

City of Port Orchard

2015 Annual Report



For Fiscal Year Ended December 31, 2015

MCAG No. 0455

Submitted pursuant to RCW 43.09.230

to the

STATE AUDITOR'S OFFICE

ANNUAL REPORT CERTIFICATION

City of Port Orchard
(Official Name of Government)

0455
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2015

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I certify 26th day of May, 2016, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Rebecca Nichols (rnichols@cityofportorchard.us)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Port Orchard's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended December 31, 2015. The information presented here should be read in conjunction with the financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- City of Port Orchard assets exceeded its liabilities at December 31, 2015 by \$87.3 million.
- Net investment in capital assets account for about 75 percent of this amount, with a value of \$65.6 million.
- Of the remaining net position, \$17.8 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction while \$3.9 million is restricted.
- The government's total net position shows an increase of \$1,692,868. The increase is due to reserve funds set aside per the City's financial policy and increases in proprietary funds capital contributions.
- As of December 31, 2015, City of Port Orchard's governmental funds reported combined ending fund balances of \$7.98 million. Approximately 26.9% of this amount is available for spending at the government's discretion. Unassigned fund balance is \$2,143,566, assigned fund balance is \$1,291,494, committed fund balance \$645,425 and restricted fund balance \$3,898,692.
- City of Port Orchard's total bonded debt decreased by \$190,714 during the fiscal year. At December 31, 2015 the total outstanding bonded debt was \$827,503.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City of Port Orchard's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other supplementary information in addition to the basic financial statements. This financial discussion and analysis should assist the reader in understanding the City's financial condition.

Basic Financial Statements

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and, 3) notes to the financial statements. The financial section of this report also contains required supplementary information, in addition to the basic financial statements.

Government Wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the City's finances in a manner similar to a private-sector business, distinguishing functions that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of the City include a full range of local government services provided to the public, such as law enforcement and public safety; road construction and maintenance; community planning and development; parks and recreation facilities; and other community services. In addition, other general government services are provided, such as, tax collection, and the issuance of permits and licenses. The business-type activities of the City include water, sewer and storm utility management and operation.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities presents information showing how the government's net position changed during 2015. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent each program relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2015, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items was not received or distributed in 2015.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All of the funds of the City fall into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds account for most, if not all, of a government's tax-supported activities. Proprietary funds account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary funds account for resources that are held by the government as an agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances present separate columns of financial data for the General Fund, and the Street Capital Projects Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental funds financial statements is narrower than that of government-wide financial statements accrual basis focus, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the Governmental Activities column in the Government-Wide statements, facilitating this comparison.

The City maintains budgetary controls over its operating funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental funds budgets are established in accordance with state law, and are adopted on a fund level. Personnel services are budgeted by position and by prorating the costs based on time allocation to the various funds. Budgetary variances are discussed later in this section.

Proprietary Funds

The City has two proprietary funds also known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its water and sewer utilities operation. The City also has a Storm Drainage Utility Fund. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the proprietary fund statement of net position to the business-type column on the government-wide statement of net position, the total net position agree, and therefore need no reconciliation.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City of Port Orchard's net position total \$87,323,756 at December 31, 2015. The following is a condensed version of the government-wide statement of net position.

City of Port Orchard's Condensed Statement of Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business- Type Activities 2014	Total Activities 2015	Total Activities 2014
Current and other assets	\$9,751,963	\$8,128,144	\$17,107,333	\$16,441,692	\$26,859,296	\$24,569,836
Capital assets	26,191,593	26,219,934	41,074,030	38,671,196	67,265,623	64,891,130
Total assets	35,943,556	34,348,078	58,181,363	55,112,888	94,124,919	89,460,966
Deferred Outflows related to Pension	337,598	-	126,489	-	464,087	-
Total deferred outflows of resources	337,598	-	126,489	-	464,087	-
Long-Term liabilities	3,575,915	1,786,532	2,202,389	582,250	5,778,304	2,368,782
Liabilities Payable from Restricted Assets	42,896	51,011			42,896	51,011
Other liabilities	371,407	496,806	418,802	906,914	790,209	1,403,720
Total liabilities	3,990,218	2,334,349	2,621,191	1,489,164	6,611,409	3,823,513
Deferred Inflows related to Pension	486,833	-	154,688	-	641,521	-
Deferred Amount on Refunding	4,540	5,806	593	759	5,133	6,565
Total deferred inflows of resources	491,373	5,806	155,281	759	646,654	6,565
Net Position						
Invested in capital assets net of related debt	25,582,972	25,470,825	39,981,970	38,165,873	65,564,942	63,636,698
Restricted	3,898,692	3,442,902	-	-	3,898,692	3,442,902
Unrestricted	2,317,899	3,094,196	15,542,223	15,457,092	17,860,122	18,551,288
Total net position	\$31,799,563	\$32,007,923	\$55,524,193	\$53,622,965	\$87,323,756	\$85,630,888

Governmental Activities current and other assets increased 20% because of increase in due from other governments receivable balance and the implementation of GASB 68 created a Net Pension Asset.

Long-term Liabilities across the government increased 140% or \$3.4 million. The bulk of this increase is a result of implementing GASB 68, which required the City to recognized Net Pension Liability in the amount of \$2.9 million (\$1.9 million in governmental activities and \$1.0 million in business type activities). Other liabilities in the business type activities column decreased 53% because the Water Sewer Fund satisfied a contract payable.

The largest portion of the City's net position (75 percent) reflects its investment in capital, less any related debt used to acquire those assets that is still outstanding. The City's capital assets are used to provide services to citizens. Consequently the value of these assets are not available for future spending. Of the remaining balance, \$3,898,692 is restricted and \$17,860,122 (unrestricted net position) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2015, the City of Port Orchard reports positive balances in the two categories of net position, for the government as a whole, as well as for separate governmental and business-type activities.

Statement of Activities

In 2015 the City's total net position increased by \$1,692,868 including changes in accounting principles. The governmental net position decreased (\$208,360) and business-type activities increased \$1,901,227 including changes in accounting principles.

The following is a condensed version of the statement of activities for the City. The full statement is a tabular depiction of the relationship of revenues and expenses for the City's governmental activities and proprietary funds.

City of Port Orchard's Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$1,627,597	\$1,199,672	\$6,633,891	\$5,950,724	\$8,234,803	\$7,150,396
Operating grants & contributions	685,457	579,357	-	50,000	685,457	629,357
Capital grants & contributions	549,371	34,969	2,819,342	306,796	3,368,713	341,765
General revenues:						
Property taxes	2,322,213	2,225,347	-	-	2,322,213	2,225,347
Sales taxes	4,414,271	4,102,060	-	-	4,414,271	4,102,060
Other taxes	2,412,655	2,264,467	-	-	2,412,655	2,264,467
Interest income	17,834	41,397	21,546	18,962	39,380	60,359
Gain on sale of capital assets	12,036	-	-	-	12,036	-
Other revenues	-	0-	155	33	155	33
Total Revenues	12,041,434	10,447,269	9,474,934	6,326,515	21,489,683	16,773,784
Expenses:						
General government	1,867,552	2,100,241	-	-	1,867,552	2,100,241
Judicial	533,307	520,304	-	-	533,307	520,304
Public safety	4,775,081	4,739,924	-	-	4,748,396	4,739,924
Transportation	2,482,029	2,043,972	-	-	2,482,029	2,043,972
Social services	11,744	13,453	-	-	11,744	13,453
Economic development	600,422	573,920	-	-	600,422	573,920
Culture and recreation	451,095	384,640	-	-	451,095	384,640
Water - Sewer	-	-	5,487,777	4,877,932	5,487,777	4,877,932
Storm Drainage	-	-	947,935	940,124	947,935	940,124

Interest on long-term debt	26,328	30,746	-	-	26,328	30,746
Total Expense	10,747,558	10,407,200	6,435,712	5,818,056	17,156,585	16,225,256
Increase/(decrease) in Net Position before transfers	1,293,876	40,069	3,039,222	508,459	4,333,098	548,528
Transfers	-	5,804	-	(5,804)	-	-
Change in net position	1,293,876	45,873	3,039,222	502,655	4,333,098	548,528
Net Position Beginning	32,007,923	32,026,165	53,622,965	53,412,160	85,630,888	85,438,325
Prior Period Adjustments	-	(64,115)	-	(291,850)	-	(355,965)
Changes in Accounting Principles	(1,502,236)	-	(1,137,995)	-	(2,640,231)	-
Net Position Ending	\$31,799,563	\$32,007,923	\$55,524,192	\$53,622,965	\$87,323,755	\$85,630,888

Governmental Activity Analysis

Total revenues in governmental activities increased by 15%. The City's tax revenues increased by \$557,265, 8% in 2015. The main sources of revenue came from retail sales and use tax and property taxes. Sales tax increased from the prior year by \$312,211, 8%. Property taxes experienced an increase of \$96,866, 5%. Charges for services increased by \$427,925, 36% due to planning and building revenue increasing substantially in 2015. Capital grants and contributions increased by \$514,402 due to infrastructure that was donated in 2015.

Total expenses in governmental activities increased by 3%. The City incurred increases in the following functions: Judicial \$13,003, Public Safety \$35,157, Transportation \$438,057 and Economic Development \$26,502, Culture and Recreation \$66,455. While General Government decreased by (\$232,689) and Social Services decreased by (\$1,709). Transportation had an increase in expenses for a large paving overlay project. Culture and recreation had an increase mostly due to the increase of hotel motel allocations distributed in 2015. The net position associated with governmental activities decreased by (\$208,360) including the implementation of GASB 68.

Business-Type Activities Analysis

The Water-Sewer Utility experienced an increase in 2015 operating revenues of 6.7%, and a 13.9% increase in operating expenses. The Utility ended the year with an increase in net position of 3.4%. This was largely due to capital contributions of infrastructure. The Storm Drainage Utility had an increase in operating revenues of 74.1% this was largely due to a rate increase in 2015, and an increase in operating expenses of 0.8%. There was an overall increase in storm drainage net position of 4.4%. The Storm Drainage Utility's operating revenues increase significantly due to a rate increase in 2015 for the utility. This contributed to the increase in net position also.

FINANCIAL ANALYSIS OF CITY FUNDS

Governmental Funds Analysis

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting and operations of the different activities of the City. The City has ten governmental funds that are categorized into four fund types. Each type has its unique purpose. The City Street Fund and Stabilization Fund are managerial funds and are reported in the General Fund. Two funds are classified

as major funds for the purposes of this report, based on GASB criteria. They are the General Fund and the Street Capital Projects Fund.

The General Fund's fund balance increased by \$518,027. Revenues are higher and expenditures lower. The largest source of revenue is sales and use tax representing 41% of total revenues. The largest expenditure category is public safety, representing 47% of the General Fund activity.

The Street Capital Projects Fund had a decrease in fund balance of (\$124,075). This was due to increased project costs.

The change in total governmental funds' fund balance was an overall increase of \$1,070,364.

Business-Type Fund Analysis

Proprietary funds are those funds that account for government operations where the intent is for the costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and Internal Service funds provide their services primarily within the City, or to other governmental units. Of these categories, the City only has Enterprise Funds.

The Water-Sewer Fund had a total net position at year-end of \$45.1 million. This fund had operating loss of (\$247,922). The Water-Sewer fund had an increase in total net position of \$1,466,439 or 3.4%. This was largely due to capital contributions of infrastructure. The Storm Drainage Utility Fund had an operating increase of \$508,701. The total net position at year-end was \$10.4 million. This was an increase in net position of 4.4% or \$434,788. The increase was due to a rate increase and also capital contributions of infrastructure.

2015 Capital Projects for Water-Sewer included the Well 9 and Well 10 projects and the purchase of equipment. Storm drainage funded a new sweeper and other equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Budget vs. Actual statement for the General Fund is required to be presented at the level adopted by the City. This results in not including the City Street and Stabilization Funds within this statement because these funds have their own adopted budgets. The City appropriates funds through an annual budget process while state law allows additional funds to be expended if authorized by an ordinance amending the original budget. Revenues ended the year ahead of the budget 4.4%. Sales taxes increased by \$21,066, property tax increased by \$17,886 and license and permits increased \$139,531 due to increased building activity in 2015. Expenditures were 91% of the amended budget.

The final budget, when compared to the original budget, showed increases (decreases) in: General Government \$5,500, Public Safety \$171,000, Culture and Recreation 1,600, and Capital Expenditures \$15,100.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Port Orchard's investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2015, amounts to \$67,265,623, (net of

accumulated depreciation). This investment in capital assets includes land, intangible assets, construction in progress, buildings, equipment, and infrastructure.

	Governmental Activities		Business Activities		Government Wide	
	1/1/2015	12/31/2015	1/1/2015	12/31/2015	1/1/2015	12/31/2015
Land	\$1,710,328	\$1,850,097	\$787,012	\$1,071,823	\$2,497,340	\$2,921,920
Intangible Assets	3,041,232	3,102,090	538,849	1,164,706	3,580,081	4,266,796
Construction in Progress	1,824,064	1,874,090	2,123,665	2,424,441	3,947,729	4,298,530
Buildings	5,256,626	5,110,915	2,859,227	3,471,994	8,115,853	8,582,909
Equipment	952,419	898,955	1,244,891	1,723,224	2,197,310	2,622,179
Infrastructure	13,435,265	13,355,446	31,117,552	31,217,843	44,552,817	44,573,289
	<u>\$26,219,934</u>	<u>\$26,191,593</u>	<u>\$38,671,196</u>	<u>\$41,074,031</u>	<u>\$64,891,130</u>	<u>\$67,265,623</u>

In governmental activities, land increased due to the Bay St property purchase, intangible assets and construction in progress also increased due to donations and new projects. Buildings & structures, machinery & equipment and other improvements decreased due to depreciation and surplus of assets

In business activities Land increased due to a property purchase. Intangible assets, buildings & structures, machinery & equipment and other improvements all increased due to infrastructure donated by developers, and construction in progress increased mostly due to the Well 10 project.

Additional information on the City of Port Orchard’s capital assets can be found in Note 5 (capital assets) of this report.

Long-Term Debt

At December 31, 2015 the City of Port Orchard had total long-term debt outstanding of \$5,778,304. Of this amount, \$827,503 is general obligation bonds, \$168,250 is a note made with a private party, \$671,596 is a Drinking Water State Revolving Fund Loan, \$626,941 long-term compensated absences, \$575,696 is other postemployment benefits (OPEB) and \$2,908,318 is Pension Liabilities recognized beginning in 2015 due to the implementation of GASB 68.

During 2015, the City of Port Orchard’s net total debt increased by \$1,091,989. The Increase included a new Drinking Water State Revolving Fund Loan, annual payments on the outstanding debt, the current year increase for OPEB, and the recognition of pension liabilities required by GASB 68.

Additional information on the City’s long-term debt can be found in Note 10, Long-Term Debt and Note 12, Changes in Long-Term Liabilities of the notes to the financial statement in this report.

Economic Factors

The state of Washington does not have a state personal income tax and therefore the state operates primarily using sales and use tax, ad valorem, and motor vehicle excise tax. The City relies on sales and use tax, property tax, and utility taxes and a limited array of permitted taxes, fees, and state and federal grants to support its governmental activities. The City does not impose a business and occupation tax.

Sales and use tax represents a major revenue source for governmental funds and provides an economic measurement of the local economy. General fund revenues experienced an additional 3.5% over budget projections in 2015. Sales and use tax increased year-over-year by 7.2%. The city views these increases as indicators of increased local economic activity, at a steady but upwardly moderate pace. The areas major employer, The Puget Sound Naval Shipyard (PSNS) plans to add jobs to meet demand for scheduled maintenance and emergent repairs of U.S. military vessels. The Navy advertised for 365 positions in January 2016. The shipyard workforce has increased with the influx of trainees, from 10,898 at the beginning of 2014 to 13,428 currently, a 23 percent increase. The increase at PSNS is considered a positive influence on the local economy.

Construction activity within Port Orchard in 2015 continued to increase as expected with the city breaking its previous record for new single family housing starts in a single year. The city saw 104 new housing starts in 2015 breaking the previous record of 90 starts in 2012. The city has seen continued commercial growth with permit submittals for a new Les Schwab tire store, a Petco store, a self-storage project, Arco gas station, along with other minor commercial projects. Land Use Permit activity was up in 2015 across the board as was business license reviews. The City is expecting more that 800 new single family lots to be created in the next 5 years along with several commercial pads. The city also held a record number of pre-application meetings in 2015, suggesting that permit activity will remain high for the near future. These trends have continued into early 2016.

The Office of Financial Management (OFM) reported Port Orchard's estimated 2015 population April 1st at 13,510, an increase of 360 people over the reported 2014 number. The City ranks 71 by population size of the 281 listed Washington municipalities.

The Washington State Economic and Revenue Council expects revenue collections to continue at a modest upward trend for Washington economies. The City Council continues to be proactive with other agencies lobbying the State to provide additional funding sources for City and area services.

The level of taxes, fees, and charges for services will have a bearing on the City's competitive ability to encourage retail, office, residential, and industrial development. The City places significant emphasis on encouraging economic development to attract family wage paying jobs, and as an incentive does not assess a business and occupation tax (B & O).

Requests for Information

This financial report is designed to provide a general overview of the City of Port Orchard's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City Treasurer, City of Port Orchard, 216 Prospect Street, Port Orchard, WA, 98366.

CITY OF PORT ORCHARD
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,429,841	\$ 7,619,583	\$ 12,049,424
Receivables (Net of Allowance for Uncollectable)			
Taxes Receivable	83,228	-	83,228
Accounts Receivable	512,240	1,115,771	1,628,011
Due from Other Governmental Units	9,350	-	9,350
Restricted Assets:			
Cash and Cash Equivalents	3,635,637	-	3,635,637
Receivables	39,611	-	39,611
Due from Other Governmental Units	305,951	-	305,951
Investment in Joint Venture	-	8,371,979	8,371,979
Net Pension Asset	736,105		736,105
Capital Assets not being depreciated	6,803,709	4,582,130	11,385,839
Capital Assets (Net of Accumulated Depreciation)	19,387,884	36,491,900	55,879,784
Total Assets	<u>35,943,556</u>	<u>58,181,363</u>	<u>94,124,919</u>
DEFERRED OUTFLOWS of RESOURCES			
Deferred Outflows related to Pensions	337,598	126,489	464,087
Total Deferred Outflows of Resources	<u>337,598</u>	<u>126,489</u>	<u>464,087</u>
LIABILITIES			
Accounts Payable	252,565	220,635	473,200
Contracts Payable		114,301	114,301
Deposits	75	-	75
Unearned Revenue	41,724	62,121	103,845
Other Accrued Liabilities	77,043	28,933	105,976
Liabilities Payable from Restricted Assets	42,896	-	42,896
Noncurrent Liabilities:			
Due within One Year	603,307	116,827	720,134
Due in More than One Year	1,118,747	1,031,105	2,149,852
Net Pension Liability	1,853,861	1,054,457	2,908,318
Total Liabilities	<u>3,990,218</u>	<u>2,628,379</u>	<u>6,618,597</u>
DEFERRED INFLOWS of RESOURCES			
Deferred Amount on Refunding	4,540	593	5,133
Deferred Inflows related to Pensions	486,833	154,688	641,521
Total Deferred Inflows of Resources	<u>491,373</u>	<u>155,281</u>	<u>646,654</u>
NET POSITION			
Net Investment in Capital Assets	25,582,972	40,010,762	65,593,734
Restricted for:			
Criminal Justice	477,623	-	477,623
Law Enforcement Investigative Funds	59,021	-	59,021
Tourism Promotion	53,060	-	53,060
Parks	209,547	-	209,547
McCormick Woods Park	175,797	-	175,797
Paths & Trails	4,415	-	4,415
Vacation abutting water	7,500	-	7,500
Transportation	1,289,475	-	1,289,475
Capital (REET)	1,622,254	-	1,622,254
Unrestricted	2,317,899	15,513,430	17,831,329
Total Net Position	<u>\$ 31,799,563</u>	<u>\$ 55,524,192</u>	<u>\$ 87,323,755</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD

Statement of Activities

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 1,867,552	\$ 264,233	\$ 135,419	\$ -	\$ (1,467,900)	\$ -	\$ (1,467,900)
Judicial	533,307	239,363	20,351	-	(273,593)	-	(273,593)
Public Safety	4,775,081	355,887	278,019	-	(4,141,175)	-	(4,141,175)
Transportation	2,482,029	246,401	240,031	549,371	(1,446,226)	-	(1,446,226)
Social Services	11,744	-	-	-	(11,744)	-	(11,744)
Economic Development	600,422	476,415	-	-	(124,007)	-	(124,007)
Culture and Recreation	451,095	45,298	11,637	-	(394,160)	-	(394,160)
Interest on Long-Term Debt	26,328	-	-	-	(26,328)	-	(26,328)
TOTAL GOVERNMENTAL ACTIVITIES	10,747,558	1,627,597	685,457	549,371	(7,885,133)	-	(7,885,133)
Business-Type Activities:							
Water - Sewer	5,487,777	5,177,410	-	2,555,450	-	2,245,083	2,245,083
Storm Drainage	947,935	1,456,636	-	263,892	-	772,593	772,593
TOTAL BUSINESS-TYPE ACTIVITIES	6,435,712	6,634,046	-	2,819,342	-	3,017,676	3,017,676
Total Primary Government	\$ 17,183,270	\$ 8,261,643	\$ 685,457	\$ 3,368,712	(7,885,133)	3,017,676	(4,867,457)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					2,322,213	-	2,322,213
Other Taxes					815,563	-	815,563
Sales and Use Taxes					4,414,271	-	4,414,271
Business and Occupation Taxes					1,597,092	-	1,597,092
Gain on Sale of Capital Assets					12,036	-	12,036
Unrestricted Investment Earnings					17,834	21,546	39,380
Total General Revenues and Special Items					9,179,009	21,546	9,200,555
Change in Net Position					1,293,876	3,039,222	4,333,098
Net Position - Beginning					32,007,923	53,622,965	85,630,888
Changes in Accounting Principles-GASB 68					(1,502,236)	(1,137,995)	(2,640,231)
Net Position - Ending					\$ 31,799,563	\$ 55,524,192	\$ 87,323,755

The notes to the financial statements are an integral part of this statement.

CITY OF PORT ORCHARD

Governmental Funds

Balance Sheet

December 31, 2015

	General Fund	Street Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 4,072,998	\$ 332,504	\$ 3,659,976	\$ 8,065,478
Property Taxes Receivables (net)	83,228	-	-	83,228
Accounts Receivable	512,240	-	39,611	551,851
Due from Other Governmental Units	9,350	305,951	-	315,301
Total Assets	4,677,816	638,455	3,699,587	9,015,858
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts Payable	253,916	27,475	14,070	295,461
Deposits Payable	75	-	-	75
Other Accrued Liabilities	73,858	-	1,351	75,209
Unearned Revenue	41,724	-	-	41,724
Total Liabilities	369,573	27,475	15,421	412,469
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	82,720	-	-	82,720
Unavailable Revenue-Court	452,416	-	39,611	492,027
Unavailable Revenue-Jail Medical	34,465	-	-	34,465
Grants Received in Advance	15,000	-	-	15,000
Total Deferred Inflows of Resources	584,601	-	39,611	624,212
Fund Balances:				
Restricted for:				
Criminal Justice	-	-	477,623	477,623
Law Enforcement	-	-	59,021	59,021
Tourism	-	-	53,060	53,060
Parks	-	-	209,547	209,547
McWds Parks	-	-	175,797	175,797
Paths & Trails	-	-	4,415	4,415
Vacation abutting water	7,500	-	-	7,500
Transportation	-	610,980	678,495	1,289,475
Capital Projects	-	-	1,622,254	1,622,254
Committed to:				
Recreation	47,139	-	-	47,139
Stabilization	598,286	-	-	598,286
Assigned to:				
Parks	86,615	-	-	86,615
City Hall	33,610	-	-	33,610
Street	806,926	-	-	806,926
Capital Projects	-	-	14,409	14,409
Capital Equipment Replacement	-	-	349,934	349,934
Unassigned	2,143,566	-	-	2,143,566
Total Fund Balances	3,723,642	610,980	3,644,555	\$ 7,979,177
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,677,816	\$ 638,455	\$ 3,699,587	

Amounts reported for governmental activities in the statement of net position are different because (See Note .

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	26,191,593
Unavailable revenue to pay current year expenditures	624,212
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(3,582,289)
Net Pension Asset	736,105
Deferred Outflow related to Pensions	337,598
Deferred Inflow related to Pensions	(486,833)
Net position of governmental activities	<u>\$ 31,799,563</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2015

	General Fund	Street Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 2,352,837	\$ -	\$ -	\$ 2,352,837
Retail Sales and Use Taxes	4,138,566	-	275,705	4,414,271
Other Taxes	1,705,733	-	706,922	2,412,655
License and Permits	454,191	-	-	454,191
Intergovernmental	488,402	354,255	143,072	985,729
Charges for Services	453,017	-	-	453,017
Fines and Forfeits	229,574	(657)	4,040	232,957
Interest Earnings	40,133	960	14,797	55,890
Rents and Royalties	148,724	3,401	-	152,125
Planning & Development Contributors	-	-	267,252	267,252
Contributions/Donations	3,122	-	-	3,122
Miscellaneous	15,280	(283)	6,932	21,929
Total Revenues	10,029,579	357,676	1,418,720	11,805,975
Expenditures:				
Current				
General Government	1,745,046	-	-	1,745,046
Judicial	538,602	-	-	538,602
Public Safety	4,507,313	-	157,895	4,665,208
Transportation	1,758,349	-	49,786	1,808,135
Economic Development	605,947	-	-	605,947
Social Services	11,744	-	-	11,744
Culture and Recreation	318,923	-	93,178	412,101
Capitalized Expenditures	36,438	481,751	287,745	805,934
Debt Service	-	-	-	-
Principal Retirement	-	-	138,700	138,700
Interest/Fiscal Charges	-	-	26,721	26,721
Total Expenditures	9,522,362	481,751	754,025	10,758,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	507,217	(124,075)	664,695	1,047,837
Other Financing Sources (Uses)				
Sale of Capital Assets	1,435	-	1,945	3,380
Compensation for Loss/Impair Capital Assets	14,326	-	-	-
Transfers In	450,000	300,000	1,826,734	2,576,734
Insurance Recoveries	4,821	-	-	4,821
Transfers Out	(459,772)	(300,000)	(1,816,962)	(2,576,734)
Total Other Financing Sources and Uses	10,810	-	11,717	22,527
Net Change in Fund Balances	518,027	(124,075)	676,412	1,070,364
Fund Balance at Beginning of Year	3,205,615	735,056	2,968,142	6,908,813
Prior Period Adjustments	-	-	-	-
Fund Balance at End of Year	\$ 3,723,642	\$ 610,981	\$ 3,644,554	\$ 7,979,177

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds:	\$	1,070,364
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.		 (231,586)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to decrease net position.		 203,245
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		 12,720
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		 138,700
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		 100,433
 Changes in Net Position (governmental activities)	 \$	 <u>1,293,876</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,290,600	\$ 1,290,600	\$ 1,308,486	\$ 17,886
Sales and Use Taxes	3,997,500	4,117,500	4,138,566	21,066
Other Taxes	1,670,700	1,670,700	1,705,733	35,033
License and Permits	312,500	312,500	452,031	139,531
Intergovernmental	174,574	188,509	226,269	37,760
Charges for Services	367,500	367,500	445,281	77,781
Fines and Forfeits	234,800	234,800	229,521	(5,279)
Interest Earnings	20,200	20,200	34,352	14,152
Rents and Royalties	128,300	128,300	139,801	11,501
Contributions/Donations	1,500	1,500	3,122	1,622
Miscellaneous	-	-	15,154	15,154
Total Revenues	8,198,174	8,332,109	8,698,316	366,207
Expenditures:				
Current				
General Government	1,989,651	1,995,151	1,745,046	(250,105)
Judicial	573,858	573,858	538,602	(35,256)
Public Safety	4,434,338	4,605,338	4,507,313	(98,025)
Economic Development	766,767	766,767	605,947	(160,820)
Social Services	14,443	14,443	11,744	(2,699)
Culture and Recreation	373,122	374,722	318,923	(55,799)
Capitalized Expenditures	178,385	193,485	32,903	(160,582)
Intergovernmental Payments	-	-	-	-
Total Expenditures	8,330,564	8,523,764	7,760,478	(763,286)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,390)	(191,655)	937,838	1,129,493
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	1,435	1,435
Compensation for Loss/Impair Capital Assets	-	-	14,326	14,326
Transfers In	180,000	180,000	-	(180,000)
Insurance Recoveries	-	-	4,480	4,480
Transfers Out	(486,000)	(490,000)	(489,772)	228
Total Other Financing Sources and Uses	(306,000)	(310,000)	(469,531)	(159,531)
Net Change in Fund Balance	(438,390)	(501,655)	468,307	969,962
Fund Balances at Beginning of Year	1,401,210	1,401,210	1,842,623	441,413
Prior Period adjustments	-	-	-	-
Fund Balances at End of Year	\$ 962,820	\$ 899,555	\$ 2,310,930	\$ 1,411,375
Adjustment to generally accepted accounting principles (GAAP) basis:				
City Street Fund			814,426	
Stabilization Fund			598,286	
Fund Balance - GAAP basis			\$ 3,723,642	

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Proprietary Funds
Statement of Net Position
December 31, 2015

	Major Enterprise Fund Water-Sewer	Major Enterprise Fund Storm Drainage	Total Business Activities
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 6,596,730	\$ 1,022,853	\$ 7,619,583
Receivables (net)			
Accounts	857,325	258,446	1,115,771
Total Current Assets	<u>7,454,055</u>	<u>1,281,299</u>	<u>8,735,354</u>
<i>Non Current Assets:</i>			
Investment in Joint Venture	8,371,979	-	8,371,979
Property, Plant and Equipment (Net)	31,588,504	9,485,526	41,074,030
Total Non Current Assets	<u>39,960,483</u>	<u>9,485,526</u>	<u>49,446,009</u>
Total Assets	<u>47,414,538</u>	<u>10,766,825</u>	<u>58,181,363</u>
<i>Deferred Outflows of Resources</i>			
Deferred Outflows related to Pension	89,215	37,274	126,489
Total Deferred Outflows of Resources	<u>89,215</u>	<u>37,274</u>	<u>126,489</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	208,632	12,003	220,635
Contracts Payable	114,301	-	114,301
Other Accrued Liabilities	14,992	6,753	21,745
Accrued Interest Payable	7,188	-	7,188
Accrued Employee Benefits	39,455	24,530	63,985
Bonds, Notes, Loans Payable	52,842	-	52,842
Total Current Liabilities	<u>437,410</u>	<u>43,286</u>	<u>480,696</u>
<i>Non Current Liabilities:</i>			
Bonds, Notes and Loan Payable (Net)	1,010,426	-	1,010,426
Accrued Employee Benefits	12,751	7,928	20,679
Net Pension Liability	740,342	314,115	1,054,457
Unearned Revenues	62,121	-	62,121
Total Non Current Liabilities	<u>1,825,640</u>	<u>322,043</u>	<u>2,147,683</u>
Total Liabilities	<u>2,263,050</u>	<u>365,329</u>	<u>2,628,379</u>
Deferred Inflows of Resources			
Deferred Inflows related to Pensions	109,205	45,483	154,688
Deferred Amounts on Refunding	593	-	593
Total Deferred Inflows of Resources	<u>109,798</u>	<u>45,483</u>	<u>155,281</u>
<i>Net Position</i>			
Net Invested in Capital Assets	30,524,643	9,485,526	40,010,762
Unrestricted	14,606,262	907,761	15,513,430
Total Net Position	<u>\$ 45,130,905</u>	<u>\$ 10,393,287</u>	<u>\$ 55,524,192</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended December 31, 2015

	Major Enterprise Fund Water-Sewer	Major Enterprise Fund Storm Drainage	Total Business Activities
Operating Revenues			
Charge for Services	\$ 5,083,157	\$ 1,432,458	\$ 6,515,615
Fines & Penalties	76,116	22,045	98,161
Miscellaneous	65,311	2,133	67,444
Total Operating Revenues	<u>5,224,584</u>	<u>1,456,636</u>	<u>6,681,220</u>
Operating Expenses			
Operations			
General Operations	3,074,326	398,359	3,472,685
Water Purchased for Resale	183,675	-	183,675
Customer Service and Marketing	185,101	56,716	241,817
General Administration	1,048,278	243,780	1,292,058
Taxes	383,523	90,775	474,298
Depreciation, Amortization, Depletion	597,603	158,305	755,908
Total Operating Expenses	<u>5,472,506</u>	<u>947,935</u>	<u>6,420,441</u>
Operating Income (loss)	(247,922)	508,701	260,779
Nonoperating Revenues (Expenses)			
Interest Earnings	20,490	1,056	21,546
State and Federal Grants	-	-	-
Interest and Fiscal Charges	(15,271)	-	(15,271)
Gain (Loss) on Disposal of Assets	40	-	40
Net Income (Loss) of Joint Ventures	(47,329)	-	(47,329)
Miscellaneous Revenue (Expense)	115	-	115
Total Nonoperating Revenues (Expenses)	<u>(41,955)</u>	<u>1,056</u>	<u>(40,899)</u>
Income (Loss) before Contributions	(289,877)	509,757	219,880
Capital Contributions	2,555,450	263,892	2,819,342
Increase (Decrease) in Net Position	2,265,573	773,649	3,039,222
Total Net Position at Beginning of Year	43,664,466	9,958,499	53,622,965
Changes in Accounting Principles	(799,134)	(338,861)	(1,137,995)
Total Net Position at End of Year	<u>\$ 45,130,905</u>	<u>\$ 10,393,287</u>	<u>\$ 55,524,192</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2015

	Major Enterprise Fund Water-Sewer	Major Enterprise Fund Storm Drainage	Total Business Activities
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 5,175,016	\$ 1,323,631	\$ 6,498,647
Cash Payments to Suppliers	(3,291,949)	(218,430)	(3,510,379)
Cash Payments to Employees	(1,300,054)	(541,339)	(1,841,393)
Cash Payments to other Governments (Taxes)	(383,523)	(90,775)	(474,298)
Net Cash Provided by Operating Activities	<u>199,490</u>	<u>473,087</u>	<u>672,577</u>
Cash Flows from Noncapital Financing Activities:			
Receipt of Insurance Proceeds	115	-	115
Net Cash Provided (Used) by Noncapital Financing Activities	<u>115</u>	<u>-</u>	<u>115</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(609,773)	(303,000)	(912,773)
Principal Paid on GO Bond	(51,300)	-	(51,300)
Principal Paid on Other Long-Term Obligations	(1,400)	-	(1,400)
Interest Paid on Revenue Bonds and Other Long-Term Debt	(9,884)	-	(9,884)
Proceeds from Capital Debt	611,596	-	611,596
Receipt of Capital Contributions	200,988	20,838	221,826
Proceeds from Sale of Property	40	-	40
Net Cash Provided for Capital and Related Financing Activities	<u>140,267</u>	<u>(282,162)</u>	<u>(141,895)</u>
Cash Flows from Investing Activities:			
Interest on Investments	20,490	1,056	21,546
Net Cash Used by Investing Activities	<u>20,490</u>	<u>1,056</u>	<u>21,546</u>
Net Increase (Decrease) in Cash and Cash Equivalents	360,362	191,981	552,343
Cash and Cash Equivalents at Beginning of Year	6,236,368	830,872	7,067,240
Cash and Cash Equivalents at End of Year	<u>6,596,730</u>	<u>1,022,853</u>	<u>7,619,583</u>
Cash and Cash Equivalents	6,596,730	1,022,853	7,619,583
Restricted Cash and Cash Equivalents	-	-	-
Total Cash and Cash Equivalents	<u>\$ 6,596,730</u>	<u>\$ 1,022,853</u>	<u>\$ 7,619,583</u>

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2015

	Major Enterprise Fund Water-Sewer	Major Enterprise Fund Storm Drainage	Total Business Activities
Reconciliation of Operating Income (Loss) to Net			
Cash Used by Operating Activities:			
Net Operating Income (Loss)	\$ (247,922)	\$ 508,701	\$ 260,779
Adjustments to Reconcile Net Operating Income (Loss) to Net			
Cash Provided by Operations:			
Depreciation Expense	597,603	158,305	755,908
(Increase) Decrease in Receivables	(48,460)	(133,005)	(181,465)
Increase (Decrease) in Current Payables	(45,614)	(45,315)	(90,929)
Increase (Decrease) in Other Current Payables	(17,031)	(5,216)	(22,247)
Increase (Decrease) in Accrued Employee Benefits	824	6,154	6,978
Increase (Decrease) in Customer Deposits	(350)	(16,537)	(16,887)
Increase (Decrease) in Unearned Revenues	(758)	-	(758)
(Increase) Decrease in Pension Liability Expense	(38,802)	-	(38,802)
Total Adjustments	447,412	(35,614)	411,798
Net Cash Provided by Operating Activities	\$ 199,490	\$ 473,087	\$ 672,577
Noncash Investing, Financing and Capital Activities			
Capital Assets - Donated /Grants Received	1,981,613	263,892	2,245,505
Gain / (Loss) on Joint Venture	(47,329)	-	(47,329)
Total Noncash Investing, Financing and Capital Activities	\$ 1,934,284	\$ 263,892	\$ 2,198,176

The notes to the financial statements are an integral part of this statement

CITY OF PORT ORCHARD
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	<u>Agency Funds</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 2,528,584
Total Assets	<u>2,528,584</u>
Liabilities	
Accounts Payable	15,527
Custodial Accounts	<u>2,513,057</u>
Total Liabilities	\$ 2,528,584

The notes to the financial statements are an integral part of this statement

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Port Orchard have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting and Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. REPORTING ENTITY

The City of Port Orchard, Washington was incorporated on September 1, 1890 and operates under the laws of the state of Washington applicable to non-charter code cities (second-class city) with a Mayor/Council form of government. As required by the Generally Accepted Accounting Principles the financial statements represent the City of Port Orchard. In 2015, the City Council passed Ordinance No. 027-15 creating a Transportation Benefit District (TBD) for Port Orchard. The TBD is a blended component unit. It is a separate legal entity governed by the City Council and the City is operationally responsible for the TBD activities and transactions. There were no financial transactions associated with the TBD in 2015.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The city considers property taxes as available if they are collected with 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general (or current expense) fund is the city's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. Included and reported in the General Fund are two managerial funds one of those is the City Street fund which accounts for a percentage of the revenue from state motor vehicle fuel taxes and expenditures for street construction, maintenance and repair. This fund accounts for transportation activities that the City Council wants to review separately from other activities. The other fund included in the General fund is the Stabilization fund.

The Street Capital Projects fund is used for the receipt and expenditure of a percentage of the state levied motor vehicle fuel taxes distributed to the City. The City utilizes these revenues as matching funds for grants specified for arterial street purposes. These are restricted revenue sources. Projects that use this tax are reflected on the six-year transportation improvement program as passed annually by Council.

The government reports the following major proprietary funds:

The Water Sewer fund accounts for the activity of the City's utilities. Its revenues are received from the sales of water and sewer services. Expenses are for the maintenance and extensions of water and sewer service facilities, operating a water supply system, maintaining a sewer treatment plant and lift stations.

The Storm Drainage Fund monitors and maintains the City's storm and surface water drainage. Revenues are based on fees received from properties within City limits that have impervious surfaces. Expenses are for operation, maintenance and improvement of the City's storm and surface water drainage system.

Fiduciary funds represent assets held in a trustee or agency capacity for others and do not report results of operation.

The City has two fiduciary funds. The Wastewater Treatment Facility Fund receives money from the joint venture to repay the Public Works Trust Fund loans. Also deposited into this fund are the Wastewater Treatment Facility Fees component of the Sewer Capital Facility Charge and interest earnings on such funds. These dollars are held in trust to mitigate the debt and future construction costs for the Wastewater Treatment Facility. The Trust and Agency Fund collects fees which the Treasurer, acting as an intermediary depository, shall distribute to the proper agencies on a regular and timely basis. Examples of these fees include but are not limited to state court fines, county crime victim fines, state building code fees, state concealed pistol licenses and background checks.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital project funds are used to account for and report for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer and storm functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes, except those that are credited to their appropriate restricted fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. BUDGETARY INFORMATION

1. Scope of Budget

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, and capital project funds on the modified accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or

project and for fiscal periods that correspond to the lives of debt issues or projects. The budgetary basis of accounting differs from generally accepted accounting principles. The City budgets the City Street activity and Stabilization activity as if they were special revenue funds. However, GAAP requires these activities to be reported with the General Fund, as they do not have significant streams of restricted resources. From a budgetary perspective, the City budgets for City Street activity and Stabilization activity separate from the General Fund. The budgetary comparison for the General Fund does not include the managerial funds.

Proprietary funds are budgeted on the full accrual basis for management control purposes only. Appropriations lapse at year-end.

2. Amending the Budget

The City Treasurer is authorized to transfer budgeted amounts between departments within any fund; however any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriations for a particular fund, it may do so by ordinance approved by one more than the majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

E. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION

1. Cash & Cash Equivalents

It is the city's policy to invest all temporary cash surpluses. At December 31, 2015, the treasurer was holding \$17,091,589 in short-term, residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2015 were approximately \$1,294,437.

For purposes of the statement of cash flows, the city considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments See Note 3. Deposits and Investments

3. Receivables

Property tax revenues are recognized when cash is collected. The amount of taxes receivable at year-end that would be collected soon enough to be available to pay the liabilities of the current period is immaterial.

The Kitsap County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually before December 15, and become a lien as of January 1, on property value listed as of the prior May 31. Assessed values are established by the County assessor at 100 percent of fair market value. A physical inspection of all property is required at least every six years with annual review and update based on sales analysis.

Taxes are due in two equal installments on April 30 and October 31. The county treasurer remits collections monthly to the appropriate district. Taxes receivable consists of property taxes and related interest and penalties. (See Note 4)

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. Assessments consist of unbilled special assessments that are liens against the property benefited. There were no outstanding special assessments receivables at December 31, 2015.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

4. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. In 2015, there were no interfund loans receivable and payable.

5. Inventories

Inventories in governmental and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual items are purchased.

6. Restricted Assets and Liabilities

These accounts contain resources for programs, construction, and impact fees. The current portion of related liabilities is shown as Payables from Current Restricted Assets. Specific debt service reserve requirements are described in Note 10, Long-Term Debt.

7. Capital Assets See Note 5, Capital Assets

Capital assets, which include property, intangible assets, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs of normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life</u>
Buildings	50
Infrastructure	10-40
Intangible Assets	6
Utility Improvements	10-100
Mowers/Public Works Equipment	6-12
Vehicles	5

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable column in the statement of net position.

8. Deferred Outflows/Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The deferred inflow of resources recognized in the government-wide financial statements is a deferred amount on refunding of debt that will be amortized over the life of the refunding bond issue.

9. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and compensated time. In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure. In prior years the General Fund has typically been used to liquidate compensated absences. In proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

For all employees except LEOFF II employees, vacation pay, which may be accumulated up to 30 days at December 31, is payable upon resignation, retirement or death (upon termination, pay is limited to 240 hours). There is no cap on the amount of payment for accrued vacation for LEOFF II employees (excluding management) upon termination. LEOFF II employees (excluding management) earn 120 hours holiday leave annually and may carry over 96 hours at December 31. There is no cap on the holiday leave payable upon resignation, retirement or death. Sick leave may be accumulated up to 960 hours and is not payable upon resignation, retirement or death for all employees except LEOFF II (excluding management). LEOFF II employees (excluding management) can accumulate more than 960 hours during the year, but may only carry over 960 hours from one year to the next. Effective October 1, 2014 all LEOFF II employees (excluding management) may elect to cash out up to 400 hours of accrued but unused sick leave, upon permanent separation from the City due to the employee's death, disability or voluntary termination. Any such sick leave cash out payments shall be made directly to respective employees medical health retirement/voluntary employee's beneficiary association account (HRA/VEBA). The remainder shall be forfeited without compensation.

10. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Accrued Liabilities

These accounts consist of accrued wages, accrued taxes, accrued employee benefits, and accrued interest payable.

12. Long-Term Debt See Note 10, Long Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums (discounts) are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium (discount).

In the fund financial statements, governmental fund types recognize bond premium (discounts) during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Unearned Revenue

Governmental funds also defer revenue recognition in connection with resources that have been received, but have not yet been earned.

	Unearned
South Kitsap School District-School Resource Officer Program	\$ 40,807
Kitsap Transit Prepaid Lease-not yet earned	917
Total	\$ 41,724

14. Fund Balance Classification

The City presents fund balance classifications as follows:

- **Restricted fund balance:** includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed fund balance:** includes amounts that can be used only for specific purposes determined by formal action of the government's highest level of decision-making authority. The City Council enacts ordinances and resolutions that may impose, modify or rescind fund balance commitments. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned fund balance:** comprises amounts intended to be used by the government for specific purposes. Intent can be by City Council action or by the City Treasurer. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned fund balance,** is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.
- When both restricted and unrestricted resources are available, the City's policy is to use restricted resources first, and then unrestricted resources, as they are needed. When committed, assigned or unassigned amounts are available, the City's policy is to use committed resources first, assigned secondly and finally unassigned resources.

14. Fund Balance Details

Reserve Policies

The City will maintain the reserves, contingencies, and ending fund balances of the various operating funds at levels sufficient to protect the City's credit as well as its financial position from emergencies.

General Fund Reserves

The City recognizes that reserves need to be acquired over multiple budget years, and require discipline and a strong commitment to maintain them.

Reserves are a necessary component of the overall finance management strategy of the City. Reserves serve a variety of purposes; 1) Ensuring adequate resources for cash flow, 2) Mitigating short-term effects of revenue shortages, 3) Leveraging beneficial opportunities, 4) Providing the ability to exercise flexible financial planning, and 5) To address unforeseen emergencies or changes in conditions.

The City will strive to maintain a two tier reserve structure.

- Assigned Ending Fund Balance designated as working capital in the general fund
- Stabilization Arrangement reported as restricted or committed in the general fund

Working Capital

The City's goal shall be to maintain an undesignated General Fund ending fund balance of at least five percent of budgeted General Fund operating revenues. Ending fund balance may be used to cover cash flow needs caused by the ad valorem tax cycle which results in the traditional "W" cash flow sequence. Ending fund balance reserve is considered working capital of the General Fund.

F. OTHER

1. Stabilization Arrangement

A City Stabilization Arrangement in an amount of two months of its five year arithmetic mean of General Fund expenditure budget may be maintained annually as resources allow. Funding may come from one time revenues, monthly budgeted amounts from general revenues, and transfers from ending fund balance as authorized by Council resolution.

Stabilization reserves shall be used if all efforts have been exhausted to fund a qualifying event and no reasonable budget adjustments are available to continue to provide essential services to the public. The City Treasurer must quantify, document and present the significance of the qualifying event. Authorization for spending stabilization reserves requires a simple majority vote of the City Council.

Qualifying Events:

- The state of Washington or Federal government formally declares a disaster or emergency.
- A natural or urgent event that jeopardizes public safety, impedes commerce, or threatens additional damage to City infrastructure.
- Unforeseen events or situation outside of the scope of contingency, planning or planned normal course of government operations.
- An act of war, terrorism, or declaration of Martial law.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental funds' balance sheet includes reconciliation between fund balance—total governmental funds and net position—governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 602,250
Plus: Deferred charge on refunding (to be amortized as interest expense)	4,540
Plus: Issuance premium (to be amortized as interest expense)	1,831
Accrued interest payable	1,834
Other post employment benefits	575,696
Pension Liability	1,853,861
Compensated absences	542,277
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u><u>\$ 3,582,289</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds' statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances—total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains, “governmental funds report capital outlays as expenditures.” However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Current Year Capital outlay	\$ 805,934
Current Year Depreciation expense	(1,037,520)
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (231,586)</u></u>

Another element of that reconciliation is the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position. The details of this are as follows:

Donated Capital Assets	\$ 208,915
Sale of Capital Assets	\$ (3,380)
Compensation Loss/Impairment of Capital Assets	\$ (14,326)
Gain on Sale of Capital Assets	12,036
Increase in Net Position	<u><u>\$ 203,245</u></u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this are as follows:

Municipal Court & Non-major fund revenues	\$ (31,305)
Tax revenues - unavailable	(30,624)
Deferred Impact Fees-prior year	(37,065)
Jail Medical	34,465
Grant received in Advance	15,000
Special Funding Situation-LEOFF 1	62,249
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 12,720</u></u>

Another element of that reconciliation states “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this are as follows:

Accrued interest	\$ 393
Employee benefits accrual	6,513
Amortization of deferred amount on refunding	1,266
Amortization of bond premiums	522
OPEB	(81,257)
Pension Expense adjustment	172,996
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	\$ 100,433

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

The City’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The City has no policy related to custodial credit risk; however, all deposits are insured or collateralized with securities held by the entity or by the agent in the City’s name.

The Washington State Treasurer’s Office Local Government Investment Pool is classified as a 2(a) 7 investment pool, and therefore the City states the fair value of its investment in the pool based upon the share price of the pool. The taxes and fees collected by the Kitsap County Treasurer, on behalf of the City, are deposited directly into the Kitsap County Investment Pool and credited to the City. The City considers the amount invested in the government investment pools to be liquid investments, and as such are cash equivalents.

The book value of deposits does not materially differ from the bank balance of deposits.

As of December 31, 2015, the City’s cash and cash equivalents is as follows:

Cash & Cash Equivalents	City	Fiduciary	Total
Cash on hand	\$ 3,750		\$ 3,750
Cash deposits in bank accounts	1,102,207	16,099	1,118,306
Washington State Local Government Investment Pool	5,349,606		5,349,606
Kitsap County Investment Pool	6,287,312	1,035,073	7,322,385
Kitsap Bank Money Market	2,942,186	1,477,412	4,419,598
Total Cash and Cash Equivalents	\$15,685,061	\$ 2,528,584	\$18,213,645

B. INVESTMENTS

As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State banks and savings and loan institutions. All temporary investments are stated at fair value. The only investments made by the City are with the Washington State Treasurer's Office Local Government Investment Pool (LGIP), Kitsap County Investment Pool, and Kitsap Bank which are classified as cash equivalents. The LGIP and County Investment Pool are unrated external investment pools.

Further, the City is not subject to foreign currency risk or interest rate risk.

NOTE 4. PROPERTY TAX

The Kitsap County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
July 31	New construction valued as of July 31 st of the assessment year.
October 31	Second Installment is due.

Property taxes revenues are recognized when cash is collected. The amount of taxes receivable at year-end that would be collected soon enough to be available to pay liabilities of the current period is immaterial. The balance at year-end is recorded as taxes receivable.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. The City is annexed to South Kitsap Fire and Rescue and Kitsap Regional Library. South Kitsap Fire may levy up to \$1.50, Kitsap Regional Library may levy up to \$0.50; the difference of South Kitsap Fire's levy and Kitsap Regional Library's levy, and \$3.60 is the City's capacity.

The City's regular levy for 2015 was \$1.725162 per \$1,000 on an assessed valuation of \$1,347,919,629 for a total regular levy of \$2,325,381.

Special levies approved by the voters are not subject to the limitations listed above. In 2015, there were no outstanding voter approved bonds, therefore there was no additional levy.

Washington State Constitution and Washington State Law, RCW 84.55.010 limit the rate.

NOTE 5. CAPITAL ASSETS

A. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Bal. 01/01/15	Increases	Decreases	Ending Bal. 12/31/15
Governmental activities:				
Capital assets, not being depreciated				
Land and other improvements	\$1,710,328	\$139,769	\$-	\$1,850,097
Intangible Assets	3,025,798	53,724	-	3,079,522
Construction in progress	1,824,064	492,603	442,578	1,874,090
Total capital assets, not being depreciated	6,560,190	686,096	442,578	6,803,709
Capital assets, being depreciated/depleted:				
Buildings	7,421,266	17,792	-	7,439,058
Equipment	3,052,921	141,468	138,973	3,055,416
Infrastructure	29,415,499	601,541	6,883	30,010,157
Intangible Assets	79,609	10,529	-	90,138
Total capital assets being depreciated	39,969,295	771,330	145,856	40,594,769
Less accumulated depreciation for:				
Buildings	2,164,640	163,503	-	2,328,143
Equipment	2,100,502	196,144	140,185	2,156,461
Infrastructure	15,980,234	674,477	-	16,654,711
Intangible Assets	64,175	3,395	-	67,570
Total accumulated depreciation	20,309,551	1,037,519	140,185	21,206,885
Total capital assets, being depreciated, net	19,659,744	-266,189	5,671	19,387,884
Governmental activities capital assets, net	\$26,219,934	\$419,907	\$448,249	\$26,191,592

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$144,737
Security of persons and property	122,505
Transportation	714,935
Physical environment	-
Culture and recreation	55,342
Total depreciation expense—governmental activities	\$1,037,519

	Beginning Bal. 01/01/15	Increases	Decreases	Ending Bal. 12/31/15
Business-type Activities:				
Capital assets, not being depreciated				
Land and other improvements	\$787,012	\$284,811	\$-	\$1,071,823
Intangible Assets	458,409	627,457	-	1,085,866
Construction in progress	2,123,665	300,776	-	2,424,441
Total capital assets, not being depreciated	<u>3,369,086</u>	<u>1,213,044</u>	<u>-</u>	<u>4,582,130</u>
Capital assets, being depreciated/depleted:				
Buildings	3,948,685	691,744	-	4,640,429
Equipment	4,596,573	674,946	17,094	5,254,425
Infrastructure	38,051,934	569,560	-	38,621,494
Intangible Assets	128,033	9,449	-	137,482
Total capital assets being depreciated	<u>46,725,225</u>	<u>1,945,699</u>	<u>17,094</u>	<u>48,653,830</u>
Less accumulated depreciation for:				
Buildings	1,089,458	78,977	-	1,168,435
Equipment	3,351,682	196,613	17,094	3,531,201
Infrastructure	6,934,382	469,270	-	7,403,652
Intangible Assets	47,593	11,049	-	58,642
Total accumulated depreciation	<u>11,423,115</u>	<u>755,909</u>	<u>17,094</u>	<u>12,161,930</u>
Total capital assets, being depreciated, net	<u>35,302,110</u>	<u>1,189,791</u>	<u>-</u>	<u>36,491,900</u>
Business-type activities capital assets, net	<u>\$38,671,196</u>	<u>\$2,402,835</u>	<u>\$-</u>	<u>\$41,074,030</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:	
Water-Sewer	\$597,603
Storm Drainage	158,306
Total depreciation expense-business-type activities	<u>\$755,909</u>

NOTE 6. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

The City of Port Orchard has active construction projects as of December 31, 2015.

At year-end the city's commitments with contractors are as follows:

2015 Governmental Construction in Progress Activity:

Project	Spent to Date	Remaining Commitment
Bay Street Pedestrian Path-Enhancement	\$395,772	\$173,270
Dekalb Pier	10,852	-
Tremont Street Widening	1,467,466	6,272
Total	\$1,874,090	\$179,542

2015 Business-type Construction in Progress Activity:

Project	Spent to Date	Remaining Commitment
Marina Pump Station	\$48,118	\$-
Tremont Widening Water Mains	29,656	-
Tremont Widening Sewer Mains	29,656	-
Water Rights & 2nd Wa Rights-Well #10	101,972	-
Well #9	1,129,918	15,054
Well #10	548,043	934,195
Well #11	536,778	-
Decant Facility	300	-
Total	\$ 2,424,441	\$ 949,249

NOTE 7. PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 2,908,318
Pension assets	\$ 736,105
Deferred outflows of resources	\$ 464,087
Deferred inflows of resources	\$ 641,521
Pension expense/expenditures	\$ 244,353

State Sponsored Pension Plans

Substantially all city’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the

Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1				
Actual Rates:	Contribution		Employer	Employee*
January through 2015	June		9.21%	6.00%
July through 2015	December		11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The city’s actual contributions to the plan were \$16,321 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related

death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3			
Actual	Contribution	Employer 2/3	Employee 2*
Rates:			
January through June 2015		9.21%	4.92%
July through December 2015		11.18%	6.12%
Employee PERS Plan 3			varies

* For employees participating in JBM, the contribution rate was 15.30%

The city’s actual contributions to the plan were \$346,611 for the year ended December 31, 2015.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2				
Actual Rates:	Contribution		Employer	Employee
State and local governments			5.23%	8.41%
Ports and Universities			8.59%	8.41%

The city’s actual contributions to the plan were \$102,563 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2, of which \$62,249 funded the City’s portion.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the city's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 1,994,604	\$ 1,638,275	\$ 1,331,865
PERS 2/3	3,713,672	1,270,043	(600,952)
LEOFF 1	(48,576)	(75,929)	(99,242)
LEOFF 2	661,124	(660,176)	(1,654,505)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the city reported a total pension liability of \$2,908,318 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	\$ 1,638,275
PERS 2/3	1,270,043

At June 30, 2015, the city reported a total pension asset of \$736,105 for its proportionate share of the net pension asset as follows:

	Asset
LEOFF 1	\$ 75,929
LEOFF 2	660,176

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the city. The amount recognized by the city as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the city were as follows:

	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	(660,176)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(436,507)
TOTAL	(\$1,096,683)

At June 30, the city’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.031858%	0.031319%	-0.000539%
PERS 2/3	0.035257%	0.035545%	0.000288%
LEOFF 1	0.006248%	0.006300%	0.000052%
LEOFF 2	0.064715%	0.064232%	-0.000483%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer’s proportionate share of the

collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension asset as measured as of June 30, 2015, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the city recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 66,855
PERS 2/3	\$ 149,484
LEOFF 1	(\$ 15,412)
LEOFF 2	\$ 43,426
TOTAL	\$ 244,353

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 89,632
Contributions subsequent to the measurement date	93,740	-
TOTAL	\$ 93,740	\$ 89,632

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,006	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	339,041
Changes of assumptions	2,046	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,267	-
Contributions subsequent to the measurement date	110,193	-
TOTAL	\$ 256,512	\$ 339,041

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	-	\$ 12,818
TOTAL	\$ -	\$ 12,818

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,809	\$
Net difference between projected and actual investment earnings on pension plan investments	-	200,030
Changes of assumptions	1,741	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,531	-
Contributions subsequent to the measurement date	51,754	-
TOTAL	\$ 113,835	\$ 200,030

Deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2016	\$ (34,738)	\$ (89,326)	\$ (4,974)	\$ (66,256)
2017	(34,738)	(89,326)	(4,974)	(66,256)
2018	(34,738)	(89,326)	(4,974)	(66,257)
2019	14,582	75,256	2,104	46,494
2020	-	-		11,939
Thereafter	-	-		2,387

NOTE 8. RISK MANAGEMENT

The City of Port Orchard is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2015, 102 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess coverage limits, an excess liability policy is purchased from Starr Indemnity & Liability Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2015, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

NOTE 9. SHORT-TERM DEBT

The City had no short term debt.

NOTE 10. LONG-TERM DEBT

A. LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The City has \$825,000 in general obligation bonds outstanding on December 31, 2015 for the construction of city hall.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (councilmanic bonds). General obligation bonds currently outstanding are as follows:

<u>Name of Issuance</u>	<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Debt Outstanding</u>
2003 LTGO Bond	Bus. Type & Gov'tl. Activities	12/1/2019	2%-3.8%	\$3,000,000	\$ 825,000
Total General Obligation Bonds					\$ 825,000

The City provides for cash to fund current debt service requirements as a part of the budgeting process. Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	142,350	22,006	164,356	52,650	8,139	60,789
2017	149,650	17,024	166,674	55,350	6,296	61,646
2018	153,300	11,636	164,936	56,700	4,304	61,004
2019	156,950	5,964	162,914	58,050	2,206	60,256
	\$ 602,250	\$ 56,630	\$ 658,880	\$ 222,750	\$ 20,945	\$ 243,695

All bond issues comply with arbitrage regulations.

B. DUE TO OTHER GOVERNMENTS

On April 8, 2014 the City approved Contract No. 043-14 authorizing the Mayor to Execute a Loan Contract with the Department of Commerce in the amount of \$6,060,000 for the Well

No.10 project. The loan is funded from the Drinking Water State Revolving Fund (DWSRF) which is a federal infrastructure loan program designed to assist Municipal and other drinking water systems with low-interest construction loan funding, The City's interest rate is 1.5% and the loan term is 24 years. Total debt outstanding as of December 31, 2015 is as follows:

Name	Original Amount	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
Bus.-Type Activities Drinking Water State Revolving Fund (DWSKR)	\$ -	Capital	4/8/2014	10/1/2033 8	1.50%	\$ 671,596
Bus.-Type Total						671,596
Total Due to other Governments						\$ 671,596

Business-Type Activities			
	Principal	Interest	Total Requirements
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	33,580	504	34,084
2020-2024	167,900	2,519	170,419
2025-2029	167,900	2,519	170,419
2030-2034	167,900	2,519	170,419
2035-2038	134,316	2,015	136,331
	\$ 671,596	\$ 10,074	\$ 681,670

C. GOVERNMENT NOTE

Government note in business activity outstanding at year-end is as follows:

Name	Original Amount	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
Bus.-Type Activities						
McCormick Note	\$441,250	Capital	11/23/1998	N/A	0.00%	\$ 168,250
Bus.-Type Total						168,250
Total Note						\$ 168,250

The promissory note that was entered into for the purchase of the McCormick Water Company is being repaid with new McCormick water connection fees as the revenue source. There is \$700 paid on each of the first 550 connections and \$225 paid on the 551st through the 800th connection. Payments are made no less frequent than quarterly. This type of note does not have a repayment schedule.

D. REFUNDED DEBT

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase US Government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been removed as a liability from the governmental activities column of the statement of net position. At December 31, 2015, \$12,000 of bonds outstanding are considered defeased.

NOTE 11. LEASES

Operating Leases

The City is obligated under certain leases accounted for as operating leases. These represent lease of copiers, a postage machine, lease for a police substation and an aquatic lands lease. The lease for the police substation expires May, 2016. The City signed an aquatic lands lease June 4, 2012, with Washington State Department of Natural Resources. The first four year period the lease payment amount is \$21,280.43 (with an inflation adjustment annually.) In 2015, \$22,676.43 was paid to DNR for this lease. At the end of each four year period, the state will re-value the annual rent.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2015:

<u>Year Ending December 31</u>	<u>Total</u>
2016	42,002.43
2017	39,752.43
2018	30,159.43
Total minimum payments required	<u><u>\$ 111,914.29</u></u>

Total rent expense for the year ended December 31, 2015 was \$45,151.93.

NOTE 12. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term debt changes of the City for the year ended December 31, 2015:

	Beginning			Ending	Due
	Balance	Additions	Reductions	Balance	Within
Governmental Activities					One Year
Bonds payable:					
General obligation bonds	\$740,950	\$-	\$138,700	\$602,250	\$142,350
Premiums	2,353	-	522	1,831	522
Total bonds payable	743,303	-	139,222	604,081	142,872
Net Pension Liability*	1,475,827	378,034	-	1,853,861	-
OPEB Obligations	454,602	179,412	58,318	575,696	-
Compensated absences	588,627	-	46,350	542,277	460,435
Governmental activity long-term liabilities	\$3,262,359	\$557,446	\$243,890	\$3,575,915	\$603,307
Business-type activities					
Bonds payable:					
General obligation bonds	\$274,050	\$-	\$51,300	\$222,750	\$52,650
Premiums	864	-	192	672	192
Total bonds payable	274,914	-	51,492	223,422	52,842
Drinking Water State Revolving Fund Loan	60,000	611,596	-	671,596	-
Private note	169,650	-	1,400	168,250	-
Net Pension Liability *	841,706	212,751	-	1,054,457	-
Compensated absences	77,686	6,978	-	84,664	63,985
Business-type activities long-term liabilities	\$1,423,956	\$831,326	\$52,892	\$2,202,389	\$116,828

*The beginning balance was adjusted for the implementation of GASB 68.

NOTE 13. CONTINGENCIES AND LITIGATION

The City of Port Orchard has situations which are not yet resolved, but based on available information, in the opinion of management, the City of Port Orchard's insurance policies and/or reserves are adequate to pay all known or pending claims.

As discussed in Note 10. Long Term Debt, the City is contingently liable for repayment of refunded debt.

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) City management believes that such disallowances, if any, will be immaterial.

NOTE 14. RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$3,898,692 of restricted component of net position, all of which is restricted by enabling legislation.

NOTE 15. INTERFUND BALANCES AND TRANSFERS

A. INTERFUND BALANCES

There were no interfund loans in 2015.

B. INTERFUND TRANSFERS

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. Non-routine transfers included General Fund receiving \$450,000 for paving street paving and improvements from the Real Estate Excise Tax fund and the Street Capital Projects fund. Capital Projects fund received \$28,773 from the General Fund to provide cash flow for capital projects and for park improvements it also received \$139,769 from the Real Estate Excise Tax fund for the purchase of a property for a city facility. The Real Estate Excise Tax fund was created and received \$1,361,772 the fund balance of the closed fund Cumulative Reserve for Municipal Facilities. The interfund transfer activity for 2015 is as follows:

		Transfer From					
		General Fund	Street Capital Projects	Water Sewer	Storm Drainage	Nonmajor Gov't Funds	Total
Transfer To	General Fund	\$-	\$300,000	\$-	\$-	\$150,000	\$450,000
	Street Capital Projects	300,000	-	-	-	-	300,000
	Nonmajor Governmental Funds	159,772	-	-	-	1,666,962	1,826,734
	Total	\$459,772	\$300,000	\$-	\$-	\$1,816,962	\$2,576,734

NOTE 16. RECEIVABLES BALANCES

A. RECEIVABLES

Receivables at December 31, 2015 were as follows:

	Due from			
	Other Gvts	Taxes	Other	Total
Governmental Activities:				
General Fund taxes	\$-	\$83,228	\$0	\$83,228
General Fund miscellaneous receivables	-	-	59,824	59,824
General Fund municipal court receivables	-	-	452,416	452,416
General Fund due from other governments	9,350	-	-	9,350
Special Investigative Unit court receivables	-	-	39,611	39,611
Street Capital Projects due from other gov/misc rec	305,951	-	-	305,951
Total Governmental Activities	\$315,301	\$83,228	\$551,851	\$950,380
Business Type Activities:				
Water-Sewer accounts receivables	\$-	\$-	\$739,924	\$739,924
Water-Sewer soil clean-up receivable	-	-	117,401	117,401
Storm Drainage accounts receivable	-	-	258,446	258,446
Total Business Type Activities	\$-	\$-	\$1,115,771	\$1,115,771

NOTE 17. JOINT VENTURES

In 1983, the City of Port Orchard and West Sound Utility District (previously the Karcher Creek Sewer District) amended an intergovernmental agreement relating to the construction and management of the secondary wastewater treatment facility. In April of 2014 the City and District signed an interlocal agreement for the management and operation of the joint wastewater treatment facility for an additional term of 25 years. This joint venture establishes a Sewer Advisory Committee (SAC) consisting of three representatives from each entity who prepare and monitor the Facility's budget. The District and the City share 50% ownership in the facility's total assets. In accordance with the generally accepted accounting principles, the proportional shares of the joint venture's results of operations are presented as a single operating account on the City's proprietary fund's operating statement – Investment in Joint Venture. In 2015, the change in the City's equity in the joint venture was a decrease of \$47,329. This amount was effected by the implementation of GASB 68. The City of Port Orchard's equity interest in the secondary Wastewater Treatment Facility as of December 31, 2015 was \$8,371,979.

The Utility District is responsible for the daily operation of the facility. The participants pay their share of the expenses based on their portion of flow into the facility. The City and the District pay the joint venture an amount determined during the budget process to cover maintenance, operation, capital improvements and debt monthly. The current cost sharing is 49% City and 51% District.

The City was the lead agency on the wastewater treatment plant expansion project, and is the signatory on two Public Works Trust Fund Loans for the Facility’s expansion. Revenues of the facility are used to make debt service payments on the two loans. Annually, the facility makes a payment to the City to cover the debt service on these loans. The SAC recommended and the City Council and the District Commissioners approved using a portion of Wastewater Treatment Facility Fees collected by each jurisdiction to help make the annual debt payments. This cost sharing formula is 50% and in 2015 each entity paid \$200,000.

<u>Name of Issuance</u>	<u>Purpose</u>	<u>Total Amount of Loan</u>	<u>First Draw Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
Public Works Trust Fund						
Loan 1	Capital	\$10,000,000	2/29/2004	7/1/2022	0.50%	\$3,868,165
Loan 2	Capital	\$6,800,000	6/30/2005	7/1/2024	0.50%	3,240,000
Joint Venture Total						<u>7,108,165</u>
Total Loans						<u>\$7,108,165</u>

West Sound Utility District maintains separate accounting records and prepares separate financial statements for the operations of the Joint Wastewater Treatment Facility. Complete financial statements for the Facility can be obtained from West Sound Utility District at 2924 SE Lund Ave, Port Orchard, WA 98366.

NOTE 18. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS

A. PLAN DESCRIPTION – DEFINED BENEFIT – SINGLE EMPLOYER PLAN (LEOFF 1 OPEB)

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977. The members necessary hospital, medical and nursing care expenses, not payable by worker’s compensation, social security, insurance provided by another employer, other pension plan or any other similar source are covered. Most medical coverage for eligible retirees is provided by one of the City’s employee medical insurance programs. As of December 31, 2015 the City has five members in this group.

This OPEB plan does not issue a stand-alone financial report nor is it included in the report of another entity.

Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The plan is not currently funded. The City finances it on a pay-as-you-go-basis.

Actuarial Methods and Assumptions

The City used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of

determining the actuarial accrued liability (AAL) and normal cost. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2011 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF1 medical study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

Annual OPEB Cost and Net OPEB Obligation

The City was required to contribute \$202,116, but only contributed \$58,318 at December 31, 2015. This \$58,318 contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go basis. The difference between the OPEB Costs and the required contribution is called the Net OPEB Obligation (NOO). This amount of \$575,696 is the actuarial accrued liability recognized on the government wide statement of net position.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2015	\$179,412	33%	\$575,696
2014	\$148,976	42%	\$454,602
2013	\$147,498	45%	\$368,191

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2015	0	2,247,199	2,247,199	0%	0	N/A
12/31/2014	0	1,860,814	1,860,814	0%	0	N/A
12/31/2013	0	1,799,275	1,799,275	0%	0	N/A

The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of twenty five years using closed group contribution rates, and annual budget growth of 15.70%, with a +or- 5.0% medical inflation sensitivity performed as of December 31, 2015. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB Obligation. The net OPEB obligation of \$575,696 is included as a non-current liability in the statement of net position.

	<u>2015</u>
Determination of Annual Required Contribution	
Normal Cost at beginning of year	\$-
Amortization of UAAL*	202,116
Annual Required Contribution (ARC) at year-end	<u>202,116</u>
 Determination of Net OPEB Obligation	
Actuarial Required Contribution (ARC 12/31/15)	202,116
Interest on Net OPEB Obligation (NOO)	18,184
Adjustment to NOO	(40,887)
Annual OPEB Cost	<u>179,412</u>
 Employer Contributions	(58,318)
Increase (Decrease) in NOO	121,094
Net OPEB Obligation January 1, 2015	454,602
Net OPEB Obligation December 31, 2015	<u><u>\$575,696</u></u>

The City's percentage of annual OPEB cost contributed to the plan for 2015 is 33%.

The required schedule of funding progress is immediately following the notes to the financial statements.

B. OTHER RETIREES - AWC (OTHER THAN LEOFF1)

The City is a Participating Employer in the Association of Washington Cities Employee Benefit Trust ("Trust"), a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and nature of the medical and other benefit provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the document, may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia WA 98501-1346 or by calling 1-800-562-8981.

Funding Policy

The Trust provides that contribution requirements of participating employers and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute the following monthly amounts:

Retirees receiving medical benefits from the trust	<u>2015</u>	
Monthly Contributions:	Healthfirst	Healthfirst
	R- 1000	R- 2500
Non-Medicare enrolled retiree coverage	\$871.51	\$760.96
Non-Medicare enrolled spouse coverage	\$879.12	\$766.49

Participating employers are not contractually required to contribute an assessed rate each year by the Trust for the non-LEOFF1 retirees. The retiree pays for 100% of the premium.

NOTE 19. HEALTH & WELFARE

The City of Port Orchard is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Group Health, Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line

of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 20. TERMINATION BENEFITS

The funding policy for any termination benefits is based upon pay-as-you-go. These termination benefits are handled on a case by case basis.

NOTE 21. ACCOUNTING AND REPORTING CHANGES

GASB No. 68 Implemented

The City implemented GASB 68 "Accounting and reporting for pensions", and GASB 71 "Pension transition for Contributions Made Subsequent to the Measurement Date" for the year ended December 31, 2015. This required the City to acknowledge beginning balances for pension liability and assets not previously reported on the financial statements. This is recognized on the government wide financial statements as a Change in Accounting Principles in the amount of (\$2,640,231).

NOTE 22. SUBSEQUENT EVENT

On November 10, 2015, the City approved Resolution No. 019-15 authorizing the Mayor to enter into a loan agreement with Department of Ecology in the amount of \$253,750. The city will received a total award of \$1,015,000 for the Regional Decant Facility Retrofit of this amount \$761,250 is a grant and the remaining \$253,750 is a loan. The City's interest rate is 2.4%.

Required Supplementary Information
LEOFF 1 Retiree Medical Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	0	\$1,799,275	\$1,799,275	0%	0	N/A
12/31/2014	0	\$1,860,814	\$1,860,814	0%	0	N/A
12/31/2015	0	\$2,247,199	\$2,247,199	0%	0	N/A

CITY OF PORT ORCHARD
 Required Supplementary Information
 State Sponsored PERS Plans
 December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
 Last Two Fiscal Years

PERS Plan 1					
Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.031319%	\$ 1,638,275	\$ 193,592	846.25%	59.10%
2014	0.031858%	1,604,862	221,038	726.06%	61.19%

PERS Plan 2/3					
Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.035545%	\$ 1,270,043	\$ 3,153,865	40.27%	89.20%
2014	0.035257%	712,671	3,017,268	23.62%	93.29%

CITY OF PORT ORCHARD
 Required Supplementary Information
 State Sponsored LEOFF Plan 1
 December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
 Last Two Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability/asset</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer' s covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.064232%	\$ (75,929)	N/A	N/A	127.36%
2014	0.062480%	(75,775)	N/A	N/A	126.91%

CITY OF PORT ORCHARD
 Required Supplementary Information
 State Sponsored LEOFF Plan 1
 December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
 Last Two Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability/asset</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	<u>TOTAL</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.064232%	\$ (660,176)	\$ (436,507)	\$ (1,096,683)	\$ 1,864,263	-35.41%	111.67%
2014	0.064715%	(858,796)	(580,703)	(1,439,499)	1,800,946	-47.69%	116.75%

CITY OF PORT ORCHARD
 Required Supplementary Information
 State Sponsored PERS Plans
 December 31, 2015

Schedule of Employer Contributions
 Last Two Fiscal Years

PERS Plan 1

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2015	\$ 165,452	\$ (165,452)	\$ -	\$ 160,669	102.98%
2014	144,556	(144,556)	-	227,718	63.48%

PERS Plan 2/3

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2015	\$ 197,481	\$ (197,481)	\$ -	\$ 3,411,864	5.79%
2014	153,212	(153,212)	-	3,062,326	5.00%

CITY OF PORT ORCHARD
 Required Supplementary Information
 State Sponsored LEOFF Plans
 December 31, 2015

Schedule of Employer Contributions
 Last Two Fiscal Years

LEOFF 1

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A

LEOFF 2

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2015	\$ 102,563	\$ (102,563)	\$ -	\$ 1,961,041	5.23%
2014	96,584	(96,584)	-	1,846,733	5.23%

CITY OF PORT ORCHARD
Notes to Required Supplemental Information - Pension
All Multi employer State Sponsored Plans
December 31, 2015

Note 1: Information Provided

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2014.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Change in contribution rate

The employer contribution rates for both PERS 1 and PERS 2/3 plans increased from 9.21% to 11.18% for pay periods beginning July 2015.

Note 4: Employer Contributions

For LEOFF 1, there is a net pension asset for the City; however, there are no active employees participating in the plan, and no required contributions because the plan is fully funded. Therefore, covered payroll and contributions are displayed as N/A.

City of Port Orchard

Schedule 01

For the year ended December 31, 2015

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	3083000	Restricted Fund Balance -Beginning	\$7,500
0455	001	Current Expense	3084000	Committed Fund Balance-Beginning	\$806,997
0455	001	Current Expense	3085100	Assigned Fund Balance- Beginning	\$2,450
0455	001	Current Expense	3085200	Assigned Fund Balance- Beginning	\$86,615
0455	001	Current Expense	3085300	Assigned Fund Balance- Beginning	\$33,610
0455	001	Current Expense	3085700	Assigned Fund Balance- Beginning	\$836,313
0455	001	Current Expense	3089000	Unassigned Fund Balance-Beginning	\$1,432,130
0455	001	Current Expense	3111000	Property Tax	\$2,351,310
0455	001	Current Expense	3111001	Property Tax	\$1,500
0455	001	Current Expense	3113000	Sale of Tax Title Property	\$27
0455	001	Current Expense	3131100	Local Retail Sales and Use Tax	\$4,138,566
0455	001	Current Expense	3164100	Business and Occupation Taxes on Utilities	\$599,066
0455	001	Current Expense	3164200	Business and Occupation Taxes on Utilities	\$89,741
0455	001	Current Expense	3164300	Business and Occupation Taxes on Utilities	\$65,644
0455	001	Current Expense	3164400	Business and Occupation Taxes on Utilities	\$161,091
0455	001	Current Expense	3164500	Business and Occupation Taxes on Utilities	\$134,975
0455	001	Current Expense	3164600	Business and Occupation Taxes on Utilities	\$84,057
0455	001	Current Expense	3164700	Business and Occupation Taxes on Utilities	\$315,531

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	3164800	Business and Occupation Taxes on Utilities	\$70,588
0455	001	Current Expense	3168100	Gambling Taxes - Punch Boards and Pull Tabs	\$74,962
0455	001	Current Expense	3168200	Gambling Taxes - Bingo and Raffles	\$5
0455	001	Current Expense	3168300	Gambling Taxes - Amusement Games	\$1,432
0455	001	Current Expense	3172000	Leasehold Excise Tax	\$45,547
0455	001	Current Expense	3181100	Admissions Tax	\$63,094
0455	001	Current Expense	3213000	Police and Protective	\$1,700
0455	001	Current Expense	3216000	Professional and Occupations	\$1,065
0455	001	Current Expense	3217000	Amusements	\$2,100
0455	001	Current Expense	3219900	Other Business Licenses and Permits	\$91,895
0455	001	Current Expense	3219902	Other Business Licenses and Permits	\$555
0455	001	Current Expense	3221000	Buildings, Structure and Equipment	\$344,312
0455	001	Current Expense	3221001	Buildings, Structure and Equipment	\$5,890
0455	001	Current Expense	3223000	Animal Licenses	\$12
0455	001	Current Expense	3224000	Street and Curb Permits	\$4,738
0455	001	Current Expense	3229000	Other Non-Business Licenses and Permits	\$1,924
0455	001	Current Expense	3332060	Federal Indirect Grant from Department of Transportation	\$3,511
0455	001	Current Expense	3339700	Federal Indirect Grant from Department of Homeland Security	\$13,935
0455	001	Current Expense	3340120	State Grant from Other Judicial Agencies	\$5,351
0455	001	Current Expense	3360084	Vessel Registration Fees	\$7,340
0455	001	Current Expense	3360087	Motor Vehicle Fuel Tax - City Streets	\$262,133
0455	001	Current Expense	3360641	Marijuana Enforcement	\$32,606
0455	001	Current Expense	3360694	Liquor/Beer Excise Tax	\$35,801

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	3360695	Liquor Control Board Profits	\$91,914
0455	001	Current Expense	3360695	Liquor Control Board Profits	\$23,310
0455	001	Current Expense	3370101	Local Grants, Entitlements and Other Payments	\$500
0455	001	Current Expense	3370600	Local Grants, Entitlements and Other Payments	\$7,662
0455	001	Current Expense	3370800	Local Grants, Entitlements and Other Payments	\$1,405
0455	001	Current Expense	3370900	Local Grants, Entitlements and Other Payments	\$2,571
0455	001	Current Expense	3371000	Local Grants, Entitlements and Other Payments	\$363
0455	001	Current Expense	3413300	District/Municipal Court - Administrative Fees	\$14,847
0455	001	Current Expense	3416200	Word Processing, Printing and Duplicating Services - Municipal/District Court	\$675
0455	001	Current Expense	3417500	Sales of Merchandise	\$101
0455	001	Current Expense	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$2,309
0455	001	Current Expense	3419500	Legal Services	\$6,372
0455	001	Current Expense	3421000	Law Enforcement Services	\$97,501
0455	001	Current Expense	3423300	Detention and Correction Services	\$198,347
0455	001	Current Expense	3424000	Protective Inspection Services	\$500
0455	001	Current Expense	3425000	Disaster Preparation Services	\$4,565
0455	001	Current Expense	3441000	Roads/Streets Maintenance/Repair/Construction Services	\$2,086
0455	001	Current Expense	3452900	Other Environmental Services	\$10,276
0455	001	Current Expense	3458100	Zoning and Subdivision Services	\$22,393

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	3458300	Plan Checking Services	\$86,027
0455	001	Current Expense	3458900	Other Planning and Development Services	\$16,460
0455	001	Current Expense	3458901	Other Planning and Development Services	(\$9,442)
0455	001	Current Expense	3523000	Proof of Motor Vehicle Insurance	\$2,428
0455	001	Current Expense	3524000	Boating Safety Penalties	\$282
0455	001	Current Expense	3531000	Traffic Infraction Penalties	\$106,932
0455	001	Current Expense	3537000	Non-Traffic Infraction Penalties	\$3,136
0455	001	Current Expense	3540000	Civil Parking Infraction Penalties	\$61,042
0455	001	Current Expense	3552003	Driving Under Influence (DUI) Fines	\$2,716
0455	001	Current Expense	3558002	Other Criminal Traffic Misdemeanor Fines	\$15,876
0455	001	Current Expense	3565000	Investigative Fund Assessments	\$6,024
0455	001	Current Expense	3569000	Other Criminal Non-Traffic Fines	\$10,543
0455	001	Current Expense	3573300	Public Defense Cost	\$18,068
0455	001	Current Expense	3573700	District/Municipal Court Cost Recoupments	\$823
0455	001	Current Expense	3590000	Non-Court Fines and Penalties	\$983
0455	001	Current Expense	3599000	Non-Court Fines and Penalties	\$721
0455	001	Current Expense	3611100	Investment Earnings	\$11,038
0455	001	Current Expense	3614000	Other Interest	\$1,819
0455	001	Current Expense	3614001	Other Interest	\$27,276
0455	001	Current Expense	3623000	Parking	\$73,673
0455	001	Current Expense	3624000	Land and Facilities Rentals (Short-Term)	\$363
0455	001	Current Expense	3624100	Land and Facilities Rentals (Short-Term)	\$495
0455	001	Current Expense	3625000	Land and Facilities Leases (Long-Term)	\$74,118
0455	001	Current Expense	3625100	Land and Facilities Leases (Long-Term)	\$75

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	3671100	Contributions and Donations from Nongovernmental Sources	\$3,122
0455	001	Current Expense	3691000	Sale of Scrap and Junk	\$3,864
0455	001	Current Expense	3693000	Confiscated and Forfeited Property	\$3,767
0455	001	Current Expense	3694000	Judgments and Settlements	\$5,770
0455	001	Current Expense	3698100	Cash Adjustments	(\$20)
0455	001	Current Expense	3699100	Miscellaneous Other	\$1,899
0455	001	Current Expense	3951000	Proceeds from Sales of Capital Assets	\$1,435
0455	001	Current Expense	3952000	Compensation for Loss/Impairment of Capital Assets	\$14,326
0455	001	Current Expense	3970000	Transfers-In	\$450,000
0455	001	Current Expense	3980000	Insurance Recoveries	\$4,821
0455	103	Criminal Justice	3083000	Restricted Fund Balance -Beginning	\$354,091
0455	103	Criminal Justice	3137100	Criminal Justice Sales and Use Tax	\$180,578
0455	103	Criminal Justice	3360620	Criminal Justice - Cities - High Crime	\$111,344
0455	103	Criminal Justice	3360621	Criminal Justice - Violent Crimes/Population	\$15,698
0455	103	Criminal Justice	3360626	Criminal Justice - Special Programs	\$12,875
0455	103	Criminal Justice	3360651	DUI and Other Criminal Justice Assistance	\$1,992
0455	103	Criminal Justice	3611100	Investment Earnings	\$601
0455	104	Special Investigative Unit	3083000	Restricted Fund Balance -Beginning	\$49,575
0455	104	Special Investigative Unit	3083100	Restricted Fund Balance -Beginning	\$1,000
0455	104	Special Investigative Unit	3565000	Investigative Fund Assessments	\$4,040
0455	104	Special Investigative Unit	3611100	Investment Earnings	\$261
0455	104	Special Investigative Unit	3693000	Confiscated and Forfeited Property	\$4,870
0455	104	Special Investigative Unit	3951000	Proceeds from Sales of Capital Assets	\$1,945

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	107	Community Events	3083000	Restricted Fund Balance -Beginning	\$50,991
0455	107	Community Events	3133100	Hotel/Motel Sales and Use Tax	\$95,126
0455	107	Community Events	3611100	Investment Earnings	\$121
0455	108	Paths & Trails	3083000	Restricted Fund Balance -Beginning	\$3,245
0455	108	Paths & Trails	3360087	Motor Vehicle Fuel Tax - City Streets	\$1,164
0455	108	Paths & Trails	3611100	Investment Earnings	\$6
0455	109	Real Estate Excise Tax	3183400	REET 1 - First Quarter Percent	\$353,461
0455	109	Real Estate Excise Tax	3183500	REET 2 - Second Quarter Percent	\$353,461
0455	109	Real Estate Excise Tax	3611101	Investment Earnings	\$3,559
0455	109	Real Estate Excise Tax	3611102	Investment Earnings	\$5,191
0455	109	Real Estate Excise Tax	3970001	Transfers-In	\$385,240
0455	109	Real Estate Excise Tax	3970002	Transfers-In	\$976,532
0455	111	Impact Mitigation Fee	3083000	Restricted Fund Balance -Beginning	\$501,836
0455	111	Impact Mitigation Fee	3083100	Restricted Fund Balance -Beginning	\$165,812
0455	111	Impact Mitigation Fee	3083200	Restricted Fund Balance -Beginning	\$174,793
0455	111	Impact Mitigation Fee	3611100	Investment Earnings	\$1,877
0455	111	Impact Mitigation Fee	3611101	Investment Earnings	\$750
0455	111	Impact Mitigation Fee	3611102	Investment Earnings	\$1,004
0455	111	Impact Mitigation Fee	3611103	Investment Earnings	\$301
0455	111	Impact Mitigation Fee	3671200	Contributions and Donations from Nongovernmental Sources	\$113,072
0455	111	Impact Mitigation Fee	3671201	Contributions and Donations from Nongovernmental Sources	\$42,985
0455	111	Impact Mitigation Fee	3671203	Contributions and Donations from Nongovernmental Sources	\$111,195
0455	206	2003 Limited Tax GO Ref Bond	3970000	Transfers-In	\$165,421

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	302	Capital Construction	3083000	Restricted Fund Balance -Beginning	\$1,361,938
0455	302	Capital Construction	3611100	Investment Earnings	\$95
0455	302	Capital Construction	3970000	Transfers-In	\$168,541
0455	303	Cum Res Equip Replacement	3085200	Assigned Fund Balance-Beginning	\$89,890
0455	303	Cum Res Equip Replacement	3085300	Assigned Fund Balance-Beginning	\$96,242
0455	303	Cum Res Equip Replacement	3085400	Assigned Fund Balance-Beginning	\$106,168
0455	303	Cum Res Equip Replacement	3085500	Assigned Fund Balance-Beginning	\$12,561
0455	303	Cum Res Equip Replacement	3611100	Investment Earnings	\$1,031
0455	303	Cum Res Equip Replacement	3699100	Miscellaneous Other	\$2,062
0455	303	Cum Res Equip Replacement	3970000	Transfers-In	\$131,000
0455	304	Street Capital Projects	3083000	Restricted Fund Balance -Beginning	\$735,056
0455	304	Street Capital Projects	3332020	Federal Indirect Grant from Department of Transportation	\$35,877
0455	304	Street Capital Projects	3340421	State Grant from Department of Commerce	\$304,579
0455	304	Street Capital Projects	3360087	Motor Vehicle Fuel Tax - City Streets	\$13,799
0455	304	Street Capital Projects	3599000	Non-Court Fines and Penalties	(\$657)
0455	304	Street Capital Projects	3611100	Investment Earnings	\$960
0455	304	Street Capital Projects	3625000	Land and Facilities Leases (Long-Term)	\$3,401
0455	304	Street Capital Projects	3699100	Miscellaneous Other	(\$283)
0455	304	Street Capital Projects	3970000	Transfers-In	\$300,000
0455	401	Water-Sewer Utilities	3088900	Unrestricted Net Position -Beginning	\$14,575,532
0455	401	Water-Sewer Utilities	3086000	Net Investment in Capital Assets-Beginning	\$29,088,934
0455	401	Water-Sewer Utilities	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$50

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	3434190	Water Sales and Services	\$320
0455	401	Water-Sewer Utilities	3434210	Water Sales and Services	\$1,365,826
0455	401	Water-Sewer Utilities	3434220	Water Sales and Services	\$314,667
0455	401	Water-Sewer Utilities	3434230	Water Sales and Services	\$8,563
0455	401	Water-Sewer Utilities	3434240	Water Sales and Services	\$83,801
0455	401	Water-Sewer Utilities	3434250	Water Sales and Services	\$5,773
0455	401	Water-Sewer Utilities	3434270	Water Sales and Services	\$79,240
0455	401	Water-Sewer Utilities	3434290	Water Sales and Services	\$2,098
0455	401	Water-Sewer Utilities	3434296	Water Sales and Services	\$1,311
0455	401	Water-Sewer Utilities	3434298	Water Sales and Services	\$75
0455	401	Water-Sewer Utilities	3434420	Water Sales and Services	\$482
0455	401	Water-Sewer Utilities	3434900	Water Sales and Services	\$16,128
0455	401	Water-Sewer Utilities	3435110	Sewer/Reclaimed Water Sales and Services	\$2,566,288
0455	401	Water-Sewer Utilities	3435120	Sewer/Reclaimed Water Sales and Services	\$472,561
0455	401	Water-Sewer Utilities	3435130	Sewer/Reclaimed Water Sales and Services	\$10,202
0455	401	Water-Sewer Utilities	3435150	Sewer/Reclaimed Water Sales and Services	\$5,057
0455	401	Water-Sewer Utilities	3435170	Sewer/Reclaimed Water Sales and Services	\$111,071
0455	401	Water-Sewer Utilities	3435190	Sewer/Reclaimed Water Sales and Services	\$15,930
0455	401	Water-Sewer Utilities	3435196	Sewer/Reclaimed Water Sales and Services	\$1,531
0455	401	Water-Sewer Utilities	3435900	Sewer/Reclaimed Water Sales and Services	\$10,987
0455	401	Water-Sewer Utilities	3458934	Other Planning and Development Services	\$5,600

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	3458935	Other Planning and Development Services	\$5,600
0455	401	Water-Sewer Utilities	3594280	Non-Court Fines and Penalties	\$12,965
0455	401	Water-Sewer Utilities	3594286	Non-Court Fines and Penalties	\$165
0455	401	Water-Sewer Utilities	3594287	Non-Court Fines and Penalties	\$9,030
0455	401	Water-Sewer Utilities	3594288	Non-Court Fines and Penalties	\$3,420
0455	401	Water-Sewer Utilities	3594289	Non-Court Fines and Penalties	\$323
0455	401	Water-Sewer Utilities	3595180	Non-Court Fines and Penalties	\$49,100
0455	401	Water-Sewer Utilities	3595186	Non-Court Fines and Penalties	\$180
0455	401	Water-Sewer Utilities	3595189	Non-Court Fines and Penalties	\$933
0455	401	Water-Sewer Utilities	3611100	Investment Earnings	\$22,666
0455	401	Water-Sewer Utilities	3611900	Investment Earnings	(\$2,176)
0455	401	Water-Sewer Utilities	3613000	Gains (Losses) on Sale of Investments	(\$47,329)
0455	401	Water-Sewer Utilities	3621034	Equipment and Vehicle Rentals (Short-Term)	\$290
0455	401	Water-Sewer Utilities	3625000	Land and Facilities Leases (Long-Term)	\$56,987
0455	401	Water-Sewer Utilities	3691000	Sale of Scrap and Junk	\$1,010
0455	401	Water-Sewer Utilities	3694000	Judgments and Settlements	\$7,024
0455	401	Water-Sewer Utilities	3698100	Cash Adjustments	(\$1)
0455	401	Water-Sewer Utilities	3790000	Capital Contributions	\$1,981,613
0455	401	Water-Sewer Utilities	3791034	Capital Contributions	\$257,171
0455	401	Water-Sewer Utilities	3792035	Capital Contributions	\$316,666
0455	401	Water-Sewer Utilities	3888000	Prior Period(s) Adjustment(s)	(\$799,134)
0455	401	Water-Sewer Utilities	3951000	Proceeds from Sales of Capital Assets	\$40
0455	401	Water-Sewer Utilities	3720000	Insurance Recoveries	\$115
0455	421	Storm Drainage Utility	3088900	Unrestricted Net Position -Beginning	\$881,560

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	421	Storm Drainage Utility	3086000	Net Investment in Capital Assets-Beginning	\$9,076,939
0455	421	Storm Drainage Utility	3221000	Buildings, Structure and Equipment	\$2,133
0455	421	Storm Drainage Utility	3431010	Storm Drainage Sales and Services	\$574,482
0455	421	Storm Drainage Utility	3431020	Storm Drainage Sales and Services	\$799,128
0455	421	Storm Drainage Utility	3431030	Storm Drainage Sales and Services	\$34,978
0455	421	Storm Drainage Utility	3431070	Storm Drainage Sales and Services	\$2,185
0455	421	Storm Drainage Utility	3431086	Storm Drainage Sales and Services	\$2,235
0455	421	Storm Drainage Utility	3458900	Other Planning and Development Services	\$19,450
0455	421	Storm Drainage Utility	3591080	Non-Court Fines and Penalties	\$19,533
0455	421	Storm Drainage Utility	3591086	Non-Court Fines and Penalties	\$225
0455	421	Storm Drainage Utility	3591089	Non-Court Fines and Penalties	\$2,287
0455	421	Storm Drainage Utility	3611100	Investment Earnings	\$1,102
0455	421	Storm Drainage Utility	3611900	Investment Earnings	(\$46)
0455	421	Storm Drainage Utility	3790000	Capital Contributions	\$263,892
0455	421	Storm Drainage Utility	3888000	Prior Period(s) Adjustment(s)	(\$338,861)
0455	421	Storm Drainage Utility	3970000	Transfers-In	\$646,925
0455	001	Current Expense	5083000	Restricted Fund Balance - Ending	\$7,500
0455	001	Current Expense	5084000	Committed Fund Balance - Ending	\$645,425
0455	001	Current Expense	5085100	Assigned Fund Balance - Ending	\$2,450
0455	001	Current Expense	5085200	Assigned Fund Balance - Ending	\$86,615
0455	001	Current Expense	5085300	Assigned Fund Balance - Ending	\$33,610
0455	001	Current Expense	5085700	Assigned Fund Balance - Ending	\$806,926
0455	001	Current Expense	5089000	Unassigned Fund Balance - Ending	\$2,141,116

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5113010	Official Publication Services	\$58,791
0455	001	Current Expense	5113020	Official Publication Services	\$17,468
0455	001	Current Expense	5113040	Official Publication Services	\$658
0455	001	Current Expense	5116010	Legislative Activities	\$76,108
0455	001	Current Expense	5116020	Legislative Activities	\$10,227
0455	001	Current Expense	5116030	Legislative Activities	\$570
0455	001	Current Expense	5116040	Legislative Activities	\$73,924
0455	001	Current Expense	5125010	Municipal Court	\$334,725
0455	001	Current Expense	5125020	Municipal Court	\$144,641
0455	001	Current Expense	5125030	Municipal Court	\$6,840
0455	001	Current Expense	5125040	Municipal Court	\$52,396
0455	001	Current Expense	5131010	Executive Office	\$44,497
0455	001	Current Expense	5131020	Executive Office	\$8,988
0455	001	Current Expense	5131030	Executive Office	\$404
0455	001	Current Expense	5131040	Executive Office	\$4,344
0455	001	Current Expense	5142210	Financial Services	\$20,914
0455	001	Current Expense	5142220	Financial Services	\$6,907
0455	001	Current Expense	5142310	Financial Services	\$158,347
0455	001	Current Expense	5142320	Financial Services	\$72,044
0455	001	Current Expense	5142330	Financial Services	\$4,421
0455	001	Current Expense	5142340	Financial Services	\$55,973
0455	001	Current Expense	5143010	Recording Services	\$73,566
0455	001	Current Expense	5143020	Recording Services	\$24,110
0455	001	Current Expense	5143030	Recording Services	\$2,228
0455	001	Current Expense	5143040	Recording Services	\$18,230
0455	001	Current Expense	5144050	Election Services	\$2,809
0455	001	Current Expense	5149050	Voters Registration Services	\$17,513
0455	001	Current Expense	5153140	Legal Services	\$88,025
0455	001	Current Expense	5153240	Legal Services	\$104,685
0455	001	Current Expense	5153340	Legal Services	\$9,780
0455	001	Current Expense	5159140	General Indigent Defense	\$120,228

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5179030	Other Employee Benefit Programs	\$960
0455	001	Current Expense	5179040	Other Employee Benefit Programs	\$601
0455	001	Current Expense	5179130	Other Employee Benefit Programs	\$50
0455	001	Current Expense	5179140	Other Employee Benefit Programs	\$441
0455	001	Current Expense	5181010	Personnel Services	\$69,417
0455	001	Current Expense	5181020	Personnel Services	\$13,948
0455	001	Current Expense	5181030	Personnel Services	\$581
0455	001	Current Expense	5181040	Personnel Services	\$15,467
0455	001	Current Expense	5182010	Property Management Services	\$71,924
0455	001	Current Expense	5182020	Property Management Services	\$28,366
0455	001	Current Expense	5182030	Property Management Services	\$1,343
0455	001	Current Expense	5182040	Property Management Services	\$6,985
0455	001	Current Expense	5183010	Maintenance/Security/Insurance/Janitorial Services	\$9,827
0455	001	Current Expense	5183020	Maintenance/Security/Insurance/Janitorial Services	\$5,918
0455	001	Current Expense	5183030	Maintenance/Security/Insurance/Janitorial Services	\$7,771
0455	001	Current Expense	5183040	Maintenance/Security/Insurance/Janitorial Services	\$282,676
0455	001	Current Expense	5188810	Information Technology Services	\$62,286
0455	001	Current Expense	5188820	Information Technology Services	\$28,902
0455	001	Current Expense	5188830	Information Technology Services	\$24,046
0455	001	Current Expense	5188840	Information Technology Services	\$29,465
0455	001	Current Expense	5189040	Other Centralized Services	\$8,310
0455	001	Current Expense	5211010	Administration	\$414,275

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5211020	Administration	\$211,864
0455	001	Current Expense	5211030	Administration	\$10,413
0455	001	Current Expense	5211040	Administration	\$65,838
0455	001	Current Expense	5211050	Administration	\$119,766
0455	001	Current Expense	5212110	Police Operations	\$177,870
0455	001	Current Expense	5212120	Police Operations	\$42,674
0455	001	Current Expense	5212130	Police Operations	\$4,538
0455	001	Current Expense	5212140	Police Operations	\$4,779
0455	001	Current Expense	5212210	Police Operations	\$1,149,562
0455	001	Current Expense	5212220	Police Operations	\$394,393
0455	001	Current Expense	5212230	Police Operations	\$44,069
0455	001	Current Expense	5212240	Police Operations	\$12,535
0455	001	Current Expense	5212310	Police Operations	\$9,446
0455	001	Current Expense	5212320	Police Operations	\$2,806
0455	001	Current Expense	5212330	Police Operations	\$3,835
0455	001	Current Expense	5212340	Police Operations	\$21,660
0455	001	Current Expense	5212510	Police Operations	\$86,237
0455	001	Current Expense	5212520	Police Operations	\$39,249
0455	001	Current Expense	5212530	Police Operations	\$6,932
0455	001	Current Expense	5212540	Police Operations	\$1,048
0455	001	Current Expense	5213010	Crime Prevention	\$230,600
0455	001	Current Expense	5213020	Crime Prevention	\$68,242
0455	001	Current Expense	5213030	Crime Prevention	\$8,005
0455	001	Current Expense	5213040	Crime Prevention	\$1,380
0455	001	Current Expense	5214030	Training	\$10,307
0455	001	Current Expense	5214040	Training	\$21,191
0455	001	Current Expense	5215050	Facilities	\$7,580
0455	001	Current Expense	5217010	Traffic Policing	\$220,493
0455	001	Current Expense	5217020	Traffic Policing	\$90,091
0455	001	Current Expense	5217030	Traffic Policing	\$11,605
0455	001	Current Expense	5217040	Traffic Policing	\$8,857
0455	001	Current Expense	5217050	Traffic Policing	\$2,500
0455	001	Current Expense	5232010	Monitoring of Prisoners	\$31
0455	001	Current Expense	5232020	Monitoring of Prisoners	\$7

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5232030	Monitoring of Prisoners	\$2,032
0455	001	Current Expense	5232040	Monitoring of Prisoners	\$254
0455	001	Current Expense	5232050	Monitoring of Prisoners	\$43,589
0455	001	Current Expense	5236030	Care and Custody of Prisoners	\$3,112
0455	001	Current Expense	5236040	Care and Custody of Prisoners	\$41,825
0455	001	Current Expense	5236050	Care and Custody of Prisoners	\$673,044
0455	001	Current Expense	5242010	Inspections, Permits, Certificates and Licenses	\$139,443
0455	001	Current Expense	5242020	Inspections, Permits, Certificates and Licenses	\$61,580
0455	001	Current Expense	5242030	Inspections, Permits, Certificates and Licenses	\$3,962
0455	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$15,582
0455	001	Current Expense	5251050	Administration	\$17,814
0455	001	Current Expense	5256040	Disaster Preparedness	\$400
0455	001	Current Expense	5423010	Roadway	\$92,305
0455	001	Current Expense	5423020	Roadway	\$43,712
0455	001	Current Expense	5423030	Roadway	\$11,911
0455	001	Current Expense	5423040	Roadway	\$705,019
0455	001	Current Expense	5425010	Structures	\$1,869
0455	001	Current Expense	5425020	Structures	\$1,060
0455	001	Current Expense	5425030	Structures	\$26
0455	001	Current Expense	5425040	Structures	\$25,172
0455	001	Current Expense	5426110	Sidewalks	\$7,173
0455	001	Current Expense	5426120	Sidewalks	\$3,049
0455	001	Current Expense	5426130	Sidewalks	\$1,217
0455	001	Current Expense	5426140	Sidewalks	\$853
0455	001	Current Expense	5426210	Special Purpose Paths	\$970
0455	001	Current Expense	5426220	Special Purpose Paths	\$533
0455	001	Current Expense	5426230	Special Purpose Paths	\$1,652
0455	001	Current Expense	5426310	Street Lighting	\$543
0455	001	Current Expense	5426320	Street Lighting	\$265
0455	001	Current Expense	5426330	Street Lighting	\$31

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5426340	Street Lighting	\$142,354
0455	001	Current Expense	5426410	Traffic Control Devices	\$52,550
0455	001	Current Expense	5426420	Traffic Control Devices	\$20,940
0455	001	Current Expense	5426430	Traffic Control Devices	\$20,956
0455	001	Current Expense	5426440	Traffic Control Devices	\$118,626
0455	001	Current Expense	5426510	Parking Facilities	\$5,226
0455	001	Current Expense	5426520	Parking Facilities	\$1,864
0455	001	Current Expense	5426530	Parking Facilities	\$3,406
0455	001	Current Expense	5426540	Parking Facilities	\$1,016
0455	001	Current Expense	5426610	Snow and Ice Control	\$4,543
0455	001	Current Expense	5426620	Snow and Ice Control	\$1,409
0455	001	Current Expense	5426630	Snow and Ice Control	\$616
0455	001	Current Expense	5427010	Roadside	\$42,801
0455	001	Current Expense	5427020	Roadside	\$21,593
0455	001	Current Expense	5427030	Roadside	\$4,369
0455	001	Current Expense	5427040	Roadside	\$2,213
0455	001	Current Expense	5428010	Ancillary Operations	\$11,757
0455	001	Current Expense	5428020	Ancillary Operations	\$5,411
0455	001	Current Expense	5428030	Ancillary Operations	\$326
0455	001	Current Expense	5428040	Ancillary Operations	\$617
0455	001	Current Expense	5429010	Maintenance Administration and Overhead	\$14,738
0455	001	Current Expense	5429020	Maintenance Administration and Overhead	\$6,849
0455	001	Current Expense	5429030	Maintenance Administration and Overhead	\$10,622
0455	001	Current Expense	5429040	Maintenance Administration and Overhead	\$1,467
0455	001	Current Expense	5431010	Management	\$50,856
0455	001	Current Expense	5431020	Management	\$21,796
0455	001	Current Expense	5431040	Management	\$2,103
0455	001	Current Expense	5433010	General Services	\$104,511
0455	001	Current Expense	5433020	General Services	\$40,132

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5433030	General Services	\$1,579
0455	001	Current Expense	5433040	General Services	\$105,345
0455	001	Current Expense	5433110	General Services	\$590
0455	001	Current Expense	5433120	General Services	\$476
0455	001	Current Expense	5433140	General Services	\$594
0455	001	Current Expense	5435010	Facilities	\$16,820
0455	001	Current Expense	5435020	Facilities	\$7,217
0455	001	Current Expense	5435030	Facilities	\$2,664
0455	001	Current Expense	5435040	Facilities	\$10,034
0455	001	Current Expense	5537050	Pollution Control and Remediation	\$7,992
0455	001	Current Expense	5543050	Animal Control	\$39,300
0455	001	Current Expense	5586010	Planning	\$367,627
0455	001	Current Expense	5586020	Planning	\$136,825
0455	001	Current Expense	5586030	Planning	\$2,535
0455	001	Current Expense	5586040	Planning	\$51,670
0455	001	Current Expense	5620050	Public Health Services	\$8,578
0455	001	Current Expense	5660050	Chemical Dependency Services	\$3,166
0455	001	Current Expense	5725010	Facilities	\$1,607
0455	001	Current Expense	5725020	Facilities	\$1,246
0455	001	Current Expense	5725030	Facilities	\$875
0455	001	Current Expense	5725040	Facilities	\$19,487
0455	001	Current Expense	5739010	Other	\$21,271
0455	001	Current Expense	5739020	Other	\$5,182
0455	001	Current Expense	5739030	Other	\$1,190
0455	001	Current Expense	5739040	Other	\$7,341
0455	001	Current Expense	5739140	Other	\$7,662
0455	001	Current Expense	5768010	General Parks	\$120,483
0455	001	Current Expense	5768020	General Parks	\$45,903
0455	001	Current Expense	5768030	General Parks	\$24,024
0455	001	Current Expense	5768040	General Parks	\$62,654
0455	001	Current Expense	5941260	Capital Expenditures/Expenses - Judicial Services	\$8,116

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	001	Current Expense	5941460	Capital Expenditures/Expenses - Financial, Recording, and Election Services	\$6,994
0455	001	Current Expense	5944260	Capital Expenditures/Expenses - Roads/Streets Ordinary Maintenance	\$3,535
0455	001	Current Expense	5947610	Capital Expenditures/Expenses - Park Facilities	\$1,329
0455	001	Current Expense	5947620	Capital Expenditures/Expenses - Park Facilities	\$301
0455	001	Current Expense	5947660	Capital Expenditures/Expenses - Park Facilities	\$16,163
0455	001	Current Expense	5970000	Transfers-Out	\$459,772
0455	103	Criminal Justice	5211030	Administration	\$31,346
0455	103	Criminal Justice	5211040	Administration	\$242
0455	103	Criminal Justice	5211050	Administration	\$22,812
0455	103	Criminal Justice	5212210	Police Operations	\$83,729
0455	103	Criminal Justice	5212220	Police Operations	\$17,096
0455	103	Criminal Justice	5942160	Capital Expenditures/Expenses - Law Enforcement Services	\$44,332
0455	103	Criminal Justice	5083000	Restricted Fund Balance - Ending	\$477,622
0455	104	Special Investigative Unit	5212130	Police Operations	\$800
0455	104	Special Investigative Unit	5212140	Police Operations	\$1,870
0455	104	Special Investigative Unit	5083000	Restricted Fund Balance - Ending	\$59,021
0455	107	Community Events	5573040	Tourism	\$93,178
0455	107	Community Events	5083000	Restricted Fund Balance - Ending	\$53,060
0455	108	Paths & Trails	5083000	Restricted Fund Balance - Ending	\$4,415
0455	109	Real Estate Excise Tax	5970000	Transfers-Out	\$305,190
0455	109	Real Estate Excise Tax	5970000	Transfers-Out	\$150,000
0455	109	Real Estate Excise Tax	5083001	Restricted Fund Balance - Ending	\$576,381

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	109	Real Estate Excise Tax	5083002	Restricted Fund Balance - Ending	\$1,045,873
0455	111	Impact Mitigation Fee	5447040	Miscellaneous	\$49,786
0455	111	Impact Mitigation Fee	5083000	Restricted Fund Balance - Ending	\$566,999
0455	111	Impact Mitigation Fee	5083100	Restricted Fund Balance - Ending	\$209,547
0455	111	Impact Mitigation Fee	5083200	Restricted Fund Balance - Ending	\$175,797
0455	111	Impact Mitigation Fee	5083300	Restricted Fund Balance - Ending	\$111,496
0455	206	2003 Limited Tax GO Ref Bond	5911870	Debt Repayment - Centralized/General Services	\$138,700
0455	206	2003 Limited Tax GO Ref Bond	5921880	Interest and Other Debt Service Cost - Centralized/General Services	\$26,721
0455	302	Capital Construction	5941810	Capital Expenditures/Expenses - Centralized/General Services	\$248
0455	302	Capital Construction	5941820	Capital Expenditures/Expenses - Centralized/General Services	\$136
0455	302	Capital Construction	5941860	Capital Expenditures/Expenses - Centralized/General Services	\$139,384
0455	302	Capital Construction	5947660	Capital Expenditures/Expenses - Park Facilities	\$14,625
0455	302	Capital Construction	5970000	Transfers-Out	\$1,361,772
0455	302	Capital Construction	5083000	Restricted Fund Balance - Ending	\$14,409
0455	303	Cum Res Equip Replacement	5942160	Capital Expenditures/Expenses - Law Enforcement Services	\$89,020
0455	303	Cum Res Equip Replacement	5085200	Assigned Fund Balance - Ending	\$86,144
0455	303	Cum Res Equip Replacement	5085300	Assigned Fund Balance - Ending	\$107,784

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	303	Cum Res Equip Replacement	5085400	Assigned Fund Balance - Ending	\$143,402
0455	303	Cum Res Equip Replacement	5085500	Assigned Fund Balance - Ending	\$12,604
0455	304	Street Capital Projects	5951060	Capital Expenditures/Expenses - Engineering	\$7,478
0455	304	Street Capital Projects	5952060	Capital Expenditures/Expenses - Right-Of-Way	\$78
0455	304	Street Capital Projects	5952160	Capital Expenditures/Expenses - Right-Of-Way	\$62,797
0455	304	Street Capital Projects	5956210	Capital Expenditures/Expenses - Special Purpose Paths	\$5,370
0455	304	Street Capital Projects	5956220	Capital Expenditures/Expenses - Special Purpose Paths	\$2,511
0455	304	Street Capital Projects	5956260	Capital Expenditures/Expenses - Special Purpose Paths	\$403,517
0455	304	Street Capital Projects	5970000	Transfers-Out	\$300,000
0455	304	Street Capital Projects	5083000	Restricted Fund Balance - Ending	\$610,981
0455	401	Water-Sewer Utilities	5341010	Water Utilities	\$34,979
0455	401	Water-Sewer Utilities	5341020	Water Utilities	\$17,756
0455	401	Water-Sewer Utilities	5341030	Water Utilities	\$3,865
0455	401	Water-Sewer Utilities	5341040	Water Utilities	\$58,584
0455	401	Water-Sewer Utilities	5341050	Water Utilities	\$183,964
0455	401	Water-Sewer Utilities	5341110	Water Utilities	\$71,870
0455	401	Water-Sewer Utilities	5341120	Water Utilities	\$9,754
0455	401	Water-Sewer Utilities	5341140	Water Utilities	\$63,672
0455	401	Water-Sewer Utilities	5341210	Water Utilities	\$110,919
0455	401	Water-Sewer Utilities	5341220	Water Utilities	\$44,351
0455	401	Water-Sewer Utilities	5341240	Water Utilities	\$548
0455	401	Water-Sewer Utilities	5342040	Water Utilities	\$75,447
0455	401	Water-Sewer Utilities	5345010	Water Utilities	\$1,953
0455	401	Water-Sewer Utilities	5345020	Water Utilities	\$1,105
0455	401	Water-Sewer Utilities	5345030	Water Utilities	\$1,488

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	5345040	Water Utilities	\$4,116
0455	401	Water-Sewer Utilities	5345110	Water Utilities	\$7,300
0455	401	Water-Sewer Utilities	5345120	Water Utilities	\$2,758
0455	401	Water-Sewer Utilities	5345130	Water Utilities	\$6,732
0455	401	Water-Sewer Utilities	5345140	Water Utilities	\$4,002
0455	401	Water-Sewer Utilities	5345210	Water Utilities	\$44,049
0455	401	Water-Sewer Utilities	5345220	Water Utilities	\$22,483
0455	401	Water-Sewer Utilities	5345230	Water Utilities	\$17,455
0455	401	Water-Sewer Utilities	5345240	Water Utilities	\$24,255
0455	401	Water-Sewer Utilities	5345310	Water Utilities	\$365
0455	401	Water-Sewer Utilities	5345320	Water Utilities	\$267
0455	401	Water-Sewer Utilities	5345330	Water Utilities	\$9,608
0455	401	Water-Sewer Utilities	5345340	Water Utilities	\$106
0455	401	Water-Sewer Utilities	5345410	Water Utilities	\$44,630
0455	401	Water-Sewer Utilities	5345420	Water Utilities	\$22,249
0455	401	Water-Sewer Utilities	5345430	Water Utilities	\$8,659
0455	401	Water-Sewer Utilities	5345440	Water Utilities	\$13,083
0455	401	Water-Sewer Utilities	5345510	Water Utilities	\$16,068
0455	401	Water-Sewer Utilities	5345520	Water Utilities	\$7,759
0455	401	Water-Sewer Utilities	5345530	Water Utilities	\$9,651
0455	401	Water-Sewer Utilities	5345540	Water Utilities	\$7,868
0455	401	Water-Sewer Utilities	5345610	Water Utilities	\$79,887
0455	401	Water-Sewer Utilities	5345620	Water Utilities	\$40,970
0455	401	Water-Sewer Utilities	5345630	Water Utilities	\$22,295
0455	401	Water-Sewer Utilities	5345640	Water Utilities	\$127,854
0455	401	Water-Sewer Utilities	5345710	Water Utilities	\$6,609
0455	401	Water-Sewer Utilities	5345720	Water Utilities	\$2,491
0455	401	Water-Sewer Utilities	5345730	Water Utilities	\$5,215
0455	401	Water-Sewer Utilities	5345740	Water Utilities	\$26,042
0455	401	Water-Sewer Utilities	5345810	Water Utilities	\$9,093
0455	401	Water-Sewer Utilities	5345820	Water Utilities	\$4,395
0455	401	Water-Sewer Utilities	5345830	Water Utilities	\$39,872
0455	401	Water-Sewer Utilities	5345840	Water Utilities	\$144
0455	401	Water-Sewer Utilities	5345910	Water Utilities	\$1,625

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	5345920	Water Utilities	\$810
0455	401	Water-Sewer Utilities	5345930	Water Utilities	\$499
0455	401	Water-Sewer Utilities	5345940	Water Utilities	\$290
0455	401	Water-Sewer Utilities	5347210	Water Utilities	\$11,066
0455	401	Water-Sewer Utilities	5347220	Water Utilities	\$9,209
0455	401	Water-Sewer Utilities	5347240	Water Utilities	\$1,707
0455	401	Water-Sewer Utilities	5347310	Water Utilities	\$55,252
0455	401	Water-Sewer Utilities	5347320	Water Utilities	\$24,873
0455	401	Water-Sewer Utilities	5347330	Water Utilities	\$1,167
0455	401	Water-Sewer Utilities	5347340	Water Utilities	\$16,823
0455	401	Water-Sewer Utilities	5347740	Water Utilities	\$700
0455	401	Water-Sewer Utilities	5348030	Water Utilities	\$196,432
0455	401	Water-Sewer Utilities	5348040	Water Utilities	\$17,113
0455	401	Water-Sewer Utilities	5351010	Sewer/Reclaimed Water Utilities	\$28,545
0455	401	Water-Sewer Utilities	5351020	Sewer/Reclaimed Water Utilities	\$13,673
0455	401	Water-Sewer Utilities	5351030	Sewer/Reclaimed Water Utilities	\$302
0455	401	Water-Sewer Utilities	5351040	Sewer/Reclaimed Water Utilities	\$57,083
0455	401	Water-Sewer Utilities	5351050	Sewer/Reclaimed Water Utilities	\$199,558
0455	401	Water-Sewer Utilities	5351110	Sewer/Reclaimed Water Utilities	\$71,870
0455	401	Water-Sewer Utilities	5351120	Sewer/Reclaimed Water Utilities	\$9,758
0455	401	Water-Sewer Utilities	5351140	Sewer/Reclaimed Water Utilities	\$61,175
0455	401	Water-Sewer Utilities	5351210	Sewer/Reclaimed Water Utilities	\$110,919
0455	401	Water-Sewer Utilities	5351220	Sewer/Reclaimed Water Utilities	\$44,351
0455	401	Water-Sewer Utilities	5351240	Sewer/Reclaimed Water Utilities	\$548
0455	401	Water-Sewer Utilities	5352040	Sewer/Reclaimed Water Utilities	\$119,508
0455	401	Water-Sewer Utilities	5355010	Sewer/Reclaimed Water Utilities	\$3,806

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	5355020	Sewer/Reclaimed Water Utilities	\$1,683
0455	401	Water-Sewer Utilities	5355030	Sewer/Reclaimed Water Utilities	\$1,339
0455	401	Water-Sewer Utilities	5355040	Sewer/Reclaimed Water Utilities	\$3,814
0455	401	Water-Sewer Utilities	5355110	Sewer/Reclaimed Water Utilities	\$5,757
0455	401	Water-Sewer Utilities	5355120	Sewer/Reclaimed Water Utilities	\$2,278
0455	401	Water-Sewer Utilities	5355130	Sewer/Reclaimed Water Utilities	\$6,219
0455	401	Water-Sewer Utilities	5355140	Sewer/Reclaimed Water Utilities	\$4,002
0455	401	Water-Sewer Utilities	5355250	Sewer/Reclaimed Water Utilities	\$1,439,640
0455	401	Water-Sewer Utilities	5355410	Sewer/Reclaimed Water Utilities	\$36,836
0455	401	Water-Sewer Utilities	5355420	Sewer/Reclaimed Water Utilities	\$15,835
0455	401	Water-Sewer Utilities	5355430	Sewer/Reclaimed Water Utilities	\$2,509
0455	401	Water-Sewer Utilities	5355440	Sewer/Reclaimed Water Utilities	\$172,546
0455	401	Water-Sewer Utilities	5355510	Sewer/Reclaimed Water Utilities	\$14,634
0455	401	Water-Sewer Utilities	5355520	Sewer/Reclaimed Water Utilities	\$8,858
0455	401	Water-Sewer Utilities	5355530	Sewer/Reclaimed Water Utilities	\$3,311
0455	401	Water-Sewer Utilities	5355540	Sewer/Reclaimed Water Utilities	\$12,526
0455	401	Water-Sewer Utilities	5355610	Sewer/Reclaimed Water Utilities	\$81,587
0455	401	Water-Sewer Utilities	5355620	Sewer/Reclaimed Water Utilities	\$42,084
0455	401	Water-Sewer Utilities	5355630	Sewer/Reclaimed Water Utilities	\$41,565
0455	401	Water-Sewer Utilities	5355640	Sewer/Reclaimed Water Utilities	\$509,085
0455	401	Water-Sewer Utilities	5357310	Sewer/Reclaimed Water Utilities	\$33,901

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	401	Water-Sewer Utilities	5357320	Sewer/Reclaimed Water Utilities	\$11,777
0455	401	Water-Sewer Utilities	5357330	Sewer/Reclaimed Water Utilities	\$766
0455	401	Water-Sewer Utilities	5357340	Sewer/Reclaimed Water Utilities	\$17,860
0455	401	Water-Sewer Utilities	5358030	Sewer/Reclaimed Water Utilities	\$12,195
0455	401	Water-Sewer Utilities	5358040	Sewer/Reclaimed Water Utilities	\$15,053
0455	401	Water-Sewer Utilities	5923480	Interest and Other Debt Service Cost - Water Utilities	\$10,580
0455	401	Water-Sewer Utilities	5923580	Interest and Other Debt Service Cost - Sewer/Reclaimed Water Utilities	\$4,690
0455	401	Water-Sewer Utilities	5013800	Depreciation, Depletion, Amortization - Combined Water/Sewer/Solid Waste Utilities	\$597,603
0455	401	Water-Sewer Utilities	5088900	Unrestricted Net Position - Ending	\$14,606,262
0455	401	Water-Sewer Utilities	5086000	Net Investment in Capital Assets - Ending	\$30,524,643
0455	421	Storm Drainage Utility	5310010	Storm Drainage Utilities	\$230,598
0455	421	Storm Drainage Utility	5310020	Storm Drainage Utilities	\$74,202
0455	421	Storm Drainage Utility	5310030	Storm Drainage Utilities	\$9,053
0455	421	Storm Drainage Utility	5310040	Storm Drainage Utilities	\$146,859
0455	421	Storm Drainage Utility	5310050	Storm Drainage Utilities	\$1,276
0455	421	Storm Drainage Utility	5311010	Storm Drainage Utilities	\$6,327
0455	421	Storm Drainage Utility	5311020	Storm Drainage Utilities	\$965
0455	421	Storm Drainage Utility	5317010	Storm Drainage Utilities	\$1,745
0455	421	Storm Drainage Utility	5317020	Storm Drainage Utilities	\$259
0455	421	Storm Drainage Utility	5424010	Drainage	\$109,117
0455	421	Storm Drainage Utility	5424020	Drainage	\$55,088
0455	421	Storm Drainage Utility	5424030	Drainage	\$18,441
0455	421	Storm Drainage Utility	5424040	Drainage	\$56,611
0455	421	Storm Drainage Utility	5426710	Street Cleaning	\$32,531
0455	421	Storm Drainage Utility	5426720	Street Cleaning	\$14,907

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	421	Storm Drainage Utility	5426730	Street Cleaning	\$25,432
0455	421	Storm Drainage Utility	5426740	Street Cleaning	\$6,218
0455	421	Storm Drainage Utility	5970000	Transfers-Out	\$646,925
0455	421	Storm Drainage Utility	5013100	Depreciation, Depletion, Amortization - Storm Drainage Utilities	\$158,305
0455	421	Storm Drainage Utility	5088900	Unrestricted Net Position - Ending	\$907,761
0455	421	Storm Drainage Utility	5086000	Net Investment in Capital Assets - Ending	\$9,485,526
0455	001	Current Expense	8100000	Cash, Cash Equivalents and Investments	\$4,072,998
0455	001	Current Expense	8200000	Other Current assets	\$604,818
0455	001	Current Expense	8500000	Current Liabilities	\$369,573
0455	001	Current Expense	8700000	Deferred Inflows	\$584,601
0455	103	Criminal Justice	8100000	Cash, Cash Equivalents and Investments	\$478,974
0455	103	Criminal Justice	8200000	Other Current assets	\$0
0455	103	Criminal Justice	8500000	Current Liabilities	\$1,351
0455	104	Special Investigative Unit	8100000	Cash, Cash Equivalents and Investments	\$99,122
0455	104	Special Investigative Unit	8200000	Other Current assets	\$0
0455	104	Special Investigative Unit	8500000	Current Liabilities	\$490
0455	104	Special Investigative Unit	8700000	Deferred Inflows	\$39,611
0455	107	Community Events	8100000	Cash, Cash Equivalents and Investments	\$66,640
0455	107	Community Events	8200000	Other Current assets	\$0
0455	107	Community Events	8500000	Current Liabilities	\$13,580
0455	108	Paths & Trails	8100000	Cash, Cash Equivalents and Investments	\$4,415
0455	108	Paths & Trails	8200000	Other Current assets	\$0
0455	108	Paths & Trails	8500000	Current Liabilities	\$0
0455	109	Real Estate Excise Tax	8100000	Cash, Cash Equivalents and Investments	\$1,622,254
0455	109	Impact Mitigation Fee	8200000	Other Current assets	\$0
0455	109	Impact Mitigation Fee	8500000	Current Liabilities	\$0
0455	111	Impact Mitigation Fee	8100000	Cash, Cash Equivalents and Investments	\$1,063,839
0455	111	Impact Mitigation Fee	8200000	Other Current assets	\$0

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0455	111	Impact Mitigation Fee	8500000	Current Liabilities	\$0
0455	206	2003 Limited Tax GO Ref Bond	8100000	Cash, Cash Equivalents and Investments	\$0
0455	206	2003 Limited Tax GO Ref Bond	8200000	Other Current assets	\$0
0455	206	2003 Limited Tax GO Ref Bond	8500000	Current Liabilities	\$0
0455	302	Capital Construction	8100000	Cash, Cash Equivalents and Investments	\$14,409
0455	302	Capital Construction	8200000	Other Current assets	\$0
0455	302	Capital Construction	8500000	Current Liabilities	\$0
0455	303	Cum Res Equip Replacement	8100000	Cash, Cash Equivalents and Investments	\$349,934
0455	303	Cum Res Equip Replacement	8200000	Other Current assets	\$0
0455	303	Cum Res Equip Replacement	8500000	Current Liabilities	\$0
0455	304	Street Capital Projects	8100000	Cash, Cash Equivalents and Investments	\$638,455
0455	304	Street Capital Projects	8200000	Other Current assets	\$0
0455	304	Street Capital Projects	8500000	Current Liabilities	\$27,475
0455	401	Water-Sewer Utilities	8100000	Cash, Cash Equivalents and Investments	\$6,596,730
0455	401	Water-Sewer Utilities	8200000	Other Current assets	\$857,325
0455	401	Water-Sewer Utilities	8300000	Noncurrent Assets	\$39,960,483
0455	401	Water-Sewer Utilities	8400000	Deferred Outflows	\$89,215
0455	401	Water-Sewer Utilities	8500000	Current Liabilities	\$1,177,752
0455	401	Water-Sewer Utilities	8600000	Noncurrent Liabilities	\$1,085,298
0455	401	Water-Sewer Utilities	8700000	Deferred Inflows	\$109,798
0455	421	Storm Drainage Utility	8100000	Cash, Cash Equivalents and Investments	\$1,022,853
0455	421	Storm Drainage Utility	8200000	Other Current assets	\$258,446
0455	421	Storm Drainage Utility	8300000	Noncurrent Assets	\$9,485,526
0455	421	Storm Drainage Utility	8400000	Deferred Outflows	\$37,274
0455	421	Storm Drainage Utility	8500000	Current Liabilities	\$357,401
0455	421	Storm Drainage Utility	8600000	Noncurrent Liabilities	\$7,928
0455	421	Storm Drainage Utility	8700000	Deferred Inflows	\$45,483

**City of Port Orchard
Schedule of Liabilities
For the Year Ended December 31, 2015**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	G O Debt-governmental portion	12/1/2014	740,950	-	138,700	602,250
251.11	G O Debt-proprietary portion	12/1/2014	274,050	-	51,300	222,750
263.93	OPEB		454,602	179,412	58,318	575,696
Total General Obligations:			1,469,602	179,412	248,318	1,400,696
Revenue Obligations						
259.12	Compensated Absences-Govt		588,627	-	46,350	542,277
259.12	Compensated Absences-Prop		77,686	6,978	-	84,664
263.62	Notes Payable	12/31/2043	169,650	-	1,400	168,250
264.30	Pension Liabilities		1,475,827	378,034	-	1,853,861
264.30	Pension Liabilities-Proprietary		841,706	212,751	-	1,054,457
263.82	Drinking Water State Revolving Fund Loan	10/1/2038	60,000	611,596	-	671,596
Total Revenue Obligations:			3,213,496	1,209,359	47,750	4,375,105
Total Liabilities:			4,683,098	1,388,771	296,068	5,775,801

City of Port Orchard
SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)
For Fiscal Year ended December 31, 2015

Grantor	Program Title	Identificaton Number	Amount
State Grant from Other Judicial Agencies			
	Court Interpreter services	IAA16204	851
	Computer purchase	IAA05825	4,500
			Sub-total: 5,351
State Grant from Department of Commerce			
	Direct Appropriation Grants	CD14-965-007	304,579
			Sub-total: 304,579
Capital Contributions - State Grant from Department of Commerce			
	Capitalization Grants for Drinking Water State Revolving Funds	DM13-952-185	377,320
			Sub-total: 377,320
			Grand total: 687,250

**City of Port Orchard
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Highway Planning and Construction Cluster								
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPH-6610 (004) / LA-5855	8,527	-	8,527	-	
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPE-0166 (008) / LA-6165	27,349	-	27,349	-	
Total Highway Planning and Construction Cluster:				35,877	-	35,877	-	
US Dept of Transportation-National Highway Traffic Safety Admin (via WA Traffic Safety Commission)	State & Community Highway Safety	20.6	n/a	773	-	773	-	
Highway Safety Cluster								
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	n/a	2,738	-	2,738	-	
Total Highway Safety Cluster:				2,738	-	2,738	-	
Drinking Water State Revolving Fund Cluster								
Office Of Water, Environmental Protection Agency (via WA Dept of Health-Office of Drinking Water / Public Works Board / WA Department of Commerce)	Capitalization Grants for Drinking Water State Revolving Funds	66.468	DM13-952-185	164,756	-	164,756	-	3
Total Drinking Water State Revolving Fund Cluster:				164,756	-	164,756	-	

The accompanying notes are an integral part of this schedule.

**City of Port Orchard
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Department Of Homeland Security (via WA State Parks & Recreation Commission)	Boating Safety Financial Assistance	97.012	n/a	13,935	-	13,935	-	
Total Federal Awards Expended:				218,078	-	218,078	-	

The accompanying notes are an integral part of this schedule.

NOTE 1. BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Port Orchard's financial statements. The City uses the accrual basis of accounting for all funds except the governmental fund types, expendable trust funds and agency funds, which use the modified accrual basis of accounting.

NOTE 2. PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs including the City's portion are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. FEDERAL LOANS

The City was approved by the Environmental Protection Agency (EPA) and the Publics Works Trust Board (PWB) to receive a Drinking Water State Revolving Fund Loan totaling \$542,075.62 to improve its drinking water system. The amount listed is the proceeds used during the year. Of the funds used in 2015, the Federal portion is \$164,755.73 and State funds of \$377,319.89. The outstanding balance is not reported for this loan.

GRANT DESCRIPTION:

US Department of Transportation / WSDOT - Tremont Street Widening Project

This WSDOT project will widen Tremont Street to provide four continuous lanes between Port Orchard Blvd and SR 16. In addition to providing roadway widening and aesthetic improvements, this will provide curb, gutter, and sidewalks along both sides of the road; intersection modifications; improvements to storm drainage facilities; traffic signal and illumination upgrades; retaining walls and bike paths.

US Department of Transportation / WSDOT - Bay Street Pedestrian Pathway

This WSDOT project constructs a 1-mile long multi-use (bike/pedestrian) pathway between Kitsap Transits' Downtown Foot Ferry and the Annapolis Dock Foot Ferry facilities.

US Dept of Homeland Security / Washington State Parks Boating Safety

This grant allows funding for additional Police overtime, fuel and maintenance while utilizing our marine vessel to protect the waterfront areas that border the City.

National Highway Traffic Safety Admin / WA Traffic Safety Commission

These grants were awarded to the City to offset costs of extra DUI, Speeding, and Seatbelt Emphasis patrols.

US EPA Drinking Water State Revolving Fund Loan/ WSDOC – Well 10

Design and construct a well, including a new well house, site work, instrumentation, high efficiency variable speed well pump, piping, telemetry, controls, stand by generator, landscaping, parking, fencing security improvements and site restoration. This will provide a solution to declining yields from existing City wells reduces dependency on neighboring water systems, improves water quality and system reliability. This low interest federal loan is reimbursement based. During the initial 48

months the City may draw on the loan to design and construct the well. Construction must be complete at the end of the 48 month period. The total cost of the well project (a maximum of six million dollars) becomes a 20 year loan with annual principle and interest payments beginning one year after the project completion date.

CITY OF PORT ORCHARD

**Labor Relations Consultant(S)
For the Year Ended December 31, 2015**

Has your government engaged labor relations consultants? X Yes ___ No

If yes, please provide the following information for each consultant:

Name of firm:	Lighthouse Law Group PLLC
Name of consultant:	Sharon Cates
Business address:	1100 Dexter Avenue N, Suite 100 Seattle, WA 98109
Amount paid to consultant during fiscal year:	\$ 5400.00
Terms and conditions, as applicable, including:	Rates (e.g., hourly, etc.): \$180 per hour Maximum compensation allowed: Duration of services: Services provided: Labor Negotiations