

Port of Port Angeles
2020 Actual to Budget Variance Report – Operations
2nd Quarter YTD June 2020
(excludes Capital Projects)

Please Note – Explanation of UNAUDITED – AS OF 06-30-2020

- *The numbers discussed in this report have not been audited as of 06-30-2020.*
- *Audits are performed by the WA State Auditor’s Office every year for the full fiscal year.*
- *The Port operates on a calendar fiscal year, January to December.*
- *This report is a preliminary look at Unaudited Q2 YTD 2020 financials.*
- *While no material changes are expected, review and analysis could result in adjustments.*

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Operations

The global COVID19 pandemic began to affect Port operations in March 2020. Washington State Governor mandate required the Port to close the Administration building doors to the public and to adapt quickly to quarantine efforts designed to limit the spread the highly infectious virus. Total revenue ended Q2 with close to budget results. Total expenses were (\$510k) below budget, before depreciation, driven mostly by timing of the Marine Terminal T3 dredging project.

After recording Depreciation of \$1.3 million, the Operating Deficit of (\$928k) is \$423k better than the budgeted deficit of (\$1.4 million).

Non-Operating Variances Explanation

The following explanation is based on Non-Operating across all departments, not just the Non-Operating (90) department.

Net Non-Operating Surplus/(Deficit) – due to timing of awarded grant cost reimbursement, year to date Q2 2020 surplus of \$605k is (\$634k) or (51%) below budget. Budgeted capital grant awards of \$959k are currently on target for year-end.

Budget Reclassifications

None as of YTD Q2 2020.

Adopted Budget and Reported Budget: No change.

Department Actual to Budget Variance Explanation

Q2 YTD 2020	Variance	Explanation of Variance -Q2 YTD June 2020
Operating Revenues	\$10k or 0.2% higher	
Marine Terminals	\$124k or 9% higher	Over budget mainly due to Tanker Repair Dockage. Global COVID19 pandemic has decreased demand for crude oil thereby substantially decreasing tanker fleet scheduled deliveries. Tanker companies are using this unexpected slowdown to schedule more maintenance with T1 availability providing much needed berthing space. Marine Terminal dockage, tanker repair, has decreased significantly over the last several years as tanker companies shifted their business model to utilize lower labor rates in Taiwan. Continued use of T1 is unknown at this time and cannot be accurately forecasted due to shifting global economic & health conditions. MT cargo operations are below budget due to Covid19 and the delayed chip barge activity.
Marine Trades Area	(\$120.00) or (0.0%) lower	On budget as of year to date June 2020.
Log Yard	(\$643.00) or (0.2%) lower	On budget as of year to date June 2020.
Airports – FIA & SEK	\$9k or 5% higher	Slightly higher than mid-year budget with variances mainly in categories Structure Lease and Utility Pass-Thru.
Airport Rental Properties – FIA	(\$4k) or (1%) lower	On budget as of Jun 2020. Structure Lease includes an estimate for Building 1010 occupancy. Short term tenant lease (Mar to Dec 2020) helps to offset unfavorable variance caused by budget placeholder.
PA Boat Haven (includes Public Boat Ramp)	(\$34k) or (4%) lower	Moorage, transient and non-taxable, are under budget and account for the majority of the of the mid-year variance. Annual launch permits and live aboard revenues are higher than budget and help to offset. Equipment revenue from boat house demo is offset by associated expenses.
John Wayne Marina (includes Public Boat Ramp)	(\$76k) or (10%) lower	Moorage and fuel sales are under budget mainly due to Covid19 and the delayed opening of Halibut season.
Rental Properties – Dept 61 only	(\$7k) or (12%) lower	Under budget due to lower than estimated Administration building office space rental.

End of Revenues.

Operating Expenses – Actual vs Budget Variance:

	Variance	Explanation of Variance
Operating Expenses	(\$510k) or (11%) under	
Marine Terminals	(\$463k) or (47%) under	Under budget in most categories. T3 dredging project is scheduled for Q3 & Q4.
Marine Trades Area	\$5k or 3% over	On budget for Q2.
Log Yard	\$16k or 3% over	On budget for Q2.
Airports – FIA & SEK	\$33k or 10% over	Outside services are over budget due to payment of FAA Runway 8 LOC Array.
Airport Rental Properties - FIA	(\$96k) or (32%) under	Under budget mainly due to salaries & wages miscode between departments. Port recording of salaries & wages is correct in total. Reclasses will take place in Q3 to get direct labor expenses booked into the appropriate departments.
PA Boat Haven (includes Public Boat Ramp)	\$16k or 4% over	On budget for Q2.
John Wayne Marina (includes Public Boat Ramp)	(\$56k) or (13%) under	Under budget across most categories.
Mechanical Maintenance	\$2k or 3% over	On budget for Q2.
Facilities Maintenance	\$29 or 23% over	Under budget overall with salaries & wages presenting as over budget. Port recording of salaries & wages is correct in total. Reclasses will take place in Q3 to get direct labor expenses booked into the appropriate departments.
Business (Economic) Development	(\$47k) or (24%) under	Under budget across most categories. Salaries and wages are currently over budget and will adjust with Q3 coding corrections.
Admin	\$9k or 1% over	Under budget across most categories with salaries & wages to be adjusted in Q3.
Operating Surplus (before Depr)	\$408k over	Revenues are on budget at year to date Q2. MT T3 dredging expenses will be realized in Q3 and Q4 which will bring total expenses closer to budget.

End of Expenses.

Non-Operating Department:

The Non-Operating (90) Department report only includes grant revenue for environmental projects. Grant revenues for capital projects are reported in each department. There is a separate Capital Projects Report for the second and fourth quarters each year.

The following analysis is based on the Non-Operating (90) Department report. The Non-Operating Graphs are based on “All” departments, which includes operating and capital grant revenues across all departments.

The exact variances within Non-Op are still under review. The general explanations below are accurate.

	Variance	Explanation of Variance
Non-Op General Surplus	(\$233k) under	<ul style="list-style-type: none"> Interest earnings on Cash, Cash Equivalents and Investments will be recorded in Q3 with swing to budgeted surplus expected.
Non-Op Capital Surplus	\$91 or 0.01% over	<ul style="list-style-type: none"> Property tax receipts & Bond costs are on budget.

*****End of report*****

Port of Port Angeles**YTD Qtr2 Financial Report - 2016 to 2020**

	YTD Jun <u>2016</u>	YTD Jun <u>2017</u>	YTD Jun <u>2018</u>	YTD Jun <u>2019</u>	YTD Jun <u>2020</u>	2016-2019 <u>Annual Avg</u>	2020 vs <u>Average</u>
OPERATING REVENUES							
DOCKAGE	523,060	647,479	656,750	411,254	613,126	559,636	53,490
WHARFAGE	476,055	524,486	499,829	233,602	194,588	433,493	(238,906)
SERVICE & FACILITIES	282,394	316,854	305,104	144,646	118,874	262,249	(143,375)
MT HANDLING	0	0	83,582	83,660	90,654	41,811	48,844
LABOR SERVICES / SECURITY FEE	69,407	89,750	132,235	88,674	132,408	95,016	37,392
LOG YARD STAGING	7,933	22,964	32,459	27,939	24,954	22,824	2,130
LOG YARD LAND SERVICES	749,008	782,261	636,778	294,775	130,529	615,705	(485,177)
LOG YARD WATER SERVICES	27,759	80,961	43,721	41,000	58,629	48,360	10,268
MOORAGE	945,866	1,001,820	1,042,524	1,137,660	1,156,472	1,031,967	124,504
MARINA & YARD FEES	136,682	141,965	143,724	170,047	164,984	148,105	16,879
LANDING/PARKING FEES	3,553	3,540	3,686	3,685	3,322	3,616	(294)
HANGAR/TIE DOWN	49,196	54,607	63,190	72,889	62,681	59,970	2,711
OTHER USER FEES	11,707	15,746	44,983	60,772	111,976	33,302	78,674
EQUIPMENT RENTAL	188,164	226,378	195,768	130,976	130,310	185,321	(55,012)
LAND LEASE/RENT	303,669	312,157	301,672	328,326	307,752	311,456	(3,704)
STRUCTURE LEASE/RENT	605,085	727,223	744,434	683,911	747,695	690,163	57,532
USE AGMT AND OTHER RENT	23,996	23,496	29,797	32,236	48,084	27,381	20,703
UTILITY PASS THRU & PRODUCT SALES	210,763	260,156	333,064	324,797	312,975	282,195	30,780
MISC & INTERDEPT REVENUE	23,568	3,593	4,029	2,970	5,277	8,540	(3,263)
TOTAL OPERATING REVENUES	4,637,866	5,235,435	5,297,327	4,273,819	4,415,288	4,861,112	(445,823)
OPERATING EXPENSES							
SALARIES, WAGES & BENEFITS	1,584,403	1,573,854	1,726,470	1,705,124	1,724,777	1,647,463	77,314
SUPPLIES	166,635	178,556	204,093	157,557	103,563	176,710	(73,147)
OUTSIDE SERVICES	777,238	992,728	606,165	646,588	574,010	755,680	(181,670)
PUBLIC INFORMATION	26,356	52,265	81,945	85,417	66,493	61,496	4,998
MARKETING	18,940	17,313	13,686	17,316	8,915	16,814	(7,898)
COMMUNITY RELATIONS	2,933	1,553	2,390	15,413	0	5,572	(5,572)
ADS, DUES & PUBLICATIONS	34,423	31,044	29,515	36,335	32,512	32,829	(317)
TRAVEL MEETINGS	14,933	21,174	26,696	21,798	8,288	21,150	(12,863)
TRAVEL/TRAINING	23,103	22,795	17,837	23,801	10,597	21,884	(11,288)
PROMO HOSTING, TRADE & INDUSTRIAL DEV	3,579	8,451	4,408	4,115	636	5,138	(4,502)
RENT, UTILITIES, INSURANCE, TAXES	447,949	526,262	511,309	559,863	591,254	511,346	79,908
UTILITY (Pass Thru) & COST OF GOODS SOLD	161,159	213,829	246,585	241,250	252,568	215,706	36,862
OTHER EXPENSES (Misc & Interdept)	18,679	49,666	41,010	39,209	34,617	37,141	(2,524)
MAINTENANCE LABOR & BENEFITS	390,967	390,319	376,072	391,948	379,689	387,326	(7,638)
MAINTENANCE (Materials & Services)	154,760	219,707	158,950	136,101	218,910	167,379	51,531
TOTAL OPERATING EXPENSES	3,826,056	4,299,516	4,047,131	4,081,835	4,006,829	4,063,635	(56,806)
OPERATING SURPLUS (DEFICIT) (before Depr)	811,810	935,918	1,250,196	191,984	408,460	797,477	(389,017)
DEPRECIATION (includes donated assets)	1,077,391	1,199,900	1,332,485	1,246,300	1,336,227	1,214,019	122,208
OPERATING SURPLUS (DEFICIT) (after Depr)	(265,581)	(263,982)	(82,289)	(1,054,316)	(927,767)	(416,542)	(511,225)

**Port of Port Angeles
General Fund Summary
Actual to Budget Variance Report
For the Six Months Ending Tuesday, June 30, 2020**

	June 2020 Variance Report				
	YTD ACTUAL	YTD BUDGET	OVER (UNDER) BUDGET \$	OVER (UNDER) BUDGET %	ANNUAL BUDGET
OPERATING REVENUES					
MARINE TERMINAL	1,469,319	1,345,042	124,278	9%	2,681,078
MARINE TRADES AREA	303,819	303,939	(120)	0%	607,855
LOG YARD	332,903	333,546	(643)	0%	667,087
AIRPORTS	175,415	166,781	8,634	5%	370,545
AIRPORT RENTAL PROPERTIES	631,900	618,869	13,031	2%	1,272,724
MARINA: Port Angeles Boat Haven	774,047	808,131	(34,084)	(4%)	1,616,261
MARINA: John Wayne Marina	677,888	754,127	(76,239)	(10%)	1,508,250
RENTAL PROPERTIES	49,998	56,882	(6,884)	(12%)	113,753
TOTAL OPERATING REVENUES	4,415,288	4,387,316	27,972	1%	8,837,553
NON-OPERATING REVENUES					
GENERAL	141,777	239,906	(98,129)	(41%)	479,814
CAPITAL	784,919	1,264,194	(479,275)	(38%)	2,528,383
TOTAL NON-OPERATING REVENUES	926,696	1,504,100	(577,404)	(38%)	3,008,197
TOTAL REVENUES	5,341,985	5,891,416	(549,431)	(9%)	11,845,750
OPERATING EXPENSES					
MARINE TERMINAL	522,153	985,004	(462,851)	(47%)	1,970,005
MARINE TRADES AREA	204,086	198,666	5,420	3%	399,771
LOG YARD	506,104	490,314	15,790	3%	989,815
AIRPORTS	363,953	331,126	32,827	10%	712,446
AIRPORT RENTAL PROPERTIES	208,795	305,135	(96,340)	(32%)	639,199
MARINA: Port Angeles Boat Haven	381,995	366,088	15,907	4%	783,180
MARINA: John Wayne Marina	371,395	427,000	(55,605)	(13%)	853,977
RENTAL PROPERTIES	66,135	47,464	18,671	39%	106,938
BUSINESS UNIT EXPENSES	2,624,615	3,150,797	(526,182)	(17%)	6,455,331
MECHANICAL MAINTENANCE	70,213	67,899	2,314	3%	135,766
FACILITIES MAINTENANCE	151,771	123,225	28,546	23%	248,461
ECONOMIC DEVELOPMENT	149,699	196,944	(47,245)	(24%)	393,879
ADMIN & GENERAL	987,325	978,182	9,143	1%	2,104,115
MAINT & ALLOCATED EXPENSES	1,359,008	1,366,250	(7,242)	(1%)	2,882,221
OPERATING EXPENSES	3,983,623	4,517,048	(533,425)	(12%)	9,337,553
DEPRECIATION	1,336,227	1,238,160	98,067	8%	2,476,315
NON-OPERATING EXPENSES					
GENERAL	195,522	139,332	56,190	40%	278,658
CAPITAL	126,352	126,468	(116)	0%	252,939
TOTAL NON-OPERATING EXPENSES	321,874	265,800	56,074	21%	531,597
TOTAL EXPENDITURES	5,641,724	6,021,008	(379,284)	(6%)	12,345,465
OPERATING NET SURPLUS (DEFICIT)	(904,561)	(1,367,892)	463,330	(34%)	(2,976,315)
NON-OP NET SURPLUS (DEFICIT)	604,822	1,238,300	(633,478)	(51%)	2,476,600
NET SURPLUS (DEFICIT)	(299,739)	(129,592)	(170,148)	131%	(499,715)

Port of Port Angeles
Summary of All Units
Account Summary: Budget to Actual Variance
For the Six Months Ending Tuesday, June 30, 2020

	<i>June 2020 Variance Report</i>				
	YTD ACTUAL	YTD BUDGET	OVER (UNDER) BUDGET \$	OVER (UNDER) BUDGET %	ANNUAL BUDGET
OPERATING REVENUES					
DOCKAGE	613,126	405,534	207,592	51%	811,074
WHARFAGE	194,588	260,322	(65,734)	(25%)	520,640
SERVICE & FACILITIES	118,874	162,528	(43,654)	(27%)	325,052
MT HANDLING	90,654	115,002	(24,348)	(21%)	230,000
LABOR SERVICES / SECURITY FEE	132,408	91,698	40,710	44%	183,396
LOG YARD STAGING	24,954	9,360	15,594	167%	18,712
LOG YARD LAND SERVICES	130,529	153,432	(22,903)	(15%)	306,872
LOG YARD WATER SERVICES	58,629	41,850	16,779	40%	83,703
MOORAGE	1,156,472	1,224,588	(68,117)	(6%)	2,449,181
MARINA & YARD FEES	164,984	151,266	13,717	9%	302,516
LANDING/PARKING FEES	3,322	3,750	(428)	(11%)	7,500
HANGAR/TIE DOWN	62,681	64,500	(1,819)	(3%)	129,000
OTHER USER FEES	111,976	99,120	12,856	13%	198,241
EQUIPMENT RENTAL	130,310	147,390	(17,080)	(12%)	294,767
LAND LEASE/RENT	307,752	315,270	(7,519)	(2%)	630,526
STRUCTURE LEASE/RENT	747,695	760,854	(13,158)	(2%)	1,521,679
USE AGMT AND OTHER RENT	48,084	48,195	(111)	0%	96,390
UTILITY PASS THRU & PRODUCT SALES	312,975	328,277	(15,301)	(5%)	656,554
MISC & INTERDEPT REVENUE	5,277	21,882	(16,605)	(76%)	71,750
TOTAL OPERATING REVENUES	4,415,288	4,404,818	10,470	0%	8,837,553
OPERATING EXPENSES					
SALARIES, WAGES & BENEFITS	1,724,777	1,626,158	98,619	6%	3,252,291
SUPPLIES	103,563	152,184	(48,621)	(32%)	304,350
OUTSIDE SERVICES	574,010	1,064,022	(490,012)	(46%)	2,296,030
PUBLIC INFORMATION	66,493	85,902	(19,409)	(23%)	171,800
MARKETING	8,915	26,004	(17,089)	(66%)	52,000
COMMUNITY RELATIONS	0	12,546	(12,546)	(100%)	25,101
ADS, DUES & PUBLICATIONS	32,512	22,845	9,667	42%	45,706
TRAVEL MEETINGS	8,288	26,226	(17,938)	(68%)	52,450
TRAVEL/TRAINING	10,597	23,328	(12,731)	(55%)	46,650
PROMOTIONAL HOSTING, TRADE & INDUSTRIAL DEV	636	8,880	(8,244)	(93%)	17,750
RENT, UTILITIES, INSURANCE, TAXES	591,254	564,513	26,741	5%	1,160,585
UTILITY (Pass Thru) & COST OF GOODS SOLD	252,568	246,930	5,638	2%	493,851
OTHER EXPENSES (Misc & Interdept)	34,617	45,734	(11,117)	(24%)	91,453
CONTINGENCY	0	0	0	0%	104,000
MAINTENANCE LABOR & BENEFITS	379,689	476,181	(96,493)	(20%)	952,335
MAINTENANCE (Materials & Services)	218,910	135,594	83,316	61%	271,200
TOTAL OPERATING EXPENSES	4,006,829	4,517,048	(510,219)	(11%)	9,337,553
OPERATING SURPLUS (DEFICIT) (before Depr)	408,460	(112,230)	520,689	(464%)	(500,000)
DEPRECIATION (includes donated assets)	1,336,227	1,238,160	98,067	8%	2,476,315
OPERATING SURPLUS (DEFICIT) (after Depr & before Allocation)	(927,767)	(1,350,390)	422,623	(31%)	(2,976,315)
ALLOCATED EXPENSES	0	0	0	0%	0
NET OPERATING SURPLUS (DEFICIT)	(927,767)	(1,350,390)	422,623	(31%)	(2,976,315)
NON-OP GENERAL REVENUES					
INTEREST EARNINGS	4,424	153,348	(148,924)	(97%)	306,700
OTHER TAX RECEIPTS	41,971	72,000	(30,029)	(42%)	144,000
MISC NON OP REVENUES	94,940	13,332	81,608	612%	26,664
GRANTS - OPERATIONS	0	500	(500)	(100%)	1,000
PASSENGER FACILITY CHARGES (PFC'S)	415	726	(311)	(43%)	1,450
TOTAL NON-OP GENERAL REV	141,749	239,906	(98,157)	(41%)	479,814
NON-OP GENERAL EXPENSES					
ENVIRONMENTAL	151,266	101,832	49,434	49%	203,658

**Port of Port Angeles
Summary of All Units
Account Summary: Budget to Actual Variance
For the Six Months Ending Tuesday, June 30, 2020**

	<i>June</i>		<i>2020 Variance Report</i>		
	YTD ACTUAL	YTD BUDGET	OVER (UNDER) BUDGET \$	OVER (UNDER) BUDGET %	ANNUAL BUDGET
MISC NON OP EXPENSE	44,256	37,500	6,756	18%	75,000
TOTAL NON-OP GENERAL EXP	195,522	139,332	56,190	40%	278,658
NET NON-OP GENERAL SURPLUS (DEFICIT)	(53,773)	100,574	(154,347)	(153%)	201,156
NON-OP CAPITAL REVENUES					
PROPERTY TAX RECEIPTS	784,919	784,944	(25)	0%	1,569,883
GRANTS - CAPITAL	0	479,250	(479,250)	(100%)	958,500
TOTAL NON-OP CAPITAL REV	784,919	1,264,194	(479,275)	(38%)	2,528,383
NON-OP CAPITAL EXPENSES					
BOND COSTS & INTEREST EXPENSE	126,352	126,468	(116)	0%	252,939
TOTAL NON-OP CAPITAL EXP	126,352	126,468	(116)	0%	252,939
NET NON-OP CAPITAL SURPLUS (DEFICIT)	658,567	1,137,726	(479,159)	(42%)	2,275,444
NET NON-OP SURPLUS (DEFICIT)	604,794	1,238,300	(633,506)	(51%)	2,476,600
TOTAL NET SURPLUS (DEFICIT) (before Depr)	1,013,254	1,126,070	(112,817)	(10%)	1,976,600
TOTAL NET SURPLUS (DEFICIT) (after Depr & Alloc)	(322,973)	(112,090)	(210,884)	188%	(499,715)