

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

PORT OF KINGSTON

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June 12, 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 May 31, 2018, and the related statement of revenues and expenses-cash basis for the month and five months ended May 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
HEARTHSTONE CPA GROUP

PORT OF KINGSTON
STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS
May 31, 2018
(See Accountant's Compilation Report)

ASSETS

Cash And Cash Equivalents		
Cash On Hand	\$	475.00
Cash - Operating Accounts		220,586.82
Investments		
Marina Replacement/Remediation Reserve Fund		961,099.69
General Fund Investments		44,617.12
		961,099.69
TOTAL ASSETS	\$	1,226,778.63
		1,226,778.63

LIABILITIES AND EQUITY

Accrued Expenses		
Pension Payable	\$	3,656.17
Leasehold Taxes Payable		17,370.49
Sales/B&O Taxes Payable		5,526.18
FICA & Withholding Payable		5,357.58
		31,910.42
G.O. Bonds Payable - Due in 1 Year or Less		63,000.00
G.O. Bonds Payable - Due After 1 Year		937,000.00
		937,000.00
Total Liabilities		1,031,910.42
EQUITY		
Contributed Capital & Unreserved Retained Earnings		1,119,128.23
Current Period Net Loss		(924,260.02)
		194,868.21
Total Equity		194,868.21
TOTAL LIABILITIES AND EQUITY	\$	1,226,778.63
		1,226,778.63

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

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
OPERATING REVENUES			
Marina User Charges	\$ 358,330.20	\$ 368,234.00	\$ (9,903.80)
Property Rentals - Facilities (Net)	219,863.57	209,744.00	10,119.57
Miscellaneous Income	20,122.97	2,390.00	17,732.97
Retail Sales (Net)	(260.36)	850.00	(1,110.36)
Fuel Sales (Net)	51,726.58	32,592.00	19,134.58
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	649,782.96	613,810.00	35,972.96
OPERATING EXPENSES			
Accounting	7,180.00	6,500.00	680.00
Advertising & Promotion	9,468.14	11,900.00	(2,431.86)
Audit	9,931.56	0.00	9,931.56
Commissioners Compensation	8,208.00	9,125.00	(917.00)
Commissioners Travel/Training & Education	26.00	3,375.00	(3,349.00)
Computer Supplies/Expense	5,190.25	6,220.00	(1,029.75)
Consulting Fees	500.00	2,500.00	(2,000.00)
Dues & Subscriptions	6,533.74	5,405.00	1,128.74
Electricity	24,063.22	26,420.00	(2,356.78)
Employee Medical	91,147.37	73,800.00	17,347.37
Environmental Inspections	0.00	800.00	(800.00)
Equipment Rental	1,928.43	2,550.00	(621.57)
Excise Tax Expense	11,554.03	9,570.00	1,984.03
Insurance	725.80	0.00	725.80
Landscaping	2,653.27	4,750.00	(2,096.73)
Lawsuit/Judement	252,000.00	0.00	252,000.00
Legal	64,447.51	35,420.00	29,027.51
Miscellaneous	1,541.22	1,525.00	16.22
Office Credit Card Fees	8,302.79	7,025.00	1,277.79
Office Supplies	9,388.82	3,800.00	5,588.82
Operating Supplies	5,013.51	7,950.00	(2,936.49)
(Over)/Short	(12.75)	0.00	(12.75)
Parking Expense	7,915.95	7,300.00	615.95
Payroll Taxes	29,876.14	32,875.00	(2,998.86)
Pension Expense	26,418.04	26,315.00	103.04
Purchase of Capital Assets	565,713.56	565,713.56 *	0.00
Repairs & Maintenance	39,152.27	25,000.00	14,152.27
Salaries & Wages	236,460.79	238,944.00	(2,483.21)
SoundRunner Ferry Expense	235,500.00	156,300.00	79,200.00
Storage Rent	535.00	543.00	(8.00)
Telephone	3,604.76	3,500.00	104.76
Temp Agency Labor	0.00	0.00	-
Training & Education	2,651.74	4,185.00	(1,533.26)
Travel	1,503.59	2,500.00	(996.41)
Water, Sewer & Garbage	17,940.46	20,700.00	(2,759.54)
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Total Operating Expenses	1,687,063.21	1,302,510.56	384,552.65
Loss From Operations	<u>(1,037,280.25)</u>	<u>(688,700.56)</u>	<u>(348,579.69)</u>
NONOPERATING REVENUES	<u>113,020.23</u>	<u>120,114.00</u>	<u>(7,093.77)</u>
NET LOSS	<u>\$ (924,260.02)</u>	<u>\$ (568,586.56)</u>	<u>\$ (355,673.46)</u>

*Budget represents actual capital expenditures year to date.

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 75,754.73	\$ 71,634.59	\$ 4,120.14
Property Rentals - Facilities (Net)	48,021.11	44,952.30	3,068.81
Miscellaneous Income	12,468.15	197.67	12,270.48
Retail Sales (Net)	(598.95)	254.91	(853.86)
Fuel Sales (Net)	37,644.81	19,353.84	18,290.97
	<u>173,289.85</u>	<u>136,393.31</u>	<u>36,896.54</u>
Total Operating Revenues			
OPERATING EXPENSES			
Accounting	1,225.00	1,185.00	40.00
Advertising & Promotion	6,400.00	3,159.06	3,240.94
Commissioners Compensation	2,964.00	912.00	2,052.00
Commissioners Travel/Training & Education	0.00	1,083.54	(1,083.54)
Computer Supplies/Expense	532.14	1,924.50	(1,392.36)
Consulting Fees	0.00	13,313.37	(13,313.37)
Dues & Subscriptions	1,041.51	440.00	601.51
Electricity	2,838.55	3,471.09	(632.54)
Employee Medical	16,334.17	14,088.56	2,245.61
Environmental Inspections	0.00	700.00	(700.00)
Equipment Rental	0.00	465.98	(465.98)
Excise Tax Expense	1,498.30	265.58	1,232.72
Insurance	31.00	0.00	31.00
Landscaping	1,416.74	223.80	1,192.94
Legal	1,017.50	8,354.68	(7,337.18)
Miscellaneous	59.93	145.11	(85.18)
Office Credit Card Fees	1,764.93	1,515.03	249.90
Office Supplies	730.38	291.72	438.66
Operating Supplies	700.17	2,004.46	(1,304.29)
(Over)/Short	(10.06)	4.89	(14.95)
Parking Expense	5,129.36	7,977.01	(2,847.65)
Payroll Taxes	3,166.52	3,321.56	(155.04)
Pension Expense	5,334.49	4,743.44	591.05
Purchase of Capital Assets	252,596.42	146,969.28	105,627.14
Repairs & Maintenance	7,291.13	(2,215.45)	9,506.58
Salaries & Wages	54,356.27	52,457.86	1,898.41
SoundRunner Ferry Expense	0.00	5,819.76	(5,819.76)
Storage Rent	107.00	100.00	7.00
Telephone	722.29	652.27	70.02
Training & Education	135.00	(171.04)	306.04
Travel	800.74	626.94	173.80
Water, Sewer & Garbage	5,573.27	3,370.52	2,202.75
	<u>373,756.75</u>	<u>277,200.52</u>	<u>96,556.23</u>
Total Operating Expenses			
	<u>(200,466.90)</u>	<u>(140,807.21)</u>	<u>(59,659.69)</u>
Loss From Operations			
NONOPERATING REVENUES			
	<u>15,396.70</u>	<u>20,397.93</u>	<u>(5,001.23)</u>
NET LOSS			
	<u>\$ (185,070.20)</u>	<u>\$ (120,409.28)</u>	<u>\$ (64,660.92)</u>

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
OPERATING REVENUES			
Marina User Charges	\$ 358,330.20	\$ 342,960.59	\$ 15,369.61
Property Rentals - Facilities (Net)	219,863.57	197,368.69	22,494.88
Miscellaneous Income	20,122.97	1,112.92	19,010.05
Retail Sales (Net)	(260.36)	462.03	(722.39)
Fuel Sales (Net)	51,726.58	20,127.69	31,598.89
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Total Operating Revenues	649,782.96	562,031.92	87,751.04
OPERATING EXPENSES			
Accounting	7,180.00	6,155.00	1,025.00
Advertising & Promotion	9,468.14	5,153.19	4,314.95
Audit	9,931.56	0.00	9,931.56
Commissioners Compensation	8,208.00	3,534.00	4,674.00
Commissioners Travel/Training & Education	26.00	2,371.02	(2,345.02)
Computer Supplies/Expense	5,190.25	8,100.20	(2,909.95)
Consulting Fees	500.00	49,185.19	(48,685.19)
Dues & Subscriptions	6,533.74	4,846.76	1,686.98
Electricity	24,063.22	26,004.68	(1,941.46)
Employee Medical	91,147.37	72,098.80	19,048.57
Environmental Inspeccations	0.00	700.00	(700.00)
Equipment Rental	1,928.43	2,867.09	(938.66)
Excise Tax Expense	11,554.03	9,212.50	2,341.53
Insurance	725.80	0.00	725.80
Landscaping	2,653.27	3,676.65	(1,023.38)
Lawsuit/Judgment	252,000.00	166,415.15	85,584.85
Legal	64,447.51	53,643.05	10,804.46
Miscellaneous	1,541.22	1,474.55	66.67
Office Credit Card Fees	8,302.79	7,016.82	1,285.97
Office Supplies	9,388.82	3,221.90	6,166.92
Operating Supplies	5,013.51	8,888.75	(3,875.24)
(Over)/Short	(12.75)	2.92	(15.67)
Parking Expense	7,915.95	11,469.04	(3,553.09)
Payroll Taxes	29,876.14	28,122.19	1,753.95
Pension Expense	26,418.04	22,708.16	3,709.88
Purchase of Capital Assets	565,713.56	380,001.72	185,711.84
Repairs & Maintenance	39,152.27	26,179.33	12,972.94
Salaries & Wages	236,460.79	224,585.83	11,874.96
SoundRunner Ferry Expense	235,500.00	8,195.40	227,304.60
Storage Rent	535.00	500.00	35.00
Telephone	3,604.76	3,526.12	78.64
Temp Agency Labor	0.00	350.00	(350.00)
Training & Education	2,651.74	1,893.21	758.53
Travel	1,503.59	1,873.13	(369.54)
Water, Sewer & Garbage	17,940.46	20,668.98	(2,728.52)
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Total Operating Expenses	1,687,063.21	1,164,641.33	522,421.88
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Loss From Operations	(1,037,280.25)	(602,609.41)	(434,670.84)
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NONOPERATING REVENUES	113,020.23	116,443.54	(3,423.31)
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NET LOSS	\$ (924,260.02)	\$ (486,165.87)	\$ (438,094.15)

SUPPLEMENTARY INFORMATION
(See Accountant's Compilation Report)

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

	ACTUAL	PERIOD TO DATE BUDGET	BUDGET VARIANCE
MARINA USER CHARGES			
Moorage - Base Rate	\$ 290,439.34	\$ 292,059.00	\$ (1,619.66)
Kayak	2,890.50	2,290.00	600.50
Moorage - Transient	28,488.57	45,530.00	(17,041.43)
Winter Moorage	12,838.60	7,320.00	5,518.60
Electricity - Permanent	20,557.63	16,815.00	3,742.63
Laundry Income	967.00	875.00	92.00
Reservation Fees	2,127.57	3,100.00	(972.43)
Deposits - Forfeited	20.99	245.00	(224.01)
Total Marina User charges	<u>\$ 358,330.20</u>	<u>\$ 368,234.00</u>	<u>\$ (9,903.80)</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 110,476.50	\$ 103,964.00	\$ 6,512.50
Parking Tickets	1,169.82	2,125.00	(955.18)
Diamond Parking	3,774.86	2,890.00	884.86
Yacht Club	6,405.27	6,350.00	55.27
Aviator Coffees & Teas, LLC Land Rent	1,801.53	1,520.00	281.53
Farmers Market	57.14	120.00	(62.86)
Reader Board	2,925.00	0.00	2,925.00
Hill House Rental	9,225.45	8,750.00	475.45
Department of Transportation Lease	84,028.00	84,025.00	3.00
Total Property Rentals - Facilities (Net)	<u>\$ 219,863.57</u>	<u>\$ 209,744.00</u>	<u>\$ 10,119.57</u>
RETAIL SALES			
Retail Sales	\$ 578.25	\$ 950.00	\$ (371.75)
Cost of Retail Sales	(838.61)	(100.00)	(738.61)
Total Retail Sales (Net)	<u>\$ (260.36)</u>	<u>\$ 850.00</u>	<u>\$ (1,110.36)</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 131,424.77	\$ 89,192.00	\$ 42,232.77
Cost of Fuel	(79,698.19)	(56,600.00)	(23,098.19)
Total Gasoline & Diesel Sales (Net)	<u>\$ 51,726.58</u>	<u>\$ 32,592.00</u>	<u>\$ 19,134.58</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 10,675.12	\$ 7,900.00	\$ 2,775.12
Interest Expense	(6,250.00)	0.00	(6,250.00)
Property Tax Receipts	107,283.13	107,200.00	83.13
Service Charge Revenue	3,926.64	5,014.00	(1,087.36)
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	(5.48)	0.00	(5.48)
Total Nonoperating Revenues (Expenses)	<u>\$ 113,020.23</u>	<u>\$ 120,114.00</u>	<u>\$ (7,093.77)</u>

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 60,057.52	\$ 56,076.15	\$ 3,981.37
Kayak	544.39	522.56	21.83
Moorage - Transient	12,507.69	11,357.50	1,150.19
Winter Moorage	253.54	1,596.38	(1,342.84)
Electricity - Permanent	1,294.59	1,360.00	(65.41)
Laundry Income	297.00	148.00	149.00
Reservation Fees	800.00	574.00	226.00
Deposits - Forfeited	0.00	0.00	0.00
Total Marina User charges	<u>\$ 75,754.73</u>	<u>\$ 71,634.59</u>	<u>\$ 4,120.14</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 27,448.80	\$ 23,284.45	\$ 4,164.35
Parking Tickets	229.37	692.75	(463.38)
Parking Diamond	0.00	920.26	(920.26)
Yacht Club	1,312.63	1,274.01	38.62
Aviator Coffees & Teas, LLC Land Rent	402.29	304.18	98.11
Farmer's Market	0.00	114.30	(114.30)
Reader Board	50.00	0.00	50.00
Hill House Rental	1,772.42	1,772.42	0.00
Department of Transportation Lease	16,805.60	16,589.93	215.67
Total Property Rentals - Facilities (Net)	<u>\$ 48,021.11</u>	<u>\$ 44,952.30</u>	<u>\$ 3,068.81</u>
RETAIL SALES			
Retail Sales	\$ 239.66	\$ 286.91	\$ (47.25)
Cost of Retail Sales	(838.61)	(32.00)	(806.61)
Total Retail Sales (Net)	<u>\$ (598.95)</u>	<u>\$ 254.91</u>	<u>\$ (853.86)</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 66,306.73	\$ 41,672.62	\$ 24,634.11
Cost of Fuel	(28,661.92)	(22,318.78)	(6,343.14)
Total Gasoline & Diesel Sales (Net)	<u>\$ 37,644.81</u>	<u>\$ 19,353.84</u>	<u>\$ 18,290.97</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 1,802.96	\$ 1,550.19	\$ 252.77
Interest Expense	0.00	0.00	0.00
Property Tax Receipts	13,681.71	18,564.70	(4,882.99)
Service Charge Revenue	678.96	351.54	327.42
Tenant Deposits/Adv Pmts On AR/Disposed Assets	(766.93)	(68.50)	(698.43)
Total Nonoperating Revenues (Expenses)	<u>\$ 15,396.70</u>	<u>\$ 20,397.93</u>	<u>\$ (5,001.23)</u>

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
MARINA USER CHARGES			
Moorage - Permanent	\$ 290,439.34	\$ 281,570.63	\$ 8,868.71
Kayak	2,890.50	2,677.16	213.34
Moorage - Transient	28,488.57	24,827.50	3,661.07
Winter Moorage	12,838.60	9,735.15	3,103.45
Electricity - Permanent	20,557.63	21,317.15	(759.52)
Laundry Income	967.00	686.00	281.00
Reservation Fees	2,127.57	2,047.00	80.57
Deposits - Forfeited	20.99	100.00	(79.01)
Total Marina User charges	<u>\$ 358,330.20</u>	<u>\$ 342,960.59</u>	<u>\$ 15,369.61</u>
PROPERTY RENTALS - FACILITIES			
Parking	\$ 110,476.50	\$ 94,729.83	\$ 15,746.67
Parking Tickets	1,169.82	3,991.94	(2,822.12)
Parking Diamond	3,774.86	5,388.30	(1,613.44)
Yacht Club	6,405.27	5,011.26	1,394.01
Aviator Coffees & Teas, LLC Land Rent	1,801.53	1,520.90	280.63
Farmers Market	57.14	231.97	(174.83)
Reader Board	2,925.00	0.00	2,925.00
Hill House Rental	9,225.45	3,544.84	5,680.61
Department of Transportation Lease	84,028.00	82,949.65	1,078.35
Total Property Rentals - Facilities (Net)	<u>\$ 219,863.57</u>	<u>\$ 197,368.69</u>	<u>\$ 22,494.88</u>
RETAIL SALES			
Retail Sales	\$ 578.25	\$ 434.03	\$ 144.22
Cost of Retail Sales	(838.61)	(32.00)	(806.61)
Total Retail Sales (Net)	<u>\$ (260.36)</u>	<u>\$ 402.03</u>	<u>\$ (662.39)</u>
FUEL SALES			
Gasoline & Diesel Sales	\$ 131,424.77	\$ 95,501.67	\$ 35,923.10
Cost of Fuel	(79,698.19)	(75,373.98)	(4,324.21)
Total Gasoline & Diesel Sales (Net)	<u>\$ 51,726.58</u>	<u>\$ 20,127.69</u>	<u>\$ 31,598.89</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	\$ 10,675.12	\$ 7,781.26	\$ 2,893.86
Interest Expense	(6,250.00)	0.00	(6,250.00)
Property Tax Receipts	107,283.13	103,934.77	3,348.36
Service Charge Revenue	3,926.64	3,264.29	662.35
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	(5.48)	1,463.22	(1,468.70)
Total Nonoperating Revenues (Expenses)	<u>\$ 113,020.23</u>	<u>\$ 116,443.54</u>	<u>\$ (3,423.31)</u>

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

Beginning Cash And Investments 4/30/18	\$ 1,398,347.46
Less: Liabilities 4/30/18	(1,018,409.05)
Plus: Liabilities 5/31/18	1,031,910.42
Plus: Net Loss for May	(185,070.20)
Ending Cash And Investments 5/31/18	<u>\$ 1,226,778.63</u>