

PORT OF KINGSTON
ACCOUNTANT'S COMPILATION REPORT
AND FINANCIAL STATEMENTS
MARCH 31, 2018

PORT OF KINGSTON

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Hearthstone CPA Group

Certified Public Accountants

4312 Kitsap Way, Suite 102
Bremerton, WA. 98312
T 360-479-4611

Principals
Larry A. Hurley, CPA
Neal K. Williams, CPA, MPAcc (tax)
Christopher J. Cook, CPA, CFP®
David H. Ball, CPA (retired)
Dennis R. Treger, CPA

April 23, 2018

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 March 31, 2018, and the related statement of revenues and expenses-cash basis for the month and three months ended March 31, 2018 and 2017, 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
March 31, 2018
(See Accountant's Compilation Report)

ASSETS

Cash And Cash Equivalents		
Cash On Hand	\$	475.00
Cash - Operating Accounts		33,666.61
Investments		
Marina Replacement/Remediation Reserve Fund		1,392,821.85
General Fund Investments		44,483.65
		44,483.65
TOTAL ASSETS	\$	1,471,447.11

LIABILITIES AND EQUITY

Accrued Expenses		
Pension Payable	\$	3,130.92
Leasehold Taxes Payable		27,159.38
Sales/B&O Taxes Payable		2,974.87
FICA & Withholding Payable		3,782.57
		37,047.74
Long-term Liabilities		
G.O. Bonds Payable		1,000,000.00
		1,000,000.00
Total Liabilities		1,037,047.74
EQUITY		
Contributed Capital & Unreserved Retained Earnings		1,119,128.23
Current Period Net Loss		(684,728.86)
		434,399.37
Total Equity		434,399.37
TOTAL LIABILITIES AND EQUITY	\$	1,471,447.11

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis
For the Three Months Ended March 31, 2018
(See Accountant's Compilation Report)

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
OPERATING REVENUES			
Marina User Charges	\$ 209,752.65	\$ 214,820.00	\$ (5,067.35)
Property Rentals - Facilities (Net)	127,840.32	124,225.00	3,615.32
Miscellaneous Income	1,446.49	1,434.00	12.49
Retail Sales (Net)	313.96	400.00	(86.04)
Fuel Sales (Net)	21,282.05	11,870.00	9,412.05
	<u>360,635.47</u>	<u>352,749.00</u>	<u>7,886.47</u>
Total Operating Revenues			
OPERATING EXPENSES			
Accounting	4,610.00	3,900.00	710.00
Advertising & Promotion	3,068.14	7,100.00	(4,031.86)
Audit	8,561.54	0.00	8,561.54
Commissioners Compensation	3,762.00	5,475.00	(1,713.00)
Commissioners Travel/Training & Education	26.00	2,025.00	(1,999.00)
Computer Supplies/Expense	3,963.20	5,220.00	(1,256.80)
Consulting Fees	500.00	2,500.00	(2,000.00)
Dues & Subscriptions	4,686.54	4,305.00	381.54
Electricity	17,236.00	17,840.00	(604.00)
Employee Medical	55,563.53	44,280.00	11,283.53
Equipment Rental	1,928.43	2,450.00	(521.57)
Excise Tax Expense	8,396.29	1,190.00	7,206.29
Landscaping	773.05	2,400.00	(1,626.95)
Lawsuit/Judement	252,000.00	0.00	252,000.00
Legal	50,686.97	21,250.00	29,436.97
Miscellaneous	1,443.05	1,350.00	93.05
Office Credit Card Fees	4,914.64	4,125.00	789.64
Office Supplies	8,221.51	2,400.00	5,821.51
Operating Supplies	3,442.90	4,770.00	(1,327.10)
(Over)/Short	(3.29)	0.00	(3.29)
Parking Expense	2,052.92	2,600.00	(547.08)
Payroll Taxes	16,549.41	19,560.00	(3,010.59)
Pension Expense	15,495.38	15,789.00	(293.62)
Purchase of Capital Assets	188,103.21	188,103.21 *	0.00
Repairs & Maintenance	18,187.88	15,000.00	3,187.88
Salaries & Wages	138,166.65	136,226.00	1,940.65
SoundRunner Ferry Expense	235,500.00	156,300.00	79,200.00
Storage Rent	321.00	321.00	0.00
Telephone	2,155.50	2,100.00	55.50
Training & Education	2,464.00	2,510.00	(46.00)
Travel	372.68	1,500.00	(1,127.32)
Water, Sewer & Garbage	8,964.03	13,700.00	(4,735.97)
	<u>1,062,113.16</u>	<u>686,289.21</u>	<u>375,823.95</u>
Total Operating Expenses			
Loss From Operations	<u>(701,477.69)</u>	<u>(333,540.21)</u>	<u>(367,937.48)</u>
NONOPERATING REVENUES	<u>16,748.83</u>	<u>22,952.00</u>	<u>(6,203.17)</u>
NET LOSS	<u>\$ (684,728.86) \$</u>	<u>(310,588.21) \$</u>	<u>(374,140.65)</u>

*Budget represents actual capital expenditures year to date.

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis
For the Month ended March 31, 2018 and 2017
(See Accountant's Compilation Report)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 70,241.50	\$ 67,038.34	\$ 3,203.16
Property Rentals - Facilities (Net)	42,622.99	36,923.80	5,699.19
Miscellaneous Income	204.69	285.31	(80.62)
Retail Sales (Net)	75.62	43.69	31.93
Fuel Sales (Net)	<u>24,496.23</u>	<u>(8,770.85)</u>	<u>33,267.08</u>
Total Operating Revenues	<u>137,641.03</u>	<u>95,520.29</u>	<u>42,120.74</u>
OPERATING EXPENSES			
Accounting	1,495.00	1,185.00	310.00
Advertising & Promotion	914.46	688.00	226.46
Audit	713.25	0.00	713.25
Commissioners Compensation	1,482.00	912.00	570.00
Computer Supplies/Expense	3,255.25	4,279.65	(1,024.40)
Consulting Fees	0.00	4,509.35	(4,509.35)
Dues & Subscriptions	424.00	304.00	120.00
Electricity	5,049.27	5,188.56	(139.29)
Employee Medical	15,573.08	14,088.56	1,484.52
Excise Tax Expense	7,608.78	52.09	7,556.69
Landscaping	10.40	68.35	(57.95)
Lawsuit/Judgement	252,000.00	166,415.15	85,584.85
Legal	22,456.52	12,507.46	9,949.06
Miscellaneous	252.44	185.76	66.68
Office Credit Card Fees	1,898.74	1,438.11	460.63
Office Supplies	1,443.47	306.60	1,136.87
Operating Supplies	947.19	823.70	123.49
(Over)/Short	0.03	2.06	(2.03)
Parking Expense	587.09	550.73	36.36
Payroll Taxes	3,378.05	3,062.12	315.93
Pension Expense	5,074.97	4,278.95	796.02
Purchase of Capital Assets	37,431.27	99,593.64	(62,162.37)
Repairs & Maintenance	5,725.53	13,348.99	(7,623.46)
Salaries & Wages	46,326.07	42,135.75	4,190.32
SoundRunner Ferry Expense	0.00	2,344.64	(2,344.64)
Storage Rent	107.00	100.00	7.00
Telephone	717.85	663.16	54.69
Training & Education	2,464.00	735.00	1,729.00
Travel	164.52	331.97	(167.45)
Water, Sewer & Garbage	<u>4,144.72</u>	<u>6,746.33</u>	<u>(2,601.61)</u>
Total Operating Expenses	<u>421,644.95</u>	<u>386,845.68</u>	<u>34,799.27</u>
Loss From Operations	<u>(284,003.92)</u>	<u>(291,325.39)</u>	<u>7,321.47</u>
NONOPERATING REVENUES	<u>5,778.19</u>	<u>9,613.70</u>	<u>(3,835.51)</u>
NET LOSS	<u>\$ (278,225.73)</u>	<u>\$ (281,711.69)</u>	<u>\$ 3,485.96</u>

PORT OF KINGSTON
Statement of Revenues and Expenses - Cash Basis
For the Three Months of March 31, 2018 and 2017
(See Accountant's Compilation Report)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 209,752.65	\$ 201,815.90	\$ 7,936.75
Property Rentals - Facilities (Net)	127,840.32	111,091.60	16,748.72
Miscellaneous Income	1,446.49	706.76	739.73
Retail Sales (Net)	313.96	96.12	217.84
Fuel Sales (Net)	21,282.05	4,719.05	16,563.00
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	360,635.47	318,429.43	42,206.04
OPERATING EXPENSES			
Accounting	4,610.00	3,785.00	825.00
Advertising & Promotion	3,068.14	1,994.13	1,074.01
Audit	8,561.54	0.00	8,561.54
Commissioners Compensation	3,762.00	2,166.00	1,596.00
Commissioners Travel/Training & Education	26.00	220.00	(194.00)
Computer Supplies/Expense	3,963.20	5,941.02	(1,977.82)
Consulting Fees	500.00	5,309.43	(4,809.43)
Dues & Subscriptions	4,686.54	4,261.76	424.78
Electricity	17,236.00	17,554.65	(318.65)
Employee Medical	55,563.53	43,921.68	11,641.85
Equipment Rental	1,928.43	2,401.11	(472.68)
Excise Tax Expense	8,396.29	1,075.87	7,320.42
Landscaping	773.05	1,708.85	(935.80)
Lawsuit/Judgment	252,000.00	166,415.15	85,584.85
Legal	50,686.97	38,336.71	12,350.26
Miscellaneous	1,443.05	1,015.41	427.64
Office Credit Card Fees	4,914.64	4,124.32	790.32
Office Supplies	8,221.51	1,976.27	6,245.24
Operating Supplies	3,442.90	5,752.88	(2,309.98)
(Over)/Short	(3.29)	1.99	(5.28)
Parking Expense	2,052.92	2,831.53	(778.61)
Payroll Taxes	16,549.41	14,815.67	1,733.74
Pension Expense	15,495.38	13,475.77	2,019.61
Purchase of Capital Assets	188,103.21	220,871.46	(32,768.25)
Repairs & Maintenance	18,187.88	23,463.20	(5,275.32)
Salaries & Wages	138,166.65	127,880.05	10,286.60
SoundRunner Ferry Expense	235,500.00	2,344.64	233,155.36
Storage Rent	321.00	300.00	21.00
Telephone	2,155.50	2,127.18	28.32
Temp Agency Labor	0.00	350.00	(350.00)
Training & Education	2,464.00	1,365.25	1,098.75
Travel	372.68	461.82	(89.14)
Water, Sewer & Garbage	8,964.03	13,625.22	(4,661.19)
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,062,113.16	731,874.02	330,239.14
	<hr/>	<hr/>	<hr/>
Loss From Operations	(701,477.69)	(413,444.59)	(288,033.10)
NONOPERATING REVENUES			
	<hr/>	<hr/>	<hr/>
	16,748.83	23,058.64	(6,309.81)
NET LOSS			
	<hr/>	<hr/>	<hr/>
	\$ (684,728.86)	\$ (390,385.95)	\$ (294,342.91)

SUPPLEMENTARY INFORMATION
(See Accountant's Compilation Report)

PORT OF KINGSTON
SCHEDULE I - REVENUES
For the Three Months Ended March 31, 2018
(See Accountant's Compilation Report)

	ACTUAL	PERIOD TO DATE BUDGET *	BUDGET VARIANCE
MARINA USER CHARGES			
Moorage - Base Rate	\$ 173,432.56	\$ 175,235.00	\$ (1,802.44)
Kayak	1,790.74	1,370.00	420.74
Moorage - Transient	11,722.28	21,000.00	(9,277.72)
Winter Moorage	9,851.47	5,320.00	4,531.47
Electricity - Permanent	11,189.09	9,320.00	1,869.09
Laundry Income	670.00	525.00	145.00
Reservation Fees	1,075.57	1,900.00	(824.43)
Deposits - Forfeited	20.94	150.00	(129.06)
Total Marina User charges	<u>\$ 209,752.65</u>	<u>\$ 214,820.00</u>	<u>\$ (5,067.35)</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 60,476.87	\$ 59,428.00	\$ 1,048.87
Parking Tickets	642.27	1,520.00	(877.73)
Diamond Parking	3,053.86	2,890.00	163.86
Yacht Club	4,038.34	3,810.00	228.34
Aviator Coffees & Teas, LLC Land Rent	1,049.43	912.00	137.43
Farmers Market	57.14	0.00	57.14
Reader Board	2,425.00	0.00	2,425.00
Hill House Rental	5,680.61	5,250.00	430.61
Department of Transportation Lease	50,416.80	50,415.00	1.80
Total Property Rentals - Facilities (Net)	<u>\$ 127,840.32</u>	<u>\$ 124,225.00</u>	<u>\$ 3,615.32</u>
RETAIL SALES			
Retail Sales	\$ 313.96	\$ 400.00	\$ (86.04)
Cost of Retail Sales	0.00	0.00	-
Total Retail Sales (Net)	<u>\$ 313.96</u>	<u>\$ 400.00</u>	<u>\$ (86.04)</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 45,676.54	\$ 32,770.00	\$ 12,906.54
Cost of Fuel	(24,394.49)	(20,900.00)	(3,494.49)
Total Gasoline & Diesel Sales (Net)	<u>\$ 21,282.05</u>	<u>\$ 11,870.00</u>	<u>\$ 9,412.05</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 6,964.46	\$ 4,800.00	\$ 2,164.46
Interest Expense	(6,250.00)	0.00	(6,250.00)
Property Tax Receipts	15,110.26	14,200.00	910.26
Service Charge Revenue	2,899.85	3,952.00	(1,052.15)
Pumpout Park Grant	241.45	0.00	241.45
Election Expense	(2,850.63)	0.00	(2,850.63)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	633.44	0.00	633.44
Total Nonoperating Revenues (Expenses)	<u>\$ 16,748.83</u>	<u>\$ 22,952.00</u>	<u>\$ (6,203.17)</u>

PORT OF KINGSTON
SCHEDULE II - REVENUES
For the Month of March 31, 2018 and 2017
(See Accountant's Compilation Report)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 59,270.99	\$ 60,166.76	\$ (895.77)
Kayak	609.18	626.33	(17.15)
Moorage - Transient	5,631.94	2,520.00	3,111.94
Winter Moorage	3,061.32	1,942.16	1,119.16
Electricity - Permanent	1,176.56	1,483.09	(306.53)
Laundry Income	217.00	143.00	74.00
Reservation Fees	263.57	147.00	116.57
Deposits - Forfeited	10.94	10.00	0.94
Total Marina User charges	\$ <u>70,241.50</u>	\$ <u>67,038.34</u>	\$ <u>3,203.16</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 21,745.54	\$ 17,350.35	\$ 4,395.19
Parking Tickets	389.95	510.60	(120.65)
Parking Diamond	749.61	922.99	(173.38)
Yacht Club	352.45	1,245.75	(893.30)
Aviator Coffees & Teas, LLC Land Rent	349.81	304.18	45.63
Reader Board	475.00	0.00	475.00
Hill House Rental	1,755.03	0.00	1,755.03
Department of Transportation Lease	16,805.60	16,589.93	215.67
Total Property Rentals - Facilities (Net)	\$ <u>42,622.99</u>	\$ <u>36,923.80</u>	\$ <u>5,699.19</u>
RETAIL SALES			
Retail Sales	\$ 75.62	\$ 43.69	\$ 31.93
Cost of Retail Sales	0.00	0.00	0.00
Total Retail Sales (Net)	\$ <u>75.62</u>	\$ <u>43.69</u>	\$ <u>31.93</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 24,673.97	\$ 13,587.24	\$ 11,086.73
Cost of Fuel	(177.74)	(22,358.09)	22,180.35
Total Gasoline & Diesel Sales (Net)	\$ <u>24,496.23</u>	\$ <u>(8,770.85)</u>	\$ <u>33,267.08</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 2,091.90	\$ 1,603.73	\$ 488.17
Interest Expense	(6,250.00)	0.00	(6,250.00)
Property Tax Receipts	10,022.93	8,538.15	1,484.78
Service Charge Revenue	670.26	407.58	262.68
Tenant Deposits/Adv Pmts On AR/Disposed Assets	(756.90)	(935.76)	178.86
Total Nonoperating Revenues (Expenses)	\$ <u>5,778.19</u>	\$ <u>9,613.70</u>	\$ <u>(3,835.51)</u>

PORT OF KINGSTON
SCHEDULE III - REVENUES
For the Three Months Ended March 31, 2018 and 2017
(See Accountant's Compilation Report)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 173,432.56	\$ 172,466.61	\$ 965.95
Kayak	1,790.74	1,816.05	(25.31)
Moorage - Transient	11,722.28	7,896.50	3,825.78
Winter Moorage	9,851.47	6,037.54	3,813.93
Electricity - Permanent	11,189.09	12,057.20	(868.11)
Laundry Income	670.00	357.00	313.00
Reservation Fees	1,075.57	1,095.00	(19.43)
Deposits - Forfeited	20.94	90.00	(69.06)
Total Marina User charges	<u>\$ 209,752.65</u>	<u>\$ 201,815.90</u>	<u>\$ 7,936.75</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 60,476.87	\$ 51,534.83	\$ 8,942.04
Parking Tickets	642.27	1,366.20	(723.93)
Parking Diamond	3,053.86	3,244.32	(190.46)
Yacht Club	4,038.34	2,491.50	1,546.84
Aviator Coffees & Teas, LLC Land Rent	1,049.43	912.54	136.89
Farmers Market	57.14	0.00	57.14
Reader Board	2,425.00	0.00	2,425.00
Hill House Rental	5,680.61	1,772.42	3,908.19
Department of Transportation Lease	50,416.80	49,769.79	647.01
Total Property Rentals - Facilities (Net)	<u>\$ 127,840.32</u>	<u>\$ 111,091.60</u>	<u>\$ 16,748.72</u>
RETAIL SALES			
Retail Sales	\$ 313.96	\$ 96.12	\$ 217.84
Cost of Retail Sales	0.00	0.00	0.00
Total Retail Sales (Net)	<u>\$ 313.96</u>	<u>\$ 96.12</u>	<u>\$ 217.84</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 45,676.54	\$ 36,558.07	\$ 9,118.47
Cost of Fuel	(24,394.49)	(31,839.02)	7,444.53
Total Gasoline & Diesel Sales (Net)	<u>\$ 21,282.05</u>	<u>\$ 4,719.05</u>	<u>\$ 16,563.00</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 6,964.46	\$ 4,738.20	\$ 2,226.26
Interest Expense	(6,250.00)	0.00	(6,250.00)
Property Tax Receipts	15,110.26	13,839.22	1,271.04
Service Charge Revenue	2,899.85	2,349.03	550.82
Pumpout Park Grant	241.45	0.00	241.45
Election Expense	(2,850.63)	0.00	(2,850.63)
Tenant Deposits/Adv Pmts On AR/Disposed Assets	633.44	2,132.19	(1,498.75)
Total Nonoperating Revenues (Expenses)	<u>\$ 16,748.83</u>	<u>\$ 23,058.64</u>	<u>\$ (6,309.81)</u>

PORT OF KINGSTON
SCHEDULE IV - Cash And Investments Roll Forward
Month of March 2018
(See Accountant's Compilation Report)

Beginning Cash And Investments 2/28/18	\$ 1,738,578.97
Less: Liabilities 2/28/18	(1,025,953.87)
Plus: Liabilities 3/31/18	1,037,047.74
Plus: Net Loss for March	(278,225.73)
Ending Cash And Investments 3/31/18	<u>\$ 1,471,447.11</u>