

**PORT OF KINGSTON**

**ACCOUNTANT'S COMPILATION REPORT  
AND FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**PORT OF KINGSTON**

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January 25, 2016

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 December 31, 2015, and the related statement of revenues and expenses-cash basis for the month and year then ended, 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, 5 and 7 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*

HEARTHSTONE CPA GROUP

**PORT OF KINGSTON**  
**STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS**  
**December 31, 2015**  
(See Accountant's Compilation Report)

**ASSETS**

Cash And Cash Equivalents	
Cash On Hand	\$ 575.00
Cash - Operating Accounts	93,595.70
Marina Replacement/Remediation Reserve Fund	2,123,692.74
Investments	
General Fund Investments	161,064.82
Total Cash And Investments	<u>2,378,928.26</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,378,928.26</u></b>

**LIABILITIES AND EQUITY**

Accrued Expenses	
Pension Payable	\$ 1,649.41
Deferred Comp	400.00
Leasehold Taxes Payable	24,222.40
Sales/B&O Taxes Payable	1,329.71
FICA & Withholding Payable	2,902.88
Life Insurance Payable	<u>0.00</u>
<b>Total Liabilities</b>	<u>30,504.40</u>
<b>EQUITY</b>	
Contributed Capital & Unreserved Retained Earnings	2,973,075.48
Current Period Net Loss	<u>(624,651.62)</u>
<b>Total Equity</b>	<u>2,348,423.86</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ <u>2,378,928.26</u></b>

**PORT OF KINGSTON**  
**Statement of Revenues and Expenses - Cash Basis**  
**For the Year Ended December 31, 2015**  
**(See Accountant's Compilation Report)**

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
<b>OPERATING REVENUES</b>			
Marina User Charges	\$ 851,632.35	\$ 832,841.00	\$ 18,791.35
Property Rentals - Facilities (Net)	460,250.87	440,444.00	19,806.87
Miscellaneous Income	7,574.11	3,463.00	4,111.11
Retail Sales (Net)	406.15	1,311.00	(904.85)
Fuel Sales (Net)	90,016.06	71,290.00	18,726.06
	<u>1,409,879.54</u>	<u>1,349,349.00</u>	<u>60,530.54</u>
<b>Total Operating Revenues</b>			
<b>OPERATING EXPENSES</b>			
Salaries & Wages	447,364.60	443,480.00	3,884.60
Temp Agency Labor	10,828.00	0.00	10,828.00
Payroll Taxes	54,632.22	64,748.00	(10,115.78)
Employee Medical	118,978.11	156,996.00	(38,017.89)
Pension Expense	37,409.39	40,181.00	(2,771.61)
Legal Sanchez Mitchell & Eastman (Base)	10,345.00	9,600.00	745.00
Legal Sanchez Mitchell & Eastman (Contingency)	12,940.50	26,400.00	(13,459.50)
Legal Enduris Federal Case	2,000.00	1,000.00	1,000.00
Legal Appellant Attorney	21,801.17	20,004.00	1,797.17
Public Records Expense/Legal Assistance	34,195.95	50,004.00	(15,808.05)
Audit	3,724.63	7,500.00	(3,775.37)
Accounting	28,251.00	23,980.00	4,271.00
Consulting	3,233.75	20,000.00	(16,766.25)
Operating Supplies	13,112.42	16,655.00	(3,542.58)
Office Supplies	8,923.44	10,200.00	(1,276.56)
Computer Supplies/Expense	17,181.62	9,660.00	7,521.62
Parking Expense	12,430.69	9,526.00	2,904.69
Equipment Rental	1,869.10	1,900.00	(30.90)
Travel	2,364.25	2,956.00	(591.75)
Insurance	53,821.00	45,978.00	7,843.00
Environmental Inspections	1,100.45	3,090.00	(1,989.55)
SoundRunner Ferry Expense	11,019.74	10,320.00	699.74
Advertising & Promotion	9,310.76	12,408.00	(3,097.24)
Dues & Subscriptions	7,422.37	16,416.00	(8,993.63)
Training & Education	4,686.61	7,404.00	(2,717.39)
Water, Sewer & Garbage	42,507.66	34,445.00	8,062.66
Electricity	39,305.27	40,744.00	(1,438.73)
Telephone	3,556.31	6,264.00	(2,707.69)
Excise Tax Expense	14,064.10	9,747.00	4,317.10
Office Credit Card Fees	13,523.15	15,391.00	(1,867.85)
Miscellaneous	1,143.43	3,000.00	(1,856.57)
(Over)/Short	(21.62)	0.00	(21.62)
Landscaping	5,919.05	9,078.00	(3,158.95)
Storage Rent	882.46	960.00	(77.54)
Purchase of Capital Assets	1,123,527.11	1,123,527.11	0.00
Penalties and Fine	800.00	0.00	800.00
Repairs & Maintenance	31,213.70	32,283.00	(1,069.30)
Commissioners Compensation	4,902.00	4,374.00	528.00
Commissioners Travel/Training & Education	8,179.26	7,242.00	937.26
Secretary Compensation	595.00	1,360.00	(765.00)
	<u>2,219,043.65</u>	<u>2,298,821.11</u>	<u>(79,777.46)</u>
<b>Total Operating Expenses</b>			
<b>Loss From Operations</b>			
	<u>(809,164.11)</u>	<u>(949,472.11)</u>	<u>140,308.00</u>
<b>NONOPERATING REVENUES</b>			
	<u>184,512.49</u>	<u>198,787.00</u>	<u>(14,274.51)</u>
<b>NET LOSS</b>			
	<u>\$ (624,651.62)</u>	<u>\$ (750,685.11)</u>	<u>\$ 126,033.49</u>

**PORT OF KINGSTON**  
**Statement of Revenues and Expenses - Cash Basis**  
**For the Month of December 2015**  
**(See Accountant's Compilation Report)**

**OPERATING REVENUES**

Marina User Charges	\$ 62,889.70
Property Rentals - Facilities (Net)	52,854.54
Miscellaneous Income	686.90
Retail Sales (Net)	22.00
Fuel Sales (Net)	<u>7,811.78</u>
<b>Total Operating Revenues</b>	<u><b>124,264.92</b></u>

**OPERATING EXPENSES**

Salaries & Wages	30,797.49
Temp Agency Labor	3,711.80
Payroll Taxes	2,344.38
Employee Medical	9,065.40
Pension Expense	2,700.25
Legal Sanchez Mitchell & Eastman (Base)	600.00
Legal Sanchez Mitchell & Eastman (Contingency)	40.00
Legal Enduris Federal Case	0.00
Legal Appellant Attorney	0.00
Public Records Expense/Legal Assistance	14,224.05
Audit	3,193.03
Accounting	0.00
Consulting	0.00
Operating Supplies	606.68
Office Supplies	491.76
Computer Supplies/Expense	1,794.58
Parking Expense	563.54
Equipment Rental	1,206.03
Travel	28.50
Insurance	0.00
Environmental Inspections	0.00
SoundRunner Ferry Expense	0.00
Advertising & Promotion	1,684.00
Dues & Subscriptions	226.64
Training & Education	200.00
Water, Sewer & Garbage	1,372.03
Electricity	6,109.73
Telephone	38.52
Excise Tax Expense	800.06
Office Credit Card Fees	1,079.62
Miscellaneous	0.00
(Over)/Short	6.44
Landscaping	511.23
Storage Rent	67.20
Purchase of Capital Assets	616.29
Penalties and Fine	800.00
Repairs & Maintenance	8,549.01
Commissioners Compensation	570.00
Commissioners Travel/Training & Education	1,684.14
Secretary Compensation	<u>85.00</u>

**Total Operating Expenses** **95,767.40**

**Income From Operations** **28,497.52**

**NONOPERATING REVENUES**

**1,467.72**

**NET INCOME**

**\$ 29,965.24**

**SUPPLEMENTARY INFORMATION**  
**(See Independent Accountant's Compilation Report)**

**PORT OF KINGSTON**  
**SCHEDULE I - REVENUES**  
For the Year Ended December 31, 2015  
(See Accountant's Compilation Report)

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
<b>MARINA USER CHARGES</b>			
Moorage - Base Rate	\$ 564,992.47	\$ 560,256.00	\$ 4,736.47
Moorage - Cover Premium	85,307.46	81,264.00	4,043.46
Kayak	3,813.34	4,325.00	(511.66)
Moorage - Transient	137,699.75	126,951.00	10,748.75
Winter Moorage	12,972.27	13,604.00	(631.73)
Electricity - Permanent	31,116.64	32,455.00	(1,338.36)
Electricity - Transient	8,863.82	10,185.00	(1,321.18)
Laundry Income	1,891.60	2,540.00	(648.40)
Yacht Club Reservation Fees	1,585.00	220.00	1,365.00
Deposits - Forfeited	3,390.00	1,041.00	2,349.00
<b>Total Marina User charges</b>	<u>\$ 851,632.35</u>	<u>\$ 832,841.00</u>	<u>\$ 18,791.35</u>
<b>PROPERTY RENTALS - FACILITIES</b>			
Parking	\$ 224,419.52	\$ 209,097.00	\$ 15,322.52
Parking Tickets	5,260.80	4,564.00	696.80
Parking Diamond	14,968.15	11,000.00	3,968.15
Yacht Club	14,612.28	14,616.00	(3.72)
Aviator Coffees & Teas, LLC Land Rent	2,990.00	3,040.00	(50.00)
Farmers Market	685.80	721.00	(35.20)
Department of Transportation Lease	197,314.32	197,406.00	(91.68)
<b>Total Property Rentals - Facilities (Net)</b>	<u>\$ 460,250.87</u>	<u>\$ 440,444.00</u>	<u>\$ 19,806.87</u>
<b>RETAIL SALES</b>			
Retail Sales	\$ 3,695.96	\$ 4,067.00	\$ (371.04)
Cost of Retail Sales	(3,289.81)	(2,756.00)	(533.81)
<b>Total Retail Sales (Net)</b>	<u>\$ 406.15</u>	<u>\$ 1,311.00</u>	<u>\$ (904.85)</u>
<b>FUEL SALES</b>			
Gasoline & Diesel Sales	\$ 480,518.11	\$ 624,777.00	\$ (144,258.89)
Cost of Fuel	(390,502.05)	(553,487.00)	162,984.95
<b>Total Gasoline &amp; Diesel Sales (Net)</b>	<u>\$ 90,016.06</u>	<u>\$ 71,290.00</u>	<u>\$ 18,726.06</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	\$ 14,873.62	\$ 9,749.00	\$ 5,124.62
Property Tax Receipts	191,860.06	188,067.00	3,793.06
Service Charge Revenue	8,030.89	3,061.00	4,969.89
Election Expense	(1,700.58)	(2,090.00)	389.42
Capital Contribution	100.00	0.00	100.00
Tenant Deposits/Adv Pmts On AR/Disposed Assets	(28,651.50)	0.00	(28,651.50)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>\$ 184,512.49</u>	<u>\$ 198,787.00</u>	<u>\$ (14,274.51)</u>



**PORT OF KINGSTON**  
**SCHEDULE II - REVENUES**  
**For the Month of December 2015**  
**(See Accountant's Compilation Report)**

**MARINA USER CHARGES**

Moorage - Permanent	\$ 54,158.64
Kayak	350.83
Moorage - Transient	3,109.30
Winter Moorage	1,569.52
Electricity - Permanent	3,379.41
Electricity - Transient	144.00
Laundry Income	173.00
Yacht Club Reservation Fees	(25.00)
Deposits - Forfeited	30.00
<b>Total Marina User charges</b>	<b>\$ <u>62,889.70</u></b>

**PROPERTY RENTALS - FACILITIES**

Parking	\$ 16,452.35
Parking Tickets	515.20
Parking Diamond	1,281.72
Yacht Club	1,228.55
Aviator Coffees & Teas, LLC Land Rent	230.00
Farmers Market	0.00
Department of Transportation Lease	33,146.72
<b>Total Property Rentals - Facilities (Net)</b>	<b>\$ <u>52,854.54</u></b>

**RETAIL SALES**

Retail Sales	\$ 22.00
Cost of Retail Sales	0.00
<b>Total Retail Sales (Net)</b>	<b>\$ <u>22.00</u></b>

**FUEL SALES**

Gasoline & Diesel Sales	\$ 8,037.73
Cost of Fuel	(225.95)
<b>Total Gasoline &amp; Diesel Sales (Net)</b>	<b>\$ <u>7,811.78</u></b>

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 1,431.81
Property Tax Receipts	1,846.19
Service Charge Revenue	989.62
Election Expense	(1,700.58)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	(1,099.32)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ <u>1,467.72</u></b>

**PORT OF KINGSTON**  
**SCHEDULE III - CAPITAL BUDGET VERSUS ACTUAL**  
**As of December 31, 2015**  
**(See Accountant's Compilation Report)**

<u>Projects</u>	<u>2015</u> <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Capital Expenditures For Covered Moorage	\$ (977,500.00) \$	\$	(977,500.00)
Capital Expenditures Christmas Lights	(10,000.00)	11,602.96	1,602.96
Capital Expenditures For Parking Lot Modifications	(9,000.00)	10,391.66	1,391.66
Capital Expenditures For Parking Lot Modifications - Moga	(30,000.00)		(30,000.00)
Capital Expenditures For Toth Land Improvements	(2,700.00)		(2,700.00)
Capital Expenditures For Security System Camera Upgrades	(10,000.00)		(10,000.00)
Capital Expenditures For Computer Workstation	(1,200.00)	1,065.13	(134.87)
Capital Expenditures For Tabloid Printer	(2,000.00)	4,273.35	2,273.35
Capital Expenditures For Electric Car	(17,500.00)	17,370.75	(129.25)
Capital Expenditures For Gator Vehicle	(10,000.00)	11,895.68	1,895.68
Capital Expenditures For Unbudgeted Capital Items	(15,000.00)		(15,000.00)
Contribution To Marina Dock Rehabilitation Account	(210,000.00)	210,000.00	-
Capital Expenditures For 21" Toro Mower	-	1,174.22	1,174.22
Capital Expenditures for Hill House	-	726,330.05	726,330.05
Capital Expenditures (Refund) For Pumpout	-	(1,437.50)	(1,437.50)
Capital Expenditures For Marina Dredging	-	340,860.81	340,860.81
<b>TOTAL</b>	<b>\$ (1,294,900.00) \$</b>	<b>1,333,527.11 \$</b>	<b>\$ 38,627.11</b>

**PORT OF KINGSTON**  
**SCHEDULE IV - Cash And Investments Roll Forward**  
**Month of December 2015**  
**(See Accountant's Compilation Report)**

Beginning Cash And Investments 11/30/15	\$ 2,341,397.57
Less: Liabilities 11/30/15	(22,938.95)
Plus: Liabilities 12/31/15	30,504.40
Plus: Net Income for December	29,965.24
Ending Cash And Investments 12/31/15	<u>\$ 2,378,928.26</u>