

PORT OF KINGSTON
ACCOUNTANT'S COMPILATION REPORT
AND FINANCIAL STATEMENTS
JUNE 30, 2017

PORT OF KINGSTON

TABLE OF CONTENTS

	<u>Page</u>
Accountant's Compilation Report	1
Statement of Assets, Liabilities, And Equity – Cash Basis.....	2
Statement of Revenues And Expenses-Cash Basis For The Six Months Ended June 30, 2017	3
Statement of Revenues And Expenses-Cash Basis For The Month Ended June 30, 2017 and 2016	4
Statement of Revenues And Expenses-Cash Basis For The Six Months Ended June 30, 2017 and 2016.....	5
Supplementary Information:	
Schedule I – Revenues For The Six Months Ended June 30, 2017	6
Schedule II – Revenues For The Month Ended June 30, 2017 and 2016	7
Schedule III – Revenues For The Six Months Ended June 30, 2017 and 2016	8
Schedule IV – Cash And Investments Roll Forward – Current Month	9



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July 14, 2017

To the Board of Commissioners
Port of Kingston
Kingston, WA

Management is responsible for the accompanying financial statements of the Port of Kingston, which comprise the statement of assets, liabilities, and equity – cash basis as of June 30, 2017, and the related statement of revenues and expenses-cash basis for the month and six months ended June 30, 2017 and 2016, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained in Schedules I, II, III, IV and the budgeted amounts on pages 3 and 6 are presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation; however we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Port's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Hearthstone CPA Group

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PORT OF KINGSTON
STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS
June 30, 2017
(See Accountant's Compilation Report)

ASSETS

Cash And Cash Equivalents	
Cash On Hand	\$ 575.00
Cash - Operating Accounts	139,319.49
Cash - Marina Construction Account	87,840.37
Investments	
Marina Replacement/Remediation Reserve Fund	2,163,558.02
General Fund Investments	<u>96,117.11</u>
TOTAL ASSETS	\$ <u><u>2,487,409.99</u></u>

LIABILITIES AND EQUITY

Accrued Expenses	
Pension Payable	\$ 2,205.76
Leasehold Taxes Payable	25,411.58
Sales/B&O Taxes Payable	3,777.59
FICA & Withholding Payable	<u>3,913.24</u>
	35,308.17
Long-term Liabilities	
G.O. Bonds Payable	<u>800,000.00</u>
Total Liabilities	<u>835,308.17</u>
EQUITY	
Contributed Capital & Unreserved Retained Earnings	2,413,457.75
Current Period Net Loss	<u>(761,355.93)</u>
Total Equity	<u>1,652,101.82</u>
TOTAL LIABILITIES AND EQUITY	\$ <u><u>2,487,409.99</u></u>

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis,
For the Six Months Ended June 30, 2017
(See Accountant's Compilation Report)

	ACTUAL	PERIOD TO DATE BUDGET **	BUDGET VARIANCE
OPERATING REVENUES			
Marina User Charges	\$ 424,241.05	\$ 436,858.00	\$ (12,616.95)
Property Rentals - Facilities (Net)	242,679.38	237,571.00	5,108.38
Miscellaneous Income	1,489.69	2,052.00	(562.31)
Retail Sales (Net)	546.12	398.00	148.12
Fuel Sales (Net)	24,716.78	30,739.00	(6,022.22)
Total Operating Revenues	<u>693,673.02</u>	<u>707,618.00</u>	<u>(13,944.98)</u>
OPERATING EXPENSES			
Accounting	14,490.00	15,300.00	(810.00)
Advertising & Promotion	7,650.64	12,000.00	(4,349.36)
Commissioners Compensation	3,534.00	2,700.00	834.00
Commissioners Travel/Training & Education	4,575.15	4,050.00	525.15
Computer Supplies/Expense	8,466.94	7,512.00	954.94
Consulting Fees	50,938.19	17,502.00	33,436.19
Dues & Subscriptions	4,871.76	8,906.00	(4,034.24)
Electricity	28,225.22	24,580.00	3,645.22
Employee Medical	86,187.36	89,078.00	(2,890.64)
Environmental Inspections	700.00	800.00	(100.00)
Equipment Rental	3,603.47	1,938.00	1,665.47
Excise Tax Expense	9,872.46	7,775.00	2,097.46
Insurance	932.16	0.00	932.16
Landscaping	6,246.91	5,455.00	791.91
Lawsuit/Judgement	166,415.15	0.00	166,415.15
Legal	60,637.33	50,000.00	10,637.33
Miscellaneous	1,598.95	750.00	848.95
Office Credit Card Fees	8,569.37	13,005.00	(4,435.63)
Office Supplies	3,951.85	6,520.00	(2,568.15)
Operating Supplies	11,177.01	9,540.00	1,637.01
(Over)/Short	(6.46)	0.00	(6.46)
Parking Expense	12,358.67	5,760.00	6,598.67
Payroll Taxes	31,822.45	37,170.00	(5,347.55)
Pension Expense	27,534.99	26,742.00	792.99
Purchase of Capital Assets	684,999.45	684,999.45 *	0.00
Repairs & Maintenance	28,653.94	30,000.00	(1,346.06)
Salaries & Wages	266,220.02	263,178.00	3,042.02
SoundRunner Ferry Expense	8,195.40	0.00	8,195.40
Storage Rent	607.00	605.00	2.00
Telephone	4,178.40	3,912.00	266.40
Temp Agency Labor	350.00	0.00	350.00
Training & Education	2,927.21	5,025.00	(2,097.79)
Travel	2,102.60	3,000.00	(897.40)
Water, Sewer & Garbage	24,759.58	22,314.00	2,445.58
Total Operating Expenses	<u>1,577,347.17</u>	<u>1,360,116.45</u>	<u>217,230.72</u>
Loss From Operations	<u>(883,674.15)</u>	<u>(652,498.45)</u>	<u>(231,175.70)</u>
NONOPERATING REVENUES	<u>122,318.22</u>	<u>100,865.00</u>	<u>21,453.22</u>
NET LOSS	<u>\$ (761,355.93)</u>	<u>\$ (551,633.45)</u>	<u>\$ (209,722.48)</u>

*Budget represents actual capital expenditures year to date.

**Budget amended April 2017

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis
For the Month ended June 30, 2017 and 2016
(See Accountant's Compilation Report)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 81,280.46	\$ 77,703.17	\$ 3,577.29
Property Rentals - Facilities (Net)	45,310.69	41,880.63	3,430.06
Miscellaneous Income	376.77	495.10	(118.33)
Retail Sales (Net)	84.09	277.27	(193.18)
Fuel Sales (Net)	4,589.09	(2,953.73)	7,542.82
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	131,641.10	117,402.44	14,238.66
OPERATING EXPENSES			
Accounting	8,335.00	10,000.00	(1,665.00)
Advertising & Promotion	2,497.45	941.25	1,556.20
Audit	0.00	2,466.06	(2,466.06)
Commissioners Compensation	0.00	456.00	(456.00)
Commissioners Travel/Training & Education	2,204.13	0.00	2,204.13
Computer Supplies/Expense	366.74	1,188.50	(821.76)
Consulting Fees	1,753.00	75.00	1,678.00
Dues & Subscriptions	25.00	1,894.00	(1,869.00)
Electricity	2,220.54	2,016.78	203.76
Employee Medical	14,088.56	14,923.55	(834.99)
Equipment Rental	736.38	0.00	736.38
Excise Tax Expense	659.96	615.37	44.59
Insurance	932.16	0.00	932.16
Landscaping	2,570.26	1,797.29	772.97
Legal	6,994.28	7,215.10	(220.82)
Miscellaneous	124.40	0.00	124.40
Office Credit Card Fees	1,552.55	1,252.16	300.39
Office Supplies	729.95	577.28	152.67
Operating Supplies	2,288.26	917.51	1,370.75
(Over)/Short	(9.38)	(4.71)	(4.67)
Parking Expense	889.63	1,334.50	(444.87)
Payroll Taxes	3,700.26	3,695.49	4.77
Penalties & Fines	0.00	457.83	(457.83)
Pension Expense	4,826.83	4,207.67	619.16
Purchase of Capital Assets	304,997.73	330.00	304,667.73
Repairs & Maintenance	2,474.61	2,433.44	41.17
Salaries & Wages	41,634.19	38,012.87	3,621.32
Storage Rent	107.00	0.00	107.00
Telephone	652.28	392.40	259.88
Temp Agency Labor	0.00	4,830.00	(4,830.00)
Training & Education	1,034.00	925.00	109.00
Travel	229.47	570.11	(340.64)
Water, Sewer & Garbage	4,090.60	3,151.11	939.49
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Total Operating Expenses	412,705.84	106,671.56	306,034.28
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Income (Loss) From Operations	(281,064.74)	10,730.88	(291,795.62)
	<hr/>	<hr/>	<hr/>
NONOPERATING REVENUES	5,874.68	3,386.08	2,488.60
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NET INCOME (LOSS)	\$ (275,190.06)	\$ 14,116.96	\$ (289,307.02)

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis
For the Six Months Ended June 30, 2017 and 2016
(See Accountant's Compilation Report)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 424,241.05	\$ 420,471.45	\$ 3,769.60
Property Rentals - Facilities (Net)	242,679.38	227,885.11	14,794.27
Miscellaneous Income	1,489.69	3,185.16	(1,695.47)
Retail Sales (Net)	546.12	79.31	466.81
Fuel Sales (Net)	24,716.78	30,740.33	(6,023.55)
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Total Operating Revenues	693,673.02	682,361.36	11,311.66
OPERATING EXPENSES			
Accounting	14,490.00	20,834.00	(6,344.00)
Advertising & Promotion	7,650.64	2,050.62	5,600.02
Audit	0.00	23,828.50	(23,828.50)
Commissioners Compensation	3,534.00	3,762.00	(228.00)
Commissioners Travel/Training & Education	4,575.15	1,541.55	3,033.60
Computer Supplies/Expense	8,466.94	9,747.00	(1,280.06)
Consulting Fees	50,938.19	31,682.66	19,255.53
Dues & Subscriptions	4,871.76	6,338.00	(1,466.24)
Electricity	28,225.22	23,348.40	4,876.82
Employee Medical	86,187.36	65,879.05	20,308.31
Environmental Inspections	700.00	736.52	(36.52)
Equipment Rental	3,603.47	732.68	2,870.79
Excise Tax Expense	9,872.46	8,992.06	880.40
Insurance	932.16	934.00	(1.84)
Landscaping	6,246.91	3,860.46	2,386.45
Lawsuit/Judgment	166,415.15	0.00	166,415.15
Legal	60,637.33	73,529.60	(12,892.27)
Miscellaneous	1,598.95	886.39	712.56
Office Credit Card Fees	8,569.37	7,153.07	1,416.30
Office Supplies	3,951.85	4,888.06	(936.21)
Operating Supplies	11,177.01	9,277.53	1,899.48
(Over)/Short	(6.46)	(4.47)	(1.99)
Parking Expense	12,358.67	5,756.17	6,602.50
Payroll Taxes	31,822.45	2,950.69	28,871.76
Penalties & Fines	0.00	457.83	(457.83)
Pension Expense	27,534.99	20,160.33	7,374.66
Purchase of Capital Assets	684,999.45	69,745.60	615,253.85
Repairs & Maintenance	28,653.94	16,802.40	11,851.54
Salaries & Wages	266,220.02	208,759.05	57,460.97
Secretary Compensation	0.00	510.00	(510.00)
SoundRunner Ferry Expense	8,195.40	1,517.42	6,677.98
Storage Rent	607.00	565.00	42.00
Telephone	4,178.40	1,940.83	2,237.57
Temp Agency Labor	350.00	27,225.20	(26,875.20)
Training & Education	2,927.21	2,476.60	450.61
Travel	2,102.60	1,051.45	1,051.15
Water, Sewer & Garbage	24,759.58	20,858.38	3,901.20
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Total Operating Expenses	1,577,347.17	680,774.63	896,572.54
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Loss From Operations	(883,674.15)	1,586.73	(885,260.88)
NONOPERATING REVENUES			
	<hr/>	<hr/>	<hr/>
	122,318.22	113,030.09	9,288.13
NET INCOME (LOSS)			
	<hr/>	<hr/>	<hr/>
	\$ (761,355.93)	\$ 114,616.82	\$ (875,972.75)

SUPPLEMENTARY INFORMATION
(See Accountant's Compilation Report)

PORT OF KINGSTON
SCHEDULE I - REVENUES
For the Six Months Ended June 30, 2017
(See Accountant's Compilation Report)

	ACTUAL	PERIOD TO DATE BUDGET *	BUDGET VARIANCE
MARINA USER CHARGES			
Moorage - Base Rate	\$ 339,576.37	\$ 341,046.00	\$ (1,469.63)
Kayak	3,263.66	2,149.00	1,114.66
Moorage - Transient	38,176.60	57,698.00	(19,521.40)
Winter Moorage	10,157.82	5,178.00	4,979.82
Electricity - Permanent	27,490.85	21,884.00	5,606.85
Electricity - Transient	1,748.00	4,348.00	(2,600.00)
Laundry Income	774.75	1,080.00	(305.25)
Yacht Club Reservation Fees	2,943.00	3,200.00	(257.00)
Deposits - Forfeited	110.00	275.00	(165.00)
Total Marina User charges	<u>\$ 424,241.05</u>	<u>\$ 436,858.00</u>	<u>\$ (12,616.95)</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 117,748.13	\$ 107,426.00	\$ 10,322.13
Parking Tickets	4,244.26	2,356.00	1,888.26
Diamond Parking	7,302.01	2,835.00	4,467.01
Yacht Club	6,258.79	7,446.00	(1,187.21)
Aviator Coffees & Teas, LLC Land Rent	1,916.34	1,840.00	76.34
Farmers Market	353.01	234.00	119.01
Hill House Rental	5,317.26	15,900.00	(10,582.74)
Department of Transportation Lease	99,539.58	99,534.00	5.58
Total Property Rentals - Facilities (Net)	<u>\$ 242,679.38</u>	<u>\$ 237,571.00</u>	<u>\$ 5,108.38</u>
RETAIL SALES			
Retail Sales	\$ 675.32	\$ 1,137.00	\$ (461.68)
Cost of Retail Sales	(129.20)	(739.00)	609.80
Total Retail Sales (Net)	<u>\$ 546.12</u>	<u>\$ 398.00</u>	<u>\$ 148.12</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 139,173.90	\$ 125,517.00	\$ 13,656.90
Cost of Fuel	(114,457.12)	(94,778.00)	(19,679.12)
Total Gasoline & Diesel Sales (Net)	<u>\$ 24,716.78</u>	<u>\$ 30,739.00</u>	<u>\$ (6,022.22)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 9,740.72	\$ 7,593.00	\$ 2,147.72
Interest Expense	0.00	(9,932.00)	9,932.00
Property Tax Receipts	105,684.95	97,886.00	7,798.95
Service Charge Revenue	3,705.41	5,318.00	(1,612.59)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	3,187.14	0.00	3,187.14
Total Nonoperating Revenues (Expenses)	<u>\$ 122,318.22</u>	<u>\$ 100,865.00</u>	<u>\$ 21,453.22</u>

* Budget amended April 2017

PORT OF KINGSTON
SCHEDULE II - REVENUES
For the Month ended June 30, 2017 and 2016
(See Accountant's Compilation Report)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 58,005.74	\$ 59,989.46	\$ (1,983.72)
Kayak	586.50	400.64	185.86
Moorage - Transient	14,284.60	11,579.00	2,705.60
Winter Moorage	422.67	26.98	395.69
Electricity - Permanent	6,173.70	4,331.47	1,842.23
Electricity - Transient	812.50	836.62	(24.12)
Laundry Income	88.75	194.00	(105.25)
Yacht Club Reservation Fees	896.00	165.00	731.00
Deposits - Forfeited	10.00	180.00	(170.00)
Total Marina User charges	<u>\$ 81,280.46</u>	<u>\$ 77,703.17</u>	<u>\$ 3,577.29</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 23,018.30	\$ 20,871.94	\$ 2,146.36
Parking Tickets	252.32	667.00	(414.68)
Parking Diamond	1,913.71	2,160.98	(247.27)
Yacht Club	1,247.53	1,228.55	18.98
Aviator Coffees & Teas, LLC Land Rent	395.44	264.50	130.94
Farmer's Market	121.04	114.30	6.74
Hill House Rental	1,772.42	0.00	1,772.42
Department of Transportation Lease	16,589.93	16,573.36	16.57
Total Property Rentals - Facilities (Net)	<u>\$ 45,310.69</u>	<u>\$ 41,880.63</u>	<u>\$ 3,430.06</u>
RETAIL SALES			
Retail Sales	\$ 181.29	\$ 277.27	\$ (95.98)
Cost of Retail Sales	(97.20)	0.00	(97.20)
Total Retail Sales (Net)	<u>\$ 84.09</u>	<u>\$ 277.27</u>	<u>\$ (193.18)</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 43,672.23	\$ 42,738.26	\$ 933.97
Cost of Fuel	(39,083.14)	(45,691.99)	6,608.85
Total Gasoline & Diesel Sales (Net)	<u>\$ 4,589.09</u>	<u>\$ (2,953.73)</u>	<u>\$ 7,542.82</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 1,959.46	\$ 1,126.65	\$ 832.81
Property Tax Receipts	1,750.18	1,421.09	329.09
Service Charge Revenue	441.12	456.06	(14.94)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	1,723.92	382.28	1,341.64
Total Nonoperating Revenues (Expenses)	<u>\$ 5,874.68</u>	<u>\$ 3,386.08</u>	<u>\$ 2,488.60</u>

PORT OF KINGSTON
SCHEDULE III - REVENUES
For the Six Months Ended June 30, 2017 and 2016
(See Accountant's Compilation Report)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 339,576.37	\$ 335,113.10	\$ 4,463.27
Kayak	3,263.66	2,075.64	1,188.02
Moorage - Transient	38,176.60	44,608.50	(6,431.90)
Winter Moorage	10,157.82	9,666.73	491.09
Electricity - Permanent	27,490.85	23,296.76	4,194.09
Electricity - Transient	1,748.00	3,209.50	(1,461.50)
Laundry Income	774.75	893.00	(118.25)
Yacht Club Reservation Fees	2,943.00	1,165.00	1,778.00
Deposits - Forfeited	110.00	443.22	(333.22)
Total Marina User charges	<u>\$ 424,241.05</u>	<u>\$ 420,471.45</u>	<u>\$ 3,769.60</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 117,748.13	\$ 108,820.09	\$ 8,928.04
Parking Tickets	4,244.26	1,872.20	2,372.06
Parking Diamond	7,302.01	8,346.91	(1,044.90)
Yacht Club	6,258.79	7,371.30	(1,112.51)
Aviator Coffees & Teas, LLC Land Rent	1,916.34	1,863.00	53.34
Farmers Market	353.01	171.45	181.56
Hill House Rental	5,317.26	0.00	5,317.26
Department of Transportation Lease	99,539.58	99,440.16	99.42
Total Property Rentals - Facilities (Net)	<u>\$ 242,679.38</u>	<u>\$ 227,885.11</u>	<u>\$ 14,794.27</u>
RETAIL SALES			
Retail Sales	\$ 675.32	\$ 819.01	\$ (143.69)
Cost of Retail Sales	(129.20)	(739.70)	610.50
Total Retail Sales (Net)	<u>\$ 546.12</u>	<u>\$ 79.31</u>	<u>\$ 466.81</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 139,173.90	\$ 125,518.26	\$ 13,655.64
Cost of Fuel	(114,457.12)	(94,777.93)	(19,679.19)
Total Gasoline & Diesel Sales (Net)	<u>\$ 24,716.78</u>	<u>\$ 30,740.33</u>	<u>\$ (6,023.55)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 9,740.72	\$ 6,934.79	\$ 2,805.93
Property Tax Receipts	105,684.95	103,553.88	2,131.07
Service Charge Revenue	3,705.41	3,982.01	(276.60)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	3,187.14	(1,440.59)	4,627.73
Total Nonoperating Revenues (Expenses)	<u>\$ 122,318.22</u>	<u>\$ 113,030.09</u>	<u>\$ 9,288.13</u>

PORT OF KINGSTON
SCHEDULE IV - Cash And Investments Roll Forward
Month of June 2017
(See Accountant's Compilation Report)

Beginning Cash And Investments 5/31/17	\$ 2,457,007.54
Less: Liabilities 5/31/17	(529,715.66)
Plus: Liabilities 6/30/17	835,308.17
Plus: Net loss for June	(275,190.06)
Ending Cash And Investments 6/30/17	\$ <u><u>2,487,409.99</u></u>