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Consulting	-	5,000	-	-	5,000	-	-	-	-	-	2,090	-	-
Operating Supplies	2,981	490	1,730	1,949	1,616	1,760	834	479	615	615	5,000	5,000	5,000
Office Supplies	860	860	860	860	860	860	860	860	860	860	860	860	860
Computer Supplies/IT Expenses	3,145	265	1,465	265	1,465	265	1,465	265	265	265	265	265	265
Equipment Rental	356	-	-	-	-	-	-	-	-	-	-	-	-
Travel	61	483	332	397	156	50	93	301	301	301	1,006	1,006	1,006
Insurance	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630
Advertising & Promotion	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034
Dues & Subscriptions	3,218	2,113	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678
Training/Education	617	617	617	617	617	617	617	617	617	617	617	617	617
Environmental Inspections	-	-	-	-	-	-	-	-	-	-	-	-	-
Water, Sewer, Garbage	1,724	2,869	1,959	1,229	5,067	1,468	4,708	1,687	1,687	1,687	34,445	34,445	34,445
Electricity	5,740	5,083	3,990	2,721	2,079	1,473	1,686	3,269	5,740	5,740	34,445	34,445	34,445
Telephone/Internet	522	522	522	522	522	522	522	522	522	522	522	522	522
BAO/Excise/SSWM (less 50%) ferry property	6,307	161	388	172	693	729	(615)	355	235	812	9,747	9,747	9,747
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	250
Landscaping	58	80	1,114	2,019	2,666	734	301	375	90	508	9,078	9,078	9,078
Storage Rent	80	80	80	80	80	80	80	80	80	80	80	80	80
Office Credit Card Fees	858	802	756	802	858	1,268	1,196	1,519	3,380	3,380	15,391	15,391	15,391
Repair & Maintenance	1,843	3,667	4,943	2,666	1,710	1,904	5,120	3,053	746	3,380	32,283	32,283	32,283
Parking expenses	652	652	652	652	652	652	652	652	652	652	652	652	652
Soundrunner Expenses (Insurance)	860	860	860	860	860	860	860	860	860	860	860	860	860
Commissioners Compensation (not salaries)	114	458	228	684	114	342	458	356	356	356	4,374	4,374	4,374
Commissioner Travel/Training & Education	269	35	-	2,413	2,051	805	294	155	832	832	7,242	7,242	7,242
Secretary Compensation	85	85	170	170	85	85	85	85	85	85	1,360	1,360	1,360
Total Operating Expense Before Depreciation	97,158	95,647	97,424	93,497	103,776	92,017	87,853	102,574	99,049	89,165	123,508	1,177,364	1,177,364
Income from Operations Before Depreciation	54	8,736	37	16,553	14,100	15,072	49,422	54,547	40,000	9,634	(26,422)	170,291	170,291
Depreciation Expense	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Operating Expense After Depreciation	137,158	135,847	137,424	133,497	143,776	132,017	127,853	142,574	139,049	129,165	163,508	1,657,364	1,657,364
Income from Operation After Depreciation	(89,946)	(31,264)	(39,963)	(23,447)	(25,900)	(24,928)	(14,547)	(16,550)	(32,915)	(30,366)	(66,422)	(309,709)	(309,709)
NON-OPERATING REV/EXP													
Interest Income	1,115	1,004.00	904	904	813	731	693	693	693	693	693	693	693
Property Tax Receipts	-	-	46,608	46,608	-	-	-	46,608	46,608	46,608	46,608	186,432	186,432
Service Charges	256	365	223	252	248	356	311	155	300	109	3,061	3,061	3,061
Timber and Leasehold Excise Tax	-	405	-	-	379	434	417	-	-	-	1,635	1,635	1,635
Total Non-operating Rev/Exp	1,371	1,774	1,127	47,764	48,048	1,603	1,042	47,436	47,601	802	200,877	200,877	200,877
Net Income (Loss)	\$(38,575)	\$(23,490)	\$(38,836)	24,317	22,148	\$(23,325)	10,464	16,008	14,523	17,235	\$(65,820)	\$(108,632)	\$(108,632)

436,280 4.2% increase distributed to various employees
7,200 Per RCW \$209 per month salary (does not include per diem (Commissioner Compensation)
64,748 14.6 % of Wages Employees/Commissioner and Commissioners compensation
146,364 PEBB 2015 Rates pending plan change due to lack of Harrison coverage with our current Regence plan
10,632 PEBB 2015 Rates Elliott denial only, DeBoer full medical/dental, MacIntyre declined benefits in 2014
40,181 9.21% Pension for employees except summer employees
9,600 Estimated base of 4 hours at \$600 plus one additional hour at \$200.00/hr.
26,400 Estimated from 2014 legal fees less Goodstein Law, less Eviction, less base rate of \$600 estimate
1,000 Deducible \$1,000 may be met in 2014 for Federal lawsuit
20,004 Funds budgeted for Legal fees for eviction appeal
50,004 Estimated per Port Manager for part time paralegal
23,980 Contract + annual report and budget \$1115 monthly contract, Audit support, Annual Report, Budget Support
7,500 Audit for 2013-2014
2,090 2015 election fees estimated
20,000 Consulting for possible upland development
16,655 2014 actuals (9 mo.) + 2013 actual (3 mo.)
10,200 2014 actuals (9 mo.) + 2013 actual (3 mo.)
9,660 Marina Office Support, IT, Office 365 support plan, Computer Supplies
1,900 2014/2013 actuals Christmas lift rental and removal in Dec and January added \$500 for parking lot modifications
1,956 2014 actual (9 mo.) + 2013 actual (3 mo.)
45,978 Paid Insurance through August add \$477 Oct-Dec for 2015 increase (\$5,000/12 months) Trigg paid August \$750 est.
12,408 Contracts + Selected Markets: See assumption worksheet
16,416 See assumptions, contingency added to December
7,404 2014 Actuals plus \$2,500 Leadership training recommendation split over 12 months
3,090 2014 actual (9 mo.) + 2013 actual (3 mo.)
34,445 2014 actual (9 mo.) + 2013 actual (3 mo.)
40,744 2014 actual (9 mo.) + 2013 actual (3 mo.)
6,264 2014 Actuals combined both Phone and Internet budget into one line item
9,747 2014 actual (9 mo.) + 2013 actual (3 mo.) account for refund of SSWM fees from DOT in August
3,000 2014 actuals (9 mo.) + 2013 actuals (3 mo.) less retail expense and boat show expenses averaged
9,078 2014 actual (9 mo.) + 2013 actual (3 mo.), increased \$400 over actuals for fertilizer
960 Increase storage unit size to 5'X15'
15,391 2014 actual (9 mo.) + 2013 actual (3 mo.)
32,283 2014 actual (9 mo.) + 2013 actual (3 mo.)
10,320 2014 rate \$5010 for 6 months- \$10,200 ~3% Budget though entire year if not sold or transferred
4,374 9 months actuals of 2014 averaged for final 3 months
7,242 2014 (9 month actuals and anticipated WPPA conferences based on 2013 final 3 months)
1,360 8 months actuals averaged and spread across 12 months

Depreciation projection showing new projects
1,657,364
(309,709)

Estimated reduction due to cash spent on capital projects, estimated marina rehab balance ending at \$1.8 million
186,432 Estimated 1.26388% increase for 2015 plus new construction, utilities, abatements/refunds
3,061 2014 actual (9 mo.) + 2013 actual (3 months)
1,635 2014 actuals (9 mo.) did not estimate for remaining