

**PORT OF KINGSTON**  
**ACCOUNTANT'S COMPILATION REPORT**  
**AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**PORT OF KINGSTON**

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January 20, 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 December 31, 2016, and the related statement of revenues and expenses-cash basis for the month and year 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, 2016**  
**(See Accountant's Compilation Report)**

**ASSETS**

Cash And Cash Equivalents		
Cash On Hand	\$	575.00
Cash - Operating Accounts		36,223.00
Investments		
Marina Replacement/Remediation Reserve Fund		2,267,906.66
General Fund Investments		<u>142,197.96</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>2,446,902.62</u></b>

**LIABILITIES AND EQUITY**

Accrued Expenses		
Pension Payable	\$	2,530.26
Leasehold Taxes Payable		24,692.37
Sales/B&O Taxes Payable		2,263.61
FICA & Withholding Payable		<u>3,958.63</u>
<b>Total Liabilities</b>		<u>33,444.87</u>
<b>EQUITY</b>		
Contributed Capital & Unreserved Retained Earnings		2,348,485.66
Current Period Net Income		<u>64,972.09</u>
<b>Total Equity</b>		<u>2,413,457.75</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b><u>2,446,902.62</u></b>

**PORT OF KINGSTON**  
**Statement of Revenues and Expenses - Cash Basis**  
**For the Year Ended December 31, 2016**  
**(See Accountant's Compilation Report)**

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
<b>OPERATING REVENUES</b>			
Marina User Charges	\$ 859,713.16	\$ 868,743.00	\$ (9,029.84)
Property Rentals - Facilities (Net)	484,780.66	454,523.00	30,257.66
Miscellaneous Income	8,250.00	7,862.00	388.00
Retail Sales (Net)	(763.41)	177.00	(940.41)
Fuel Sales (Net)	83,213.60	92,170.00	(8,956.40)
<b>Total Operating Revenues</b>	<b>1,435,194.01</b>	<b>1,423,475.00</b>	<b>11,719.01</b>
<b>OPERATING EXPENSES</b>			
Salaries & Wages	465,611.03	496,647.00	(31,035.97)
Temp Agency Labor	49,240.20	0.00	49,240.20
Payroll Taxes	33,072.41	58,020.00	(24,947.59)
Employee Medical	141,628.55	140,208.00	1,420.55
Pension Expense	45,982.53	51,828.00	(5,845.47)
Legal Goodstein Law Firm (Base)	25,001.10	7,200.00	17,801.10
Legal Goodstein Law Firm (Contingency)	4,294.00	27,900.00	(23,606.00)
Legal Appellant Attorney	(31,190.70)	0.00	(31,190.70)
Public Records Expense/Legal Assistance	109,429.60	72,000.00	37,429.60
Audit	25,365.30	0.00	25,365.30
Accounting	32,278.00	24,450.00	7,828.00
Consulting	42,326.41	20,000.00	22,326.41
Operating Supplies	20,428.31	14,220.00	6,208.31
Office Supplies	10,122.38	12,260.00	(2,137.62)
Computer Supplies/Expense	16,787.43	16,200.00	587.43
Parking Expense	19,752.24	11,208.00	8,544.24
Equipment Rental	2,342.64	2,425.00	(82.36)
Travel	3,477.83	6,000.00	(2,522.17)
Insurance	62,999.00	54,996.00	8,003.00
Environmental Inspections	2,388.32	4,500.00	(2,111.68)
SoundRunner Ferry Expense	31,573.18	12,000.00	19,573.18
Advertising & Promotion	11,497.68	15,000.00	(3,502.32)
Dues & Subscriptions	9,468.74	9,252.00	216.74
Training & Education	3,715.00	10,000.00	(6,285.00)
Water, Sewer & Garbage	49,426.06	43,380.00	6,046.06
Electricity	37,314.89	39,230.00	(1,915.11)
Telephone	5,989.00	4,644.00	1,345.00
Penalties & Fines	457.83	0.00	457.83
Excise Tax Expense	14,968.11	12,448.00	2,520.11
Office Credit Card Fees	16,019.01	12,780.00	3,239.01
Miscellaneous	1,016.81	2,844.00	(1,827.19)
(Over)/Short	(8.10)	0.00	(8.10)
Landscaping	5,290.88	12,000.00	(6,709.12)
Storage Rent	1,165.00	1,146.00	19.00
Purchase of Capital Assets	260,439.43	260,439.43 *	0.00
Repairs & Maintenance	44,367.74	36,768.00	7,599.74
Commissioners Compensation	6,498.00	4,902.00	1,596.00
Commissioners Travel/Training & Education	9,197.93	9,200.00	(2.07)
Secretary Compensation	510.00	1,190.00	(680.00)
<b>Total Operating Expenses</b>	<b>1,590,243.77</b>	<b>1,507,285.43</b>	<b>82,958.34</b>
<b>Loss From Operations</b>	<b>(155,049.76)</b>	<b>(83,810.43)</b>	<b>(71,239.33)</b>
<b>NONOPERATING REVENUES</b>	<b>220,021.85</b>	<b>611,686.00</b>	<b>(391,664.15)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 64,972.09</b>	<b>\$ 527,875.57</b>	<b>\$ (462,903.48)</b>

\*Budget represents actual capital expenditures for the year.  
See page 7 for comparison of the adopted budget to actual.

**PORT OF KINGSTON**  
**Statement of Revenues and Expenses - Cash Basis**  
**For the Month of December 2016**  
**(See Accountant's Compilation Report)**

**OPERATING REVENUES**

Marina User Charges	\$ 68,938.68
Property Rentals - Facilities (Net)	39,369.00
Miscellaneous Income	223.26
Retail Sales (Net)	(470.60)
Fuel Sales (Net)	5,925.03

**Total Operating Revenues** 113,985.37

**OPERATING EXPENSES**

Salaries & Wages	42,235.05
Temp Agency Labor	1,505.00
Payroll Taxes	3,314.67
Employee Medical	14,088.56
Pension Expense	4,495.05
Legal Goodstein Law Firm (Base)	0.00
Legal Goodstein Law Firm (Contingency)	0.00
Legal Enduris Federal Case	0.00
Legal Appellant Attorney	0.00
Public Records Expense/Legal Assistance	29,132.00
Audit	0.00
Accounting	3,918.00
Consulting	6,183.75
Operating Supplies	656.71
Office Supplies	1,264.72
Computer Supplies/Expense	2,393.06
Parking Expense	720.62
Equipment Rental	978.30
Travel	1,311.01
Insurance	0.00
Environmental Inspections	0.00
SoundRunner Ferry Expense	250.55
Advertising & Promotion	1,641.71
Dues & Subscriptions	471.00
Training & Education	1,024.00
Water, Sewer & Garbage	1,680.72
Electricity	4,341.64
Telephone	1,691.91
Penalties & Fines	0.00
Excise Tax Expense	2,588.98
Office Credit Card Fees	1,393.67
Miscellaneous	0.00
(Over)/Short	(0.04)
Landscaping	251.36
Storage Rent	100.00
Purchase of Capital Assets	68,346.02
Repairs & Maintenance	2,641.18
Commissioners Compensation	114.00
Commissioners Travel/Training & Education	1,253.92
Secretary Compensation	0.00

**Total Operating Expenses** 199,987.12

**Loss From Operations** (86,001.75)

**NONOPERATING REVENUES**

3,383.92

**NET LOSS**

\$ (82,617.83)

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

**PORT OF KINGSTON**  
**SCHEDULE I - REVENUES**  
**For the Year Ended December 31, 2016**  
**(See Accountant's Compilation Report)**

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
<b>MARINA USER CHARGES</b>			
Moorage - Base Rate	\$ 587,726.62	\$ 585,082.00	\$ 2,644.62
Moorage - Covered	83,818.90	83,640.00	178.90
Kayak	5,045.90	3,863.00	1,182.90
Moorage - Transient	118,737.57	134,484.00	(15,746.43)
Winter Moorage	16,988.64	14,474.00	2,514.64
Electricity - Permanent	32,844.33	31,855.00	989.33
Electricity - Transient	8,030.40	10,085.00	(2,054.60)
Laundry Income	1,958.00	1,860.00	98.00
Yacht Club Reservation Fees	1,560.00	1,575.00	(15.00)
Deposits - Forfeited	3,002.80	1,825.00	1,177.80
<b>Total Marina User charges</b>	<u>\$ 859,713.16</u>	<u>\$ 868,743.00</u>	<u>\$ (9,029.84)</u>
<b>PROPERTY RENTALS - FACILITIES</b>			
Parking	\$ 240,220.19	\$ 223,321.00	\$ 16,899.19
Parking Tickets	8,969.53	4,890.00	4,079.53
Parking Diamond	16,123.56	7,312.00	8,811.56
Yacht Club	16,091.55	14,952.00	1,139.55
Aviator Coffees & Teas, LLC Land Rent	3,767.44	3,492.00	275.44
Farmers Market	628.65	684.00	(55.35)
Department of Transportation Lease	198,979.74	199,872.00	(892.26)
<b>Total Property Rentals - Facilities (Net)</b>	<u>\$ 484,780.66</u>	<u>\$ 454,523.00</u>	<u>\$ 30,257.66</u>
<b>RETAIL SALES</b>			
Retail Sales	\$ 3,490.23	\$ 3,630.00	\$ (139.77)
Cost of Retail Sales	<u>(4,253.64)</u>	<u>(3,453.00)</u>	<u>(800.64)</u>
<b>Total Retail Sales (Net)</b>	<u>\$ (763.41)</u>	<u>\$ 177.00</u>	<u>\$ (940.41)</u>
<b>FUEL SALES</b>			
Gasoline & Diesel Sales	\$ 412,788.53	\$ 513,809.00	\$ (101,020.47)
Cost of Fuel	<u>(329,574.93)</u>	<u>(421,639.00)</u>	<u>92,064.07</u>
<b>Total Gasoline &amp; Diesel Sales (Net)</b>	<u>\$ 83,213.60</u>	<u>\$ 92,170.00</u>	<u>\$ (8,956.40)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	\$ 15,361.03	\$ 15,600.00	\$ (238.97)
Property Tax Receipts	194,208.45	188,863.00	5,345.45
Service Charge Revenue	10,440.65	7,223.00	3,217.65
Pumpout Park Grant	1,263.11	0.00	1,263.11
WA Blvd Park Project Grant	0.00	400,000.00	(400,000.00)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	<u>(1,251.39)</u>	<u>0.00</u>	<u>(1,251.39)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>\$ 220,021.85</u>	<u>\$ 611,686.00</u>	<u>\$ (391,664.15)</u>



**PORT OF KINGSTON**  
**SCHEDULE II - REVENUES**  
**For the Month of December 2016**  
**(See Accountant's Compilation Report)**

**MARINA USER CHARGES**

Moorage - Permanent	\$ 47,547.45
Moorage - Covered	7,307.87
Kayak	403.04
Moorage - Transient	4,144.49
Winter Moorage	2,780.93
Electricity - Permanent	3,708.86
Electricity - Transient	417.46
Laundry Income	119.00
Yacht Club Reservation Fees	75.00
Deposits - Forfeited	2,434.58
<b>Total Marina User charges</b>	<b>\$ <u>68,938.68</u></b>

**PROPERTY RENTALS - FACILITIES**

Parking	\$ 17,919.10
Parking Tickets	542.33
Parking Diamond	1,521.96
Yacht Club	2,491.50
Aviator Coffees & Teas, LLC Land Rent	304.18
Farmers Market	0.00
Department of Transportation Lease	16,589.93
<b>Total Property Rentals - Facilities (Net)</b>	<b>\$ <u>39,369.00</u></b>

**RETAIL SALES**

Retail Sales	\$ 14.60
Cost of Retail Sales	(485.20)
<b>Total Retail Sales (Net)</b>	<b>\$ <u>(470.60)</u></b>

**FUEL SALES**

Gasoline & Diesel Sales	\$ 13,957.29
Cost of Fuel	(8,032.26)
<b>Total Gasoline &amp; Diesel Sales (Net)</b>	<b>\$ <u>5,925.03</u></b>

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 1,677.38
Property Tax Recelpts	1,127.32
Service Charge Revenue	1,742.84
Pumpout Park Grant	1,263.11
Tenant Deposits/Adv Pmts On AR/Disposed Assets	(2,426.73)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ <u>3,383.92</u></b>

**PORT OF KINGSTON**  
**SCHEDULE III - CAPITAL BUDGET VERSUS ACTUAL**  
**As of December 31, 2016**  
**(See Accountant's Compilation Report)**

<u>Projects</u>	<u>2016 Budget</u>	<u>Actual</u>	<u>Difference</u>
Capital Expenditures For Covered Moorage	\$ (1,477,500.00)	\$ 114,521.24	\$ (1,362,978.76)
Capital Expenditures Christmas Lights	(10,000.00)	10,053.21	53.21
Capital Expenditures For Lawn Equipment	(750.00)		(750.00)
Capital Expenditures For Gates & Dock Entrance	(50,000.00)		(50,000.00)
Capital Expenditures For WA Blvd Park Project	(400,000.00)	30,061.72	(369,938.28)
Capital Expenditures For Two-Way Radios	(4,000.00) **	499.90	(3,500.10)
Capital Expenditures For Computer Workstation	(1,200.00) *	1,032.65	(167.35)
Capital Expenditures For Fuel Dock Floats	(2,000.00) **	3,572.33	1,572.33
Capital Expenditures For Roof System on Transfer Span	(15,000.00)		(15,000.00)
Capital Expenditures For Venteck Machine	(16,000.00)	15,320.20	(679.80)
Capital Expenditures For Security System	(25,000.00)	19,756.65	(5,243.35)
Capital Expenditures For Billy Goat Parking Lot Vacuum	(2,050.00)		(2,050.00)
Capital Expenditures For Unbudgeted Capital Items	(15,000.00)		(15,000.00)
Capital Expenditures for Sea Wall Repair	-	35,028.44	35,028.44
Capital Expenditures for Hill House Fence	-	2,337.05	2,337.05
Capital Expenditures for Hill House Electric	-	5,699.14	5,699.14
Capital Expenditures for Ladders	-	10,125.00	10,125.00
Capital Expenditures for Server Hardware & Installation	-	8,410.31	8,410.31
Capital Expenditures for Mike Wallace Tent & Awnings		8,767.75	8,767.75
Capital Expenditures for Office Building Remodel		358.75	358.75
Contribution To Marina Replacement/Remediation Account	(210,000.00)	210,000.00	-
<b>TOTAL</b>	<b>\$ (2,228,500.00)</b>	<b>\$ 475,544.34</b>	<b>\$ (1,752,955.66)</b>

\* \$869.60 was classified under Computer Supplies/Expense (3/2016) and \$163.05 was classified under Office Supplies (5/2016) for a total of \$1,032.65. The Port's current Capitalization Threshold Policy is \$5,000 (Resolution 02-01-15).

\*\* \$3,572.33 was classified under R&M (7/2016 & 8/2016) and \$499.90 was classified under R&M (9/2016)

**PORT OF KINGSTON**  
**SCHEDULE IV - Cash And Investments Roll Forward**  
**Month of December 2016**  
**(See Accountant's Compilation Report)**

Beginning Cash And Investments 11/30/16	\$ 2,521,233.74
Less: Liabilities 11/30/16	(25,158.16)
Plus: Liabilities 12/31/16	33,444.87
Plus: Net Loss for December	(82,617.83)
Ending Cash And Investments 12/31/16	<u>\$ 2,446,902.62</u>