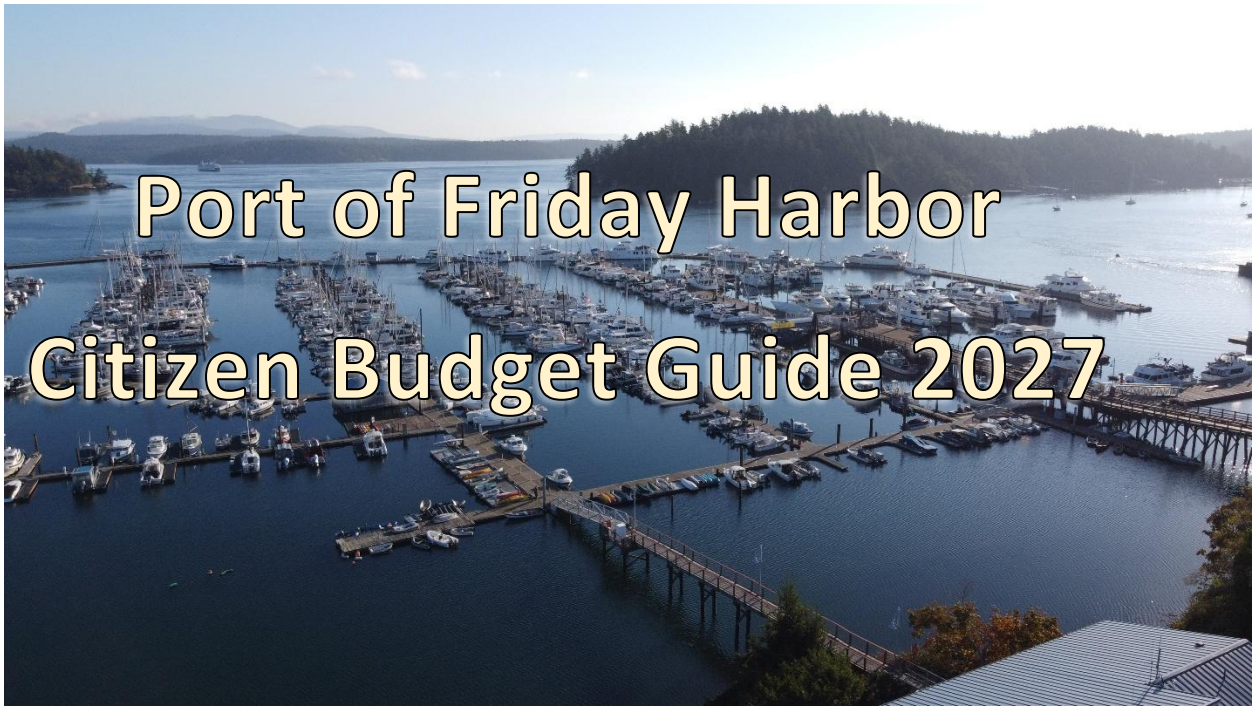


INTRODUCTION

Each year the Port produces the Citizen Budget Guide to show projections of revenues, expenditures and major projects that will occur in the fiscal year.

BUDGET STRATEGY

The budget represents the Port's priorities for the next year in support of its mission to: "Help create and maintain a healthy, Island-wide economy by promoting long-term economic development in balance with environmental stewardship and sustainability. The Port shall provide outstanding service to our customers, tenants, and the general public."

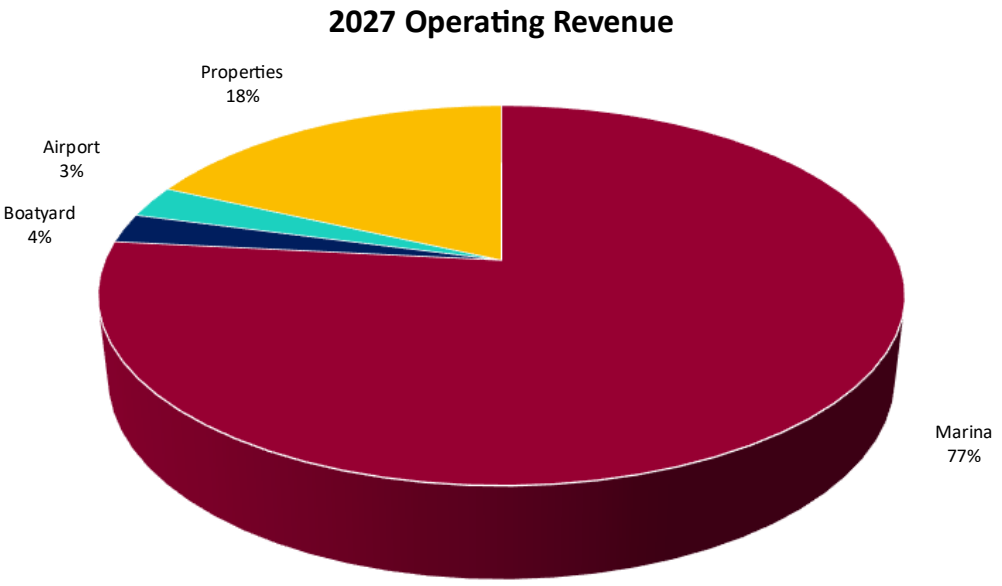
The strategic objective of 2027 is to pursue the highest and best use of all Port personnel, facilities, and properties. Full utilization of our assets allows for the upgrade and maintenance of our existing assets, and funds the investment in new recreation, conservation, and economic development projects.

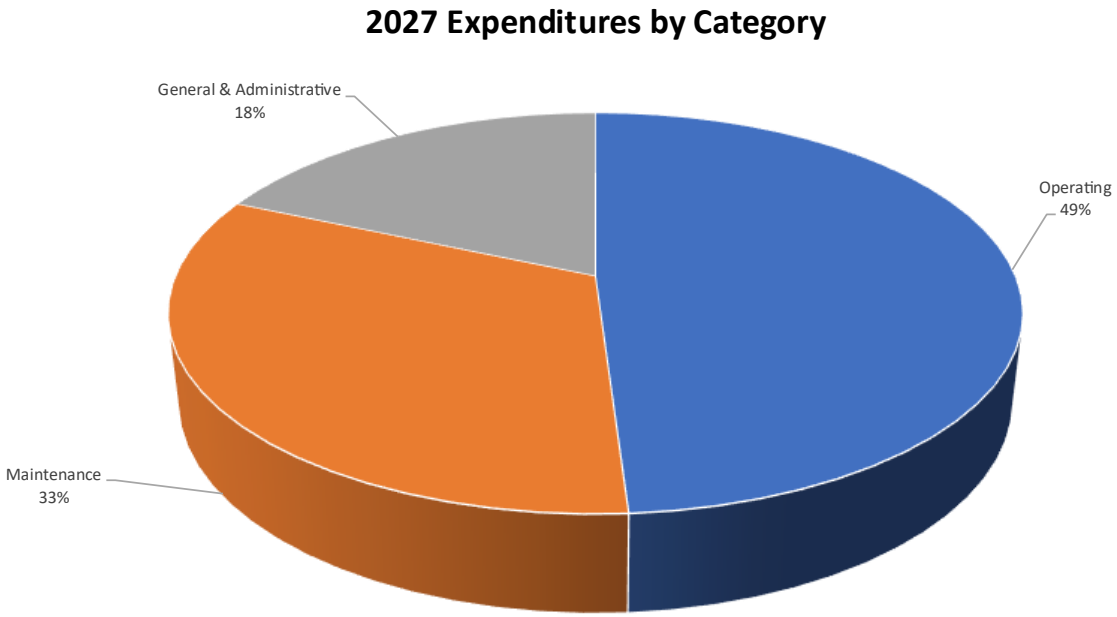
BUDGET DEVELOPMENT

Increases to user charges are adjusted annually by the most recent August Consumer Price Index (CPI) of Seattle-Tacoma-Bellevue area. The August 2026 increase is 4.4% which will be reflected in the 2027 rates.

OPERATING BUDGET

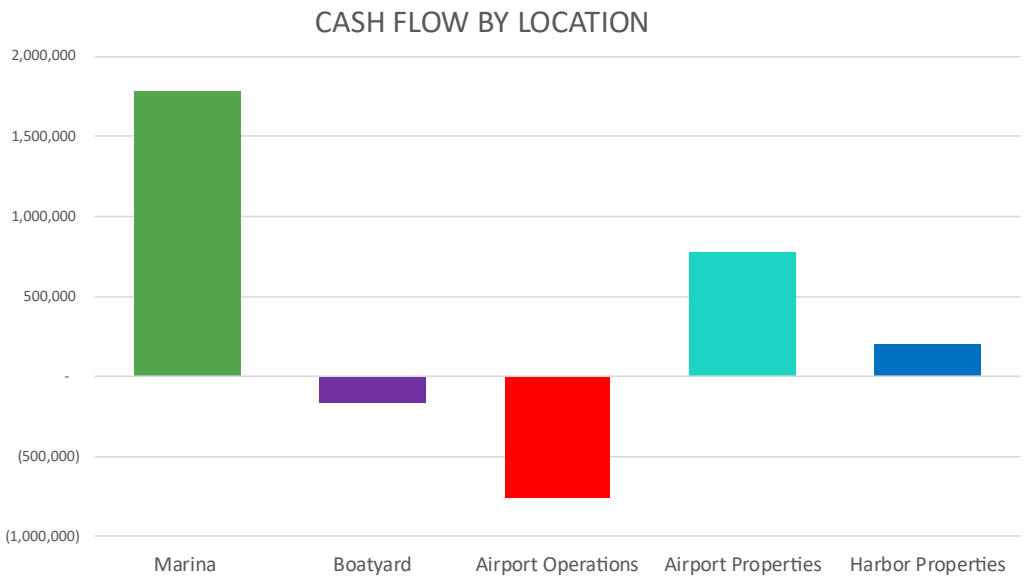
The operating budget is built based on historical trends and projected economic outlook. We estimate revenues conservatively to guarantee the expenses will be covered during the fiscal year. The results of the operating budget are used to fund the capital expenditure of the Port. Operating expenses consist of costs incurred to provide the service and maintenance to the Port's different business locations.





PORT OF FRIDAY HARBOR
2027 OPERATING BUDGET

	2027 Budget
OPERATING	
Revenues	
Marina	$ 5,304,800
Boatyard	173,000
Airport	188,700
Properties	1,255,662
Total Revenues	**6,922,162**
Expenses	
Operating	3,050,450
Maintenance	2,029,930
General & Administrative	1,148,630
Total Expenses	**6,229,010**
NET INCOME FROM OPERATIONS	**693,152**
NON-OPERATING INCOME	
Grant Revenue - Remediation	95,000
Property Taxes	586,000
Other	240,500
Total Non-Operating Income	**921,500**
NON-OPERATING EXPENSES	
Bond Interest	387,587
Bond Principal	753,225
Private Note Payable	96,000
Jensen's Environmental Cleanup	100,000
Election Expense	8,500
Other	400
Total Non-Operating Expenses	**1,345,712**
NET INCOME	**$ 268,940**



CASH FLOW BY LOCATION

Marina Revenue	*$*	*5,304,800*
Marina Op Expense		*(1,845,190)*
Marina Maint Expense		*(1,674,500)*
Marina		***1,785,110***
Boatyard Revenue		*173,000*
Boatyard Op Expense		*(276,900)*
Boatyard Maint Expense		*(61,420)*
Boatyard		***(165,320)***
Airport Revenue		*188,700*
Airport Op Expense		*(686,960)*
Airport Maint Expense		*(263,260)*
Airport Operations		***(761,520)***
Airport Properties Revenue		*825,925*
Airport Properties Expense		*(45,050)*
Airport Properties		***780,875***
Harbor Properties Revenue		*429,737*
Harbor Properties Expenses		*(227,100)*
Harbor Properties		***202,637***
Administrative		***(1,148,630)***
OPERATING INCOME	***$***	***693,152***

GRANTS

The Port has ten (10) capital grants for 2027 and one (1) operation and maintenance grant. Some of which will span a couple of years.

The Federal Aviation Administration (FAA) funding through the Bipartisan Infrastructure Law (BIL) has allotted over $5M to Friday Harbor Airport for major renovations and expansion projects. The funds are an addition to the normal Airport Improvement Funds (AIP) of $1M annually the Port receives.

For the budget year 2027:

The Port anticipates collecting $4.5 million in FAA capital grants, through the BIL and AIP programs. These funds will support the E, G & D Hangar Rehabilitation, Airfield Lighting Updates and Signage Replacement, Southwest Development Area Design and Purchase of 687 Airport Center Road Building, which is in the runway protection zone.



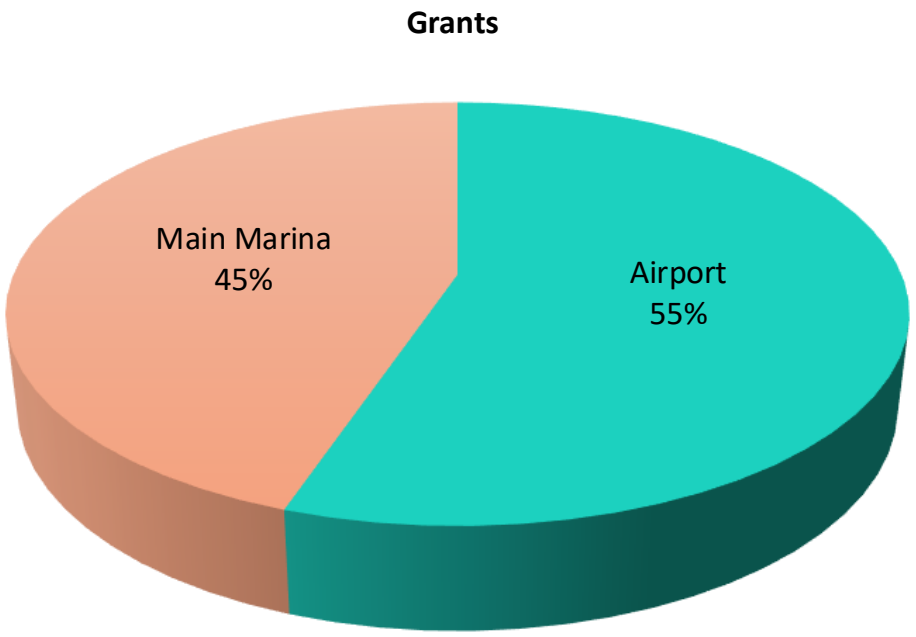
The Port continues projects with the two Washington State Department of Transportation (WSDOT) grants. One will be used to install new electrical vehicles (EV) charging units on airport property, located near the Pilot Welcome Center.

For 2027 the Port will use these funds to upgrade marina electrical systems and electric vessel fast charging, complete the solar canopy in the main marina parking lot, acquire a 75 Ton electric Travelift, and acquire four electric work vessels.

The Port has entered into a $1.4M reimbursement agreement with American Cruise Lines for the Port to install 800 Amp shore power service to Breakwater “B”.

The Port has received $650K US Congressional Funds for the Barge Landing Road Project. It is the Port’s intent to begin construction in the Summer of 2027.

Port received a grant from Washington Commerce to install new EV chargers in the main marina parking. We had hoped it would be accomplished last year, but delays in design pushed project construction into 2027.





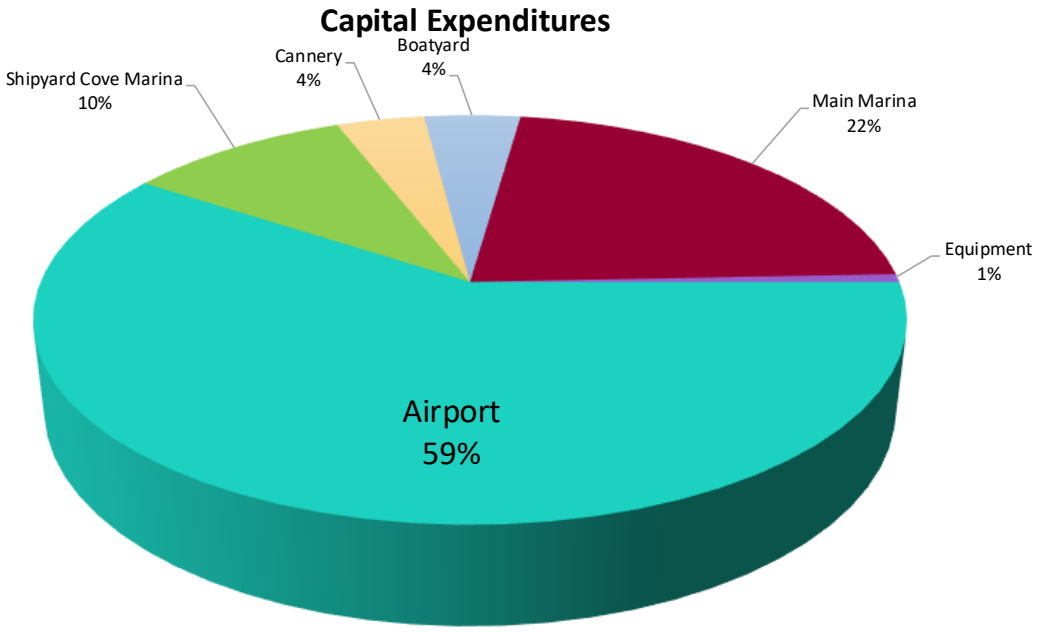
CAPITAL BUDGET

The following page shows the preliminary capital budget by project and location.

PORT OF FRIDAY HARBOR
2027 PRELIMINARY CAPITAL BUDGET

> Projects continues

	AIRPORT (FAA)	
>	E, G & D HANGAR REHABILITATION	$ 1,453,000
>	AIRFIELD LIGHTING UPDATES & SIGNAGE REPLACEMENTS	500,000
	RUNWAY PROTECTION ZONE BUILDING PURCHASES - 687 AIRPORT CENTER RD	3,025,000
	SOUTHWEST DEVELOPMENT AREA DESIGN	300,000
	FAA GRANTS RECEIPTS	*(4,775,200)*
	NET AIRPORT FAA	**502,800**
	OTHER AIRPORT PROJECTS	
>	EV CHARGERS	50,000
	WSDOT GRANT RECEIPTS	*(45,000)*
	NET OTHER AIRPORT PROJECTS	**5,000**
	MARINA PROJECTS	
>	BARGE LANDING ROAD	883,400
>	EV CHARGING STATIONS MAIN MARINA	450,000
>	TRAVELIFT	383,000
	MARINA ELECTRICAL UPGRADES	1,300,000
	BREAKWATER "A" ELECTRIFICATION	240,000
	CANNERY HIGH DOCK REMOVAL	350,000
	COMMERCE & WSDOT GRANT RECEIPTS	*(2,910,500)*
	AMERICAN CRUISE LINE CONTRIBUTION	*(1,000,000)*
	NET MARINA PROJECTS	**(304,100)**
	EQUIPMENT	
>	ELECTRIC BOAT - SHERPA	32,000
	ALCHEMY ARTS	25,000
	WSDOT PORT ELECTIFICATION GRANT RECEIPTS	*(32,000)*
	NET EQUIPMENT	25,000
	TOTAL 2027 CAPITAL BUDGET EXPENDITURES	**$ 228,700**

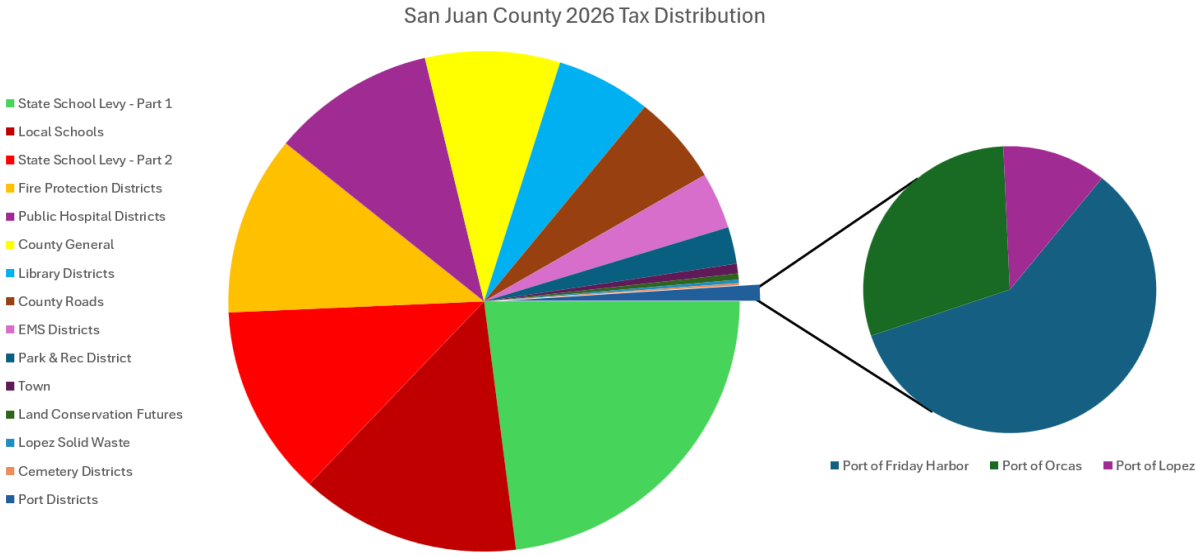


- The entire capital budget totals $9 million with grant funds of $8.7 million. Total budgeted out of pocket cost will be $228,700. This amount will fluctuate depending on the timing of when projects begin.



PROPERTY TAXES

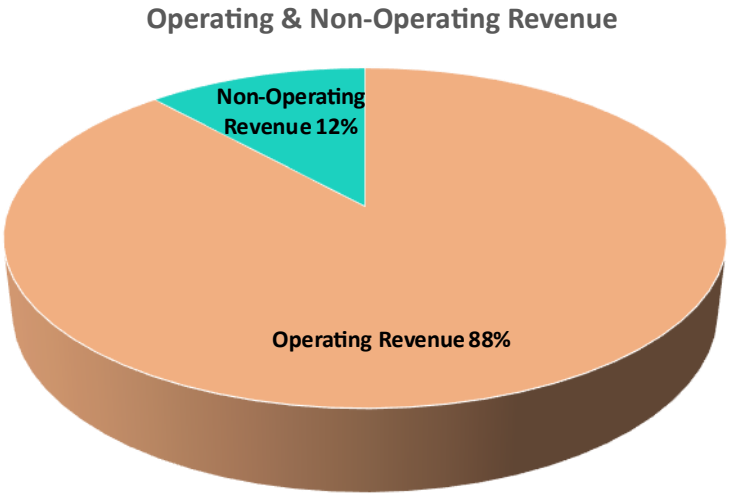
- The Port collects Property Taxes from San Juan Island property owners. The assessed amount in 2026 was .0923 per $1,000 of assessed value. The estimated collection for 2027 is $586,000. The Port allocates these funds to capital improvement projects.



NON-OPERATING REVENUE

- Non-operating income plays a significant role in the Port's 2027 budget. This amount is made up of taxes, grants funds associated with the Jensen clean-up, along with interest income received on the Port's reserve fund and bond fund.

Below is a graph representing 2027 operating revenue at 88%, and non-operating revenue at 12% of the total projected revenue of the Port.



DEBT SERVICE

- In 2026 the Port restructured its general obligation bond and financed a bond through Cashmere Valley Bank at a rate of 3.82% for 10 years, which will be paid off by the year 2036.

- The revenue bond debt purchased two of the three marina's total $12 Million. The repayment of the bond debt is scheduled until the year 2039. The final year of this bond has a balloon payment of $2 million.

- A monthly contribution is made by the General Fund to the Bond Payment fund in the amount of $99,000 per month. This amount not only covers the current year's debt service but also builds the fund for the revenue bond balloon payment at the end of 2039.

In 2025, the Port purchased a new parcel known as the Cannery. This property is adjacent to Jackson's Beach. The owner has carried the contract; payments will be made in the amount of $8,000 per month for remaining fourteen (14) years. As of 2040 the debt will expire.

As of 2040 all current Port debt will be eliminated.

- In 2027 the principal and interest payments for both general obligation, revenue bond, and private note debt totals $1,236,812.

CASH BALANCES

With the operating budget exceeding the capital budget we anticipate adding $128,740 to the reserve fund.

- At the end of 2027 the Port anticipates having the following cash balances:

    - *Reserve Fund $6M*
    - *Bond Fund $2.9M*
    - *Bond Reserve Fund $500,000. These are funds restricted for re-payment of the Revenue Bond as required by statute.*

The requirement for the Bond Reserve Fund is to maintain a minimum of 50% of the current year's principal and interest bond payment. For 2027 the minimum amount is $451,648. Our projected balance is $500,000, which far exceeds the minimum requirement. These additional funds will be used on the final balloon payment in 2040.

The Port has taken on many capital projects that have spanned several years; we take great pride in not having to incur new debt to accomplish these projects.


PAID
CASH FLOW STATEMENT
BALANCE SHEET
DEBIT
CREDIT