

CITY OF PORT ORCHARD

The mission of the City of Port Orchard is to promote economic development and prosperity within our community while simultaneously providing quality support and services to our residents. We are dedicated to providing a high level of public safety, infrastructure, and economic strength while preserving our small town character.

2016 BUDGET



FOR FISCAL YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

ADOPTED BY:

The City Council
Port Orchard, Washington

ORDINANCE NO. 031-15

PREPARED BY:

Office of the City Treasurer

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TREASURER

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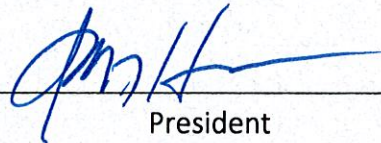
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OFFICERS ASSOCIATION**

PRESENTS THIS

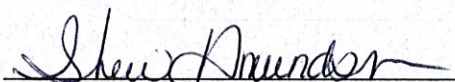
**DISTINGUISHED
BUDGET PRESENTATION AWARD
FOR THE BUDGET YEAR 2015**

TO THE

CITY OF PORT ORCHARD



President



Budget Award Chairperson



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CITY OF PORT ORCHARD

Mayor

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Voice: (360) 876-4407 • Fax: (360) 895-9029
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December 28, 2015

To: Citizens of Port Orchard
Port Orchard City Council

I am pleased to provide the 2016 City Budget that includes separate operating and capital budgets. This is the first year that the city has separated operation and capital budget items.

Having separate budgets helps clarify the difference between operational expenses that sustain ongoing services and capital items such as purchases of equipment and costs associated with construction projects. It is my hope that a clearer picture of budgeted items comes into focus because of this change.

The city is the beneficiary of legislative action in Olympia that impacts our budget in a positive way. The state legislature returned the percentage of distribution of liquor revenues to pre-2013 state budget provisions; authorized revenue sharing of the marijuana excise tax with cities; provided additional state funding for the DeKalb Pier project; awarded a Recreation Conservation Office grant for the purchase of property to complete phase 3 of the Bay Street Pedestrian Pathway and funding for phase 2 of the McCormick Village Park; and provided future funding for construction. I am very pleased to put these additional resources to work for the citizens of Port Orchard. I would like to thank our legislative delegation that worked hard to include these important items into the state budget.

Operating Budget Highlights

We continue to build financial reserves. The 2016 budget adds \$70,000 to the Stabilization Fund for a total of \$669,000 at the end of fiscal year 2016. The city's policy is to build a rainy day stabilization fund balance of 2 months expenses, or \$1,400,000. At the end of the fiscal year we will be nearly half way to that goal. I am very proud of our stewardship of your tax dollars in building adequate reserves that allows us to plan for our future.

This year the budget moves the commute trip reduction program from the Human Resource budget to the Department of Community Development budget. Staff determined transportation challenges and opportunities identified by Community Development provided a greater opportunity for the city to implement successful trip reduction programs. Additionally, the Festival of Chimes and Lights is moved from the Public Works budget to the Clerk's Administration budget. These changes are meant to align accountability with the department responsible for budget oversight. Both of these changes are budget neutral.

The law enforcement budget includes an increase to Kitsap County Central Communication (Cencom 911 dispatch) of \$29,560. The Criminal Justice Fund is used to purchase and install required new police patrol car laptops in the amount of \$119,025. The new unrestricted Marijuana excise tax revenue is projected to be \$60,000 and is budgeted to law enforcement for jail and policing expense. The city continues its partnership with the Port of Bremerton by providing a contribution of \$5,500 towards construction of the Port's Waterfront Park Pavilion project.

The budget includes an additional Storm Drainage Utility employee identified and contemplated in the Stormwater GAP analysis. A long-range planner position is added in the Department of Community Development using revenue derived from increased fee activity brought about by building developments.

Public Works is budgeted \$720,000 for Bethel Pavement Repair which is planned for the summer of 2016. The pavement management system discussed over the past several years is included in this year's budget. Its cost is

estimated to be \$133,000. The library building receives an \$8,000 HVAC upgrade, \$40,000 is scheduled to be spent on the city website, and money is made available to replace 12 computer workstations.

Capital Budget Highlights

The city continues several projects that are considered construction in progress. The Bay Street Pedestrian Pathway project continues to progress along the waterfront. The city has received both federal and state grants to help pay for the project. In 2016, right-of-way purchases using recently obligated Federal Highway Administration Funds are budgeted. The city was awarded \$3,500,000 from the state legislature for construction in 2019-2023.

The DeKalb Street Pier project is scheduled for completion in 2016. The pier will be rebuilt to Department of Natural Resources minimum water depth standards and be extended 300 feet waterward so that new floats and pilings will provide for a 7 foot minimum of water under moored vessels. The project will be completed with state grant funding of \$732,350 and a city portion of \$82,650 from real estate excise tax collections.

A \$150,000 design for the Old Clifton / Anderson Hill intersection is funded using transportation impact fees. Construction of the intersection is planned for 2017 – 2018.

The McCormick Village Park continues as a construction in progress. The conceptual design was funded and completed in 2012, and final design and selective logging was completed in 2013. In 2014 clearing, grading, and the park entrance was completed. Restroom and other visitor amenities have been constructed. In 2015 the city was awarded additional grant funding from the state and a portion will be used for a phase 2 design for undeveloped portions of the park. The 2016 budget provides \$62,500 of park impact fees and \$62,500 of state grant for a total project cost of \$125,000.

As part of the Bay Street Pedestrian Pathway project the city was awarded a grant to assist in the purchase of property to accommodate a trailhead/pocket park. The property provides for a public entrance to the pathway. Total property purchase cost is budgeted at \$211,500. Funding is derived from park impact fees of \$105,750 along with state grant proceeds of \$105,700.

The city continues the Well Number 10 project using Drinking Water State Revolving Fund loan proceeds. The project includes construction of pumping and water treatment facilities for future water need and demand. The multiyear project is estimated at \$6,000,000.

The Storm Drainage Utility will construct a Regional Decant Facility funded by a Department of Ecology \$761,250 Storm Water Grant and \$253,750 in Clean Water State Revolving Fund loan money. The facility will be jointly used by area entities. The project constructs three covered decant bays, covered trash area, bio-retention cell, rainwater harvesting and reuse system, metered water stations and key pad entry.

The capital budget includes the purchase of replacement vehicles for police and public works, and a new vehicle for community development code enforcement. A Go-4 parking enforcement vehicle is purchased to replace one damaged Go-4 using insurance proceeds and general fund revenue. A Storm Drainage light truck is purchased using Storm Drainage Fund proceeds, and a water/sewer light truck is purchased using Water Sewer Fund money. The budget continues repaying \$48,000 to the Equipment Reserve Fund for the large public works truck purchased in 2012.

In Closing

I would like to thank our professional staff and citizens who added direction and suggestions during my time as Mayor. I wish the City of Port Orchard and its citizens the very best this year, and in the years ahead.

Sincerely,



Timothy C. Matthes, Mayor

CITY OVERVIEW

HISTORIC PORT ORCHARD



Port Orchard is the county seat of Kitsap. But it was not always the county seat, nor was it always called Port Orchard.

Originally called Sidney, Port Orchard was platted in 1886 by Frederick Stevens, who named it after his father Sidney. The Illinois inventor, Sidney M. Stevens came west from DeKalb, IL for a family visit to the Long Lake area. He liked what he saw so much that he paid \$900 for 88 1/2 acres with the intention of creating a town.



SIDNEY STEVENS

The boundaries were similar to those today-Sinclair Inlet on the north, Mitchell Road on the east, South Street on the south, and one block west of Short Street on the west. Early industry was primarily lumber and the loggers that frequented the nine saloons in town. The town of Sidney was incorporated September 15, 1890, and was the first in Kitsap County to be both platted and incorporated.



FREDERICK STEVENS

Shortly after Sidney was platted, the Navy Department was looking for a site for a second naval installation on the Pacific Coast. Sidney residents took an active role in influencing the commission of the Port Orchard Navy Yard (now Puget Sound Naval Shipyard).



The same year the Navy officially dedicated the Port Orchard Navy Yard, Sidney had its first big fire. The town lost the original Sidney Hotel and a couple of residences on Prospect Street. In 1894, all buildings on both sides of Bay between Sidney and Frederick were burned down.



When the county was first established, the county seat was placed in Port Madison. Sidney decided it wanted the county seat and at the general election in 1892, voters agreed since Sidney had such bright development prospects.

In the middle of all this growth and occasional disaster was a political fight of major proportions. Harry Masterman Orchard, ship's clerk attached to the flagship *Discovery* received credit for discovering the body of water that now bears his name. In December 1892, the people of Sidney requested the legislature and separately to the Post Office Department to change the name of their town to Port Orchard. The legislature refused. Charleston (now West Bremerton) had also requested the name of Port Orchard. Commander Morong requested the Navy yard mail be routed through the proposed Port Orchard post office.

Through a series of confusions and misunderstanding by various departments about the geography of this region, the Port Orchard post office ended up in Sidney and the Charleston post office was in Port Orchard. It stayed this way for ten years until Will Thompson, editor of the Sidney Independent, went into State legislature (1902-03) and succeeded in restoring the Charleston post office to Charleston and the Port Orchard post office to Port Orchard. In 1903 the legislature changed the name of Sidney to what we know it as today...Port Orchard.

PORT ORCHARD TODAY

Port Orchard is located on the Sinclair Inlet of the Puget Sound. As a waterfront community we are proud of our amenities. Our numerous marinas provide visitors and boat dwellers alike with convenient accommodations. Our downtown corridor offers shopping, museums, entertainment, galleries and dining. With ferry access from Bremerton and Seattle, an excursion to Port Orchard is an easy day trip or a weekend getaway. When visiting our city, it is hard to miss the majestic view of the Olympic Mountains and the pride of military heritage just across the water at the Puget Sound Naval Shipyard.



Port Orchard is business-friendly and customer service is our top priority. All city employees are trained in customer service and are committed to providing you with services that exceed your expectations. If you are thinking about opening a new business, relocate your business, or grow your

business, our staff are here to help you move seamlessly through the steps and get your business up and running in the City of Port Orchard as soon as possible.

The City has an Economic Development/Tourism Committee, comprised of City Councilmembers and City staff, whose goal this year is to meet with business owners to find out what City policies and services work for them and which need improving. The City of Port Orchard is also a part of the Kitsap Economic Development Alliance, whose mission is through a partnership of government and business, attract and retain primary businesses to Kitsap County and its individual communities, ensuring growth and a desirable quality of life.

CULTURAL ACTIVITIES

Port Orchard plays host to many festivals and events throughout the year. The Farmers Market is always a favorite of local citizens and operates every Saturday from April to October. Late spring/early summer brings the fun of the Seagull Calling Festival as part of the Kitsap Harbor Festival. Take pleasure in the evenings at Waterfront Park enjoying the free Concerts by the Bay series. Summertime fun includes the Fathoms O’Fun Festival and 4th of July Fireworks, concluding with the Cruz Classic Street Fair in August. November brings the three day Chocolate Festival consisting of the Chocolate Ball, silent auction, and public sampling. Close out the year with the Annual Festival of Chimes and Lights and Jingle Bell Run – fun for the entire family.



2016 PUBLIC ACCESS & AMENITY PROJECTS

This coming year will bring additional work on three major public access and amenity projects: Bay Street Pedestrian Pathway; McCormick Village Park; and Dekalb Pier.



2015 saw the completion of the pedestrian bridge over Blackjack Creek connecting two segments of the pathway. This year the City continues the Pedestrian Pathway by purchasing/creating a trailhead and pocket park at Rockwell, as well as acquiring the properties necessary to proceed with the final construction phase of the pathway. Beginning at the foot-ferry dock at Sidney, the pathway will make its way along Bay Street ending at the Annapolis dock. A long-term project, the pathway is expected to be completed no later than 2023. The pathway is part of

Kitsap’s countywide Mosquito Fleet Trail. The Bay Street Pedestrian Pathway provides a safe area for walking and bicycling for local citizens and tourists alike.

McCormick Village Park began construction in 2014 with the completion of a restroom, parking area, and trail. Phase II gets underway in 2016 with a grant from the Washington State Recreation and Conservation Office (RCO) for design. The build-out of the park will take several years and is expected to be completed in 2018. Once completed, the 27.4 acre McCormick Village Park will provide the Port Orchard community with playgrounds, trails, picnic shelters and tables, and natural wetlands and forest.



The Dekalb Pier project began in 2013 with construction of the pier and uplands. 2016 will see the completion of the project with construction of a 300 foot pier extension, as well as floats and piling replacements, providing the required 7-foot minimum water depth beneath moored vessels. The pier provides boaters with a convenient spot to load and unload watercraft. It also allows citizens an area to sit and watch the boats, have a picnic at the provided picnic table, or fish from the pier.

The City of Port Orchard continues to work towards making the city a place where its citizens want to live. As we move towards completion of these projects, rest assured that we will continue to look for ways to improve our city.

GENERAL INFORMATION

GENERAL INFORMATION:

Form of Government	Mayor-Council
Type of Government	Second-Class City
Location	Kitsap Peninsula
County	Kitsap
Land Area	9.67 Sq. Miles
Rank in Size/State	67
Rank in Size/County	3
Population – 2015	13,510
Assessed Valuation (Taxable)	\$1,405,166,175
City Employees	85.65

2016 PROPERTY TAX LEVY:

Regular Levy	\$2,458,008
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2016 PROPERTY TAX RATE:

Port Orchard City	1.749276
State School Levy	2.355423
Kitsap County C.E.	1.166500
P.U.D.	.080614
Port Of Bremerton	.381692
S.K. Schools	3.586575
S.K. Fire & Rescue	2.125410
Kitsap Regional Library	<u>.381787</u>
Total 2016 Property Tax Rate	11.827277

UTILITY TAX RATE:

Electric, Telephone, Solid Waste	6%
Gas	2%
Cable	5%

PARKS & RECREATION:

Total Acreage	71.76
Number of Parks & Playgrounds	9

STREETS:

Total Streets in Miles	64.50
Total Pedestrian Trails in Miles	0.50

SALES TAX RATE:

State	6.50
Criminal Justice	0.10
City	0.84
Kitsap County	0.15
Kitsap Transit	0.80
County Jail Expansion	0.10
Emergency Communications	0.10
KC Mental Health Treatment Serv.	0.10
State Administration Fee	<u>0.01</u>
Sales Tax Rate	8.70

STATE EXCISE TAX RATE:

Water Utility	5.029%
Sewer Utility	3.852%
Storm Drainage Utility	1.800%

HOTEL/MOTEL TAX RATE:

0.20%

BUSINESS LICENSE FEE:

General Business	\$35.00
Non-Profit Business	No Cost

LICENSES & PERMITS ISSUED IN 2015:

General Business Licenses	2,630
Building Permits	467
Animal Licenses	117

ELECTION & VOTER REGISTRATION:

Number of Registered Voters	7,272
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2016 UTILITY BI-MONTHLY RATE:

Water	\$53.50 base up to 5000 gal. + 2.45-3.00 for each add'l 1000 gal.
Sewer	\$111.00
Storm (Residential)	\$28.00

STATISTICAL INFORMATION

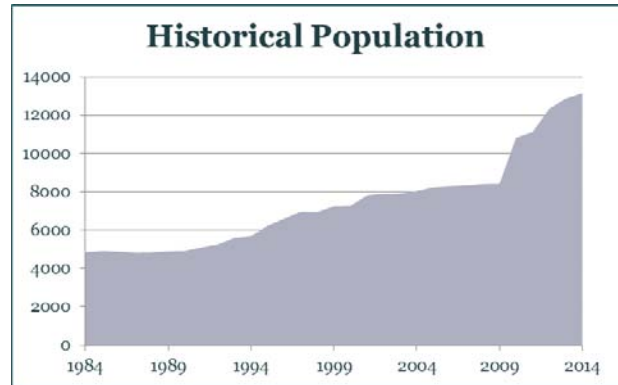
Incorporated in 1890

Elevation: 140 feet

Latitude: 47.53 N, Longitude: 122.64 W

Population density: 1,397 people per square mile

Population change in the 2000s: +6,240 (+85.83%).



Population in 2013: 12,959. Population change since 2000: +68.5%

Males: 6,800  52.5%

Females: 6,159  47.5%

Median resident age:  33.8 years

Washington median age:  37.4 years

For population 25 years and over in Port Orchard:

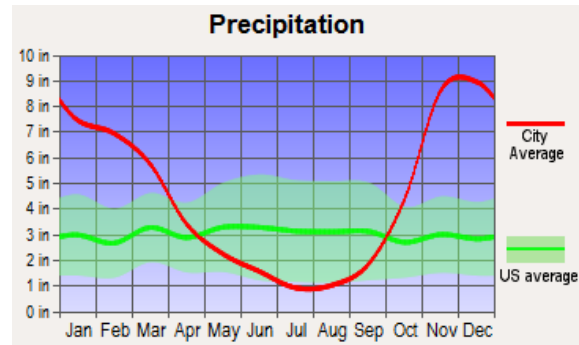
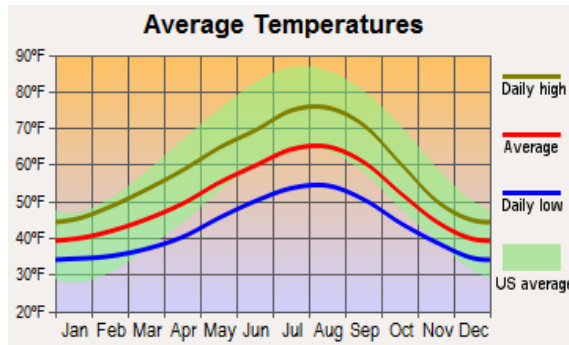
- High school or higher: 92.1%
- Bachelor's degree or higher: 24.7%
- Graduate or professional degree: 7.9%
- Unemployed: 8.5%
- Mean travel time to work (commute): 27.7 minutes

For population 15 years and over in Port Orchard city:

- Never married: 28.9%
- Now married: 49.9%
- Separated: 1.5%
- Widowed: 7.3%
- Divorced: 12.4%



June, July and August offer warm days and blue skies. August is usually the warmest summer month with an average high of 75F and low 53F. December and January are the coldest of the winter months with January averaging 44F high and 34F low. A day or two of snow is not uncommon during the winter. Our reputation for constant winter rain is undeserved although many fall and winter days are overcast.



Unemployment in June 2014:

Port Orchard: 5.0%

Washington: 5.3%

Full-time law enforcement employees in 2013, including police officers: 25 (23 officers).

Officers per 1,000 residents here: 1.95

Washington average: 1.49

Estimated median household income in 2013: \$55,472 (it was \$34,020 in 2000)

Port Orchard: \$55,472

Washington: \$58,405

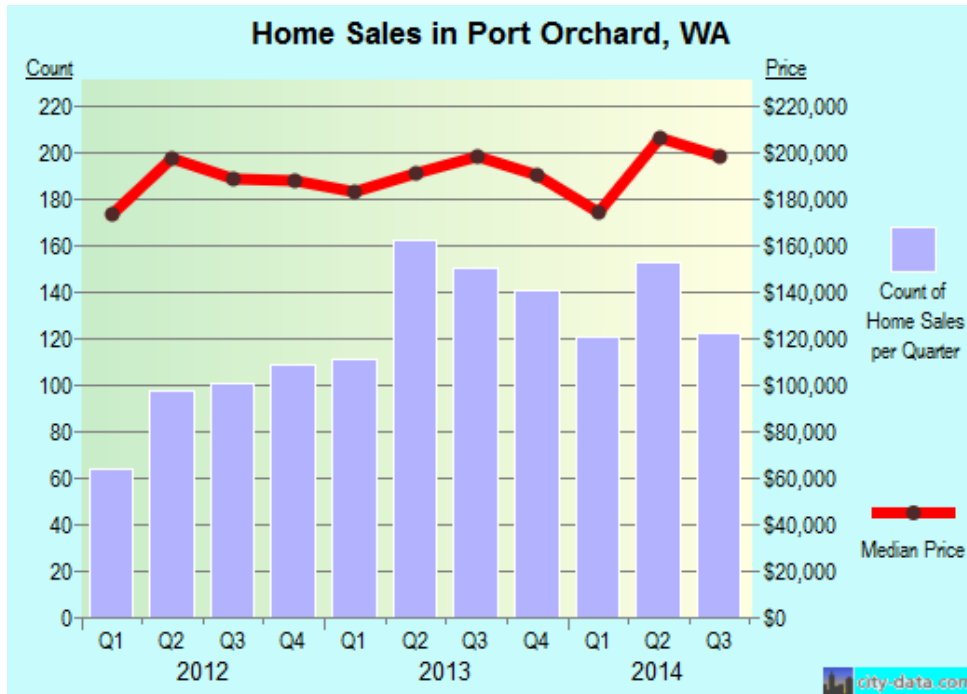
Estimated per capita income in 2013: \$29,629 (it was \$16,382 in 2000)

Estimated median house or condo value in 2012: \$240,643 (it was \$117,000 in 2000)

Port Orchard: \$240,643

Washington: \$250,800

Mean prices in 2013: All housing units: \$306,787; Detached houses: \$332,229; Townhouses or other attached units: \$263,155; In 2-unit structures: \$263,621; In 3-to-4 unit structures: \$441,447; In 5-or-more-unit structures: \$209,424; Mobile homes: \$121,313; Occupied boats, RVs, vans, etc.: \$53,131



Median gross rent in 2013: \$1,028

Median real estate property taxes paid for housing units with mortgages in 2013: \$2,391 (1.0%)

Median real estate property taxes paid for housing units with no mortgage in 2013: \$2,672 (1.1%)

Single-family new house construction building permits

- 1997: 22 buildings, average cost: \$76,400
- 1998: 38 buildings, average cost: \$72,400
- 1999: 51 buildings, average cost: \$68,600
- 2000: 36 buildings, average cost: \$81,800
- 2001: 28 buildings, average cost: \$84,900
- 2002: 36 buildings, average cost: \$75,800
- 2003: 69 buildings, average cost: \$69,800
- 2004: 48 buildings, average cost: \$135,900
- 2005: 23 buildings, average cost: \$122,100
- 2006: 48 buildings, average cost: \$135,900
- 2007: 37 buildings, average cost: \$145,500
- 2008: 15 buildings, average cost: \$162,800
- 2009: 54 buildings, average cost: \$199,600
- 2010: 115 buildings, average cost: \$209,500
- 2011: 66 buildings, average cost: \$215,200
- 2012: 88 buildings, average cost: \$244,800

SOURCES:

City-Data.com - <http://www.city-data.com/city/Port-Orchard-Washington.html>

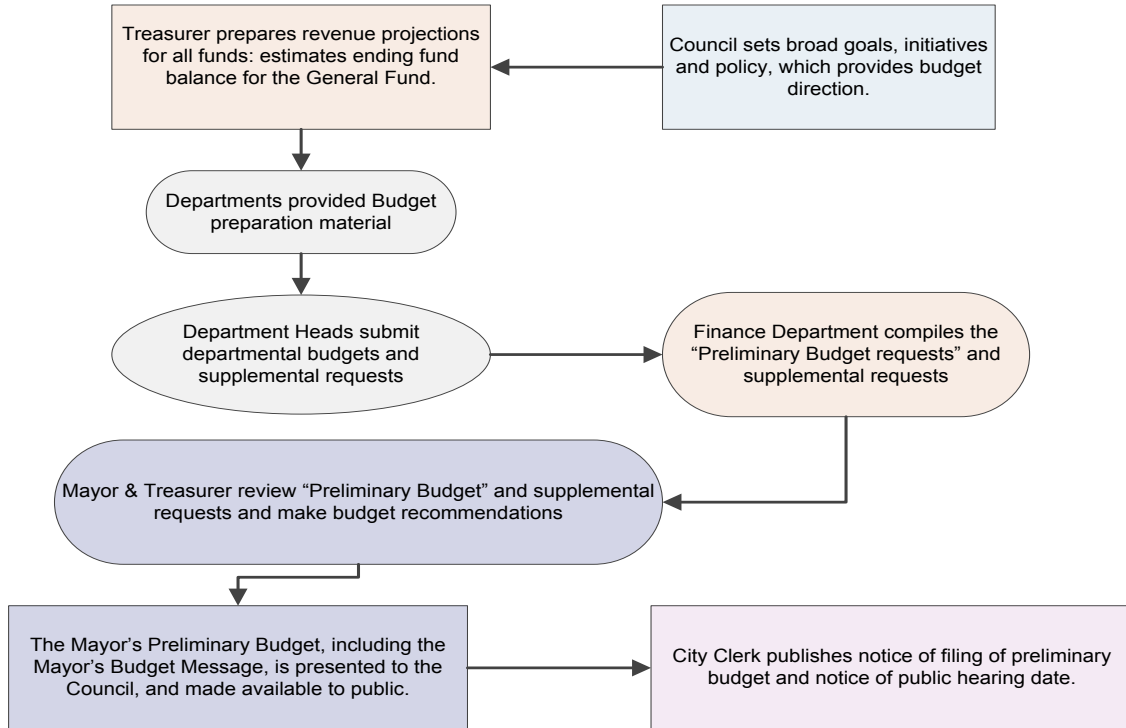
U.S. Census Bureau - <http://www.factfinder.census.gov>

Port Orchard Heritage - <http://portorchard.net/heritage/>

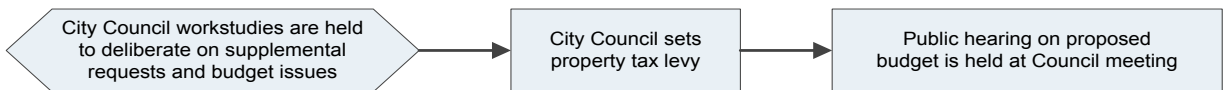
Office of Financial Management - <http://www.ofm.wa.gov/pop/april1/default.asp>

2016 Budget Process

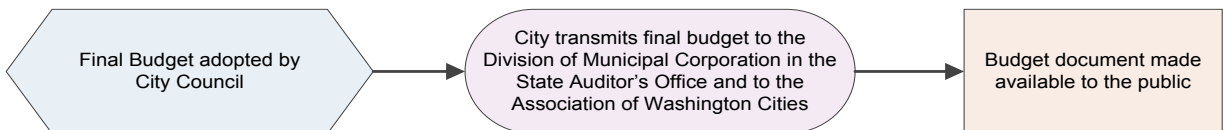
Preliminary Budget Development



Review/Discussion



Budget Adoption





2016 Budget Calendar

Date/2015	Time Limitations (State Law)	Major Steps in Budget Preparation	Jul	Aug	Sep	Oct	Nov	Dec
Jan - July		Mayor discusses 2016 fiscal year Goals and Aspirations with Department Heads - non documentary meetings						
July 1-31		Project General Fund Revenues for 2016						
Thursday July 23		Current budget mid-year report to Finance Committee						
Friday July 31		Personnel Salary and Benefits projections for 2016						
Friday August 7	Second Monday in September (9/14)	Departments provided Budget preparation material to prepare detailed estimates for the 2016 budget						
Friday August 28	No later than the first Monday in October (10/5)	Treasurer prepares revenue projections for all funds; estimate ending balance for the General Fund on December 31, 2015						
Wednesday September 2	Fourth Monday in September (9/28)	Department Heads submit budget & supplemental requests to the Finance Department						
September 2-11		Finance Department reviews budget requests for formatting & proper coding						
Monday September 21		Mayor and Treasurer review "Preliminary Budget-Narrative" and supplemental requests						
Tues-Wed September 22-25		Treasurer scheduled meetings with Mayor and Department Heads to review Budget and supplemental requests						
September 22-30	At least 60 days before the ensuing year November 2	Finance Department prepares Preliminary Budget Publication						
Thursday October 1	On or before the first business day in the 3rd month prior to the next fiscal year (10/1)	Preliminary Budget delivered to the City Council and available to the public						
Tuesday October 13	Before Council votes on property tax levy - November 30	Council Meeting - Public Hearing on Revenue Sources						
Thursday October 15*		Finance Committee meeting: Preliminary budget Review * To be Scheduled						
Tuesday October 20		Council Study Session: 2016 Budget & Revenue						



2016 Budget Calendar

Date/2015	Time Limitations (State Law)	Major Steps in Budget Preparation	Jul	Aug	Sep	Oct	Nov	Dec
Tuesday October 20	No later than first two weeks in November	Finance provides to Clerk's office: Publication of notice of availability of the 2016 Preliminary Budget for public review and Public Hearing notice for the Proposed Final Budget to be published 11/2 & 11/9						
Thursday October 22*		Finance Committee Meeting: Preliminary Budget review * To be Scheduled						
Friday October 30*		All day Finance Committee Meeting: Department Head Budget review * To be Scheduled						
Tuesday November 10	No later than November 30 Public Hearing	City Council Meeting: First & Final reading of an Ordinance setting the 2016 Property Tax Levy						
Thursday November 12*		Finance Committee Meeting: Comprehensive Budget Review * To be Scheduled (An additional day can be scheduled if needed)						
Tuesday November 17		Council Study Session: Proposed Budget						
Friday November 20	No later than 6 weeks before Jan. 1 (11/20)	Copies of Proposed Budget made available to the public						
Tuesday November 24	On or before first Monday of December (12/7)	City Council Meeting: Public Hearing and first reading of the 2016 Budget Ordinance						
Monday December 7	Following the Public Hearing and prior to the beginning of the ensuing fiscal year (12/31)	City Council Meeting: Adoption of the 2016 Final Budget						

Introduced by: City Treasurer
Requested by: Finance Committee
Drafted by: City Treasurer
Public Hearing: December 7, 2015
Adoption: December 8, 2015

ORDINANCE NO. 031-15

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON ADOPTING THE BUDGET FOR THE YEAR 2016.

WHEREAS, the preliminary budget for the calendar year 2016, available October 5, 2015, was submitted to the City Council; and

WHEREAS, the City Council held a public hearing on revenue sources on October 13, 2015; and

WHEREAS, the Council Finance Committee met on November 16, 2015 and conducted department interviews and discussed the preliminary budget to make final recommendations to the Council which included the participation of three additional council members; and

WHEREAS, the City Council held a comprehensive work study session on the 2016 preliminary budget on November 17, 2015 and considered the Council Finance Committee's recommendations; and

WHEREAS, A Notice of Hearing was published on November 20, and November 27, 2015, in the Port Orchard Independent newspaper stating the 2016 preliminary budget was on file with the City Clerk and copies could be obtained at the office of the City Treasurer, and inviting the public to attend and/or submit written comments at the public hearing held December 7, 2015; and

WHEREAS, the City Council held a public hearing on December 7, 2015 regarding the preliminary budget for calendar year 2016 seeking public input on city priorities, public safety enhancements, cultural and recreational opportunities, and other public services; and

WHEREAS, a copy of the 2016 preliminary budget has been on file with the City Clerk and copies available from the City Treasurer for examination by the public during the time it was considered by the City Council; now, therefore,

THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. the Budget of the City of Port Orchard for the year 2016 is hereby adopted in its entirety as the annual budget of the City of Port Orchard for calendar year 2016 as set forth below:

(1)	Estimated Revenue From All Sources:	\$44,925,761
(2)	Estimated Appropriations:	
	Current Expense Fund	10,358,087
	Street Fund	2,809,323
	Criminal Justice Fund	693,675
	Special Investigative Unit Fund	63,670
	Water-Sewer Utilities Fund	11,044,400
	Storm Drainage Utility Fund	3,092,870
	Total Operating Funds	28,062,025
	Other Non-Operating Funds	16,863,736
	Total Funds	44,925,761

SECTION 1. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of constitutionality of any other section, sentence, clause or phrase of this ordinance.

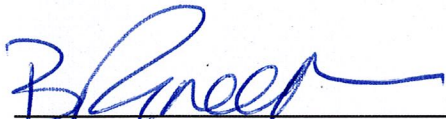
SECTION 2. This ordinance shall be in full force and effect five (5) days after posting and publication as required by law. A summary of this Ordinance may be published in lieu of the entire ordinance, as authorized by State Law.

PASSED by the City Council of the City of Port Orchard, APPROVED by the Mayor and attested by the City Clerk in authentication of such passage this 8th day of December, 2015.




Timothy C. Matthes, Mayor

ATTEST:



Brandy Rinearson, CMC, City Clerk

APPROVED AS TO FORM:



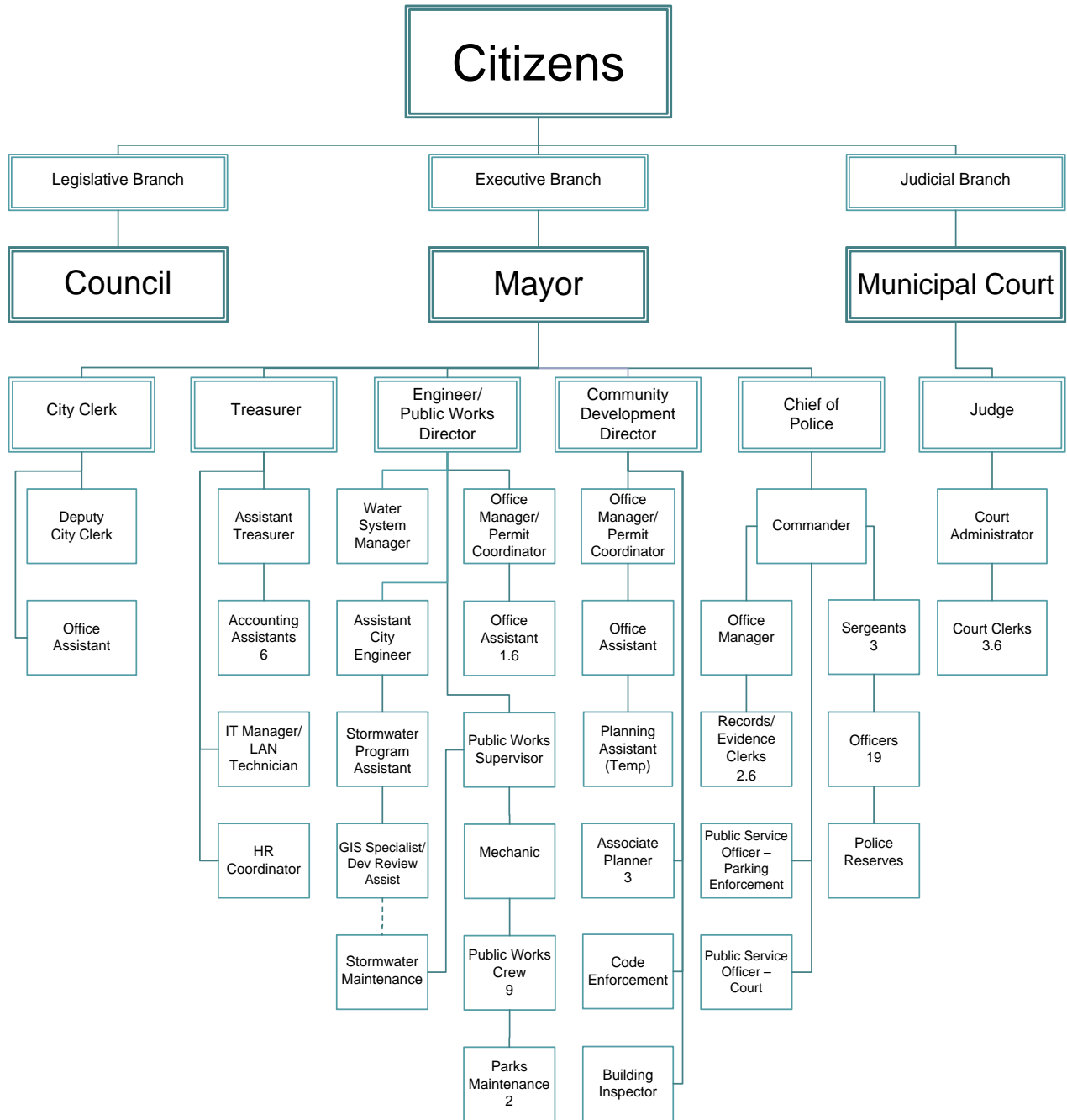
Carol Morris, City Attorney

Sponsored by:

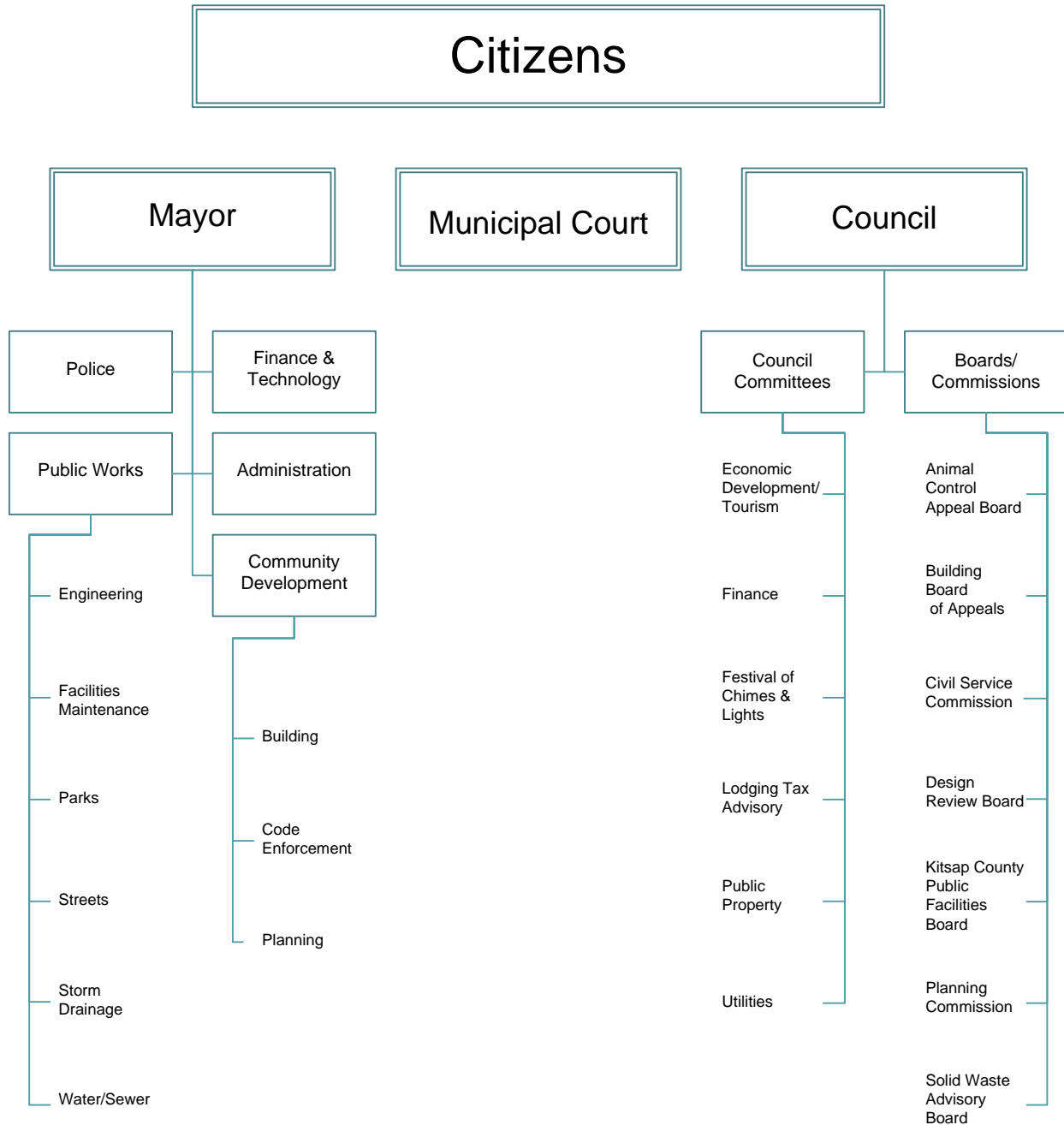


John Clauson, Councilmember

ORGANIZATION CHART



ORGANIZATION CHART



OFFICIALS

ELECTED OFFICIALS

TERM EXPIRATION

MAYOR

Robert Putaansuu December 31, 2019

COUNCIL MEMBERS

POSITION NO. 1

Shawn Cucciardi December 31, 2019

POSITION NO. 2

Bek Ashby December 31, 2017

POSITION NO. 3

Scott Diener December 31, 2017

POSITION NO. 4

John Clauson December 31, 2019

POSITION NO. 5

Cindy Lucarelli December 31, 2019

POSITION NO. 6

Fred Chang December 31, 2017

POSITION NO. 7

Clancy Donlin December 31, 2017

APPOINTED OFFICIALS

Allan J. Martin Treasurer

Mark Dorsey Public Works Director/City Engineer

Geoffrey Marti Police Chief

Nicholas Bond Community Development Director

Brandy Rinearson City Clerk

Tarrell Decker Municipal Court Judge

Sharon Cates of Lighthouse Law Group Attorney

BOARDS AND COMMISSIONS

ANIMAL CONTROL APPEAL BOARD

CURRENT MEMBERS: Lorraine Olsen, Dr. Nancy Isbell, and Bjorn Bjorke

The animal control appeal board shall serve as the board of appeals for matters relating to declaration of potentially dangerous animals (levels 2 and 3) as established in Ordinance No. 1607, codified in POMC Title 7, and all subsequent amending ordinances thereto. Members shall consist of three members, who shall be appointed by the Mayor and two members shall be City residents, and one member shall be a veterinarian who is licensed by the State of Washington. Members shall serve a three-year term expiring December 31st.

BUILDING BOARD OF APPEAL

CURRENT MEMBERS: Barry Berezowsky, Matt Zawlocki, Sean Hoynes, Scott Kiele, Robert McGee, and Wayne Senter

The Building Board of Appeal consists of five individuals, one from each of the following professions or disciplines; and two alternate members, who shall be called by the board chairperson to hear appeals during the absence or disqualification of a member. The Alternate members shall be appointed for five years. Professionals or disciplines are as follows:

- 1.) Registered design professional with architectural experience or builder or superintendent of building construction with at least ten years' experience, five of which shall have been in responsible charge of work.
- 2.) Registered design professional with structural engineering experience.
- 3.) Registered design professional with mechanical and plumbing engineering experience or a mechanical contractor with at least ten years' experience, five of which shall have been in responsible charge of work.
- 4.) Registered design professional with electrical engineering experience or an electrical contractor with at least ten years' experience, five of which shall have been in responsible charge of work.
- 5.) Registered design professional with fire protection engineering experience or a fire protection contractor with at least ten years' experience, five of which shall have been in a position of responsibility.

CITY'S REPRESENTATIVE TO THE SOLID WASTE ADVISORY BOARD

CURRENT MEMBERS: Stephanie Bailey

Solid Waste is an advisory committee to assist in the development of programs and policies concerning solid waste handling and disposal and to review and comment upon proposed rules, policies, or ordinances prior to their adoption. The committee shall consist of a minimum of nine members. The Mayor shall appoint a City representative at the end of their term.

CIVIL SERVICE COMMISSION

CURRENT MEMBERS: Ken Kambich, David Southard, and Rick Wyatt

The City of Port Orchard Civil Service Commission shall be composed of three members who shall serve without compensation and who shall have qualifications, powers, and duties prescribed and directed by Chapter 41.12 RCW. The commission members shall be appointed by the Mayor for six-year terms to expire on December 31st.

DESIGN REVIEW BOARD

CURRENT MEMBERS: John Purves, Diane Buchanan, Shannon Childs, David Fall, Noel Larson

The Design Review Board consists of seven members appointed by the Mayor for three-year terms which expire on December 31st. Board members review development applications associated with development of the downtown overlay district area and make recommendations to the Director of Community Development regarding the applications' consistency with adopted design guidelines.

KITSAP COUNTY PUBLIC FACILITIES DISTRICT BOARD

CURRENT MEMBERS: Jeffrey Braden

Members of the board of directors shall serve four-year terms and one board member shall be appointed by the Port Orchard City Mayor at the end of their term.

PLANNING COMMISSION

CURRENT MEMBERS: Stephanie Bailey, Annette Stewart, Trish Tierney, Tim Drury, Marcus Lane, Nick Whittleton, Kathleen Wilson (one position remains vacant)

Planning Commission members serve a six year term and are appointed by the Mayor and confirmed by the City Council. The commission may act as the research and fact finding agency of the city. To that end it may make such surveys, analyses, researches and reports as are generally authorized or requested by the Council with the approval of the Council. The Commission is comprised of at least seven residents of the City and one may be a non-resident of the City who meets on the third Monday evening of each month in the City Council Chambers.

COUNCIL COMMITTEES

Members of the City Council are assigned to the following committees to assist in research and recommendations to the full council.

ECONOMIC DEVELOPMENT/TOURISM COMMITTEE

CURRENT MEMBERS: Bek Ashby, Clancy Donlin, and Fred Chang
Committee responsibilities include public events and tourism related issues.

FINANCE COMMITTEE

CURRENT MEMBERS: John Clauson, Bek Ashby, Shawn Cucciardi
Committee reviews contracts and financial issues of the city.

FESTIVAL OF CHIMES AND LIGHTS COMMITTEE

CURRENT MEMBERS: Cindy Lucarelli, and Clancy Donlin
Committee recommends activities and advertisements on the subject and issues that have been historically assigned to this committee.

LODGING TAX ADVISORY COMMITTEE

CURRENT MEMBERS: Fred Chang, 4 Hoteliers, and 4 Non-profits
Committee reviews lodging tax applications and provides recommendations to the Council for distribution.

LAND USE COMMITTEE

CURRENT MEMBERS: Shawn Cucciardi, John Clauson, Scott Diener
Committee reviews actions of the City regarding City property, including parks, streets, alleys and sidewalks. They also work on updating the City's Comprehensive Parks Plan.

SEWER ADVISORY COMMITTEE

CURRENT MEMBERS: Fred Chang, Cindy Lucarelli, and Scott Diener
The committee meets with the West Sound Utility District Commissioners to discuss the Joint Wastewater Treatment Facility.

UTILITIES COMMITTEE

CURRENT MEMBERS: Fred Chang, Scott Diener, and Cindy Lucarelli
Committee members also serve as City representatives on the Sewer Advisory Committee meeting with the West Sound Utility District Commissioners to discuss the Joint Wastewater Treatment Facility. The committee reviews utility issues related to sewer, water, and storm-water.

COUNCIL GOALS

The following are priorities established by the Council for the appropriate departments to focus on in completing their work plans by December 2016.

Community Development/Public Works

- Create a toolkit of resources for new businesses and developers that will attract more and new people to invest in the City.
- Finish work to create Transportation Benefit District.
- Complete the comprehensive plan update by June 30, 2016. Based on the completed comprehensive plan:
 - Begin commercial zoning and zoning code updates
 - Prioritize at least 3 sub-areas for which to create plans in 2017.
- Update development codes, including procedure and design standards.
- Obtain funding for Tremont.
- If time:
 - Update the right-of-way use code by May, in time for the summer season.
 - Update the sign code.

IT/Technology

- Implement IT upgrades in the Seitel Plan

Finance

- Create financial priorities to inform future budgets.
- Implement biennial budget



CITY OF PORT ORCHARD
Office of the City Treasurer

216 Prospect Street, Port Orchard, WA 98366
Voice: (360) 876-7023 • Fax: (360) 895-9029
www.cityofportorchard.us

January 2016

Dear Community, Mayor and Council:

In preparing this budget, the staff focused upon the good of the community, with direction from the Mayor, and guided by public and Council comment. Staff conversations with the Council over the past year provided a revenue and expenditure framework for our various public services and projects. Overall, this budget bolsters our maintenance efforts, strives to keep up with growth and offers strategies to provide the services our community needs.

Staff is very mindful of citizen's desire for public outreach and public input. The budget contains additional utility revenue as a result of increases in water sewer rates. Following a GAP analysis that identified utility deficiencies the City sought public comment, reached out to customers, and held public hearings on proposed rates. Aware of the impact of increased costs on customers, but also of the need to properly maintain infrastructure, a new rate schedule was adopted by the Council. It is hoped that such public involvement processes will garner support in future efforts to improve a wide range of City services.

Esthetically City Hall remains a beautiful iconic building, however significant investments are required to preserve the value of the building. The design and materials used in many building exteriors of that time period failed sooner than expected, creating leaks and other problems. The budget contains efforts to continue the assessment of the building to identify problems, determine repairs, and ensure the building remains safe and functional for many years to come.

I am very proud of our discipline in building financial reserves. We are at the midpoint of setting aside two months of operating expense. A process we embarked upon in 2012. We continue to be realistic in our revenue and expense projections while at that same time budgeting conservatively. Financial reserves and realistic projections serve the City well in good times and provide confidence when making future financial commitments.

The 2016 budget contains operating and capital budgets. Separating operations from capital projects was a finance initiative which began several years ago. First talking with public work staff that was looking for an easier way to manage projects over multiply years, then with Council members explaining the increased transparency it provides, and finally into the adopted budget. Most of the finance challenges ahead are of a capital project nature. Splitting operations from capital will help differentiate between the cost of ongoing services and construction projects.

I want to thank the citizens, Mayor, and Council for their continued support of all things financial.

Sincerely,



Allan J. Martin
Treasurer

BUDGET GUIDE

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.

Title 35A of the Revised Code of Washington (RCW) states that preparing and adopting a budget is a legal requirement of all Cities. The budget is the lawful authority to expend public monies. It also controls how, when, and on what, those monies are expended.

The City of Port Orchard's budget document is a policy document that reflects general principles or plans and provides direction for the progress of the city in the upcoming year. The guidelines developed during the budget process enable city departments to reach their goals as authorized by Council. This document is also an operational guide in that each city department has planned, formalized and described the actions it will take in the upcoming months to attain the goals of the City Council. The budget document also provides our public with a view into the operations of the City and can help develop an understanding of how each department relates with another and how all departments work together to serve the public's best interest. The budget discusses future goals and projects the City hopes to accomplish.

BUDGETING, REPORTING & ACCOUNTING

The City follows the generally accepted accounting principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As prescribed by RCW 43.09.200 the City of Port Orchard utilizes the Budgeting, Accounting and Reporting System (B.A.R.S.) in the financial operations of the City.

HOW B.A.R.S. WORKS

B.A.R.S. utilizes a standard chart of accounts to report financial activities of an entity. The City is required to use the revenue/expense chart of accounts and procedures contained in the B.A.R.S. manual for reporting purposes.

REVENUES:

The 300 series of B.A.R.S. accounts designate all fund inflows by source. Revenue accounts 311-369 represent the source of revenues to a fund. Non-revenue accounts are indicated by account numbers 380 through 389. Accounts 391-397 characterize other financing sources in governmental-type funds. For proprietary and similar trust funds, 311-369 and account 395, represent revenues classified by source.

Below is a listing of the Basic Revenue accounts used by the City of Port Orchard.

- 310. Taxes
- 320. Licenses & Permits
- 330. Intergovernmental Revenues
- 340. Charges for Goods & Services
- 350. Fines & Penalties
- 360. Miscellaneous Revenues

- 370. Proprietary Income
- 380. Non-Revenues
- 390. Other Financing Sources

The next two digits are required to further describe which resource the revenues come from. Most revenue accounts have a total of five digits; however, some accounts may have two additional digits added for descriptive purposes.

EXPENDITURES:

The 500 series of B.A.R.S. accounts designate all fund outflows by function, activity, and character. Expenditure accounts 510-579 represent current operating expenditures. 581-589 are non-expenditure accounts. Expenditure accounts 591-593 depict debt service expenditures and accounts 594-595 are capital outlay expenditures. Accounts 596-597 represent other financing uses.

Below is the listing of basic expenditure accounts used by the City of Port Orchard.

- 510. General Government Services
- 520. Public Safety
- 530. Utilities & Environment
- 540. Transportation
- 550. Natural & Economic Environment
- 560. Social Services
- 570. Culture & Recreation
- 580. Non-Expenditures
- 591-593. Debt Service
- 594-595. Capital Expenditures/Expenses
- 596-597. Other Financing Uses

An additional two digits are required to further describe which function the basic account supports (operating transfers being the exception to this rule).

The last descriptive coding is the two digit object code. The object code applies to the article purchased or the service obtained.

OBJECT CODES:

- .10 Salaries & Wages
- .20 Benefits
- .21 Uniforms
- .30 Supplies
- .40 Other Services & Charges
- .50 Intergovernmental Services & Taxes
- .60 Capital Outlays
- .70 Debt Service: Principal
- .80 Debt Service: Interest and Related Costs
- .90 Interfund Payments for Services

The following chart summarizes the amount of detail required for Revenue & Expenditure coding.

Item Description	Examples	
Fund	001	001
Department	1	0
Prime Digit	500 (Expenditures)	300 (Revenues)
Basic Account	5 <u>1</u> 0	3 <u>1</u> 0
Sub-Account	51 <u>4</u>	31 <u>6</u>
Element	514. <u>2</u> 0	316. <u>4</u> 0
Sub-Element	514. <u>23</u>	316. <u>41</u>
Object	514.23. <u>3</u> 0	
Sub-Object	514.23. <u>31</u>	

FUND:

Used to identify funds created and maintained for a particular purpose.

DEPARTMENT:

The City uses the optional Department category to differentiate expenses for each individual department. Department Codes are as follows:

- 0 Revenues
- 1 Finance
- 2 Court
- 3 Police
- 4 Community Development
- 5 Public Works
- 6 Miscellaneous
- 7 Administration

PRIME DIGIT:

The first figure in the seven digit account number.

If the first digit is:

- 1 - Indicates an asset account.
- 2 - Indicates a liability or equity account. It also denotes budgetary and nominal control accounts.
- 3 - Denotes revenue, non-revenue, or other financing source detail (subsidiary) account.
- 5 - Is an encumbrance, expenditure, non-expenditure or other financing use detail account.

BASIC/SUBACCOUNT:

Revenues - The numbers assigned to identify the source (origin or originating category) from which revenues are obtained.

Expenditures - The numbers assigned to identify different categories of operations from which expenditures/expenses are incurred.

ELEMENT/SUBELEMENT:

Revenues - The numbers assigned to further identify specific types of revenues with a particular Basic/Sub category.

Expenditures - The numbers assigned to further identify specific types of activities related to the particular Basic/Sub category.

OBJECT/SUBJECT:

Revenues - The City does not use object codes for revenues.

Expenditures - The numbers assigned to identify expenditures according to the character and the type of items purchased or services obtained.

FUND DESIGNATION AND CLASSIFICATIONS

The City budget implements Governmental Accounting Standards Board (GASB) Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions to improve financial reporting by providing easily understood fund balance categories and classification. The classifications set-up a hierarchy based primarily to reflect constraints on how the money in the fund can be spent.

THE FUND CLASSIFICATIONS ARE:

- ***Nonspendable*** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- ***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 the specific purposes determined by a formal action of the government's highest level of decision-making authority. 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 expressed by the governing body or by an official or body to which the governing body delegates the authority. 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.

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting operations of the different activities of the City. The 2016 budget contains 22 funds. Each fund has a unique purpose.

FUNDS:

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.

The City of Port Orchard accounts for and reports its resources in two fund types - Governmental and Proprietary. Governmental funds account for activities associated with the running of the City. These are supported largely by taxes. Proprietary funds account for services to the general public that are, for the most part, financed by user fees and charges for the services provided by the City.

GOVERNMENTAL FUND TYPES

Port Orchard's governmental funds are divided into the six categories, listed below, to ensure proper accounting and reporting of resources.

GENERAL FUND (001-099)

The primary fund of the City is the General Fund. It is used to account for all financial resources not accounted for in another fund. Included in the General Fund are Police, Municipal Court, Engineering, Streets, Parks, Building, Planning, Finance, Legislative and Administration. 79% of these services are supported by taxes (Property tax 23%, Sales tax 40% Utility tax 15% and other taxes 2%). Other revenues include Charges for Goods and Services 4%, Fines and Forfeits 2%, Licenses & Permits 3% and Intergovernmental Revenues 4%. In 2016 Operating Transfers account for 6% of the revenue due to large capital projects and Miscellaneous Revenues factor about 2%.

SPECIAL REVENUES FUND (100-199)

These Funds account for revenues that are restricted or committed to expenditure for specific purposes. The City has six Special Revenue Funds that ensure the revenues are used only for activities that meet the requirements dictated by the source of the revenue. B.A.R.S. defines restricted revenues as "resources externally restricted by creditors, grantors, contributors, laws or regulations of other governments, or restricted by law through constitutional provisions or enabling legislation." The definition for committed revenues is "resources with limitations imposed by the highest level of the government, and where the limitation can be removed only by a similar action of the same governing body."

DEBT SERVICE FUNDS (200-299)

Debt Service Funds account for the City's financial resources that are restricted, committed or assigned to expenditure for principal and interest. The City has one Debt Service Fund.

CAPITAL PROJECTS FUNDS (300-399)

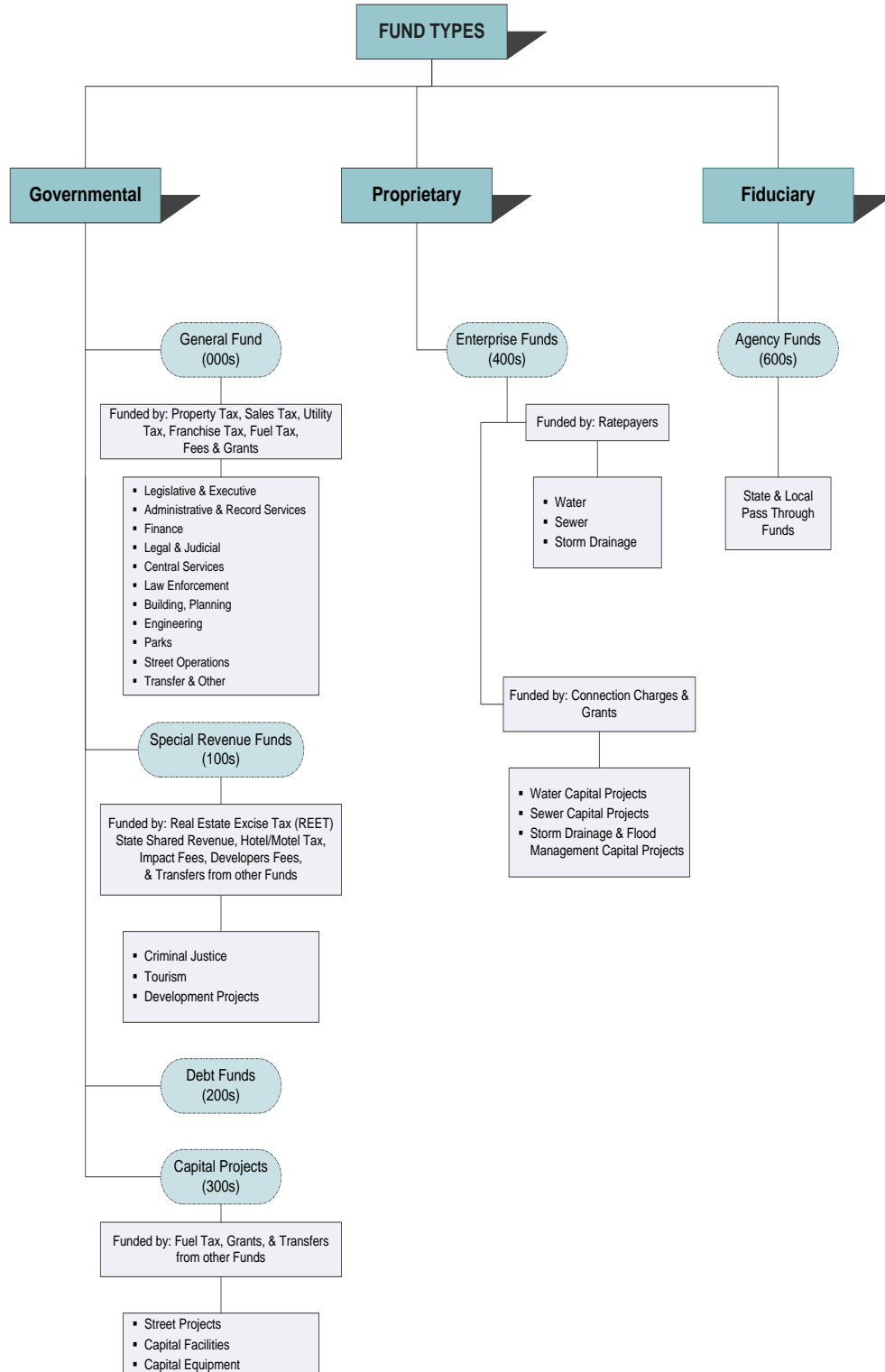
Acquisition or construction of capital projects are accounted for here. The City has three Capital Project Governmental Funds. The Capital Construction Fund receives transfers from other general funds or revenue from grant proceeds to use on capital projects. The Cumulative Reserve for Equipment Replacement Fund where funds are placed as authorized by Council to use for equipment purchases. The Street Capital Projects Fund is for street projects; revenues from grant dollars and a portion of the fuel tax revenues are placed here.

AGENCY FUNDS (600-699):

Agency Funds represent assets held in a trustee or agency capacity for others and do not report results of operation. The City has three Agency Funds. The 1984 Refunding Fund is an expendable trust fund to pay outstanding bonds with monies held by the refunding trustee, US Bank. The Trust and Agency Fund collects fees which the Treasurer, acting as 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. The Wastewater Treatment Facilities Fee Fund receives facility fees which are collected for the Joint Wastewater Treatment Facility.

PROPRIETARY FUND TYPES (400-499)

Proprietary Funds are used to account for services provided to the public where the majority of the costs are supported by user fees and charges. The City has two Proprietary Funds – Water Sewer Utility and Storm Drainage Utility.



CITY FUNDS

CURRENT EXPENSE—FUND 001

The Current Expense Fund accounts for all financial resources except those required to be accounted for in another fund.

CITY STREET-FUND 002

City Street Fund is a general fund that accounts for City street revenue sources, including 95% of the Motor Vehicle Fuel Tax, to be used for city street purposes. Expenses for street related operations, maintenance and improvements are coded here.

STABILIZATION-FUND 003

A 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. The City Treasurer must quantify, document and present the significance of a qualifying event. Authorization for spending stabilization reserves requires a simple majority vote of the City Council.

CRIMINAL JUSTICE-FUND 103

In 1990 the legislature passed a bill to provide funding for Criminal Justice to local government. These revenues are placed in this account and must be used exclusively for Criminal Justice purposes.

SPECIAL INVESTIGATIVE UNIT-FUND 104

This special revenue fund was created to account for monies and property seized during drug investigations per RCW 69.50.505. Monies paid into the fund are to be used by the Police Department for drug enforcement purposes.

COMMUNITY EVENTS-FUND 107

This is a special revenue fund where monies received from Hotel/Motel Transient (Stadium) Tax per RCW 67.28 are accounted. These monies are to be used solely for the purpose of paying all or any part of the cost of tourism promotion and acquisition or operation of tourism related facilities.

PATHS & TRAILS-FUND 108

The purpose of this fund is to establish and maintain paths and trails for pedestrians, equestrians or bicyclists as part of streets, roads & highways. Revenues come from the Motor Vehicle Fuel tax. As required by RCW 47.30.030, no less than 0.42 percent of the total amount of funds received will be placed into this fund. These funds may be held for a period of not more than 10 years and are to be expended on the purposes described above.

REAL ESTATE EXCISE TAX (REET)—FUND 109

Real estate excise tax (REET) is levied on all sales of real estate. This tax is collected by the State of Washington and a percentage is passed on to the City. There are two types of REET funds. Each has specific ways in which they may be spent. This fund tracks the receipt and disbursement of REET 1 and REET 2. The first quarter percent (REET1) is dedicated to local capital projects as identified in RCW 82.46. The second quarter percent (REET2) shall be used solely for financing capital projects specified in a capital facilities plan element of a comprehensive plan. In 2011 legislature expanded, for a limited period of time, the uses of REET both the first and second quarter. Cities may, with restrictions, use

REET 1 & 2 for operation and maintenance of existing capital facilities. This new authority expires on December 31, 2016.

IMPACT FEE-FUND 111

The Impact Fee Fund establishes separate accounts within the fund and maintains records for each such account whereby impact fees collected can be segregated by type of facility and by service area. All interest is retained in the account and expended for the purposes for which the impact fees were imposed. Impact fee expenditures for system improvements are expended only in conformance with the capital improvement plan. Impact fees are expended or encumbered for a permissible use within six years of receipt, unless there exists an extraordinary and compelling reason for fees to be held longer than six years. Such extraordinary and compelling reasons shall be identified in written findings by the City Council.

2003 LIMITED TAX GO REFUNDING BOND-FUND 206

This is a debt service fund created for the purpose of paying principal of and interest on the 2003 refunding bond in the amount of \$3,000,000. The City refunded the 1999 Limited Tax General Obligation Bond that was issued to pay the cost of constructing a new municipal facility. The City has committed to paying this debt using funds from Cumulative Reserve for Municipal Facilities (73%), and Water-Sewer Operating (27%). Outstanding principal is \$602,250 on December 31, 2015.

CAPITAL CONSTRUCTION-FUND 302

Capital Construction Fund is used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). This fund accounts for grant funding and transfers from other funds (i.e. REET 109) which provide the cash flow to complete the projects.

CUMULATIVE RESERVE FOR EQUIPMENT REPLACEMENT-FUND 303

This fund is used to account for financial resources to be used for purchasing and/or replacing Current Expense and City Street capital equipment.

STREET CAPITAL PROJECTS-FUND 304

This fund is used to monitor restricted revenues and expenditures for Street Capital Projects. Revenues include the State-levied Motor Vehicle Fuel taxes distributed to the City and street related grant funding. The City utilizes fuel tax revenues as matching funds for grants specified for street capital project purposes.

WATER SEWER UTILITY-FUND 401

Water Sewer is an enterprise fund used to account for operations that are normally financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. If issued, debt is backed solely by fees and charges and the cost of providing services for an activity must legally be recovered through water and sewer fees or charges.

WATER SEWER EQUIPMENT REPLACEMENT-FUND 402

This enterprise fund was created for purchasing and/or replacing Water Sewer equipment.

CUMULATIVE RESERVE FOR WATER SEWER-FUND 403

This enterprise fund was created for Water Sewer capital outlay, debt service, and maintenance and operation, into which the revenues received from capital facility charges and fees in lieu of assessment

are placed. The purpose of this fund is to build up reserves to be expended for betterments and improvements to the utilities, with debt service and maintenance and operation to be funded as necessary.

STORM DRAINAGE UTILITY-FUND 421

Storm Drainage Utility is an enterprise fund used to account for the City's storm drainage operations and surface water management system – where the intent of the governing body is that the costs (including depreciation) of providing services to the general public will be financed or recovered primarily through user charges. If issued, debt is backed solely by fees and charges and the cost of providing services for an activity must legally be recovered through storm drainage fees or charges.

STORM DRAINAGE EQUIPMENT REPLACEMENT-FUND 422

This enterprise fund was created for purchasing and/or replacing Storm Drainage utility equipment.

STORM DRAINAGE CAPITAL FACILITIES-FUND 423

The purpose of this fund is to build up reserves to be expended for betterments and improvements to the storm drainage utility, with debt service and maintenance and operation to be funded as necessary.

1984 REFUNDING-FUND 621

An expendable trust fund to pay outstanding bonds with monies held by the refunding trustee, US Bank. In 1984, the 1962, 1963, 1973 and 1977 bond issues were refinanced and the money was invested in US Treasury and Agency obligations to match the debt service schedule. The 1977 bond issue is the only remaining debt, with principal of \$12,000 and interest of \$850 for a total of \$12,850 outstanding as of December 31, 2015. The issue will be paid off in 2017 and any money remaining will be transferred and paid into the Water Sewer Operating Fund.

TREASURER'S TRUST & AGENCY-FUND 631

This 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.

WASTEWATER TREATMENT FACILITIES FEE -FUND 632

This agency fund receives money from the Joint Venture to repay both Public Works Trust Fund loans. Also deposited into this fund are Wastewater Treatment Facility fees. These dollars are held in trust to mitigate the debt and future construction costs for the Wastewater Treatment Facility.

BUDGET PROCESS

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds not related to special assessments, and capital projects 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 the fiscal periods that correspond to the lives of debt issues or projects. There is no difference between the budgetary basis and generally accepted accounting principles. Proprietary funds are budgeted on the full accrual basis for management control purposes only. Appropriations for general and special revenue funds lapse at year-end.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. With accrual accounting, revenue is recognized when earned and measurable (usually evidenced by delivery of goods or services to a customer and issuance of an invoice for same). Expenditures are recognized when the liability is incurred (usually measured by receipt of goods or services rendered). Modified accrual accounting is a hybrid of cash and accrual methods. Revenue is recognized when earned, measurable, and available. Expenditures are still recognized when the liability is incurred. This accounting method is used for the budget process and the audited financial statements.

Port Orchard operates on a calendar year basis. The Budget process begins with discussions regarding priorities the City faces. Input is received from the public concerning the course the City should chart towards the future. Mayor and Council use this input along with facts and direction from City departments to develop a progression for the upcoming year. In midsummer the Finance Department provides a beginning projection of the next year's revenue expectations. Data used to forecast revenues comes from many different sources. Historical values, trends, economic data are researched with other entities (State of Washington OFM, MRSC, AWC, Kitsap County Assessor), and with City Directors. The data is compiled and reviewed by Finance to provide the best estimates for the upcoming year. These calculations are used in concert with the Mayor/Council's goals for the next year to provide the target for departmental expenditures. In early August the Finance Director provides departments with their budget targets and other pertinent information to help them develop their budgets. Departments are also asked to provide a supplemental budget indicating any staffing changes, capital projects or other items that are not included in their regular budget. Department budgets are returned to Finance by the 1st week of September in compliance with RCW 35.33.031.

These estimates are then submitted to the Mayor for review. The Mayor discusses departmental needs with each director and reviews the budget to provide a balanced preliminary budget recommendation to Council.

In accordance with RCW 35A.33.135, on or before the first Monday in October the Mayor submits the preliminary estimated revenues and expenditures to Council. Throughout October, Council conducts budget workshops and study sessions to discuss the budget with departments and allow taxpayer's comments. A public revenue hearing is also held preceding Council's vote on the Property Tax Levy. Council makes its adjustments to the preliminary budget and after two public hearings, and prior to December 31st, adopts an ordinance providing the final balanced budget. The adopted budget is published and made available to the public early the following year.

The City begins implementing the adopted budget the first day of January following adoption. Directors monitor their expenditures to ensure adherence to the approved budget. The Finance Department also monitors expenditures and provides financial updates to Council and Department Directors.

BUDGET AMENDMENTS

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 or other conditions of employment must be approved by City Council. When the 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 two readings. Budget amendments are typically expenditures or revenues received that were not planned for or could not have been foreseen during the budget process.

CITY REVENUE SOURCES

The City has a variety of revenue sources for its Governmental Funds, the largest of these being property tax and sales tax. Other revenue sources are: other taxes, licenses & permits, charges for goods & services, fines & forfeits, and intergovernmental revenues.

PROPERTY TAX:

The Kitsap County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed after the end of each month. A City is permitted by law to levy up to \$3.60 per thousand of assessed valuation for general governmental services. The City is annexed into South Kitsap Fire District #7 (SKFD). In 2012 the City resident's voted to annex into the Kitsap Regional Library District (KRL). SKFD may levy up to \$1.50 per thousand of assessed valuation and KRL is allowed up to \$0.50. The difference between SKFD & KRL levies and \$3.60 is the City's capacity. Washington State Law, RCW 84.55.010 limits the rate.

The 2016 assessed valuation for properties in the City of Port Orchard is \$1,405,166,175. The 2016 Property tax levy is \$11.8273 per thousand of assessed valuation of which the City receives \$1.7493.

Year	Assessed Valuation	Levy Rate	Property Tax Revenue
2007	726,921,614	2.0768	1,509,652
2008	814,625,858	1.8949	1,543,671
2009	833,125,854	1.9488	1,623,607
2010	1,165,037,143	2.1424	2,495,925
2011	1,239,258,364	2.1192	2,626,382
2012	1,192,138,362	1.8477	2,202,693
2013	1,312,770,504	1.7573	2,307,207
2014	1,319,792,155	1.6979	2,240,898
2015	1,347,919,629	1.7252	2,325,748
2016	1,405,166,175	1.7493	2,458,008

- The 2010 increase is due to the McCormick Woods Annexation completed in July 2009
- In 2010 Port Orchard residents approved annexation into the Kitsap Regional Library District. This became effective in 2012, which along with declining property values caused the decrease in revenues.
- The 2013 increase is due to the Bethel North Annexation completed April 2012.
- The City's Property tax dollars are distributed between the Current Expense Fund and City Street Fund. Council determines actual distribution during the regular budget sessions. 2016 property tax revenues are estimated to be 23% of the General Fund revenues.

RETAIL SALES & USE TAX:

Sales Tax is collected by the State and distributed to the City. The retail sales & use tax rate inside the City of Port Orchard is 8.7% of all retail sales. Of this amount only 0.84% is received by the City.

The amount of sales tax received fluctuates from year to year due to the economy, resident spending and the construction market. Sales tax is one of the top two sources of revenue for the City. For 2016 sales tax represents an estimated 40% of the General Fund revenues.

UTILITY TAXES:

Utility taxes are levied on the gross operating revenues of public and private utilities within the City's boundaries. State law enables cities to levy utility taxes on natural gas, telephone and electricity in an amount up to 6% of the total charges. Cable TV may be charged an amount up to 5%. The City of Port Orchard does impose utility taxes, but currently does not impose the maximum amount for all categories. A tax is also permitted on solid waste, water, sanitary sewer and storm drainage. No rate limitation exists on this second category of utilities. Port Orchard imposes the maximum allowable amount of 6% for electric and telephone utility tax. The rate imposed for natural gas, however, is only 2% of the maximum allowable rate of 6%. For garbage utility tax the imposed rate of tax has remained at 6% since 1975. A utility tax for water and sewer has been at the same rate of 5% since 1970. The storm drainage facility, which began operations in 2009, is also charged at 5%. Federal law permits a franchise tax on cable television of up to 5%. Beginning in 1989, the City imposed a rate of 4%. In 2006, Ordinance No. 016-06 increased the rate to the maximum allowed of 5%.

LEASEHOLD EXCISE TAX:

This tax is collected by the State on property that is in public ownership which is leased to private parties. These taxes are collected in lieu of property tax for which a public entity is exempt. The State taxes these properties at a rate of 12.84%. Of this, Port Orchard is given 32% of revenues collected for publicly owned properties within City limits.

GAMBLING TAX:

State law permits a variety of gambling taxes. With limitations on gambling in the City of Port Orchard, the collection of such taxes is also limited. Currently, the City does not impose the maximum rate allowed by the State in two out of the four sectors the City collects taxes on.

	Maximum Rate	City Rate
Bingo/ Raffles	5%	5%
Amusement Games	2%	2%
Punchboard /Pull Tabs	10%	3%
Card Room	20%	10%

ADMISSIONS TAX:

State law provides for a tax of up to 5% on admissions. Ordinance No. 039-07 set the tax at the maximum 5%, beginning in 2008.

REAL ESTATE EXCISE TAX (REET):

The real estate excise tax is levied on all sales of real estate. The tax is measured by the full selling price including the amount of any liens, mortgages, and other debts given to secure the purchase. The City receives REET funding from the State in two categories. REET 1 (a quarter percent of the Real Estate Excise Tax) funding is restricted in its uses, usually only for Capital Projects. REET 2 also may only be used for Capital Projects; however, this funding may not be used for the acquisition of land for parks. The 2011 legislature expanded, for a limited period of time, the uses of REET 1 and REET 2. Cities may now, with some restrictions, use REET funds for operation and maintenance of existing capital projects. This new authority expires on December 31, 2016.

LICENSES & PERMITS

The largest source of revenue in this category is building permits. Building permit revenues fluctuate depending on the economy and sales of new homes.

INTERGOVERNMENTAL REVENUE

Intergovernmental revenues include liquor revenues, fuel tax, marijuana tax, grants and miscellaneous interlocal agreements.

I-1183 was approved by voters, privatizing liquor sales in the state. In general, liquor taxes remain and local governments continue to receive revenue from the liquor markup (the primary source of revenue for liquor profits) has ended. However, the initiative provides annual license fees for distributors and retailers, a percentage of which is distributed to cities. For 2016 the per capita projection is \$8.61 for liquor board profits and \$4.43 for liquor tax. Liquor profits are now revenues received for licensing fees from distributors and retailers.

The State levies a tax per gallon on motor vehicle fuel. Cities receive 10.6961% of the tax levied by the State based on a state formula per capita. These revenues are restricted in use for street related expenses. In 2016 the City of Port Orchard estimates it will receive \$291,411 in fuel tax revenues. Of this amount 0.42% is required to be set aside for paths and trails. The remaining balance will have 95% utilized in the City Street operations and the remaining 5% will be placed in the Street Capital Projects Fund to use as a local match for grants.

HB 2136 Marijuana-Reforms-Taxation provides revenue sharing of the Marijuana Excise Tax. In the 2015-17 biennium \$6 million dollars per year will be distributed to counties and cities. The first installment began in 2015. Per MRSC the formula for distribution is as follows:

- 60 percent is distributed to counties that have not prohibited the sale, production or processing of marijuana. The distribution amount allocated to each county, including the portion for eligible cities within the county, is ratably based on the total amount of taxable sales of marijuana products subject to the marijuana excise tax in the prior fiscal year within the county, including all taxable sales attributable to the incorporated areas within the county.
- After making any distribution to the counties, the state treasurer must distribute the remaining amount to eligible cities within the counties. The share to each eligible city within a county must

be determined by a division among the eligible cities within each county ratably based on total retail sales from the prior fiscal year

- Beginning in FY 2018, if marijuana excise tax collections deposited into the general fund in the prior year exceed \$25 million, then the legislature must appropriate an amount equal to 30% of all marijuana excise taxes deposited into the general fund to be distributed to counties & cities.

FEDERAL GRANTS

The City of Port Orchard applies for and is awarded grants to fund specific projects or activities. These grants have different requirements for local agency funding. This is commonly referred to as a grant match. Below is the list of grants that are budgeted in 2016.

US DEPARTMENT OF TRANSPORTATION / WSDOT - BAY STREET PEDESTRIAN PATHWAY

The Bay Street Pedestrian Pathway project started with a “no-match required” \$300,000 Enhancement grant to design/permit a 1-mile long multi-use (bike/pedestrian) pathway between Kitsap Transits’ Downtown Foot Ferry and the Annapolis Dock Foot Ferry facilities. This project has progressed over the years, 100% plans, specifications & estimates (PS&E) and permitting completed in 2012, and in 2013 partnerships with the Port of Bremerton and State grant funding administered by the Department of Commerce constructed segments 2 and 5 of the path. In 2014 the city was awarded WSDOT / FHWA funding for the overall pathway easement and right-of-way acquisition phase. This funding requires a 13.5% local funds match. In 2015 the City completed segment 4, Blackjack Creek Bridge, with state grant funding. The 2016 budget contains funding for Right of Way purchases as the City continues to move forward with the ROW project.

US DEPARTMENT OF TRANSPORTATION / WSDOT - TREMONT STREET WIDENING PROJECT

This WSDOT pass through grant will widen Tremont Street to provide four continuous lanes between Port Orchard Blvd and SR 16. Two existing signalized intersections within the project have been designed as roundabouts at South Kitsap Blvd and Pottery Ave. 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 path. In 2016 the City has budgeted \$416,200. These funds are budgeted in the Street Capital Projects Fund.

STATE GRANTS

WA STATE DEPT OF COMMERCE (COM) - DEKALB PIER

Under the State’s Local and Community Projects Program the City was awarded \$255,000 from the 2014-2015 State budget, in 2015 an additional award from State Legislative Direct Appropriations, in the amount of \$500,000 was received. Both of these grants are administered by the Department of Commerce (COM). COM receives a 3% administrative fee to recoup the cost of administering the project. Phase two of the Dekalb Pier provides for the repair and/or replacement of the pier to conform to the City’s Aquatic Lands Lease standards with DNR. The Phase 2 construction will include the pier extension and float/piling replacement. Previous state funding provided for the overall project design and permitting, along with the Phase 1 construction (uplands and pier.) This is budgeted in the Capital Construction Fund.

WA STATE DEPT OF ECOLOGY /CLEAN WATER STATE REVOLVING FUND – REGIONAL DECANT FACILITY

The Washington State Department of Ecology awarded the City \$1,015,000, in a combined financial assistance package, to construct the regional decant facility. The decant facility project received \$761,250 in state funded storm water grant money and a loan in the amount of \$253,750 from federal Clean Water State Revolving Fund (CWSRF), which provides the grant matching funds. Once completed, the facility will be used by three to four entities. The project will construct and install three covered decant bays separated by 3-foot concrete walls, covered trash area, bio-retention cell, rainwater harvesting and reuse system, metered water stations, and keypad entry.

WA STATE RECREATION & CONSERVATION OFFICE (RCO) – BAY STREET PEDESTRIAN PATH /ROCKWELL PROPERTY PURCHASE

The City was awarded a grant of \$105,750 to assist in the purchase of property to accommodate the construction of a trailhead/pocket park. This necessary property purchase provides the needed space for a trailhead along the Pathway. The City will match this grant amount. The project is funded in the Capital Construction Fund.

WA STATE RECREATION & CONSERVATION OFFICE (RCO) – MCCORMICK VILLAGE PARK

The City will use this grant to design and develop Phase II of the McCormick Village Park, a partially developed 30 acre park. Improvements include: completion of multi use perimeter loop trail with pedestrian bridge, entry plaza; children's playground; wetlands boardwalk with interpretive signs; wetlands viewing platform; and other improvements. The grant award is \$385,500 with the City providing an additional \$385,500 match for this multi year project. In 2016 \$125,000 (\$62,500 RCO & \$62,500 City) is budgeted for design of Phase II, with construction expected in 2017. This project is budgeted in the Capital Construction Fund.

WA STATE TRANSPORTATION BUDGET – BAY STREET PEDESTRIAN PATH

The design of the path is currently 98% finished. Once right of way acquisition is complete the City will utilize \$60,000 of a \$3.5 million award from the state transportation package to complete the design.

CHARGES FOR GOODS AND SERVICES

The Charges for Goods and Services category is comprised of user fees for services and activities provided by the City. In the General Fund the Charges for Goods and Services category includes Municipal Court related fines, penalties and other fees, building plan reviews, zoning and developer's fees and law enforcement services. These activities bring 4% of General Fund incoming revenues. The City's Proprietary funds, however, are funded almost exclusively on user fees. Charges for Goods and Services comprise 69% of the new revenues for the Water Sewer Utility and 85% for Storm Drainage Utility.

MISCELLANEOUS REVENUE

Miscellaneous revenues generate 2% of the City's incoming revenues. Investment income, parking and rentals are the largest items in this category. In recent years the investment income category has fluctuated due to interest rates and less revenue available for investment.

DEBT

The City of Port Orchard's legal debt limit, including voter-approved debt is approximately \$34.3 million. The City's Debt Policy is located in the "Financial Policies" section of the Budget Document.

In 2014 the City was awarded a low interest federal loan from the Drinking Water State Revolving Fund to design and construct Well 10. This is a reimbursement based loan of up to six million dollars. During the initial 48 month period from contract execution to project completion, the City may draw on the loan to design and construct the well. Construction of the well must be complete at the end of the 48 month period. The total cost of the well project (a maximum amount of six million dollars) becomes a 20 year loan with annual principle and interest payments beginning one year after the project completion date. In 2016 the city has budgeted \$2,000,000 for the Well 10 project.

The Washington State Department of Ecology awarded the City \$1,015,000, in a combined financial assistance package, to construct a storm drainage decant station. This is a mixed package of grant and loan funding. The loan, in the amount of \$253,750, is a low interest, federal, State Revolving Fund loan payable over 20 years. This loan will provide the grant match for the project.

G.O. BOND

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

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). The City's Non-voted general obligation bonds are as shown below:

Name of Issuance	Purpose	Original Amount	Maturity Date	Interest Rate	Debt Outstanding
2003 LTGO Bond-City Hall	Capital project	3,000,000	12/1/2019	2%-3.8%	\$ 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:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2016	142,350	22,006	164,356	52,650	8,139	60,789
2017-2019	459,900	34,626	494,526	170,100	12,806	182,906
	\$740,950	\$83,353	\$824,303	\$274,050	\$30,829	\$304,879

All bond issues comply with arbitrage regulations.

NOTES

In November of 1998 a promissory note was entered into for the purchase of the McCormick Water Company. This note is repaid with new McCormick water connection fees as the revenue source. \$700 on each of the first 550 connections will be paid to McCormick Water Company after that \$225 shall be paid on the 551st through the 800th water connection. Payments are made no less frequent than quarterly. This type of note does not have a repayment schedule.

Water Sewer Fund - Note Due						
Name	Original Amount	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
McCormick Note	\$441,250	Capital	11/23/1998	N/A	0.00%	\$168,250

JOINT VENTURE

JOINT WASTEWATER TREATMENT FACILITY

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. This Joint Venture establishes the Sewer Advisory Committee (SAC) consisting of three representatives from each entity who prepare and monitor the Facility's budget, after the City and District each adopt it. The District and the City share 50/50% ownership in the Facility's total assets. For the annual report, 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. 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, monthly to cover maintenance, operation, capital improvements, and debt. The current cost sharing is 48% City and 52% District.

Construction of the Joint Wastewater Treatment Facility Expansion began in 2004. Although both of the Public Works Trust Fund Loans for the Facility's expansion were issued in the City of Port Orchard's name, these loans are secured by the assets of the Facility and the revenues of the Facility are used to make the debt service payments. With a combined outstanding debt of \$7,108,165 at the end of 2015, these loans will not be retired until 2022 and 2024. 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 for the plant to help make the annual debt payments. This cost sharing formula is 50% for each entity; in 2016 both will pay \$250,000.

Name of Issuance	Purpose	Total Amount of Loan	First Draw Date	Maturity Date	Interest Rate	Debt Outstanding
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
Total Loans						\$7,108,165

West Sound Utility District maintains separate accounting records and prepares separate financial statements of the operations of the Joint Wastewater Treatment Facility.

FINANCIAL POLICIES

ADOPTION OF POLICES

The City Council adopted a comprehensive set of Financial Polices on August 28, 2012. These policies address revenue, expenditures, operating budget, capital management, accounting debt, cash management, investments, and reserves. Adopted financial policies have many benefits, such as assisting the elected officials and staff in the financial management of the City, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over times as elected officials and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the City. The policies are written to promote sound financial management and assist in the City's stability, efficiency, and effectiveness.

The City's financial goals seek to ensure the financial integrity of the City; manage the financial assets in a sound and prudent manner; improve financial information for decision makers at all levels; maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service required by the citizens; and maintain a spirit of openness and transparency while being fully accountable to the public for the City's fiscal activities. The policies are available to the public via the City's website.

REVENUE POLICY

The City structures a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services. Current expenditures are to be funded by current revenues. Budgeted revenues are estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.

General Fund and other unrestricted revenues will not be earmarked for specific purposes, activities, or services unless otherwise authorized by City Council or required by law, or generally accepted accounting practices (GAAP).

If revenues from "one-time" or limited duration sources are used to balance the City's annual operating budget, it is to be fully disclosed and explained at the time the budget is written. It is the City's goal to not rely on these types of revenues to balance the operating budget. Enterprise and Internal Service operations are to be self-supporting. Grant funding for programs or items which address current priorities and policy objectives should be considered to leverage City funds.

RESERVE POLICY

The City recognizes the importance of maintaining a reserve account to meet unanticipated needs and to fund emergency expenditures. If a reserve account is nonexistent or low, there is concern by bond rating agencies about the entity's ability to make payments in times of economic downturn. On the other hand, if a reserve is too high, there is concern that the entity is not using its resources adequately. Maintaining an adequate reserve is an essential component of cash management and good fiscal practice.

The City's established reserve policy for the General Fund strives to maintain a two tier reserve structure. The policy substantiates an undesignated General Fund ending fund balance of at least five percent of budgeted General Fund operating revenues. A City Stabilization Arrangement in an amount of two

months of its five year arithmetic mean of General Fund expenditure budget 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. Authorization for spending stabilization reserves requires a simple majority vote of the City Council.

CASH MANAGEMENT AND INVESTMENTS POLICY

City funds are required to be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity to meet cash flow requirements, and financial return on principal (yield), in that order. Investable balances are held in the Local Government Investment Pool (LGIP) or the Kitsap County Treasurer local government investment pool. The LGIP is an investment vehicle maintained by the Office of the State Treasurer to help local governmental entities achieve higher rates of return by pooling local funds for economy of scale. The Kitsap County pool is invested in allowable investments authorized by the Revised Code of Washington. Both investment pools are transparent, easily accessible, and highly stable.

EXPENDITURE POLICY

The City seeks to identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services. The City strives to adopt an annual balanced budget for the General Fund in which current expenditures do not exceed current projected revenues. Capital expenditures may be funded from one-time revenues. The City Council may approve a short-term interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.

DEBT POLICY

The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements. The City will not use long-term debt to pay for current operations. The term of the debt may not extend beyond the useful life of the improvements being financed. The general policy of the City is to establish debt repayment schedules that use level annual principal and interest payments.

The City strives to maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved. The City encourages good relations with financial bond rating agencies and is directed to follow a policy of full and open disclosure.

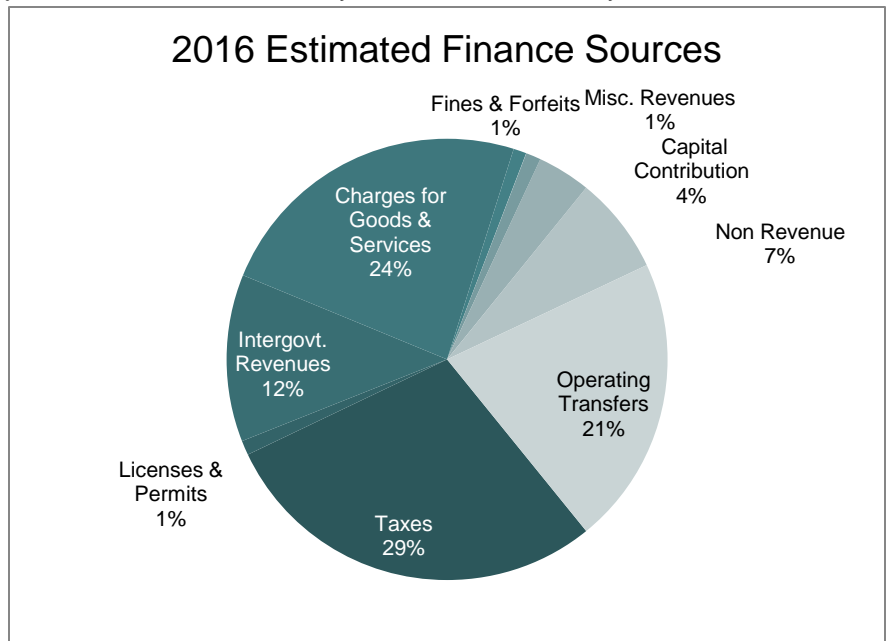
*The complete text of Port Orchard's financial policies can be accessed at:
<http://www.cityofportorchard.us/departments/finance>*

CITYWIDE REVENUES & EXPENDITURES

The information below reflects the Citywide Operating Revenues and Expenditures, providing cumulative information from all City Funds.

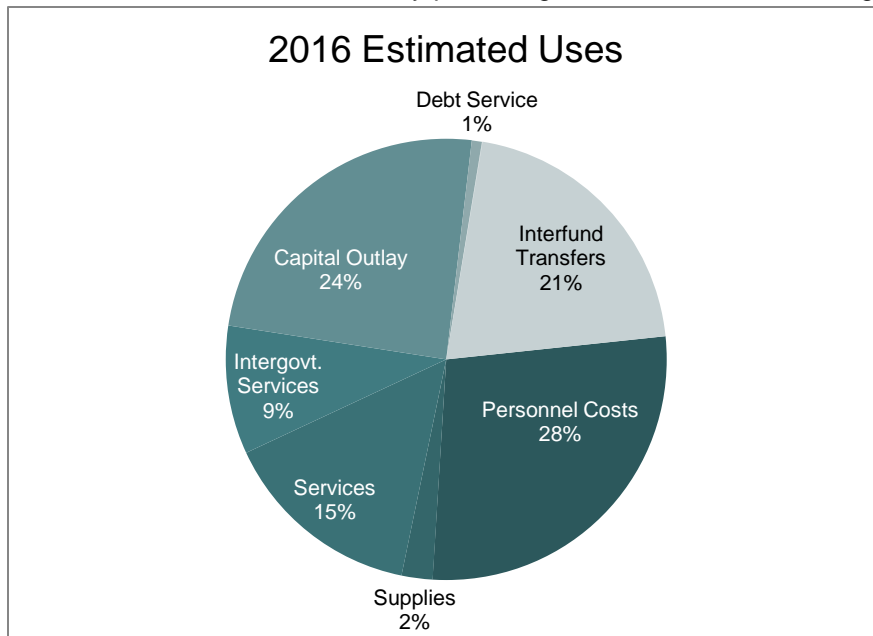
CITYWIDE OPERATING REVENUES:

The Chart below displays the projections for new revenues, by source, which the City estimates to receive in 2016. These revenues allow the City to operate in its best capacity to serve the Citizens. The largest source of incoming revenues are taxes (29%) which help operate the general governmental areas of the City. Charges for Goods and Services are the next largest piece of the pie at 24%. These are comprised mainly of utility fees for the Water Sewer and Storm Drainage Utility funds.



CITYWIDE OPERATING EXPENDITURES:

This chart contains the breakout by percentage of cost allocations throughout the City. The top three are Personnel Costs (Salary and Benefits) at 28%; Capital Outlay (24%) which includes acquisitions or additions to capital assets; and Interfund Transfers (21%) for capital projects. Next at 15% are Services which includes Professional Services, Repairs & Maintenance, Rents & Leases; Intergovernmental Services at 9% and Supplies at 2%.



The top three are Personnel Costs (Salary and Benefits) at 28%; Capital Outlay (24%) which includes acquisitions or additions to capital assets; and Interfund Transfers (21%) for capital projects. Next at 15% are Services which includes Professional Services, Repairs & Maintenance, Rents & Leases; Intergovernmental Services at 9% and Supplies at 2%.

SUMMARY OF REVENUES

Fund Title	Fund #	2014 Actuals	2015 Budget	2016 Budget
General Fund				
Current Expense	001	9,933,842	9,913,319	10,358,087
City Street	002	2,319,839	2,614,250	2,809,323
Stabilization	003	519,179	596,350	669,030
Special Revenue Funds				
Criminal Justice	103	526,253	498,170	693,675
Special Investigative Unit	104	53,654	50,150	63,670
Community Events	107	109,237	119,040	121,080
Paths & Trails	108	3,245	4,200	5,500
Real Estate Excise Tax	109	-	1,975,200	1,874,060
Impact Fee	111	962,187	856,350	1,100,930
Capital Construction Funds				
Capital Construction	302	2,249,445	2,079,000	1,215,000
Cumulative Reserve for Equipment Replacement	303	421,353	436,220	540,650
Street Capital Projects	304	797,620	3,538,974	3,423,685
Proprietary Funds				
Water Sewer Utilities	401	5,766,485	7,912,000	11,044,400
Water Sewer Equipment Replacement	402	311,820	312,190	314,740
Cumulative Reserve for Water Sewer	403	4,276,523	5,405,300	6,582,400
Storm Drainage Utility	421	1,735,976	2,048,113	3,092,870
Storm Drainage Equipment Replacement	422	300,756	400,270	150,610
Storm Drainage Capital Facilities	423	-	296,925	694,095
Debt Service Funds				
2003 Limited Tax GO Refunding Bond	206	166,162	165,421	164,356
1984 Refunding	621	8,300	7,950	7,600
Grand Total		30,461,878	39,229,392	44,925,761

SUMMARY OF EXPENDITURES

Fund Title	Fund #	2014 Actual	2015 Budget	2016 Budget
General Fund				
Current Expense - Administration	001	828,928	967,631	1,002,128
Current Expense - Finance		571,194	661,183	656,391
Current Expense - Judicial		520,304	573,858	595,000
Current Expense - Law Enforcement		4,060,275	4,348,391	4,513,972
Current Expense - Community Development		743,802	980,607	998,768
Current Expense - Public Works		657,039	680,501	546,836
Current Expense - Parks & Recreation (PW)		214,056	311,593	325,351
Current Expense - Reserves & Fund Balance		2,335,794	1,389,555	1,719,641
City Street	002	2,315,610	2,614,250	2,809,323
Stabilization	003	519,179	596,350	669,030
Special Revenue Funds				
Criminal Justice	103	526,252	498,170	693,675
Special Investigative Unit	104	53,654	50,150	63,670
Community Events	107	109,236	119,040	121,080
Paths & Trails	108	3,246	4,200	5,500
Real Estate Excise Tax	109	-	1,975,200	1,874,060
Impact Fee	111	1,214,871	856,350	1,100,930
Capital Construction Funds				
Capital Construction	302	2,249,446	2,079,000	1,215,000
Cumulative Reserve for Equipment Replacement	303	421,353	436,220	540,650
Street Capital Projects	304	797,619	3,538,974	3,423,685
Proprietary Funds				
Water Sewer Utilities	401	5,805,454	7,912,000	11,044,400
Water Sewer Equipment Replacement	402	311,820	312,190	314,740
Cumulative Reserve for Water Sewer	403	4,276,524	5,405,300	6,582,400
Storm Drainage Utility	421	1,242,709	2,048,113	3,092,870
Storm Drainage Equipment Replacement	422	300,756	400,270	150,610
Storm Drainage Capital Facilities Fund	423	-	296,925	694,095
Debt Service Funds				
2003 Limited Tax GO Refunding Bond	206	166,162	165,421	164,356
1984 Refunding	621	8,281	7,950	7,600
Grand Total		30,253,564	39,229,392	44,925,761

2016 BUDGET REVENUES BY CATEGORY (Citywide)

Fund Title	Fund #	Beginning Fund Balance & Reserves	Taxes	Licenses & Permits	Intergovt. Revenues	Charges for Goods & Services	Fines & Forfeits	Misc. Revenues	Capital Contribution	Non Revenue	Operating Transfers	Total Budget
General Fund												
Current Expense	001	1,744,010	7,185,277	336,800	244,500	462,100	207,000	170,400	-	-	8,000	10,358,087
City Street	002	563,500	1,237,623	-	275,000	2,000	-	11,200	-	-	720,000	2,809,323
Stabilization	003	598,000	-	-	-	-	-	1,030	-	-	70,000	669,030
Special Revenue Funds												
Criminal Justice	103	435,000	168,000	-	90,305	-	-	370	-	-	-	693,675
Special Investigative Unit	104	55,000	-	-	-	-	3,500	5,170	-	-	-	63,670
Community Events	107	37,000	84,000	-	-	-	-	80	-	-	-	121,080
Paths & Trails	108	4,300	1,200	-	-	-	-	-	-	-	-	5,500
Real Estate Excise Tax	109	1,467,760	400,000	-	-	-	-	6,300	-	-	-	1,874,060
Transportation Impact	111	1,029,400	-	-	-	-	-	71,530	-	-	-	1,100,930
Capital Construction Funds												
Capital Construction	302	25,000	-	-	794,850	-	-	-	-	-	395,150	1,215,000
Cumulative Reserve for Equipment Replacement	303	349,400	-	-	-	-	-	950	-	-	190,300	540,650
Street Capital Projects	304	700,000	-	-	2,463,840	-	-	4,095	-	-	255,750	3,423,685
Proprietary Funds												
Water Sewer Utilities	401	1,000,000	-	-	-	5,419,000	78,300	57,100	-	2,000,000	2,490,000	11,044,400
Water Sewer Equipment Replacement	402	313,000	-	-	-	-	-	1,740	-	-	-	314,740
Cumulative Reserve for Water Sewer	403	4,150,000	-	-	-	-	-	12,400	420,000	-	2,000,000	6,582,400
Storm Drainage Utility	421	420,000	-	1,200	-	1,591,000	15,000	670	811,250	253,750	-	3,092,870
Storm Drainage Equipment Replacement	422	150,500	-	-	-	-	-	110	-	-	-	150,610
Storm Drainage Capital Facilities	423	296,900	-	-	-	-	-	270	-	-	396,925	694,095
Debt Service Funds												
2003 Limited Tax GO Refunding Bond	206	-	-	-	-	-	-	-	-	-	164,356	164,356
1984 Refunding	621	-	-	-	-	-	-	1,200	-	6,400	-	7,600
Grand Total		13,338,770	9,076,100	338,000	3,868,495	7,474,100	303,800	344,615	1,231,250	2,260,150	6,690,481	44,925,761

2016 BUDGET EXPENDITURES BY CATEGORY (Citywide)

Fund Title	Fund #	Personnel Costs	Supplies	Services	Intergovt. Services	Capital Outlay	Debt Service	Interfund Services	Interfund Transfers	Ending Fund Balance / Reserves	Total Budget
General Fund											
Current Expense - Administration	001	385,012	6,225	526,518	84,373						1,002,128
Current Expense - Finance		452,334	48,880	155,177		-					656,391
Current Expense - Judicial		532,361	7,525	55,114							595,000
Current Expense - Law Enforcement		3,428,173	124,450	138,100	815,091			8,158			4,513,972
Current Expense - Community Development		839,498	12,850	145,120		-		1,300			998,768
Current Expense - Public Works		124,226	8,500	399,110		15,000		-			546,836
Current Expense - Parks & Recreation (PW)		213,491	16,100	95,760		-					325,351
Current Expense - Reserves & Fund Balance					-				427,300	1,292,341	1,719,641
City Street	002	668,678	65,450	1,459,695		12,000			90,500	513,000	2,809,323
Stabilization	003									669,030	669,030
Special Revenue Funds											
Criminal Justice	103	123,541	8,000	2,000	119,025	90,000				351,109	693,675
Special Investigative Unit	104	-	750	2,500	-	-		-		60,420	63,670
Community Events	107			84,000						37,080	121,080
Paths & Trails	108									5,500	5,500
Real Estate Excise Tax	109								1,073,256	800,804	1,874,060
Transportation Impact	111			50,000					212,500	838,430	1,100,930
Capital Construction Funds											
Capital Construction	302			-		940,000			-	275,000	1,215,000
Cumulative Reserve for Equipment Replacement	303					142,300			-	398,350	540,650
Street Capital Projects	304					3,061,502			-	362,183	3,423,685
Proprietary Funds											
Water Sewer Utilities	401	1,344,959	369,650	1,424,490	1,902,489	2,593,600	68,290		2,000,000	1,340,922	11,044,400
Water Sewer Equipment Replacement	402									314,740	314,740
Cumulative Reserve for Water Sewer	403								2,490,000	4,092,400	6,582,400
Storm Drainage Utility	421	808,436	66,575	242,215	119,200	1,034,900			396,925	424,619	3,092,870
Storm Drainage Equipment Replacement	422								-	150,610	150,610
Storm Drainage Capital Facilities	423									694,095	694,095
Debt Service Funds											
2003 Limited Tax GO Refunding Bond	206						164,356				164,356
1984 Refunding	621						7,600				7,600
Grand Total		8,920,709	734,955	4,779,799	3,040,178	7,889,302	240,246	9,458	6,690,481	12,620,633	44,925,761

FUND BALANCE CHANGES

In the City's annual budget, beginning fund balance is the projected amount of money at the beginning of the fiscal year. As the year progresses, expenditures made and revenues received will change the amount of fund balance. The City strives to maintain a minimum amount of fund balance for cash flow purposes. Revenue inflow fluctuates throughout the year and fund balance provides consistency to meet expenses and keep City operations moving forward. Amounts in excess of the minimum required for cash flow purposes may be set aside as reserves or used to fund expenditures that the City did not anticipate when it adopted the budget. The table below represents budgeted beginning fund balances for 2016, anticipated budgeted changes, and estimated ending fund balance.

Fund	Budgeted Beginning	Increase / (Decrease)	Budgeted Ending	Variance
001 Current Expense	1,744,010	(451,669)	1,292,341	-26%
002 City Street	563,500	(50,500)	513,000	-9%
003 Stabilization	598,000	71,030	669,030	12%
103 Criminal Justice	435,000	(83,891)	351,109	-19%
104 Special Investigative Unit	55,000	5,420	60,420	10%
107 Community Events	37,000	80	37,080	0%
108 Paths & Trails	4,300	1,200	5,500	28%
109 REET Fund	1,467,760	(666,956)	800,804	-45%
111 Impact Fees	1,029,400	(190,970)	838,430	-19%
302 Capital Construction Fund	25,000	250,000	275,000	1000%
303 Cumulative Reserve for Equipment Replacement	349,400	48,950	398,350	14%
304 Street Capital Projects Fund	700,000	(337,817)	362,183	-48%
401 Water Sewer Utility	1,000,000	340,922	1,340,922	34%
402 Water Sewer Equipment Replacement	313,000	1,740	314,740	1%
403 Water Sewer Cumulative Reserve	4,150,000	(57,600)	4,092,400	-1%
421 Storm Drainage Utility	420,000	4,619	424,619	1%
422 Storm Drainage Equipment Reserve	150,500	110	150,610	0%
423 Storm Drainage Capital Facilities Fund	296,900	397,195	694,095	134%

Some of the significant increases and decreases are explained as follows:

- Current Expense experiences a decrease largely due to a funds transfer to the Capital Construction Fund and a transfer to the Stabilization Account. The City will also conduct a facilities study on its city hall building.
- The City Street fund will also decrease slightly due to the purchase of a new crew truck and a transfer to the Cumulative Reserve for Municipal Equipment.
- Stabilization will increase this year with the transfer from Current Expense.
- Criminal Justice fund reduces due to the purchase of Police vehicles/equipment.
- Special investigative Unit is up slightly.
- Paths and Trails will end the year with a higher fund balance due to a projected increase in fuel tax revenue.
- The City's REET fund will experience a significant decrease in 2016 as it helps to fund projects, largely the Bay Street Pedestrian Path, Bethel Road, and Dekalb Pier.

- Impact Fee Fund decreases because of the Old Clifton Intersection and McCormick Woods parks projects.
- The Capital Construction fund will experience an increase to provide future grant match dollars for the Dekalb Pier and other projects.
- Cumulative Reserve for Municipal Equipment increases this year due to a transfer from the street dept.
- Street Capital Projects fund balance is expected to be reduced due to payment of the City's grant match for Tremont and Bay Street Pedestrian Path.
- Water Sewer experiences an increase with funds transferred from the Water Sewer reserve account for projects.
- Lastly, Storm Drainage Capital Facilities Reserve expects to increase with funding transferred from the Storm Drainage Utility to be set aside for future projects.

PERSONNEL LIST

	2013	2014	2015	2016	Change	Monthly Salary	
						Low	High
Mayor	1	1	1	1	0	5,430	5,430
Council	7	7	7	7	0	1,000	1,000
Total Legislative	8	8	8	8	0		
City Clerk	1	1	1	1	0	5,812	7,306
Deputy Clerk	1	1	1	1	0	3,883	5,027
Office Assistant II	0.80	0.80	1	1	0	3,498	4,339
Total Administration	2.8	2.8	3.0	3.0	0		
City Treasurer	1	1	1	1	0	8,453	9,570
Assistant Treasurer	1	1	1	1	0	5,983	7,152
Accounting Assistants	6	6	6	6	0	3,370	4,989
Human Resources Coordinator	1	1	1	1	0	5,292	6,477
LAN Tech/IT Manager	1	1	1	1	0	5,171	6,268
Total Finance/IT/HR	10.0	10.0	10.0	10.0	0		
City Development Director	1	1	1	1	0	7,400	9,483
Administrative Assistant Planning	1	0	0	0.35	0.35	3,824	4,588
Office Manager/Permit Coord	0	1	1	1	0	4,666	5,632
Associate Planner	2	2	2	2	0	4,633	6,124
Long Range Associate Planner	0	0	0	1	1	4,633	6,124
Code Enforcement	1	1	1	1	0	4,968	6,035
Building Inspector	1	1	1	1	0	5,148	6,096
Building/Planning Office Assistant I	0	0.75	1	1	0	3,420	4,014
Total Community Development	6.0	6.75	7.00	8.35	1.35		
Judge	0.6	0.6	0.6	0.6	0	7,341	7,341
Court Administrator	1	1	1	1	0	6,739	7,906
Lead Clerk	0	0	0.5	1	0.5	3,947	4,822
Court Clerks	3	3.6	3.1	2.6	-0.5	3,208	4,014
Total Judicial	4.6	5.2	5.2	5.2	0		
Chief of Police	1	1	1	1	0	10,636	10,636
Commander	1	1	1	1	0	8,765	9,665
Sergeant	3	3	3	3	0	6,781	7,509
Office Manager	0	0	1	1	0	4,664	5,512
Records/Evidence Manager	1	1	0	0	0	3,947	4,846
Records/Evidence Specialist	1.75	2.35	2.25	2.25	0	3,181	4,040
Public Service Officer Part Time	0.75	0.75	0.75	0.75	0	4,361	5,184
Parking Enforcement Officer	1	1	1	1	0	3,524	4,106
Patrolmen	19	19	19	19	0	4,659	6,396
Total Police Department	28.50	29.10	29.00	29.00	0		
Public Works Director/City Engineer	1	1	1	1	0	8,129	9,755
Assistant City Engineer	1	1	1	1	0	6,415	8,249
Stormwater Program Assistant	0	0	1	1	0	5,079	6,155
GIS Specialist/Devel. Review Asst	0	0	0	1	1	5,079	6,155
Public Works Office Manager	1	1	1	1	0	4,666	5,632
Public Works Office Assistants I	1.5	1.5	1.6	1.6	0	3,420	4,014
Public Works Supervisor	1	1	1	1	0	6,011	6,011
City Mechanic	1	1	1	1	0	4,720	5,261
PW Crew	11	10	9	9	0	3,782	5,106
Water System Manager	0	0	1	1	0	4,484	5,411
Stormwater Laborer	0	0	1	1	0	4,484	5,411
Parks Maintenance	1	2	2	2	0	3,782	5,106
Parks Maintenance (Summer Help)	0.5	0.5	0.5	0.5	0	1,733	1,993
Total Public Works	19.0	19.0	21.1	22.1	1		
Grand Totals	78.90	80.85	83.30	85.65	2.35		

SALARY SCHEDULE

2016	Current Expense	Criminal Justice	Water Sewer	City Street	Storm Drainage	Totals
Mayor	43,486		10,232	5,116	5,116	63,950
Council (7)	84,000					84,000
City Clerk	46,248		25,226	8,409	4,204	84,088
Deputy Clerk	39,459		12,141	6,071	3,035	60,706
Office Assistant II	50,031		1,668	2,780	1,112	55,590
City Treasurer	53,239		29,577	23,662	11,831	118,308
Assistant Treasurer	24,929		27,341	16,083	12,062	80,416
Treasurer's Accounting Assistants (6)	100,118		145,649	23,237	74,059	343,063
LAN Tech/IT Manager	60,389		11,540	3,557	3,557	79,043
Human Resources Coordinator	68,470		5,706	4,076	3,260	81,512
Public Works Director/City Engineer	17,737		53,211	41,386	5,912	118,246
Assistant City Engineer	9,999		9,999	4,999	74,990	99,987
Public Works Office Manager	25,361		36,774	13,949	8,454	84,538
Public Works Office Assistants (1.5)	28,695		28,695	7,174	7,174	71,739
Public Works Supervisor	20,266		20,266	20,266	20,266	81,062
City Mechanic	36,054		15,077	8,522	5,900	65,553
Electrician	3,991		57,467	2,395	1,211	65,064
Laborers (8)	7,195		240,979	192,524	74,161	514,859
Parks Maintenance (2 FT, 2 Summer, 2 Seasonal)	102,403		17,029	26,546	6,912	152,890
City Development Director	102,557					102,557
Office Manager/Permit Coordinator	66,388					66,388
Associate Planner (3 FT)	193,380					193,380
DCD Front Desk Clerk	44,859					44,859
DCD Administrative Assistant	16,560					16,560
Code Enforcement	68,551					68,551
Building Inspector	73,893					73,893
Judge	88,636					88,636
Court Administrator	100,230					100,230
Court Clerks (3.60)	170,573					170,573
Total General Government	1,747,700		748,577	410,749	323,217	3,230,243
Chief of Police	130,873					130,873
Commander	124,644					124,644
Sergeant (3)	290,989					290,989
Office Manager	65,189					65,189
Records/Evidence Specialist (1 FT 2 PT .60)	108,810					108,810
Public Service Officer Part Time	45,924					45,924
Parking Enforcement Officer (2 PT)	48,795					48,795
Patrolmen (18)	1,374,597	84,614				1,459,211
Total Police Department	2,189,821	84,614				2,274,435
Water System Manager			65,398		1,152	66,550
GIS Specialist/Development Review Asst					62,705	62,705
Stormwater Program Assistant					64,643	64,643
Stormwater Crew	4,828		1,015	7,681	56,012	69,536
Total Other Departmental	4,828	0	66,413	7,681	184,511	263,432
Grand Totals	3,942,349	84,614	814,990	418,430	507,728	5,768,110
Note: All totals are wages only and do not include overtime or benefits						

OPERATING TRANSFERS

Transfer from Account	Transfer to Account	2014 Actual	2015 Budget	2016 Budget
Current Expense -001	Stabilization -003	\$ 337,746	\$ 78,000	\$ 70,000
Current Expense -001	Capital Projects -302*	70,918	29,000	250,000
Current Expense -001	Cum. Res. for Municipal Equipment -303	86,956	83,000	107,300
Current Expense -001	Street Capital Projects -304	-	300,000	-
City Street -002	Current Expense Fund -001	1,593	-	-
City Street -002	Cum. Res. for Municipal Equipment -303	48,000	48,000	83,000
City Street -002	Street Capital Projects -304	-	-	7,500
REET -109*	Current Expense Fund -001	55,483	100,000	8,000
REET -109*	City Street -002	195,975	150,000	720,000
REET -109*	2003 Ltd GO Refunding Bond -206	166,162	165,421	164,356
REET -109*	Capital Projects -302*	-	145,000	82,650
REET -109*	Street Capital Projects -304	-	-	98,250
Impact Fee -111	Current Expense Fund -001	-	80,000	-
Impact Fee -111	Capital Projects -302*	372,430	-	62,500
Impact Fee -111	Street Capital Projects -304	-	-	150,000
Capital Projects -302*	REET -109*	-	1,650,000	-
Street Capital Projects -304	City Street -002	-	300,000	-
Water Sewer Utility -401	Current Expense Fund -001	4,742	-	-
Water Sewer Utility -401	Cum. Res. for Water Sewer -403	73,479	1,000,000	2,000,000
Cum. Res. for Water Sewer -403	Water Sewer Utility -401	147,368	1,000,000	2,490,000
Storm Drainage Utility -421	Current Expense Fund -001	1,062	-	-
Storm Drainage Utility -421	Storm Drainage Equipment Reserve -422	-	100,000	-
Storm Drainage Utility -421	Storm Drainage Facilities Reserve -423	-	296,925	396,925
Storm Drainage Equipment Res. -422	Storm Drainage Utility -421	-	250,000	-
Totals		\$ 1,561,914	\$ 5,775,346	\$ 6,690,481

*In 2015 Cum. Res. for Municipal Facilities Fund No. 302 was re-named Capital Projects Fund 302. REET Funds were moved to REET Fund No. 109.

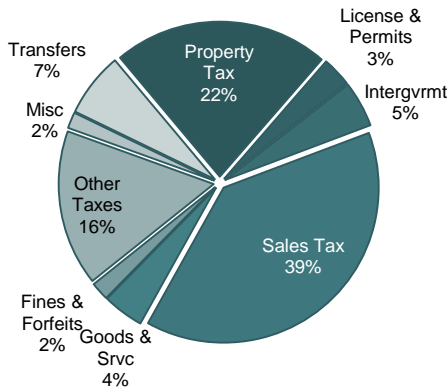


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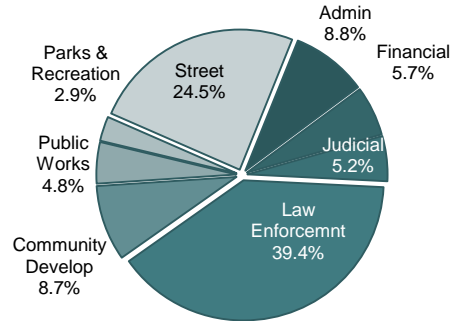
OVERVIEW

The General Fund provides for the daily operations of the Port Orchard city government. The pie charts below indicate revenues and expenditures Port Orchard expects in 2016.

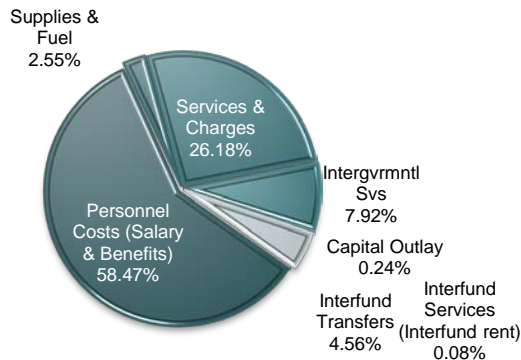
Projected Revenues



Department Projected Expenditures

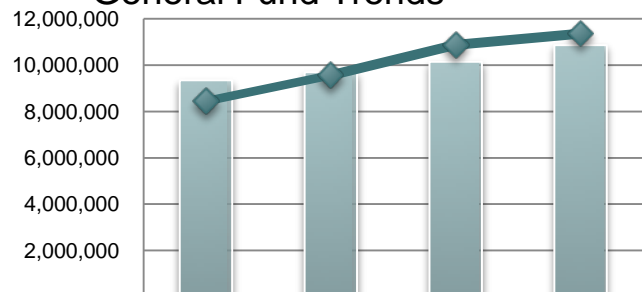


Expenditures by Type



This table compares revenues received to expenditures incurred in the General Fund. For the years 2013 to 2014 actual expenses & revenues received are depicted. 2015 is budgeted and 2016 is a projection of what the City anticipates for the year. Fund balance and reserves are not included in this graph.

General Fund Trends



	2013 Actuals	2014 Actuals	2015 Budget	2016 Budget
Revenues	9,344,273	9,692,408	10,142,859	10,859,900
Expenditures	8,444,304	9,567,246	10,876,796	11,362,069

REVENUES & EXPENDITURES

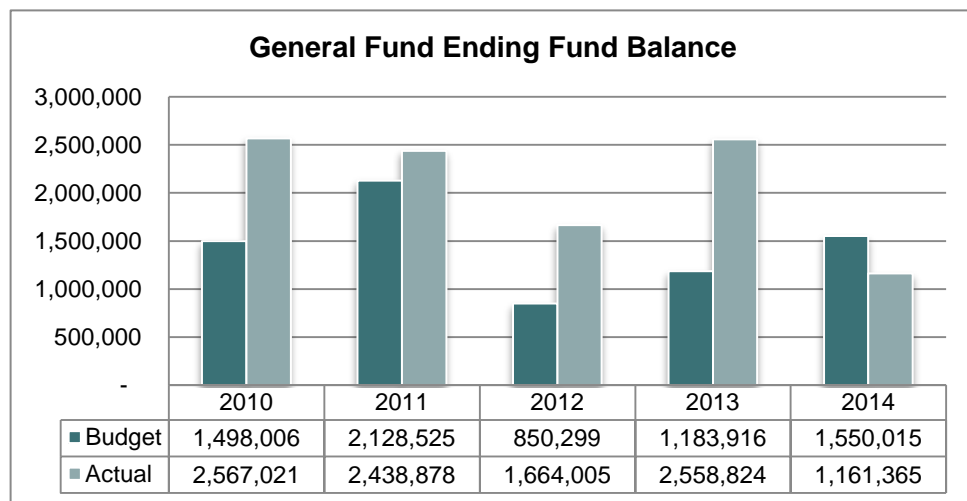
General Funds	2013 Actuals	2014 Actuals	2015 Budget	2016 Budget
Revenues				
Assigned Beginning Fund Balance	809,646	806,210	976,210	676,210
Committed Beginning Fund Balance	206,641	264,000	281,000	43,800
Restricted Beginning Fund Balance	7,500	7,500	7,500	7,500
Unassigned Beginning Fund Balance	642,667	1,220,675	1,000,000	1,580,000
Property Tax	2,310,086	2,235,128	2,325,800	2,443,000
Sales Tax	3,648,600	3,852,759	3,997,500	4,216,500
Utility/Franchise Tax	1,484,959	1,567,950	1,509,700	1,581,000
Gambling Tax	65,125	77,113	71,000	76,400
Other Taxes	100,216	109,559	90,000	106,000
Licenses & Permits	330,065	278,962	312,500	336,800
Intergovernmental	327,384	461,608	440,909	519,500
Charges Goods & Services	422,570	417,482	370,500	464,100
Fines & Forfeits	266,389	239,125	234,800	207,000
Miscellaneous Revenue	263,038	193,866	160,150	181,600
Operating Transfers In	125,842	258,854	630,000	728,000
Total Revenues	11,010,727	11,990,793	12,407,569	13,167,410
Expenditures				
Personnel Costs (Salary & Benefits)	5,403,958	5,934,435	6,334,139	6,643,773
Supplies & Fuel	285,493	296,513	281,925	289,980
Services & Charges	1,581,876	1,901,742	2,766,550	2,974,594
Intergovernmental Services	747,909	736,250	753,489	899,464
Capital Outlay	161,729	130,934	193,485	27,000
Interfund Services	25,840	22,159	9,208	9,458
Interfund Transfers	237,500	545,213	538,000	517,800
Assigned Ending Fund Balance	1,053,447	839,599	692,928	574,600
Committed Ending Fund Balance	180,858	151,000	37,000	109,800
Restricted Ending Fund Balance	7,500	7,500	7,500	-
Unassigned Ending Fund Balance	1,317,019	163,266	793,345	1,120,941
Total Expenditures	11,003,128	10,728,611	12,407,569	13,167,410

FUND BALANCE & RESERVES

GENERAL FUND BALANCE

Fund balance is an important part of a City's General Fund budget. A city may use fund balance for many reasons. A healthy fund balance allows city operations to continue regardless of the timing of revenues received during a specific period. Fund balance is also used as a "Savings" account, enabling a city to put away dollars for large expenditures that would otherwise hinder the operating cash flow, or Council might choose to set aside funds for special projects anticipated in future years.

The graph to the right shows the trend for General fund balance and provides a five year comparison of budgeted ending fund balance and actual fund balance at the end of the budget year. Fund Balance is divided into four different categories. These allow one to easily



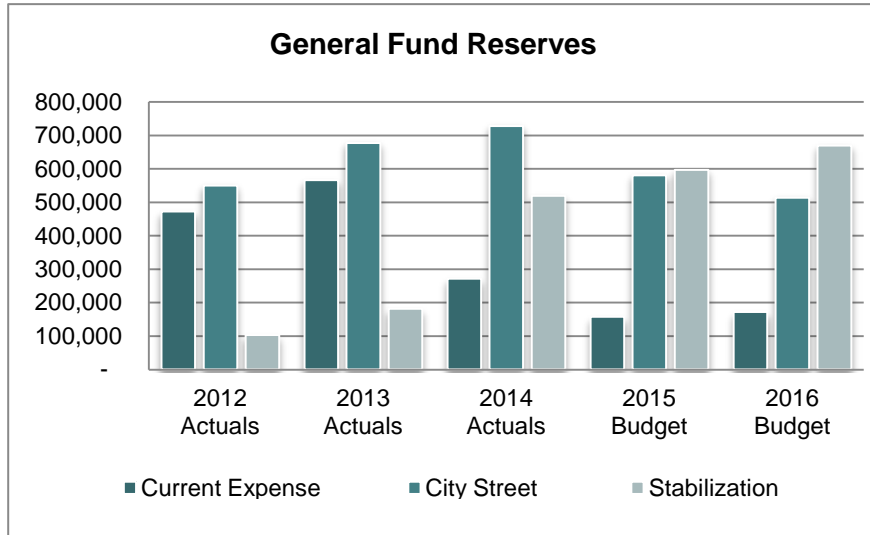
determine what the funds are to be utilized for. Port Orchard's General Fund balance includes restricted, committed, assigned, and unassigned funds.

Port Orchard's revenue proceeds fluctuate during the year. This can be due to the economy or simply the type of revenue. An example of this is Property Tax. The City budgets an annual amount for property tax. The County, which collects the tax revenues, remits payments to the City on a monthly basis. The bulk of the tax revenue is received in May and November. This is because taxpayers typically pay their taxes to the County twice per year, in April and in October. Without fund balance the City would be constrained by lack of revenue during many months of the year. Fund balance allows the City to continue to meet its expenditures even during the months where the revenues come in at a lesser amount. The City adopted financial policies (Resolution No. 022-12) which include a goal of retaining a minimum of 5% of the budgeted expense in unassigned fund balance in the General Fund. The 2016 Budget expects to exceed this amount.

The City's fund balance levels fluctuate not only from year to year but from budgeted to actual. There can be many reasons for this fluctuation. Revenues may be received in excess to what was projected during the budget process. This is especially true in years where new construction is robust. A project / expense may occur which was not anticipated at budget time. It is also possible that a project / expense may not come to fruition during the budget year and therefore the expense is not incurred. The City must be prepared for these fluctuations insuring that there is always adequate fund balance to meet its needs.

GENERAL FUND RESERVES

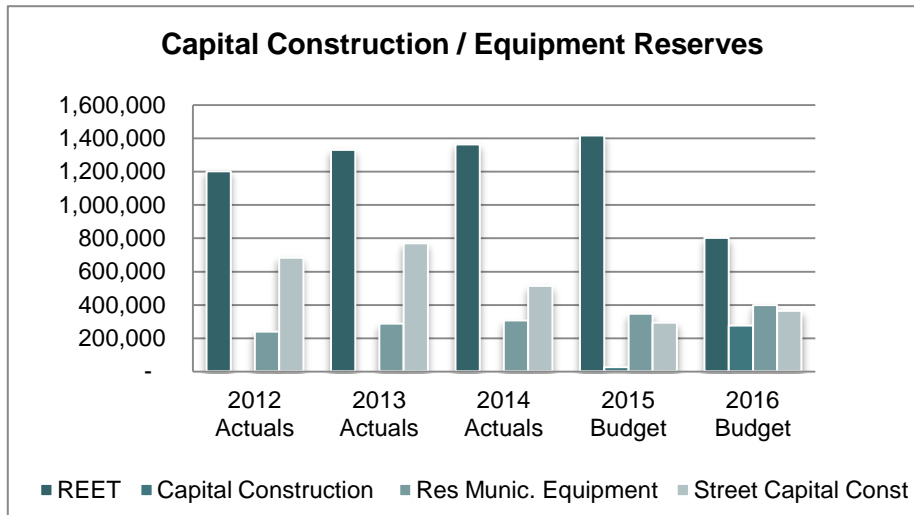
Portions of fund balance dollars are set aside for a specific use or to meet a future need. These are the City's reserve accounts. The City has reserve accounts in its Current Expense, City Street & Stabilization Funds. Funds in these accounts are restricted, committed, or assigned depending on the constraints set upon how the funds may be spent. The chart below indicates the increases and decreases to the General Fund reserve accounts as funds are saved or spent on projects.



Port Orchard also has funds for Capital Construction Reserves. These dollars are reserved for large projects and equipment purchases. The funds frequently have spending restrictions placed upon them due to the type of revenue received by the City (Grants, Real Estate Excise Tax [REET]). It is important that the City maintain and continue to build these reserves to provide the funding necessary for future improvements to equipment

and infrastructure, or to rebuild infrastructure in the event of a catastrophic failure. Reserve funds allow Port Orchard to provide the best service possible to its residents. The chart below illustrates the ebb and flow of the reserves for capital construction/equipment over the period of 2012 to 2016. The fluctuations occur as a result of expenditures for large projects or equipment which reduces reserve fund balance and also receipt of Real Estate Excise Tax (REET) funds which rise and fall based on homes sold within Port Orchard's City limits. The years of 2012-2014 show actual dollars. 2015 and 2016 are amounts the City expects to spend in that budget year.

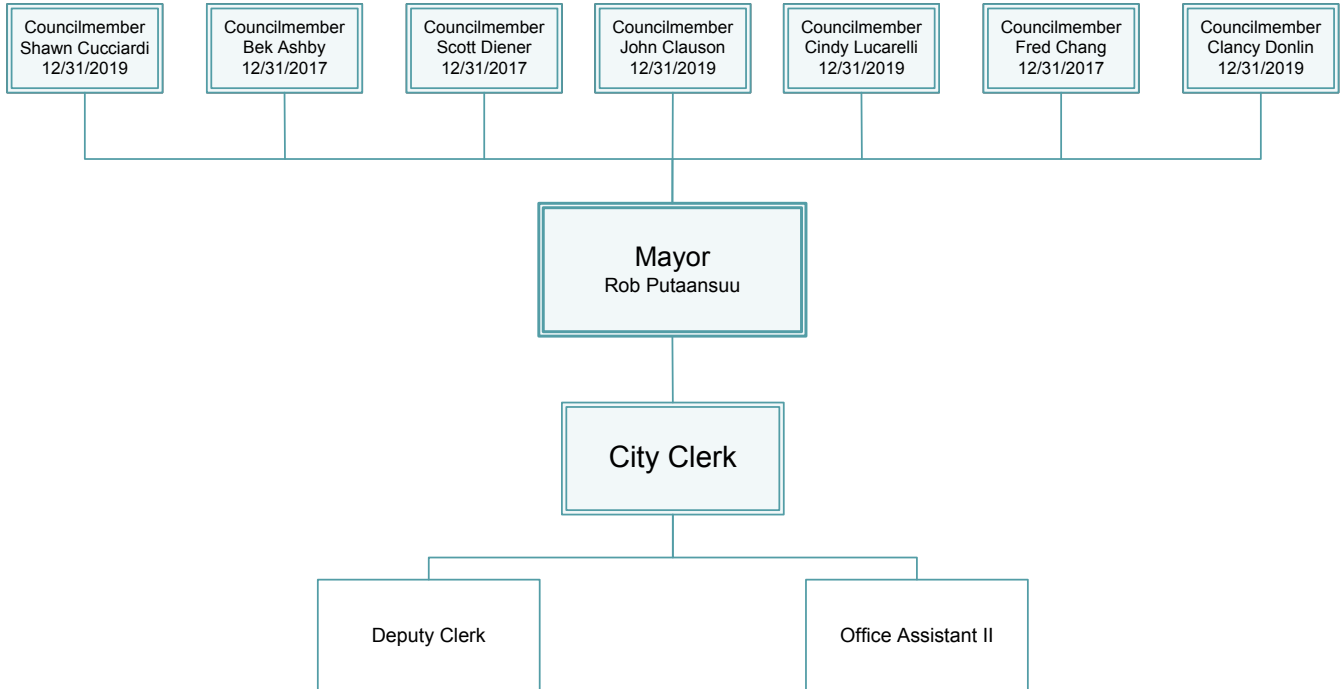
and infrastructure, or to rebuild infrastructure in the event of a catastrophic failure. Reserve funds allow Port Orchard to provide the best service possible to its residents. The chart below illustrates the ebb and flow of the reserves for capital construction/equipment over the period of 2012 to 2016. The fluctuations occur as a result of expenditures for large projects or equipment which reduces reserve fund balance and also receipt of Real Estate Excise Tax (REET) funds which rise and fall based on homes sold within Port Orchard's City limits. The years of 2012-2014 show actual dollars. 2015 and 2016 are amounts the City expects to spend in that budget year.



2016 DEPARTMENT EXPENDITURE BUDGET
Stabilization Fund

Stabilization Fund Expenditures	2014 Actual	2015 Budget	2016 Budget
003.0.508.90			
00 Committed Fund Balance-Ending	\$ 519,179	\$ 596,350	\$ 669,030
Total Stabilization	\$ 519,179	\$ 596,350	\$ 669,030

ADMINISTRATION



CITY COUNCIL

MISSION STATEMENT

The mission of the City of Port Orchard is to provide a full range of municipal services to residents and businesses in accordance with City Council policy and direction. City staff shall deliver those services in an efficient, effective, and courteous manner with a commitment to operational excellence.

DEPARTMENT DESCRIPTION

The City Council is a body of seven individuals elected by the citizens of the City of Port Orchard to establish policy for the City and its citizens. Port Orchard was incorporated as a second class city in 1890, and is governed by a Mayor-Council form of government and elected by its citizens to provide dedicated services to enhance the safety, livability, and prosperity of the community.

GOALS

The following are priorities established by the Council for the appropriate departments to focus on in completing their work plans by December 2016.

Community Development/Public Works

- Create a toolkit of resources for new businesses and developers that will attract more and new people to invest in the City.
- Finish work to create Transportation Benefit District.
- Complete the comprehensive plan update by June 30, 2016. Based on the completed comprehensive plan:
 - Begin commercial zoning and zoning code updates
 - Prioritize at least 3 sub-areas for which to create plans in 2017.
- Update development codes, including procedure and design standards.
- Obtain funding for Tremont.
- If time:
 - Update the right-of-way use code by May, in time for the summer season.
 - Update the sign code.

IT/Technology

- Implement IT upgrades in the Seitel Plan

Finance

- Create financial priorities to inform future budgets.
- Implement biennial budget

OBJECTIVES

- Ensure funding levels that reflect the priorities of City residents.
- Monitor policy implementation by examining outcome statistics and financial records.
- Improve services to citizens.

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016
<i>Council Meetings</i>	Actual	Estimated	Estimated
Number of Council Meetings	38	40	40
Number of Council Committee Meetings	65	67	67
Number of Action Items Approved	146	150	150
Number of Consent Agenda Items Approved	130	141	145

SIGNIFICANT BUDGET CHANGES AND ACCOMPLISHMENTS

No significant budget changes.

The Council updated the Cascade Natural Gas Agreement and adopted a City Flag policy, Public Records Request Policy, and a Public Event process.

EXPENDITURES

	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimate
Staffing Levels:			
Council Members	7	7	7
Total	7	7	7
	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
Council			
Salaries and Wages	\$75,764	\$75,765	\$84,000
Personnel Benefits	\$11,366	\$ 9,335	\$14,253
Office & Operating Supplies	\$ 900	\$ 1,000	\$ 750
Professional Services	\$40,300	\$41,440	\$42,616
Communication	\$ 350	\$ 600	\$ 250
Travel	\$ 3,795	\$ 3,200	\$ 3,540
Operating Rentals and Leases	\$ 3,500	\$ 4,000	\$ 4,000
Repairs and Maintenance	\$ 1,500	\$ 2,400	\$ 2,000
Miscellaneous	\$24,118	\$24,471	\$23,223
Total Expenditures	\$161,593	\$162,211	\$174,632
	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
Miscellaneous General Government			
Assoc. of WA Cities Membership/	\$ 7,955	\$ 8,210	\$ 8,310
Puget Sound Air Pollution Control Agency	\$ 6,149	\$ 7,992	\$ 8,930
Animal Control	\$37,000	\$41,000	\$41,000
Public Health	\$10,943	\$10,943	\$10,943
Substance Abuse	\$ 3,500	\$ 3,500	\$ 3,500
Elections Cost	\$ 0	\$17,000	\$ 0
Voter Registration	\$19,000	\$20,000	\$20,000
Total Expenditures	\$84,547	\$108,645	\$92,683
TOTAL COUNCIL EXPENDITURES	\$246,140	\$270,856	\$267,315

MAYOR

MISSION STATEMENT

Provide leadership, direction, and supervision of City government in a manner that creates a productive working environment, enhances public trust, and promotes understanding of City services and how they are delivered.

PROGRAM DESCRIPTION

The City Mayor is elected at large by the citizens of the City of Port Orchard and serves as the chief administrative officer. The Mayor is responsible to the City Council and managing the departments of the City and all of its employees. The Mayor is also responsible for preparing the annual budget, submitting it to the Council, and administering it after it is approved. This includes enacting the Council's policies; providing City Department overview and liaison; and representing the City officially to the public and other governmental agencies.

GOALS

Goal 1: Jobs & Sustainable Development

- Support Economic Growth and Jobs
- Maintain Business Friendly Practices and Policies

Goal 2: Public Safety

- Prepare for all Hazards through Planning, Prevention, Protection, and Recovery
- Engage the Whole Community in Preparedness Actives
- Respond Quickly and Effectively
- Maintain Order, Enforce the Law, and Protect the Public

Goal 3: Fiscal Responsibility

- Effectively Manage the Public's Money
- Improve Cost Effectiveness and Leverage Partnership
- Implement Innovative Technologies

Goal 4: Quality of Life

- Strengthen Neighborhoods
- Improve our Parks
- Provide Recreational, Wellness, and Educational Opportunities

OBJECTIVES

- Administer government of the City of Port Orchard and policies of the Council to promote the well-being of citizens
- Manage the budget process to minimize the need to lay off employees or cut services while still maintaining a deficit-free budget and healthy fund balance
- Administer the City's personnel rules and regulations
- Provides oversight to departmental operations
- Provides oversight for capital projects
- Provides oversight for City grant application and administration

PERFORMANCE MEASURES

The City-wide performance measure is done by the citizens of Port Orchard. Departments align their goals and performance measures to the Mayor's priorities to ensure the City's strategic goals and objectives are accomplished; resulting in areas of improvement within the City.

SIGNIFICANT BUDGET CHANGES AND ACCOMPLISHMENTS

No significant budget changes.

The Mayor has met extensively with residents at a number of dialogues, community forums, and other community events. He has also created a diverse set of opportunities to engage the public, including a series of town hall meetings, public speaking appearances, and "in-office" appointments. The Mayor has sent press releases, e-mail messages, and responses to requests for information to maintain open and transparent dialogue between the City, its residents, and the media.

EXPENDITURES

Staffing Levels:	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated
Mayor	1	1	1
Total:	1	1	1

Mayor	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
Salaries and Wages	\$ 44,839	\$44,839	\$43,487
Personnel Benefits	\$ 10,667	\$11,802	\$29,845
Office and Operating Supplies	\$ 1,600	\$ 850	\$ 425
Professional Services	\$ 3,000	\$ 2,500	\$ 0
Communication	\$ 400	\$ 400	\$ 400
Travel	\$ 1,000	\$ 1,500	\$ 1,400
Advertising	\$ 0	\$ 0	\$ 0
Operating Rentals and Leases	\$ 75	\$ 250	\$ 250
Repairs & Maintenance	\$ 0	\$ 150	\$ 150
Miscellaneous	\$ 3,550	\$ 3,750	\$ 3,500
Total Expenditures	\$65,131	\$66,041	\$79,457

Mayor – Legal Services	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
City Attorney Retainer	\$ 96,000	\$ 97,920	\$ 98,000
City Attorney Above Retainer	\$ 50,000	\$ 45,000	\$ 61,000
Prosecuting Attorney (Criminal)	\$ 89,000	\$ 90,500	\$100,000
Prosecuting Attorney (Traffic)	\$ 9,000	\$ 10,000	\$ 10,320
Indigent Defense Services	\$121,000	\$120,000	\$126,000
Total Expenditures	\$365,000	\$363,420	\$395,320

TOTAL MAYOR EXPENDITURES	\$430,131	\$429,461	\$474,777
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CITY CLERK

MISSION STATEMENT

The mission of the Clerk is to present a courteous, service-oriented team of professionals who provide quality administrative support to the City's elected officials; accurately record, maintain, and preserve City records; ensure the City's legislative processes are open and public in accordance with Washington's Open Meetings Act; provide a link between constituents and government through the dissemination of information; direct an efficient and comprehensive city-wide records management program; perform all mandated functions under the Revised Codes of Washington and Port Orchard Municipal Code; and conduct ourselves in an ethical, impartial, and professional manner.

DEPARTMENT DESCRIPTION

The City Clerk is assisted by a Deputy Clerk and Office Assistant II. The City Clerk provides support to the Mayor and City Council. This support includes providing public access to City records, the administration, and the policy-making process. The City Clerk oversees the City records management program and public records access; risk management services for the City; provides contract administration; process street or alley vacation requests, City Code codification; preservation of the legislative history of the City; serves as the custodian of the City seal and official City documents, and serves as a conduit between the City Council, administration, and the public. The City Clerk coordinates City Council meetings and work study sessions, produces meeting packets, audio-visual record meetings, and provides records of the proceedings; drafts ordinances, resolutions, and contracts; administers programs assigned by the Council such as residential parking permits; cabaret licenses, pawnbrokers licenses, fireworks, peddlers and hawkers licenses, animal licensing; taxicab permits; public event applications; and master vendor licenses; and staffs Town Hall meetings, Festival of Chimes and Lights, and the Lodging Tax Advisory Committee.

GOALS AND OBJECTIVES

Goal 1: Deliver excellent customer service

The best customer service requires constant improvement, which requires constant assessment based on feedback and active benchmarking. Proper delivery of customer service serves the people by providing accurate information and maximizing access to municipal government in an efficient, timely, professional, and courteous manner. Over the next year, the Department will move toward accomplishing this goal by focusing on the following objectives:

- Respond quickly and accurately to customer requests
- Provide current, comprehensive, and accurate information to meet customers' needs

Goal 2: Provide access to the City's official record and legislative documents in as many different mediums as possible

Access to information is a core function of the Office of the City Clerk. To this end, the Department is dedicated to remaining on the cutting edge of information storage and retrieval. Over the next year, the Department will move toward accomplishing this goal by focusing on the following objective:

- Maintain and preserve City Council proceedings and related documents (e.g., minutes, action sheets, resolutions/ordinances, contracts/agreements, leases, deed/easements)

Goal 3: Administer records management program City-wide

A viable records management program ensures that each department can maximize its operational goals by making information more readily available for service delivery. Consolidating responsibility for the City's Records Management Program increases accountability and ensures effective service delivery. Over the next one to two years, the Department will move toward accomplishing this goal by focusing on the following objective:

- Understand each departments archiving needs
- Provide training on the State's Retention Schedule
- Realize efficiencies by coordinating activities and standardizing processes across the City
- Provide input on a records management database program; allowing each department access for maintaining and researching documents

Goal 4: Effectively support the goal of operating as 'One City'

The Office of the City Clerk has a hand in almost every aspect of City business, bridging the legislative and executive sides of government. Over the next year, the Department will move toward accomplishing this goal by focusing on the following objectives:

- Maintain easy access to needed points of contact across the City
- Communicate effectively across the City

- Provide assistance when needed across the City

Goal 5: Utilize technology and best business practices in effective service delivery

Technology provides the vehicle for enhanced access to information. Over the next one to two years, the Department will move toward accomplishing this goal by focusing on the following objectives:

- Apply technology effectively to provide increased and improved access to materials on-line
- Realize the fullest potential of existing technology and technical resources to provide the most complete service
- Apply technology more effectively to increase staff's ability to provide the most efficient service
- Ensure that the Department operates with fiscal responsibility
- Employ best practices for effective service delivery and applying flexibility to resource allocation

PERFORMANCE MEASURES

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
<i>Customer Service</i>			
Number of inquiries received via phone or walk-in	8,700	9,200	9,200
Percentage of requests completed within five days	95%	100%	100%

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
<i>Council Meetings</i>			
Percentage of minutes approved by Council w/no corrections	95%	94%	100%
Percentage of agendas posted on-line 3 days before meeting	96%	97%	100%
Number of meeting packets prepared	38	40	40

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
<i>Public Records Requests</i>			
Number of requests received	119	125	130
Number of requests taking more than 10 days to complete	27	35	35
Number of staff hours spent on requests ; excluding Police and over the counter requests	700	850	950

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
<i>Records Management</i>			
Paper files created and inventoried	322	200	250
Paper pages scanned and inventoried	5,400	5,895	7,500
Ordinances/Resolutions/Minutes/Contracts processed	190	250	250

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
<i>Utilizing Technology</i>			
Number of visits of website traffic	316,000	325,000	325,000
Number of <i>Followers/Likes</i> of Social Media	600	800	900

SIGNIFICANT BUDGET CHANGES

Salary and Benefit Adjustments

Adjustments reflect the analysis of the Fiscal Year 2014 negotiated salary compensation schedule, changes to average salaries, retirement contributions, health contributions, and labor negotiation adjustments.

Non-Discretionary Adjustment

Adjustments to expense allocations that are determined outside of the departments direct control. These adjustments are generally based on prior year expenditure trends and examples of these include cost of living increases, population, and property values.

ACCOMPLISHMENTS

Highlights of the Clerk's accomplishments:

- Maintained the Mayor's and Clerks records management database and retention schedule
- Continued the efforts of logging historic files into the records management database
- Maintained a streamlined process to responding and providing high volume of records for public records requests
- Created a Public Records Request Policy
- Created a Public Event Process

EXPENDITURES

Staffing Levels:	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated
City Clerk	1	1	1
Deputy Clerk	1	1	1
Office Assistant II	.75	1	1
Total:	2.75	3.0	3.0

City Clerk - Official Publications	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
Salaries and Wages	\$51,725	\$52,933	\$62,046
Personnel Benefits	\$15,887	\$26,558	\$20,820
Communications	\$ 100	\$ 100	\$ 100
Advertising	\$ 750	\$ 420	\$ 400
Miscellaneous	\$ 1,665	\$ 1,410	\$ 1,000
Total Expenditures	\$70,127	\$81,421	\$84,366

City Clerk - Records Services	FY 2014 Actual	FY 2015 Budget	FY 2016 Estimated
Salaries and Wages	\$73,016	\$67,928	\$77,695
Personnel Benefits	\$26,171	\$33,514	\$28,539
Supplies	\$ 1,550	\$ 1,850	\$ 2,800
Professional Services	\$ 8,000	\$ 5,000	\$ 6,000
Communication	\$ 2,180	\$ 2,300	\$ 1,300
Travel	\$ 2,220	\$ 3,200	\$ 4,020
Advertising	\$ 250	\$ 300	\$ 200
Operating Rentals & Leases	\$ 3,000	\$ 2,850	\$ 2,650
Insurance	\$ 50	\$ 375	\$ 425
Repairs & Maintenance	\$ 1,200	\$ 1,000	\$ 1,000
Miscellaneous	\$ 6,340	\$ 4,825	\$ 4,825
Total Expenditures	\$123,977	\$123,142	\$129,454

TOTAL CITY CLERK EXPENDITURES **\$194,104** **\$204,563** **\$216,820**



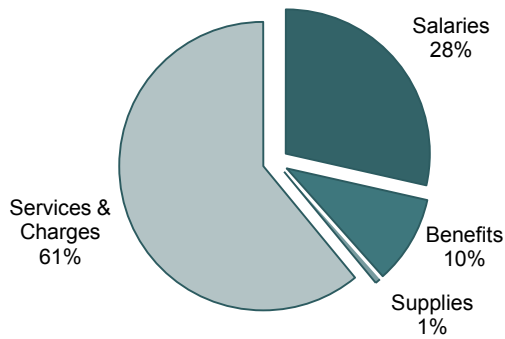
Annual Chimes and Lights Festival

2016 DEPARTMENT OPERATING BUDGET
Administration Department

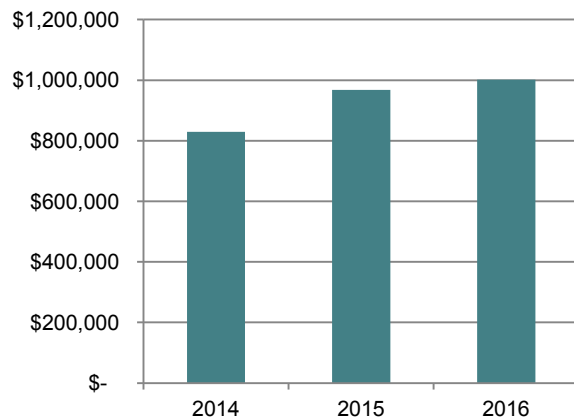
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 281,899	\$ 262,700	\$ 285,850
20 Personnel Benefits	69,445	88,114	99,162
Total Salary & Benefits	\$ 351,344	\$ 350,814	\$ 385,012
31 Office & Operating Supplies	\$ 6,836	\$ 6,700	\$ 6,075
32 Fuel Consumed	-	150	150
41 Professional Services	324,368	409,860	440,050
42 Communication	2,848	3,400	2,050
43 Travel	3,880	7,900	8,960
44 Advertising	5,165	7,220	7,400
45 Operating Rentals & Leases	7,934	7,700	8,000
46 Insurance	430	375	425
48 Repairs & Maintenance	2,962	4,100	3,150
49 Miscellaneous	47,885	63,477	56,483
51 Intergovernmental Professional Services	75,277	100,435	84,373
52 Intergovernmental & Pay	-	5,500	-
Total Other Expenditures	\$ 477,584	\$ 616,817	\$ 617,116
Total Administration	\$ 828,928	\$ 967,631	\$ 1,002,128

For additional detail, see worksheets for Legislative, Executive, Records Services, Legal Services and Miscellaneous.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Administration Department

Legislative Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.511.30			
10 Salaries & Wages	\$ 56,342	\$ 57,571	\$ 62,046
20 Personnel Benefits	15,687	27,511	20,820
42 Communication	70	100	100
44 Advertising	307	420	400
49 Miscellaneous	728	1,410	1,000
Total Official Publication Services	\$ 73,134	\$ 87,012	\$ 84,366
001.7.511.60			
10 Salaries & Wages	\$ 75,765	\$ 75,765	\$ 84,000
20 Personnel Benefits	9,864	9,335	14,253
31 Office & Operating Supplies	2,017	1,000	750
41 Professional Services	39,215	41,440	45,500
42 Communication	172	600	250
43 Travel	1,199	3,200	3,540
45 Operating Rentals & Leases	4,647	4,000	4,000
48 Repairs & Maintenance	1,981	2,400	2,000
49 Miscellaneous	23,891	31,811	36,723
52 Intergovernmental & Pay	-	5,500	-
Total Legislative Services	\$ 158,750	\$ 175,051	\$ 191,016
Total Legislative	\$ 231,885	\$ 262,063	\$ 275,382

511.30 Notes

- 42 Municipal Code-Web Hosting
- 44 Publish Legal Notices
- 49 Record Ordinances - Municipal Code

511.60 Notes

- 41 Lobbyist, Training Consultant
- 42 Postage, Phone, Fax, Postcards
- 43 Committee Meals, Travel Reimbursements
- 45 Postage Meter, Copy Machine, & Other Rental Expenses
- 48 Copier & Postage Machine Maintenance
- 49 Dues, Registrations, Subscriptions

2016 DEPARTMENT OPERATING BUDGET
Administration Department

Executive (Mayor) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.513.10			
10 Salaries & Wages	\$ 47,020	\$ 44,839	\$ 43,487
20 Personnel Benefits	9,009	11,802	29,845
31 Office & Operating Supplies	207	850	375
41 Professional Services	-	-	-
42 Communication	341	400	400
43 Travel	-	1,500	1,400
44 Advertising	150	-	-
45 Operating Rentals & Leases	229	250	250
48 Repairs & Maintenance	106	150	150
49 Miscellaneous	4,902	3,750	3,575
Total Executive Administration	\$ 61,964	\$ 63,541	\$ 79,482
Total Executive (Mayor)	\$ 61,964	\$ 63,541	\$ 79,482

513.10 Notes

- 43 Mileage and Meal Reimbursement
- 49 Membership/Dues and Training Registrations

2016 DEPARTMENT OPERATING BUDGET
Administration Department

Records Services Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.514.30			
10 Salaries & Wages	\$ 83,804	\$ 72,566	\$ 77,695
20 Personnel Benefits	26,895	34,467	28,539
31 Office & Operating Supplies	2,207	1,850	2,800
41 Professional Services	-	5,000	6,000
42 Communication	2,265	2,300	1,300
43 Travel	2,680	3,200	4,020
44 Advertising	233	300	200
45 Operating Rentals & Leases	2,016	2,850	2,650
46 Insurance	430	375	425
48 Repairs & Maintenance	875	1,000	1,000
49 Miscellaneous	3,581	4,825	4,825
Total Records Services	\$ 124,986	\$ 128,733	\$ 129,454
001.7.514.40			
51 Intergovernmental Professional Services	\$ -	\$ 17,000	\$ -
Total Election Services	\$ -	\$ 17,000	\$ -
001.7.514.90			
51 Intergovernmental Professional Services	\$ 18,871	\$ 20,000	\$ 20,000
Total Intergovernmental Professional Services	\$ 18,871	\$ 20,000	\$ 20,000
Total Records Service	\$ 143,857	\$ 165,733	\$ 149,454

514.30 Notes

- 41 Converting Records & Microfilming
- 43 Mileage and Meal Reimbursement
- 45 Postage Meter, Copy Machine Lease
- 46 Notary Bond
- 48 Copy Machine, Miscellaneous Repairs
- 49 Printing, Dues, Registrations, Subscriptions

2016 DEPARTMENT OPERATING BUDGET
Administration Department

Legal Services Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.515.31			
41 Legal Services	\$ 87,309	\$ 90,500	\$ 90,000
Total Legal Service-Criminal	\$ 87,309	\$ 90,500	\$ 90,000
001.7.515.32			
41 Legal Services	\$ 91,529	\$ 142,920	\$ 162,500
Total Legal Service-Civil	\$ 91,529	\$ 142,920	\$ 162,500
001.7.515.33			
41 Legal Services	\$ 9,701	\$ 10,000	\$ 10,050
Total Legal Service-Traffic	\$ 9,701	\$ 10,000	\$ 10,050
001.7.515.91			
41 Legal Services	\$ 96,615	\$ 120,000	\$ 126,000
Total General Indigent Defense	\$ 96,615	\$ 120,000	\$ 126,000
Total Legal Services	\$ 285,153	\$ 363,420	\$ 388,550

515.31 Notes

41 Prosecuting Attorney - Criminal

515.32 Notes

41 City Attorney Retainer

515.33 Notes

41 Prosecuting Attorney - Traffic

515.91 Notes

41 Investigators, Expert Witness, Transcription Services
Indigent Defense Services

2016 DEPARTMENT OPERATING BUDGET
Administration Department

Miscellaneous Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.518.90			
49 Miscellaneous (AWC)	\$ 8,055	\$ 8,310	\$ 8,310
Total Other Centralized Services	\$ 8,055	\$ 8,310	\$ 8,310
001.7.553.70			
51 Intergovernmental Professional Services	\$ 6,149	\$ 7,992	\$ 8,930
Total Pollution Control	\$ 6,149	\$ 7,992	\$ 8,930
001.7.554.30			
51 Intergovernmental Professional Services	\$ 36,804	\$ 41,000	\$ 41,000
Total Animal Control	\$ 36,804	\$ 41,000	\$ 41,000
001.7.562.00			
51 Intergovernmental Professional Services	\$ 10,683	\$ 10,943	\$ 10,943
Total Public Health	\$ 10,683	\$ 10,943	\$ 10,943
001.7.566.00			
51 Intergovernmental Professional Services	\$ 2,770	\$ 3,500	\$ 3,500
Total Substance Abuse	\$ 2,770	\$ 3,500	\$ 3,500
Total Miscellaneous	\$ 64,461	\$ 71,745	\$ 72,683

518.90 Notes

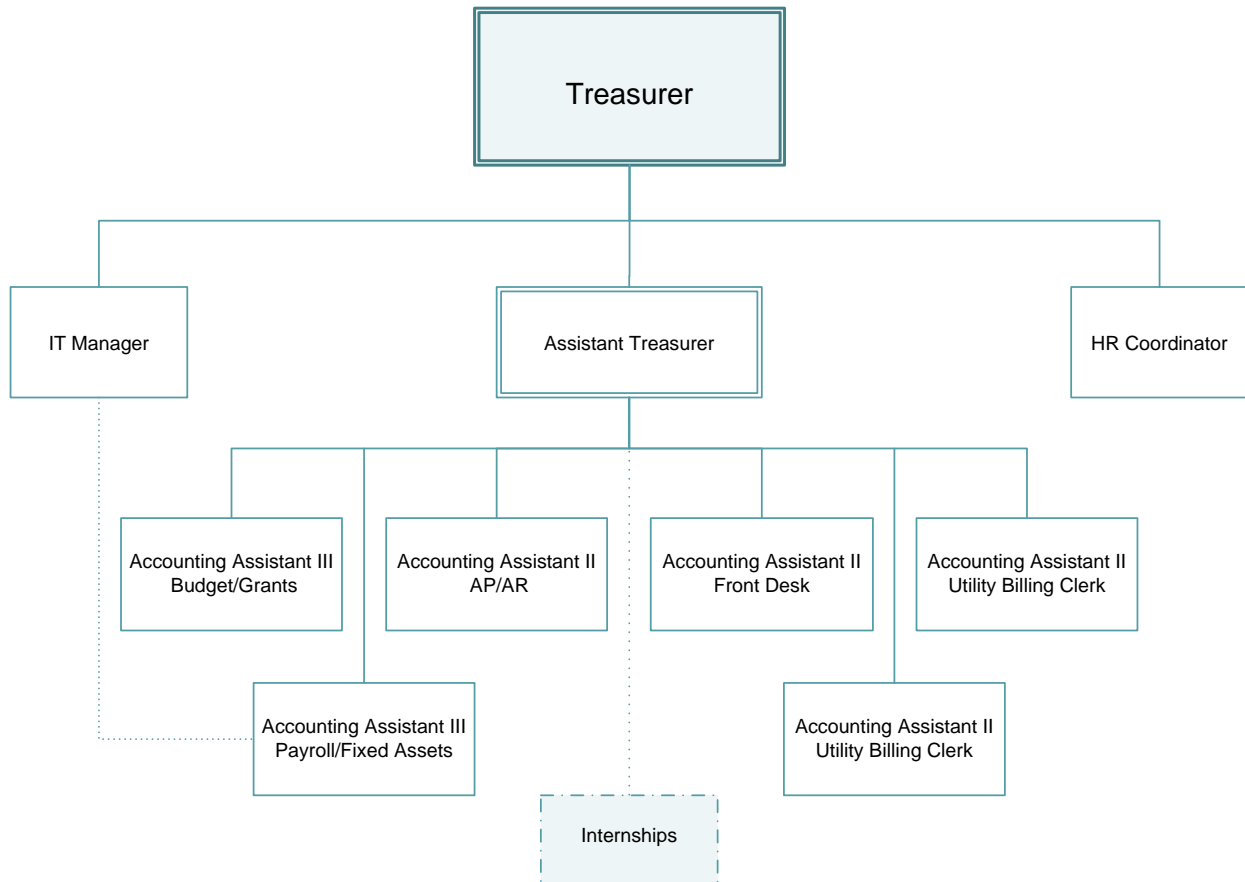
49 Minority & Women's Business Enterprise, Assoc. WA Cities Membership

2016 DEPARTMENT OPERATING BUDGET
Administration Department

Festival of Chimes and Lights Expenditures	2014 Actual	2015 Budget	2016 Budget
001.7.573.90			
10 Salaries & Wages	\$ 18,969	\$ 11,959	\$ 18,622
20 Personnel Benefits	7,990	4,999	5,705
31 Office & Operating Supplies	2,406	3,000	2,150
32 Fuel Consumed	-	150	150
44 Advertising	4,475	6,500	6,800
45 Operating Rentals & Leases	1,042	600	1,100
48 Repairs & Maintenance	-	550	-
49 Miscellaneous	1,506	2,800	2,050
91.49 Miscellaneous-Foot Ferry Services	5,222	10,571	-
Total Spectator & Community Events	\$ 41,609	\$ 41,129	\$ 36,577
Total Festival of Chimes and Lights	\$ 41,609	\$ 41,129	\$ 36,577

573.90 Notes

- 31 Tree, Light Replacement, Miscellaneous
- 45 Canopy & Generator
- 49 Printing, Audio, Miscellaneous, Tree Delivery



MISSION STATEMENT

The Finance Department is committed to promoting and insuring financial integrity and accountability of the City to its citizens, elected officials, administrators, staff, and the media in the expenditure of funds. Safeguarding public assets and providing the financial support needed by departments and activities of the City to deliver public services.

DEPARTMENT DESCRIPTION

The City Treasurer is the Director of the Finance Department. The Finance staff consists of seven finance professionals. The Finance Department is responsible for accounting, accounts payable and receivable, billing, budgeting, business licensing, collections, financial reporting, payroll, purchasing, and revenue accounting. The Finance Department manages accounts according to the state's Budgeting, Accounting, and Reporting System (BARS). The system prescribes accounting, budgeting, and reporting requirements for all local governments, including the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial statements, and instructions for preparing supplemental schedules. Council directives in the form of Ordinances and Resolutions also guide the Department. The City Treasurer is responsible for the oversight of the Information Technologies (IT)

Division, which provides technical and operational support to users, and includes procurement, setup and maintenance of all City computer hardware, software and telephone system. IT actively safeguards all municipal data, and continues to pass all State and Federal security audits as required. There is currently one IT staff person. The City Treasurer provides supervisory support to Human Resource Management (HR) and the Human Resource Coordinator. HR works closely with Finance, specifically with payroll, employee benefit cost analysis, job classifications, wage, salary, and cost of living increases. Many HR issues are reported to the Council Finance Committee, which is staffed by the Treasurer.

Finance operates under a set of Council financial policies written to enhance the financial management of the City, save time and energy when discussing financial matters, engender public confidence, and provide continuity over time. The policies are meant to promote sound financial management and assist in the City's stability, efficiency, and effectiveness.

GOALS

- Biennial Budget. Receive Council approval and adoption of a biennial budget for fiscal year 2017 – 2018.
- Distinguished Budget Award. Prepare and produce budget documents that are complete, clear and understandable by elected officials and the public. Apply and present to the Washington Finance Officers Association the 2016 Annual Budget seeking recognition through the WFOA Distinguished Budget Award.
- Information Technology. Implement recommendations identified in the 2015 review conducted by Seitel Systems.
- Equipment Rental Revolving Fund. Work with departments to establish an ER&R Fund to provide the ability to allow rolling stock and equipment to be rented to the other entities of the city. Seek and receive Council support for its financial implementation and operation.
- Water Meter Technology. Conduct an in-house study of the current pace of manual read water meter replacement and determine if a program to change the entire remaining manual read meters to automatic meter reading technology lowers the cost of labor and equipment.

OBJECTIVES

FINANCE

- Professional and courteous finance staff that responds promptly to public inquires and requests.
- Successfully serve the Citizens of Port Orchard by exemplarily performing all duties required by the Revised Code of Washington, BARS, and Port Orchard Municipal Code.
- Emphasize accountability, efficiency, innovation, and partnerships.
- Prudent investment of cash reserves while adhering to the traditional principles applicable to the investment of public funds.
- Process Payroll, Accounts Payable, and Receivables efficiently and accurately. Operate an efficient water, sewer, storm utility billing, and accounting program.
- Prepare and monitor financial records for grant funding and prepare grant progress billings.
- Maintain the City's capital assets and inventory records.
- Provide debt service on bond issues and loans.
- Strong internal controls to ensure accuracy and efficiency.
- Promptly respond to requests for financial information, reports, and recommendations.
- Accurate and transparent financial reporting in a format that is easily understood by the public.
- Enhance the City's financial reputation by securing unqualified audit opinions and recognition for budgeting and financial reporting.

- Provide accurate, timely and appropriate financial reporting to City staff, administrative and elected officials, the media, and citizens.
- Provide timely, accurate and effective support services to departments including financial planning and financing options to support capital needs.

INFORMATION TECHNOLOGY

- Establish and perform scheduled network system backups.
- Maintain all information system hardware and software on the City network, including VOIP Telephones as well as offsite technology such as mobile devices and real time “mirror” server application, housed in Poulsbo.
- Establish, monitor, and maintain the network health and security for citywide computer operations in accordance to State and Federal requirements.
- Monitor software applications to ensure that appropriate software licensing requirements are met.
- Participate in the development of short and long-term information system plans from local to State and Federal levels.
- Maintain or assist in support of miscellaneous electronic items, such as the clock tower, chimes, and courtroom video arraignment system, council chamber audio video, and 4G mobile data access for field use.
- Assist departments in review and procurement of new technologies required throughout the year.
- Provide on call support 24/7/365 for all City systems.

HUMAN RESOURCE MANAGEMENT

Provide effective Human Resource Management by developing and implementing policies, programs, and services which contribute to the attainment of employee goals by:

- Ensuring a diverse workforce in a safe and discrimination/harassment free environment by maintaining compliance with employment laws, government regulations and employee training.
- Continuing to standardize human resources management practices in the areas of hiring, retention, employee development, benefits, and compliance with federal, state, and local regulations. HR will continue to collaborate with Regional TRAIN Consortium for Public Agencies and WSHRM to expand resources and training opportunities for the City.
- Continuing to promote wellness programs and employee incentive options, HR will maintain the Well City status as a cost-effective health and productivity management strategy for the City, yielding important benefits to our individual workers and their families.
- Offering benefits services to all employees by administering orientation sessions for all new staff and continuing to provide individualized benefits counseling. Also providing appropriate training, resources, and contacts for employee’s specific benefits advising needs.
- Promoting safety awareness, training, and safe work habits among City employees and responding timely to concerns, questions, or complaints about health and safety issues to minimize damages resulting from accidents and Workman’s Compensation time loss claims. HR will support L&I’s Stay at Work program as a financial incentive encouraging City Directors to provide their injured workers with light duty or transitional work.
- Maximizing technology to streamline HR transactional activities in order to improve and enhance workflow efficiency and improve customer service. HR will transition to Springbrook’s HR module to offer flexible, user-friendly, and integrated systems, including the expanded use of employee self-service.

PERFORMANCE MEASURES

Earn the 2016 AWC Well City Award.

Earn the Washington Finance Officers Association Distinguished Budget Award in 2016. Finance received the award in 2013, 2014, and 2015.

Successful Passage of a City Ordinance declaring the intent to begin budgeting on a biennial basis and adoption of a biennial budget for 2017 – 2018 in the fall of 2016.

ACCOMPLISHMENTS

Installation of the Human Resources Module and Online Employee Self-Service completing the full integration of Springbrook™ modules. Employees now enter their work hours on a daily basis which makes the entire payroll processing procedure more efficient. The HR Module streamlines benefit plan administration and employee record keeping such as health and safety tracking, education and training tracking, performance and OSHA reporting ability.

Well City Award. For the past 5 years the City earned the Well City Award from the Association of Washington Cities (AWC) Employee Benefit Trust. The award is based on meeting stringent best practice standards in employee health promotion. As a recipient of this award, the City receives a 2% premium discount on their Regence BlueShield or Group Health medical coverage for employee & dependents for 2016 budget year.

Transitioned the LEOFF I retiree's medical benefits plan to a more cost effective plan to save the city considerable upfront premium costs going into 2016, while still providing LEOFF I retirees with comprehensive medical coverage.

Successful completion of the DOL Safety and Health Investment Project grant developing a City Return to Work program and Light Duty policy focusing on employee awareness to contain and reduce the costs of Worker's Compensation due to employee injury and time loss.

Successful transition from the Comdata to a U.S. Bank Voyager account for fleet fuel and maintenance data management

Distinguished Budget Award. For the third year in a row the City has earned the Washington Finance Officers Association Distinguished Budget Award. It is the highest form of recognition and fiscal planning and budgeting within the state of Washington. The budget document was judged on meeting program criteria covering policies, operations, financial planning and communications.



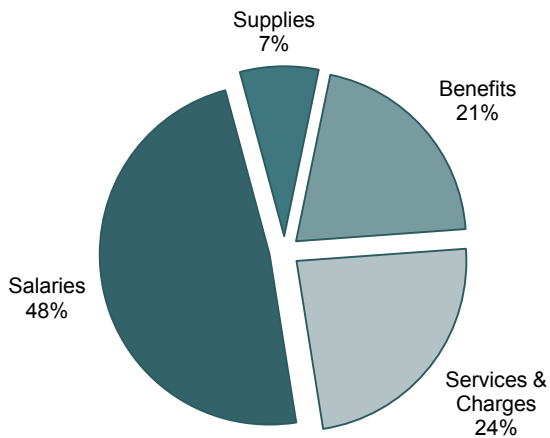
Intern, Desirae Ada, helping with the City Hall Gratitude Graffiti Project, Food Donations

2016 DEPARTMENT OPERATING BUDGET
Finance Department

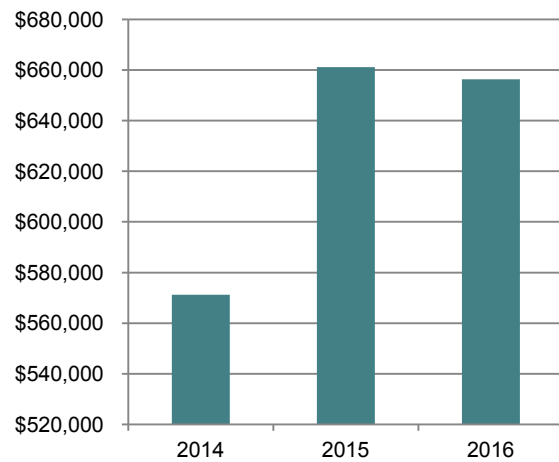
Expenditures		2014 Actual	2015 Budget	2016 Budget
10	Salaries & Wages	\$ 301,633	\$ 326,082	\$ 317,060
20	Personnel Benefits	101,235	135,571	135,274
	Total Salary & Benefits	\$ 402,868	\$ 461,653	\$ 452,334
31	Office & Operating Supplies	\$ 43,990	\$ 20,900	\$ 48,880
41	Professional Services	50,511	38,900	83,600
42	Communication	4,850	7,000	6,000
43	Travel	5,671	7,000	7,000
44	Advertising	425	600	300
45	Operating Rentals & Leases	2,501	3,900	4,247
46	Insurance	75	100	100
48	Repairs & Maintenance	16,906	23,600	26,300
49	Miscellaneous	43,395	34,030	27,630
	Total Other Expenditures	\$ 168,326	\$ 136,030	\$ 204,057
64	Machinery & Equipment	\$ -	\$ 63,500	\$ -
	Total Capital Expenditures	\$ -	\$ 63,500	\$ -
Total Finance Department		\$ 571,194	\$ 661,183	\$ 656,391

For additional detail, see worksheets for Finance, Human Resources, and Information Technology.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Finance Department

Finance Expenditures	2014 Actual	2015 Budget	2016 Budget
001.1.514.22			
10 Salaries & Wages	\$ 23,827	\$ 20,962	\$ 21,296
20 Personnel Benefits	7,464	7,293	8,019
Total Fiduciary Services	\$ 31,291	\$ 28,255	\$ 29,315
001.1.514.23			
10 Salaries & Wages	\$ 149,849	\$ 164,668	\$ 157,423
20 Personnel Benefits	54,704	81,298	77,086
31 Office & Operating Supplies	3,636	4,200	5,100
41 Professional Services	28,421	24,200	28,500
42 Communication	2,443	2,800	2,800
43 Travel	5,097	4,700	4,700
45 Operating Rentals & Leases	1,697	3,100	3,400
46 Insurance	75	100	100
48 Repairs & Maintenance	692	4,350	4,500
49 Miscellaneous	39,071	28,170	19,670
Total Budgeting/Accounting/Auditing	\$ 285,685	\$ 317,586	\$ 303,279
001.1.594.10			
14.64 Machinery & Equipment	\$ -	\$ 18,500	\$ -
Total Machinery & Equipment	\$ -	\$ 18,500	\$ -
Total Finance	\$ 316,976	\$ 364,341	\$ 332,594

514.23 Notes

- 41 State Auditor, Micro-Flex Tax Audit, GASB 34 Consultant
- 45 Postage Meter, Copy Machine Lease
- 46 Notary Bonds
- 48 Micro-Flex Tax Tools Maintenance, Copy Machine Maintenance, Miscellaneous Repairs
- 49 Printing, Dues, Registrations, Document Shredding, Business License Fees, Banking/Bond Fees, Parkeon Service Fees, DOR Excise Tax, Springbrook User Group Fees.

2016 DEPARTMENT OPERATING BUDGET
Finance Department

Human Resource Expenditures	2014 Actual	2015 Budget	2016 Budget
001.1.517.90			
31 Office & Operating Supplies	\$ 928	\$ 100	\$ 600
43 Travel	100	300	300
49 Miscellaneous	22	600	600
Total Employee Benefit	\$ 1,050	\$ 1,000	\$ 1,500
001.1.518.10			
10 Salaries & Wages	\$ 51,368	\$ 69,043	\$ 68,471
20 Personnel Benefits	10,079	15,222	16,482
31 Office & Operating Supplies	514	400	400
41 Professional Services	8,101	10,200	10,600
42 Communication	1,171	2,000	1,000
43 Travel	354	1,000	1,000
44 Advertising	425	600	300
45 Operating Rentals & Leases	804	800	847
48 Repairs & Maintenance	363	400	500
49 Miscellaneous	2,581	3,400	3,400
Total Personnel Services	\$ 75,761	\$ 103,065	\$ 103,000
001.1.518.11			
10 Salaries & Wages	\$ 15,062	\$ -	\$ -
20 Personnel Benefits	2,478	-	-
31 Office & Operating Supplies	903	-	-
41 Professional Services	12,564	-	-
43 Travel	120	-	-
49 Miscellaneous	1,071	-	-
Total S.H.I.P. Grant	\$ 32,197	\$ -	\$ -
Total Human Resource	\$ 109,008	\$ 104,065	\$ 104,500

518.10 Notes

- 41 Drug Testing, Personnel Investigations, L&I Compliance Management, Hiring Costs
- 48 Copy Machine Maintenance, Miscellaneous Repairs
- 49 Printing, Dues, Registrations, Subscriptions, AWC D&A Testing Consortium

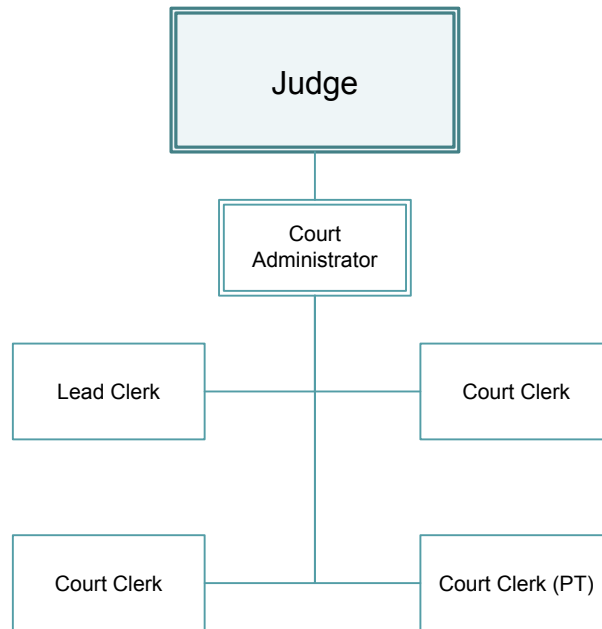
2016 DEPARTMENT OPERATING BUDGET
Finance Department

Information Technology Expenditures	2014 Actual	2015 Budget	2016 Budget
001.1.518.88			
10 Salaries & Wages	\$ 61,527	\$ 71,409	\$ 69,870
20 Personnel Benefits	26,510	31,758	33,687
31 Office & Operating Supplies	38,010	16,200	42,780
41 Professional Services	1,425	4,500	44,500
42 Communication	1,236	2,200	2,200
43 Travel	-	1,000	1,000
48 Repairs & Maintenance	15,851	18,850	21,300
49 Miscellaneous	650	1,860	3,960
Total Information Technology	\$ 145,210	\$ 147,777	\$ 219,297
001.1.594.10			
18.64 Machinery & Equipment	\$ -	\$ 45,000	\$ -
Total Machinery & Equipment	\$ -	\$ 45,000	\$ -
Total Information Technology	\$ 145,210	\$ 192,777	\$ 219,297

518.88 Notes

- 31 AutoCad LT 2016 Software, Laser Printer, Adobe Creative Suite Software, Backup Tapes, Parts & Supplies, Workstations, Server, Surface Pro Tablet, Barracuda Firewall & Spam Filter
- 41 Computer Consultant, Website Upkeep, Website Design/Upgrade
- 42 Modems, Phone, Fax, Website Hosting
- 48 Software Maintenance, Antispam, Miscellaneous Repairs
- 49 Dues, Subscriptions, KRCC-Kitnet Dues, Training Registrations

MUNICIPAL COURT



MISSION STATEMENT

The mission of the Port Orchard Municipal Court is to establish and maintain public trust and confidence in the Court by ensuring independence, accessibility, accountability, and fairness for all citizens.

DEPARTMENT DESCRIPTION

The Municipal Court is a separate yet equal branch of government and is responsible for adjudicating misdemeanor and gross misdemeanor criminal cases for violations occurring within the City limits including criminal traffic cases (such as DUI's), criminal non-traffic cases (such as Assault 4 Domestic Violence), non-criminal traffic infractions (such as speeding) and non-traffic infractions (such as code enforcement violations), and parking tickets. In addition, the Municipal Court is responsible for maintaining all court records involving these cases, to efficiently and effectively administer justice, and to serve the public as well as maintain compliance with the law. The Court is committed to a strong justice system based on public awareness and prevention in order to ensure a safe community for all citizens.

STATISTICS/WORKLOAD MEASURES	2013 Actual	2014 Actual	2015 Projected
CRIMINAL			
DUI	54	53	48
TRAFFIC	478	395	408
NON TRAFFIC	433	531	432
INFRACTION			
TRAFFIC	1535	1427	1392
NON TRAFFIC	69	40	36
PARKING	2730	2680	2676

GOALS

- Continue scanning all post-conviction DUI and DV cases for record retention purposes
- Continue maintenance of bail schedules, court forms and procedures as legislation dictates
- Continued monitoring of Interpreter Language Assistance Plan
- Prepare Court for electronic filings and retention (paperless court)

PERFORMANCE MEASURES

Pursuant to the provisions of RCW 2.56 and GR 32, and to ensure that minimum service levels of the administration of justice are in place, the Administrative Office of the Courts (AOC) is directed to conduct performance audits of courts under the authority of the Supreme Court, in conformity with criteria and methods developed by the Board for Judicial Administration which have been approved by the Supreme Court.

SIGNIFICANT BUDGET CHANGES & ACCOMPLISHMENTS

The Court's budget proposal for 2016 remains consistent with previous years with no significant increases. The Court is requesting a few minor items/additions to the court's portion of the City's phone system that the City installed in 2014 to improve efficiencies. These items are included in the Public Works Facilities budget requests.

EXPENDITURES

	FY 2014	FY 2015	FY 2016
	Actual	Budgeted	Proposed
<u>Staffing Levels:</u>			
Judge	0.6 FTE	0.6 FTE	0.6 FTE
Court Administrator	1.0 FTE	1.0 FTE	1.0 FTE
Lead Clerk	0.0 FTE	1.0 FTE	1.0 FTE
Court Clerk – full time	3.0 FTE	2.0 FTE	2.0 FTE
Court Clerk – part time	0.6 FTE	0.6 FTE	0.6 FTE
Salaries and Wages	\$343,763	\$351,301	\$360,442
Personnel Benefits	\$142,232	\$157,606	\$171,919
Supplies	\$8,055	\$7,525	\$7,525
Other Services & Charges	\$ 56,881	\$55,468	\$55,114
Total Expenditures	\$548,931	\$571,900	\$595,000
Supplemental Requests	\$34,400	\$3,915	\$0

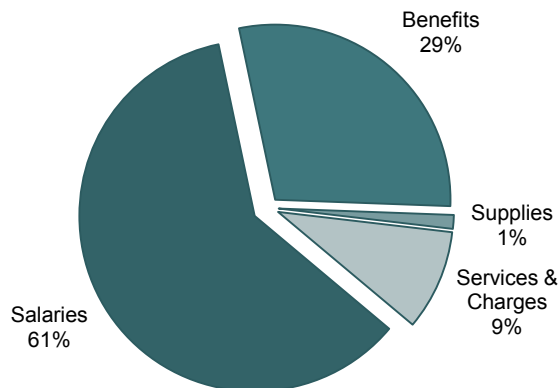
2016 DEPARTMENT OPERATING BUDGET
Municipal Court

Expenditures	2014 Actual	2015 Budget	2016 Budget
001.2.512.50			
10 Salaries & Wages	\$ 332,758	\$ 352,955	\$ 360,442
20 Personnel Benefits	134,555	157,910	171,919
Total Salary & Benefits	\$ 467,313	\$ 510,865	\$ 532,361
31 Office & Operating Supplies	\$ 10,047	\$ 7,525	\$ 7,525
41 Professional Services	19,107	19,900	19,900
42 Communication	4,737	4,600	4,600
43 Travel	1,766	2,500	2,500
45 Operating Rentals & Leases	4,129	4,550	3,450
48 Repairs & Maintenance	2,075	2,280	2,280
49 Miscellaneous	11,130	21,638	22,384
Total Other Expenditures	\$ 52,992	\$ 62,993	\$ 62,639
Total Municipal Court	\$ 520,304	\$ 573,858	\$ 595,000

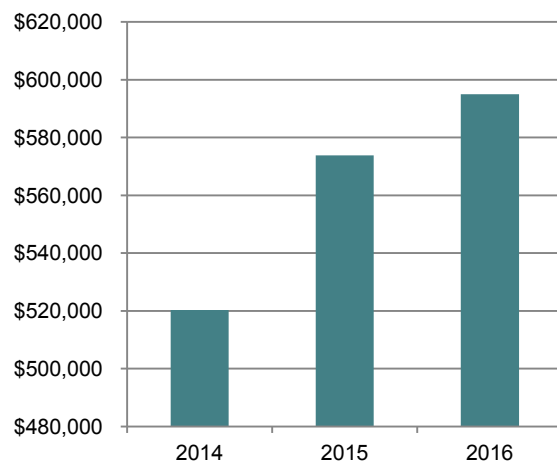
512.50 Notes

- 31 Books, Postage Meter Supplies, Toner, Office Supplies
- 41 Protem, Interpreters, Expert Witness Fees, Bailiff
- 42 Phone, Fax, Postage Meter
- 45 Postage Meter Rental, Copier/Fax Lease
- 48 Copier Maintenance, FTR Digital Audio Support Contract, Misc Office Equipment Repairs
- 49 Printing Forms, Assoc Dues, County Clerk (juries), Training/Conferences, Witness Fees, Shredder Service, Bank Fees

2016 DEPARTMENT BUDGET

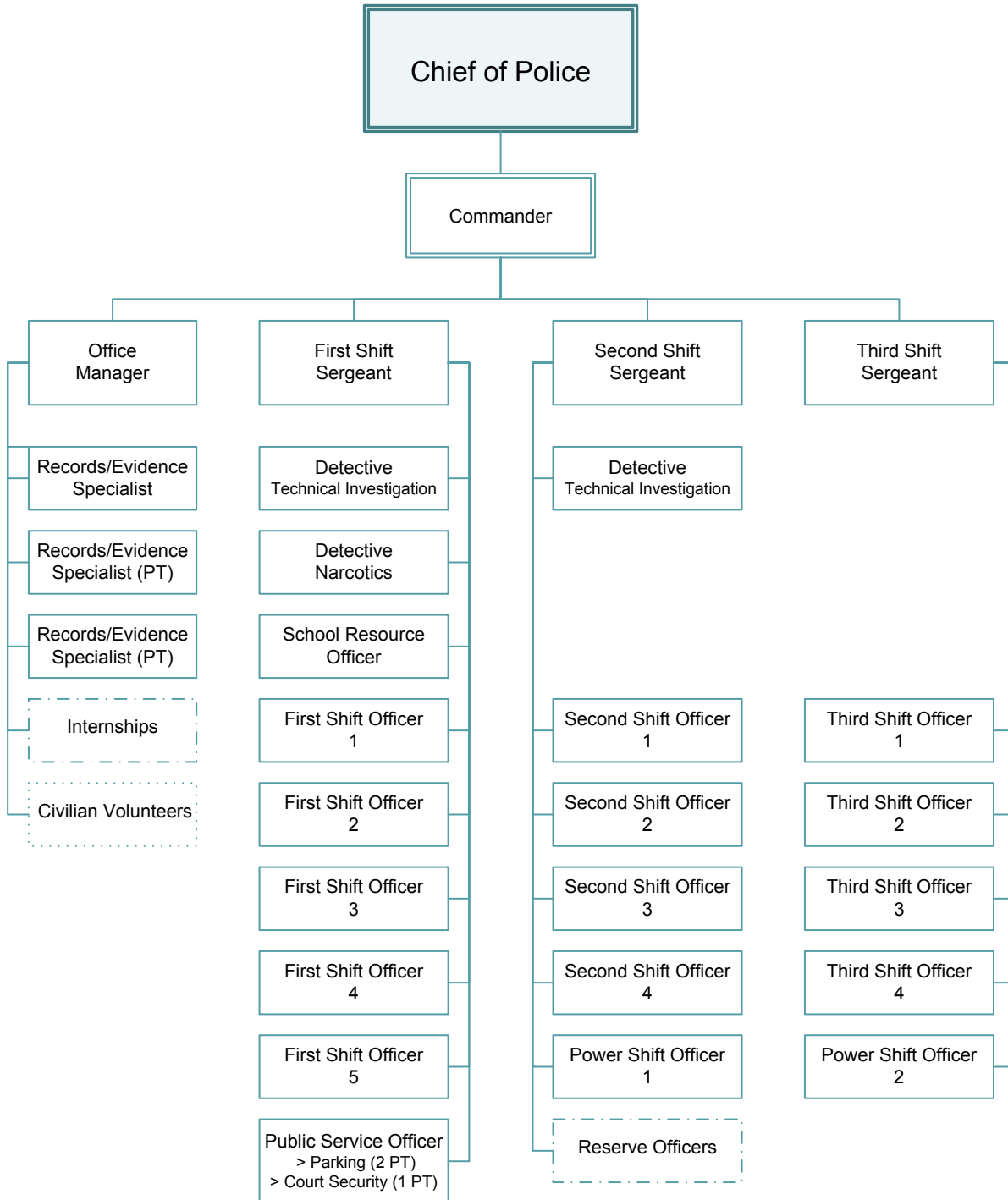


ANNUAL BUDGET COMPARISON





Police Department





Police Department

DEPARTMENT DESCRIPTION

The Chief of Police is the Director of the Police Department. The Police Department consists of 30 employees and 9 volunteers. The department has one chief, one commander, 3 sergeants, 2 detectives, and 17 police officers. The department is also supported by an office manager, a full time records/evidence specialist, 2 part-time record/evidence specialists, 2 part-time parking enforcement officers and a part-time court security/crime prevention officer. Our volunteer base is made up of one traffic safety assistant, 7 reserve police officers, and a police Chaplin.

The police department is a full service problem oriented community based law enforcement agency offering regular patrol functions, detective functions, major crime investigation, crime scene technicians, traffic investigation, motorcycle patrol, bicycle patrol, marine patrol, liquor and vice, narcotics canine, court security, emergency management, parking enforcement, and a school resource officer program.

Department Mission

The mission of the Port Orchard Police Department is to work in partnership with the community to protect life and property and to enhance the quality of life in our city through proactive problem solving, fair and equitable law enforcement, and the effective use of resources.

Department Values

- ✓ Our employees are our most valued resource. We value each employee's contribution to the effectiveness of our organization and their participation into the decision making process. We strive to provide opportunities for individual achievement, personal growth, professional development, and recognition of our employees.
- ✓ We are committed to a standard of excellence in our profession. We pursue the highest levels of achievement, professionalism, and quality in the services we provide to our community
- ✓ We strive to maintain the highest levels of integrity, ethics, and morals by adhering to the high standards established in the Police Officer's Code of Ethics and the foundations established in the constitution and laws of the United States and the State of Washington.
- ✓ We are committed to the concept of teamwork. We create positive working relationships through the community based problem solving, respect toward citizens and co-workers, unity of purpose, and mutual ownership in our Department and the services we provide.
- ✓ We value the sanctity of life and the equitable treatment of all people.
- ✓ We value working with our citizens to solve community based problems.
- ✓ We serve with pride within ourselves and the community we serve.



Police Department

Department Objectives

- ✓ Identify Opportunities
- ✓ Imagine the Possibilities
- ✓ Align Partners
- ✓ Empower Employees
- ✓ Think, Act and Move as One
- ✓ Engage the Community
- ✓ Fulfill the Promise
- ✓ Map the future

Department Goal

Priorities for our police department are being responsive to the citizens; investigating crimes to the fullest; working with the community to solve quality of life issues that may, or may not, rise to the level of a criminal offense; being transparent; and having, and maintaining, documented accountability for every member of this department.

Our Department will be fiscally conservative with the public's dollar, while maintaining the service that our citizens deserve.

Performance Measures

Our department receives constant statistical feedback from many sources, such as number of calls for service, response time, community policing projects, traffic stops, criminal reports, field contacts, clearance rates, arrests, citations, and data on officer's proactive activity. This data is reviewed by front line supervisors constantly, and evaluation and feedback is provided to the officers.

Budget Changes

The changes to this year's budget are minimal in most categories. I have requested three patrol vehicles and one parking enforcement vehicle to replace assets that have been depleted. The costs of housing prisoners at the jail continue to rise in spite of our efforts to minimize these costs. In response there has been a sizable increase for housing inmates for this budget year.

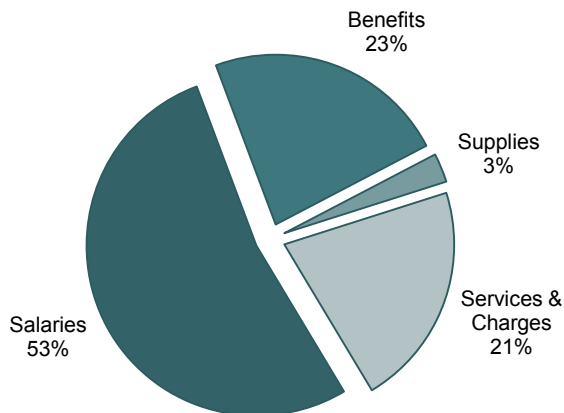
Accomplishments

The police department prides itself on its interaction with the community through our community policing projects. This year our officers will complete over 60 projects that bring us into partnership with the community to solve quality of life issues, and repeated criminal activity. We have maintained high productivity from the officers, with high marks from the prosecutor's office for our case investigations, which result in high filing rates in court. We are in the process of establishing a threat assessment group in partnership with the school district to address increasing potential for violence within the schools. We have also committed to the new county wide crisis intervention officer program to address mental health issues that have become a larger part of policing.

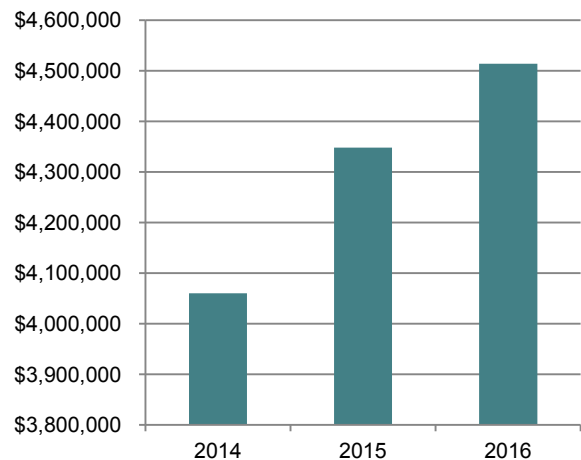
2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 2,299,694	\$ 2,294,854	\$ 2,387,458
20 Personnel Benefits	833,611	944,215	1,024,115
21 Uniforms	13,377	16,400	16,600
Total Salary & Benefits	\$ 3,146,681	\$ 3,255,469	\$ 3,428,173
31 Office & Operating Supplies	\$ 50,808	\$ 58,650	\$ 66,950
32 Fuel Consumed	76,519	79,000	58,000
41 Professional Services	14,418	46,750	19,000
42 Communication	13,271	12,600	13,600
43 Travel	3,187	9,450	9,200
44 Advertising	30	250	250
45 Operating Rentals & Leases	9,619	9,550	10,800
46 Insurance	-	100	100
47 Public Utility Service	124	1,350	1,350
48 Repairs & Maintenance	47,792	63,710	67,500
49 Miscellaneous	17,654	19,050	15,800
51 Intergovernmental Professional Services	660,973	784,554	815,091
95 Interfund Rentals/Leases	5,819	7,608	7,608
98 Interfund Repairs & Maintenance	13,380	300	550
Total Other Expenditures	\$ 913,594	\$ 1,092,922	\$ 1,085,800
Total Law Enforcement	\$ 4,060,275	\$ 4,348,391	\$ 4,513,972

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.10			
10 Salaries & Wages	\$ 418,402	\$ 418,579	\$ 463,064
20 Personnel Benefits	210,471	167,432	260,840
21 Uniforms	678	1,000	1,200
31 Office & Operating Supplies	10,182	10,650	17,000
32 Fuel Consumed	1,417	2,000	1,500
41 Professional Services	1,050	1,000	1,250
42 Communication	12,665	12,000	13,000
43 Travel	1,506	5,250	5,000
44 Advertising	-	250	250
45 Operating Rentals & Leases	5,266	6,500	7,500
46 Insurance	-	100	100
48 Repairs & Maintenance	8,921	10,000	10,000
49 Miscellaneous	4,761	7,000	4,000
51 Intergovernmental Professional Services	120,751	119,766	149,326
98 Interfund Repairs & Maintenance	40	-	-
Total Administration	\$ 796,108	\$ 761,527	\$ 934,030

521.10 Notes

- 31 RCW Books, Vehicle Tires, Parts & Supplies, Office Supplies & Equipment
- 41 Promotional Testing, Polygraph, Medical, Psychological Testing, Lateral/Entry Oral Boards, Lateral Testing
- 44 Employment Advertising, Continuous Lateral Entry Programs, Police Legal Notices/Property Auctions
- 48 WSP ACCESS Terminal Fees, Municipal Code Codification, Vehicle Maintenance, Radio Repairs, Copier Maintenance
- 49 Conferences, Membership Dues, Subscriptions, Printing/Publishing, Business Cards, Shredding Service
- 51 CENCOM Dispatching Services

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.21			
10 Salaries & Wages	\$ 177,652	\$ 176,860	\$ 179,379
20 Personnel Benefits	43,459	51,711	48,675
21 Uniforms	930	1,500	1,500
31 Office & Operating Supplies	3,140	3,500	9,500
32 Fuel Consumed	3,352	3,500	2,500
41 Professional Services	-	1,500	1,500
42 Communication	32	-	-
43 Travel	175	500	500
47 Public Utility Services	-	100	100
48 Repairs & Maintenance	1,788	2,000	2,000
49 Miscellaneous	2,309	2,000	2,000
98 Interfund Repairs & Maintenance	700	-	-
Total Investigation	\$ 233,537	\$ 243,171	\$ 247,654

521.21 Notes

- 31 Evidence Processing Supplies, Vehicle Tires, Parts, Supplies, Investigative Supplies, Office Supplies, Crime Scene Van Supplies
- 41 Handwriting Exemplar Analysis, WSP Total Station Crew for Response to Suspicious Deaths, Personal and Financial History Searches, Forensic Examinations, Crime Scene Technician Costs
- 47 Storage Facility Utilities
- 48 Vehicle Maintenance
- 49 Crime Lab Fees & Shipping, Evidentiary Vehicle Tows

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.22			
10 Salaries & Wages	\$ 1,148,526	\$ 1,154,826	\$ 1,192,344
20 Personnel Benefits	382,834	474,538	452,964
21 Uniforms	5,513	9,900	9,900
31 Office & Operating Supplies	16,028	17,000	17,000
32 Fuel Consumed	39,388	38,000	30,000
43 Travel	175	200	200
48 Repairs & Maintenance	16,234	23,000	20,000
49 Miscellaneous	1,569	2,000	2,000
98 Interfund Repairs & Maintenance	8,360	-	-
Total Patrol	\$ 1,618,628	\$ 1,719,464	\$ 1,724,408
001.3.521.23			
10 Salaries & Wages	\$ 14,999	\$ 17,500	\$ 17,500
20 Personnel Benefits	4,408	5,250	5,250
31 Office & Operating Supplies	1,411	800	1,000
32 Fuel Consumed	4,345	5,000	5,000
43 Travel	839	1,000	1,000
44 Advertising	30	-	-
45 Operating Rentals & Leases	932	1,000	1,000
47 Public Utility Service	74	250	250
48 Repairs & Maintenance	1,574	2,750	3,000
49 Miscellaneous	5,773	3,000	3,000
98 Interfund Repairs & Maintenance	-	-	250
Total Marine Patrol	\$ 34,385	\$ 36,550	\$ 37,250

521.22 Notes

- 31 Office Supplies, Reserve Officer Equipment, Vehicle Tires, Parts & Supplies, Flares, Vehicle Warning Devices, Batteries, Lights
- 48 Emergency Equipment Repair, Vehicle Maintenance, Radio & Light Bar Installations, Fire Extinguisher Recharging, Vehicle Washes
- 49 Police Vehicles Graphics Replacement, Membership Dues, Printing Expenses

521.23 Notes

- 31 Boating Supplies, Lines, Fenders, Lighting, Charts, GPS, Cleaning Supplies, State Required Education Programs/Materials
- 45 Vessel Moorage
- 49 Equipment Installations, Marine Membership, State Required Conferences, Derelict Vessel Abatement

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.25			
10 Salaries & Wages	\$ 86,518	\$ 91,857	\$ 93,171
20 Personnel Benefits	37,385	46,597	45,543
21 Uniforms	1,210	500	500
31 Office & Operating Supplies	714	1,500	1,750
32 Fuel Consumed	7,215	7,500	3,000
48 Repairs & Maintenance	8	1,000	1,000
49 Miscellaneous	42	300	300
98 Interfund Repairs & Maintenance	780	-	-
Total Gambling Enforcement	\$ 133,872	\$ 149,254	\$ 145,264
001.3.521.30			
10 Salaries & Wages	\$ 221,383	\$ 218,271	\$ 221,309
20 Personnel Benefits	67,140	97,624	106,768
21 Uniforms	1,881	1,500	1,500
31 Office & Operating Supplies	1,497	2,650	2,650
32 Fuel Consumed	9,917	10,000	6,000
48 Repairs & Maintenance	2,659	4,000	4,000
49 Miscellaneous	572	1,500	1,250
98 Interfund Repairs & Maintenance	360	-	-
Total Crime Prevention	\$ 305,410	\$ 335,545	\$ 343,477

521.25 Notes

- 49 Reduce Underage Drinking Materials, Responsible Alcohol Service Programs/Brochures, Problem Oriented Policing Materials

521.30 Notes

- 31 Office Supplies for Volunteers, Bicycles, Parts & Accessories, Vehicle Tires, Parts & Supplies, Emergency Equipment Parts
- 48 Vehicle & Bicycle Maintenance
- 49 Associations Dues, Crime Mapping, Community Policing Projects, Crime Prevention Materials

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.40			
31 Office & Operating Supplies	\$ 9,215	\$ 9,500	\$ 10,000
32 Fuel Consumed	30	500	500
41 Professional Services	3,596	6,000	6,000
43 Travel	488	2,000	2,000
45 Operating Rentals & Leases	616	250	500
47 Public Utility Services	50	1,000	1,000
48 Repairs & Maintenance	5,438	9,000	9,000
49 Miscellaneous	-	-	-
Total Training	\$ 19,433	\$ 28,250	\$ 29,000
001.3.521.50			
10 Salaries & Wages	\$ 707	\$ -	\$ -
20 Personnel Benefits	331	-	-
31 Office & Operating Supplies	14	-	-
45 Operating Rentals & Leases	1,800	1,800	1,800
48 Repairs & Maintenance	1,259	1,260	1,300
49 Miscellaneous	-	500	500
95 Interfund Operating & Rentals	5,819	7,608	7,608
Total Facilities	\$ 9,930	\$ 11,168	\$ 11,208

521.40 Notes

- 31 Ammunition, Targets, Video & Textbook Training Programs, Defensive Tactics Equipment, Office Supplies
- 41 Outside Speakers, Instructors
- 43 Vehicle Expenses Related to Travel for Training, Commercial Transportation, Food & Lodging
- 45 Portable Restroom Facilities at Current Police Range, Training Room Facilities Rental, EVOC Track Rental
- 49 Tuition & Registration Costs

521.50 Notes

- 45 Storage Garage
- 48 Security Monitoring
- 95 Storage Facilities

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Law Enforcement (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.521.70			
10 Salaries & Wages	\$ 231,177	\$ 216,961	\$ 220,691
20 Personnel Benefits	87,273	101,063	104,075
21 Uniforms	3,165	2,000	2,000
31 Office & Operating Supplies	5,803	8,500	3,500
32 Fuel Consumed	8,954	10,000	7,000
41 Professional Services	-	250	250
42 Communications	41	100	100
43 Travel	6	500	500
45 Operating Rentals & Leases	11	-	-
48 Repairs & Maintenance	9,892	9,700	16,200
49 Miscellaneous	2,340	2,000	2,000
51 Intergovernmental Professional Services	2,500	2,500	2,500
98 Interfund Repairs & Maintenance	2,660	-	-
Total Traffic Policing	\$ 353,822	\$ 353,574	\$ 358,816
Total Law Enforcement	\$ 3,505,124	\$ 3,638,503	\$ 3,831,107

521.70 Notes

- 31 Vehicle Tires, Parts & Supplies, Pursuit Immobilization Devices, Motorcycle Parts, Office Supplies, Parking Supplies
- 41 WSP Total Station Crew Response for Fatalities
- 48 Vehicle Maintenance, ALPR Unit Maintenance, Motorcycle Maintenance, Radar Unit Maintenance, Radar Calibration, Parkeon Machine Upgrades
- 49 Shipping for Radar Units, Shipping for Preliminary Breath Tests, Ticket Books/E-Tickets
- 51 Traffic Safety Task Force Fee

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Detention and Correction Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.523.20			
31 Office & Operating Supplies	\$ 65	\$ 250	\$ 250
32 Fuel Consumed	1,901	2,500	2,500
45 Operating Rentals and Leases	993	-	-
48 Repairs & Maintenance	18	1,000	1,000
49 Miscellaneous	287	250	250
51 Intergovernment Professional Service	36,558	43,589	43,589
98 Interfund Repairs & Maintenance	480	300	300
Total Monitoring Prisoners	\$ 40,302	\$ 47,889	\$ 47,889
001.3.523.60			
31 Office & Operating Supplies	\$ 2,514	\$ 3,500	\$ 3,500
41 Professional Services	9,772	38,000	10,000
51 Intergovernment Professional Service	485,651	600,885	601,862
Total Care/Custody/Prisoners	\$ 497,938	\$ 642,385	\$ 615,362
Total Detention and Correction	\$ 538,240	\$ 690,274	\$ 663,251

523.20 Notes

- 48 Repair Community Service Van, Miscellaneous Repairs
- 51 KCR-Community Service Program
- 98 Repair Community Service Van (in house)

523.60 Notes

- 31 Prisoner Prescriptions
- 41 Prisoner Medical Services
- 51 Prisoner Boarding Kitsap County, City of Forks Jail

2016 DEPARTMENT OPERATING BUDGET
Law Enforcement

Emergency Services Expenditures	2014 Actual	2015 Budget	2016 Budget
001.3.525.10			
51 Intergov'l Professional Svcs-Emergency	\$ 15,513	\$ 17,814	\$ 17,814
Total Emergency Services Admin	\$ 15,513	\$ 17,814	\$ 17,814
001.3.525.60			
10 Salaries & Wages	\$ 330	\$ -	\$ -
20 Personnel Benefits	310	-	-
31 Office & Operating Supplies	225	800	800
42 Communication	533	500	500
49 Miscellaneous	-	500	500
Total Emergency Preparedness	\$ 1,398	\$ 1,800	\$ 1,800
Total Emergency Services	\$ 32,424	\$ 34,551	\$ 37,428

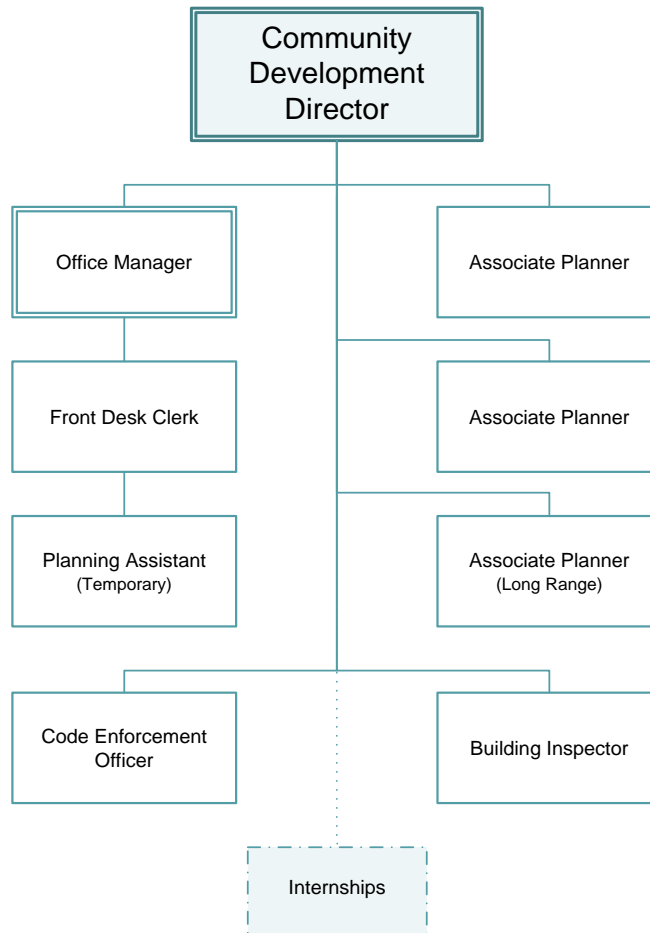
525.10 Notes

51 Kitsap County Emergency Management

525.60 Notes

- 31 Backup Power Supplies, Site Communications & Set-up, Food & Water, Respirators, Cots
- 42 Existing EOC Telephone Service, Alternative Communication & Cellular Data Pack
- 49 Department Training on Hazmat, WMD, Terrorism Tuition Costs for FEMA

COMMUNITY DEVELOPMENT



MISSION STATEMENT

Provide and administer planning, building, and code enforcement services that emphasize efficient and effective customer service and professional expertise while supporting the goals of the community, the Mayor, and the City Council.

DEPARTMENT DESCRIPTION

The Department of Community Development is responsible for the City's Planning, Building, and Land Use Code Enforcement functions. Department staff is responsible for long-range planning which includes tasks such as reviewing and processing amendments to the city's comprehensive plan, updating the city's plans, ensuring consistency between the city's technical infrastructure plans and its land use plans, capital budgeting, and updates to the city's development regulations. Long-range planning tasks also include public outreach whether that be planning and staffing public hearings at the Planning Commission, setting up surveys to gather public input, or exploring other innovative methods of facilitating communication between the City, its elected officials and the public. The department is also responsible for short-range planning activities such as building permit application review, certificate of occupancy application review, business license application review, sign permit review, meeting with prospective developers, conducting environmental review, and ensuring that site

development permits issued through the public works department also comply with the city's land use regulations and critical area protections. The department also coordinates with other local, state, and federal agencies on plan development and project review. This includes attending and actively participating in regional planning meetings, providing notice of planning activities and development projects to affected agencies such as WSDOT, South Kitsap Fire and Rescue, Kitsap Public Health, Kitsap Transit, the Department of Ecology, the Department of Fish and Wildlife, FEMA, or the Department of Natural Resources, and reporting to state and federal agencies as required by law.

GOALS

- **Professional Policy Guidance.** Provide professional policy guidance to the Mayor, City Council, Council Committees, Planning Commission, Design Review Board and other City departments on all matters related to land use, the built environment, building, code enforcement, shoreline protection, environmentally critical areas and long-range comprehensive planning within the City and its unincorporated urban growth area (UGA).
- **Community Planning Activities.** Provide direction for community planning efforts, including the development of neighborhood and sub-area plans, economic and community development, future capital facility needs and facilitation of community participation in City planning efforts, including periodic updates to the city's comprehensive plan thus ensuring compliance with the State of Washington Growth Management Act (GMA) goals and policies.
- **Public Participation.** Provide a variety of opportunities for public participation in the planning process.
- **Land Use Permit Process.** Administer the City of Port Orchard's land use permit process for the review and processing of development under the City Zoning Code, Title 16 of the Port Orchard Municipal Code (POMC); shoreline management permits under the State Shoreline Management Act (RCW 90.58) and city Shoreline Master Program; subdivisions, short plats and boundary line adjustments; environmental policy per RCW 43C.21; design review pursuant to POMC Title 16; and review and update city land use development codes and maps, as appropriate.
- **Port Orchard Design Review Board.** Provide staff support and professional guidance to the Port Orchard Design Review Board pertaining to the City's design standards, downtown overlay district, and land use application activities.
- **Port Orchard Planning Commission.** Provide staff support and professional guidance to the City of Port Orchard Planning Commission.
- **Hearing Examiner.** Provide administrative services for the office of the Hearing Examiner. Prepare staff reports, public noticing, distributions, and professional representation for public hearings.
- **Urban Growth Area Project Review.** Review applications and environmental assessment reports on projects within unincorporated Kitsap County lying within the city's urban growth area in order to provide comment on the impacts and to recommend mitigation measures to the Kitsap County Department of Community Development.
- **Annexation Guidance.** Provide guidance to landowners or interest groups who desire to annex unincorporated areas into the City of Port Orchard, consistent with state law and the city's annexation policy. Process annexation petitions with Kitsap County, the Kitsap Regional Coordinating Council, and the Kitsap Boundary Review Board.
- **Code Enforcement.** Provide enforcement of the city's land-use development, environmental and nuisance codes in a fair, equitable and timely manner. Enforcement coordinates with other departments in resolving complaints and provides a positive client-service attitude to enhance the city's enforcement of land-use and nuisance codes.
- **Intergovernmental Relations.** Act as liaison between City, county, regional, state, tribal and federal governmental organizations and agencies, representing the interests of the City of Port Orchard and its

citizens. This includes continued involvement in inter-jurisdictional coordination under the Growth Management Act.

- **Grant Development and Administration.** Develop grant applications with county, regional, state, and federal agencies for City of Port Orchard projects related to parks, planning, building, engineering, public works, capital facilities and economic development and administer those grants as funds are awarded.
- **Economic Development.** Facilitate and produce products that assist the city in the pursuit of the adopted goals and funding for the economic development projects identified by the Mayor and City Council.

OBJECTIVES

- **Annual Comprehensive Plan Update.** Annually consider amendments to the City of Port Orchard Comprehensive Plan to include possible revisions to the land use element map based upon City Sub-Area Planning efforts and/or processing privately initiated amendments.
- **Continue the Required 8 Year Comprehensive Plan Update.** The Growth Management Act requires the city to conduct a major update on its Comprehensive Plan every 8 years. The last major update occurred in 2008. The process of updating the comprehensive plan began in 2014 and will run through June 2016 at which time the updated plan must be adopted in accordance with state deadlines for Kitsap County jurisdictions.
- **Coordinate with Public Works on the update to Water, Sewer, Storm, and Transportation Plan Updates.** Incorporate these plans into the 2016 Comprehensive Plan update.
- **Best Available Science Review.** Complete an analysis of the city's development regulations for Best Available Science as required by law. Work with the City Council to update the City's Critical Areas Code by the June 2017 deadline.
- **Update Development Regulations for LID.** To comply with the updated Stormwater Manual as required by law. The city needs to review its regulations to ensure that they are compatible with Low Impact Development techniques.
- **Grant Implementation.** Coordinate the purchase of property located along Bay Street for the Bay Street Pedestrian Path as a result of Recreation Conservation Office grant funding. Coordinate the design and permitting of McCormick Park phase 2 improvements with the Public Works Department.
- **Grant Funding.** Pursue 2016 grant funding opportunities for planning updates, city parks projects, infrastructure improvements, downtown revitalization efforts, transportation improvements, and waterfront development.
- **Wayfinding Signs.** Work with the Public Works department to implement phase 1 of the wayfinding sign program. Coordinate wayfinding sign efforts with WSDOT to ensure that signage on SR-16 alerts motorists to attractions in Port Orchard.
- **Dangerous/Abandoned Buildings.** Continue to enforce land use codes concerning dangerous and abandoned buildings and seek abatement if required (1-2 houses annually).
- **Permitting Software Update.** Work to roll out a web portal for the SmartGOV permitting system.
- **Participation in the KRCC Planning Directors Meeting.** Attend and participate in monthly meetings of the Planning Directors to develop policies and recommendations for the KRCC.
- **Participation in PSRC Regional Staff Committee.** Attend and participate in monthly PSRC Regional Staff Committee meetings to develop policies and recommendations for the PSRC.
- **Development Review.** Review applications submitted within the required timelines.
- **Code Updates.** Work to update the City's Land Use Code and Development Regulations to fix known problems with the code and to implement the 2016 comprehensive plan update.

PERFORMANCE MEASURES

Department of Community Development	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projected
Number of Building Permits Issues	350	403	347	435	474	500
Number of Code Enforcement Actions Initiated	97	101	133	134	125	130
Number of Land Use Permits Processed	25	36	39	86	60	80
Number of Comprehensive Plan Amendments Processed	6	4	7	7	Major Update	Major Update
Business Licenses Reviewed	621	665	690	716	744	750
Event, Caberet, and Marijuana Licenses Approved/Reviewed	30	44	41	60	49	48
Pre-Application Meetings	7	2	14	18	22	25
Population	11,440	11,780	12,870	13,150	13,510*	13,900**
City Area (Sq. Miles)	7.27	7.46	9.35	9.35	9.35	9.35
Community Development Staff (FTE)	7.3	7.3	6.875	6.875	7.4***	8

* As of April 1, 2015. ** 2016 Numbers released April 1, 2016. *** As of September 8, 2015 including intern and temporary employees.

The Department continues to see increases in permits and other activities as the economy continues to grow. In 2015, the City set a new city record for new housing starts with 104 issued permits for new homes. 2016 is shaping up to be another record year with numerous large projects currently working their way through the permitting process.

SIGNIFICANT BUDGET CHANGES

The Department of Community Development had accommodated previous annexations, including the substantial Bethel North annexation in 2012 with substantial increases to permit activity, property inquiries, and responsibilities with no increase to staff or resources. The City Council approved a new long-range planner position in the 2016 budget. This addition to the department will allow the city to continue working on code and plan updates while letting the rest of the staff work on short-range planning tasks. If permit volume increase much more over 2015 levels, additional support may be required to process permits and perform inspections.

ACCOMPLISHMENTS

- The department processed a record number of building permit applications for new housing starts (104)– the old record in 2012 was 90 for the entire year – only 52 were issued for all of 2014)
- The department wrote 2 RCO grant applications and was awarded funding for two projects
 - (1) \$211,500 to acquire a portion of property near the Comfort Inn downtown and
 - (2) \$771,000 towards phase 2 construction of McCormick Park
- The department substantially advanced the 2016 Comprehensive Plan update and is on track for adoption by the required June 30, 2016 deadline
- The logo and wayfinding sign designs and specifications were completed and made ready for bidding
- The department completed the transition to the SMARTGov permitting system and is working to roll out a web portal that will allow for online permit applications

- The Tremont Overlay District Regulations were updated
- The city wrote and adopted a park rules ordinance
- The Concurrency and Impact Fee ordinances were updated and approved by the City Council and included the adoption of Traffic Impact Fees
- The Subdivisions and Permit Processing Ordinances were updated and were adopted on an interim basis
- The Frederick's Landing final plat was brought before the City Council and accepted.

STAFFING LEVELS

Staffing Levels:	FY 2015 Actual	FY 2016 Requested	2016 Requested Net Change
Planning Director	1	1	0
DCD Office Manager	1	1	0
Associate Planner	1	1	0
Associate Planner	1	1	0
Associate Planner Long-Range	0	1*	+1
Planning Intern	.6	0	-.6
Building Inspector	1	1	0
Code Enforcement Officer	1	1	0
Planning Assistant	.7**	.7	0
Front Counter Clerk	1	1	0
Total:	6.875	8.125	+1.25

* DCD submitted a supplemental request for a long-range planner and that request was approved.

** A temporary Planning Assistant/Hearing Examiner Clerk was approved on a temporary basis in mid 2015 and was approved in the 2016 budget with funding through June 2016. Depending on the number of land use applications filed, this position may need to be extended through the end of 2016.

CAPITAL REQUESTS

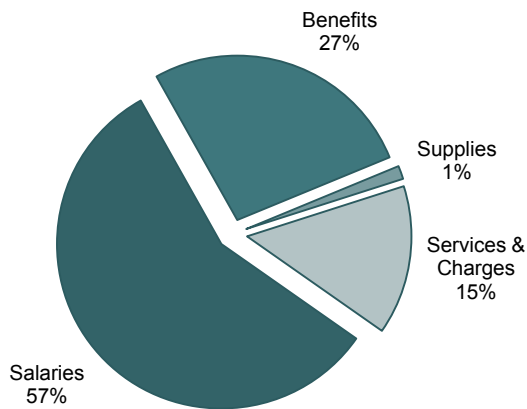
Code Enforcement Vehicle: DCD requested funding for a replacement code enforcement vehicle. The existing vehicle, a 2001 Chevy Blazer, had reached the end of its useful life. The request was approved.

2016 DEPARTMENT OPERATING BUDGET
 Department of Community Development

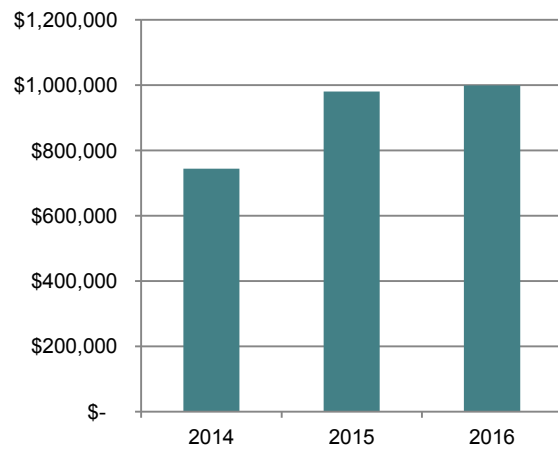
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 481,099	\$ 503,281	\$ 570,593
20 Personnel Benefits	172,001	222,731	268,905
Total Salary & Benefits	\$ 653,101	\$ 726,012	\$ 839,498
31 Office & Operating Supplies	\$ 3,334	\$ 14,150	\$ 11,650
32 Fuel Consumed	1,965	2,100	1,200
41 Professional Services	33,088	161,300	75,300
42 Communication	3,616	6,120	6,120
43 Travel	3,524	4,950	6,125
44 Advertising	711	1,300	1,300
45 Operating Rentals & Leases	2,084	2,100	2,100
48 Repairs & Maintenance	7,541	5,650	3,150
49 Miscellaneous	33,758	50,740	51,025
64 Machinery & Equipment	-	4,885	-
98 Interfund Repairs & Maintenance	1,080	1,300	1,300
Total Other Expenditures	\$ 90,702	\$ 254,595	\$ 159,270
Total Community Development	\$ 743,802	\$ 980,607	\$ 998,768

For additional detail, see worksheets for Building Inspections and Community Development.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Department of Community Development

Building Inspections Expenditures	2014 Actual	2015 Budget	2016 Budget
001.4.517.91			
31 Office & Operating Supplies	\$ 159	\$ 100	\$ 100
43 Travel	360	300	300
49 Miscellaneous	325	600	600
Total Commute Trip Reduction	\$ 845	\$ 1,000	\$ 1,000
001.4.519.20			
49 Miscellaneous	\$ 10,000	\$ -	\$ -
Total Miscellaneous	10,000	-	-
001.4.524.20			
10 Salaries & Wages	\$ 135,785	\$ 140,944	\$ 151,754
20 Personnel Benefits	42,166	64,768	74,751
31 Office & Operating Supplies	1,776	5,150	6,500
32 Fuel Consumed	1,533	1,500	900
41 Professional Services	12,927	30,000	30,000
42 Communication	1,204	2,040	2,040
43 Travel	1,686	2,000	2,275
44 Advertising	-	-	-
45 Operating Rentals & Leases	499	600	600
48 Repairs & Maintenance	3,155	1,150	1,150
49 Miscellaneous	10,460	8,295	9,335
98 Interfund Repairs & Maintenance	800	500	500
Total Building Inspections	\$ 211,991	\$ 256,947	\$ 279,805
Total Building Inspections	\$ 212,836	\$ 257,947	\$ 280,805

524.20 Notes

- 31 Car Parts & Supplies, Office Supplies, Materials for Notices, Building Code Books
- 41 Supplemental Building Inspection Services, Backup Inspection Services
- 48 Postage Meter, Office Equipment Repair, Copier Maintenance
- 49 Forms, Subscriptions, Conferences, Dues, Printing, SMARTGov Software and Training
- 98 Interfund Repairs & Maintenance

2016 DEPARTMENT OPERATING BUDGET
 Department of Community Development

Community Development Expenditures	2014 Actual	2015 Budget	2016 Budget
001.4.558.60			
10 Salaries & Wages	\$ 345,227	\$ 361,837	\$ 418,339
20 Personnel Benefits	129,751	157,763	193,954
31 Office & Operating Supplies	1,399	8,600	4,750
32 Fuel Consumed	432	600	300
41 Professional Services	20,162	131,000	45,000
42 Communications	2,412	4,080	4,080
43 Travel	1,477	2,650	3,550
44 Advertising	711	1,000	1,000
45 Operating Rentals & Leases	1,585	1,500	1,500
48 Repairs & Maintenance	4,387	4,500	2,000
49 Miscellaneous	12,972	11,845	11,090
98 Interfund Repairs & Maintenance	280	800	800
Total Planning	\$ 520,795	\$ 686,175	\$ 686,363
Total Community Development	\$ 520,795	\$ 686,175	\$ 686,363

558.60 Notes

- 31 Graphics Material, Film/Photography Supplies, Car Parts & Supplies, Updated Aerial Photography
- 41 Hearing Examiner, Expedited Review, Low Impact Development Zoning Code Review & Updates, On Call Services, Comprehensive Plan Best Available Science Report and Documentation
- 48 Postage Meter, Office Equipment, Vehicle Repair, Copier Maintenance
- 49 Subscriptions, Dues, Seminar Fees, Printing, Conferences, Software, Training
- 98 Interfund Repairs & Maintenance

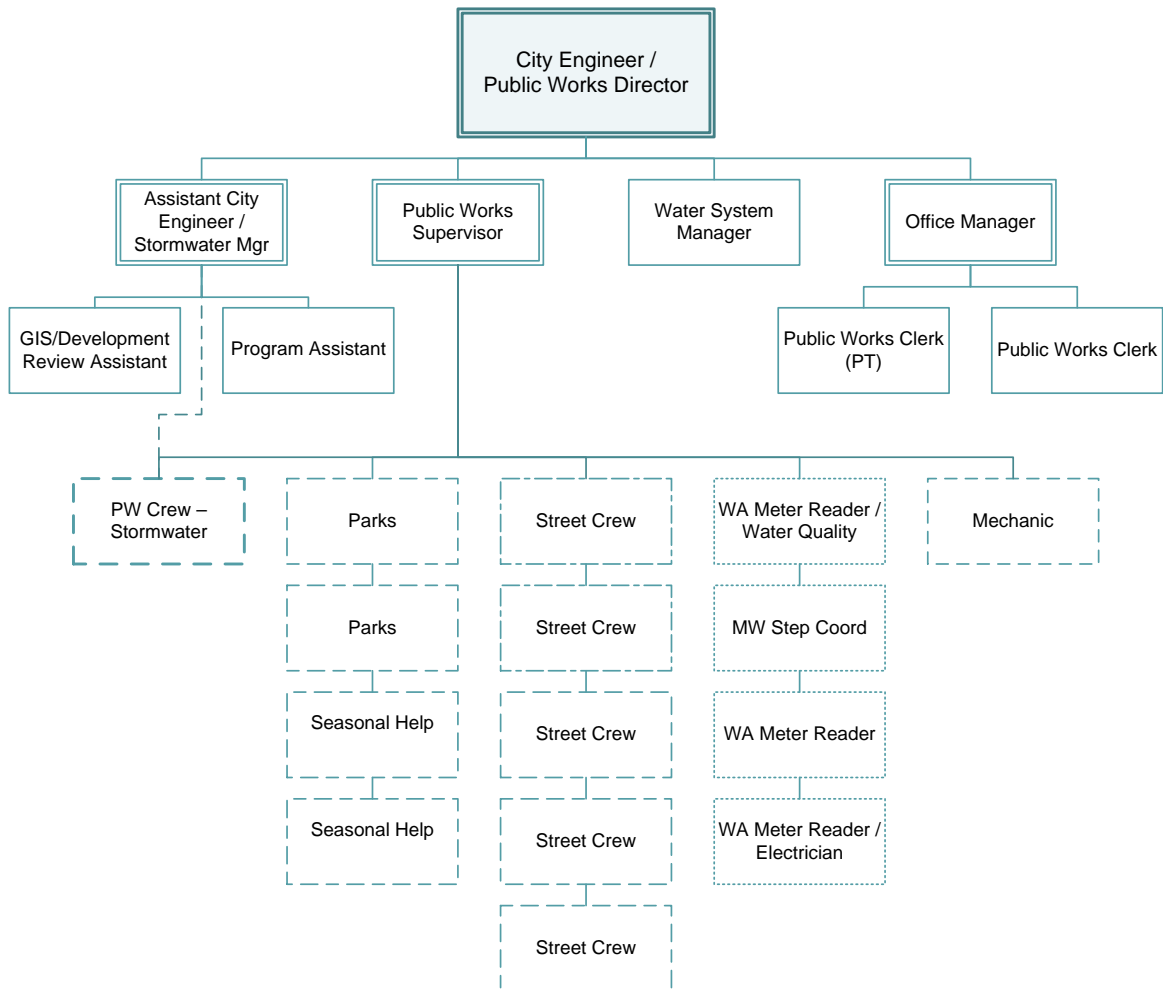
2016 DEPARTMENT OPERATING BUDGET
Department of Community Development

Property Development Expenditures	2014 Actual	2015 Budget	2016 Budget
001.4.559.30			
10 Salaries & Wages	\$ 88	\$ 500	\$ 500
20 Personnel Benefits	84	200	200
31 Office & Operating Supplies	-	300	300
41 Professional Services	-	300	300
44 Advertising	-	300	300
49 Miscellaneous	-	30,000	30,000
Total Property Development	\$ 172	\$ 31,600	\$ 31,600
001.4.594.58			
64 Machinery & Equipment	\$ -	\$ 4,885	\$ -
Total Machinery & Equipment	\$ -	\$ 4,885	\$ -
Total Property Development, Machinery & Equipment	\$ 172	\$ 36,485	\$ 31,600

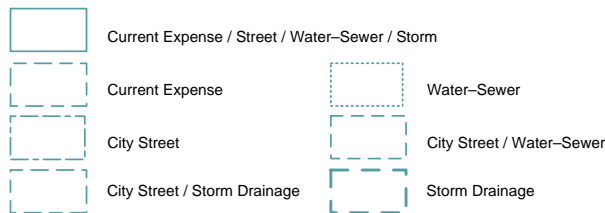
559.30 Notes

49 Contracted Abatement

PUBLIC WORKS



Note: Public works staff is funded by multiple sources as follows:



DEPARTMENT DESCRIPTION

The City of Port Orchard Public Works Department is the proud caretaker of the City's infrastructure that includes two water systems with daily water supply capacity of 4.77 million gallons, operates and maintains 28.73 miles of sanitary sewer system, more than 54.2 lane miles of roads, maintains 1,024 traffic signs and 16 traffic control

devices, 22.43 miles of culverts/storm water pipe, 1,339 publicly owned and maintained catch basins, 71.76 acres of parks, and 31 structures and buildings.

DIVISIONAL OVERVIEW

The success of the City of Port Orchard Public Works Department as a whole is a direct result of partnerships among its divisions, the unselfish desire to contribute, and the diverse talent and qualifications of respective staff. The Public Works Department is comprised of Engineering, Public Works Maintenance (Shop personnel), Stormwater Management, and Administration.

ADMINISTRATION:

The Administrative part of Public Works provides the Public Works Department support by maintaining data bases, permitting, contracts, training and development, projects list, water data, sewer data, stormwater data and a variety of annual reports required by the State Departments.

Mission Statement: To plan, oversee and improve the Department's administrative activities and to ensure that expectations are met or exceeded in the most efficient, effective, responsive and responsible manner.

ENGINEERING AND STORMWATER:

The Engineering and Stormwater part of Public Works provides engineering expertise, architectural design and construction management services to all City departments and governmental agencies. Also prepares and implements the annual capital budget and oversees the work of professional consultants and contractors engaged in infrastructure improvement projects. These are the professionals who plan and execute the rehabilitation and construction of water and sewer mains, stormwater management, roads, buildings and other structural amenities.

Mission Statement: To provide engineering expertise, architectural design, stormwater and construction management services for the City, its departments and other governmental agencies in the most efficient, effective, responsive and responsible manner.

ROAD & PARK MAINTENANCE:

The Public Works Maintenance (overseen by the Public Works Director) collaborates with City Officials, citizens and County agencies to identify opportunities for improving City assets and to develop cost-effective and reliable maintenance and repair solutions. All assets are maintained and repaired in a cost-effective manner to extend their useful lives until funds are available for major rehabilitation and reconstruction.

Mission Statement: To provide and maintain all City roads and parks in a safe and accessible condition in the most efficient, effective, responsive and responsible manner.

FACILITIES MANAGEMENT:

The Facilities Management (overseen by the Public Works Director) is responsible for maintaining and improving the City's building infrastructure by providing services such as efficient heating and cooling, building renovation and building trade services. This division ensures that City facilities are constructed, renovated and maintained to provide for a safe and functional environment for its occupants.

Mission Statement: To provide and maintain a safe, accessible and functional environment for employees, tenants and visitors of all City facilities and grounds in the most efficient, effective, responsive and responsible manner.

SHOP MECHANIC:

The Shop Mechanic maintains and services the City's heavy equipment and vehicle fleet and administers a cost-effective fuel purchasing program for fleet operations. This division ensures that City vehicles and heavy equipment are safe, reliable, economical and environmentally sound.

Mission Statement: To provide and maintain safe, reliable, and appropriate vehicles, heavy equipment and fleet services for all City Departments in the most efficient, effective, responsive and responsible manner.

GOALS

- To fully comply with financially constrained comprehensive plan elements (water, sewer, storm drainage, transportation, parks & facilities) in compliance with the GMA.
- To meet the 2016 City of Port Orchard Goals as established by the Port Orchard City Council, in an efficient, timely and professional manner and in accordance with the budgetary spending authority authorized in the 2016 Budget.
- To provide customer service training opportunities and/or resources for all staff members, to continue to improve public works customer service.
- To provide the necessary training, tools and equipment for all public works employees to safely and efficiently perform and accomplish the numerous duties of the City's Public Works Department.
- To provide safe, functional and reliable public works related services to the Citizens of Port Orchard.

2016 OBJECTIVES

- PW Truck purchases to replace (2) retired Trucks in 2015
- Complete the Well #10 Final PS&E and start construction
- Finalize Well #9 O&M issues and complete retrofit redesign (HDR)
- Commence with Water Rights activities needed for Well #10
- Commence with updated Cross Connection Control program
- Commence with annual water main pipe replacement program
- Commence with the McCormick Park - Phase 2 Final design
- Complete the Dekalb Pier - Phase 2 project
- Complete Rockwell Property purchase
- Bay Street Pedestrian Pathway – ROW Certification completed
- 2016 Lund Bridge repairs & inspections completed
- ADA Transition Plan prepared
- Apply for \$2M KRCC and \$8M TIB construction funding for Tremont for 2017 construction start
- Finalize Transportation Impact Funding (TIF) process
- Water/Sewer rate structure change completed
- Transportation Benefit District (TBD) in place
- Water, Sanitary Sewer and Transportation Plan updates completed and adopted
- Regional Decant Facility Retrofit constructed and operational

PERFORMANCE MEASURES

Public Works – Engineering	2012 Actual	2013 Actual	2014 Actual	2015 Estimated	2016 Projected
Number of Public Works Contracts Issued	33	33	32	28	35
Number of Public Works Purchase Orders Issued	32	27	37	25	32
Number of Public Works Complaints Received	435	425	486	400	450
Number of Public Works Complaints Resolved	388	429	485	400	450
Population	11,780	12,870	13,150	13,150	13,510
City Area (Sq. Miles)	7.46	9.35	9.35	9.35	9.35
Public Works Staff	18	18	19	21	22

SIGNIFICANT BUDGET CHANGES & 2015 ACCOMPLISHMENTS

Sixty (60) more STEP System conversions for McCormick Woods completed, Bay Street Pedestrian Pathway – Segments #4 constructed, Tremont Street Widening immediately ready to go for construction continued, McCormick Village Park (Phase 2) funding awarded, Bay Street Pedestrian Pathway Final Construction funding (\$3.5M) awarded and ROW acquisition funding (\$1.5M) obligated, Well #10 design started, 321 Maple Street purchase completed, Decant Facility (DOE grant) design completed, Bethel Avenue pavement repair (Schedule C) completed, Decant Facility grant/loan money for construction secured, four (4) stormwater ponds cleaned by City Staff, Bethel Vault cleaned, Water/Sewer GAP Analysis continued, Dekalb Pier – Phase 2 funding (\$755K) awarded and City Hall electrical mods (including transfer switch) completed. See Public Works Completed Projects for comprehensive list for May 2008 thru end of 2015.

2016 Storm Drainage Utility Work Plan

Shop

- Lund Avenue Bridge Cleaned about every 4 months (3x in the year)
- Catch Basins Inspected, Cleaned, Repaired/Replaced as needed
- Storm Pipes Jetted
- Maintain Storm Ponds previously cleaned
- Clean and re-establish 2 storm ponds with PW Crew and Equipment
- Inspect and document Bethel and SR 166 culverts, clean as necessary
- IDDE Clean-up as needed
- IDDE/Source Control Investigations as needed
- Street Sweeping done 2-3 times per week minimum, expanding areas into residential neighborhoods
- Install Catch Basin Markers
- Continue to participate in education opportunities as they arise

Office

- Scope and design one Capital Improvement Project w/Rate Increase money
- Continue Education and Outreach Efforts
- Assess ponds for annual maintenance and after major storm events w/Shop
- Code Revisions for Compliance w/Illicit Discharge Detection and Elimination (IDDE) NPDES Mandates (16 sections required) Including Public Process and Documentation of process
- Inspect all Public Works permitted projects before and during construction
- Continue to participate in education opportunities as they arise

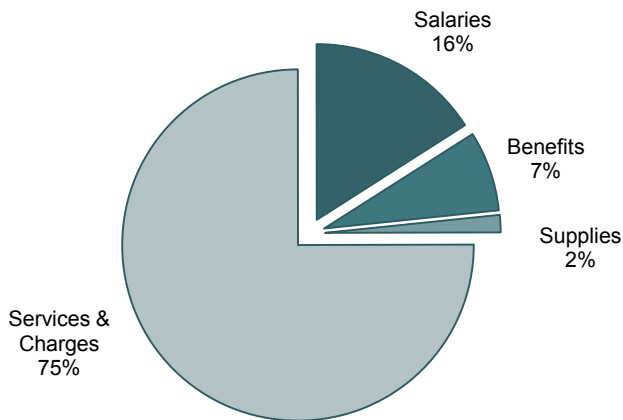
- Maintain maintenance records of both City and Privately maintained facilities
- IDDE/Source Control Investigations as needed
- Comply with TMDL portion of NPDES Permit
- Begin Field Screening water ways for compliance with NPDES Requirements
- Draft Standard Operating Procedures for sampling and monitoring
- Update the Stormwater Pollution Prevention Plan (SWPPP) for City facilities
- Draft a Public Works Quality Management Plan for Stormwater
- Annual update to Stormwater Management Program and Annual Report for NPDES Compliance
- Map 50% of the existing stormwater infrastructure system into GIS
- Assess mapped areas for maintenance schedule to repair/replace failing infrastructure
- Pursue funding opportunities to maximize funds available for stormwater functions

2016 DEPARTMENT OPERATING BUDGET
Public Works Department

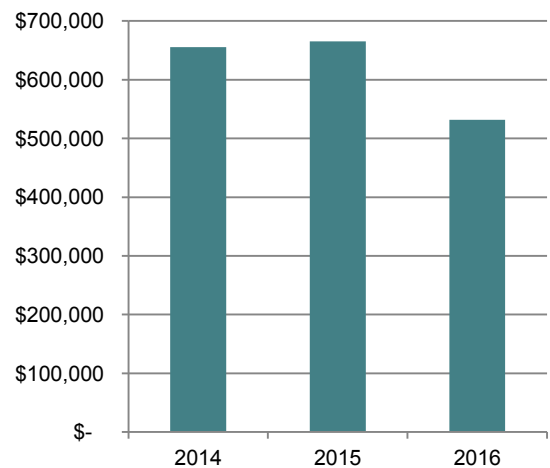
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 93,669	\$ 85,192	\$ 84,918
20 Personnel Benefits	30,712	30,509	39,308
Total Salary & Benefits	\$ 124,381	\$ 115,701	\$ 124,226
31 Office & Operating Supplies	\$ 31,756	\$ 6,600	\$ 7,000
32 Fuel Consumed	551	2,500	1,500
41 Professional Services	36,372	48,250	93,210
42 Communication	5,124	5,550	7,050
43 Travel	154	500	250
44 Advertising	9	200	200
45 Operating Rentals & Leases	23,671	25,000	25,000
46 Insurance	266,485	140,000	134,000
47 Public Utility Services	56,937	56,500	59,000
48 Repairs & Maintenance	36,867	143,400	64,500
49 Miscellaneous	15,429	11,200	15,900
98 Interfund Repairs & Maintenance	1,880	-	-
Total Other Expenditures	\$ 475,236	\$ 439,700	\$ 407,610
62 Buildings & Structures	\$ 8,737	\$ -	\$ -
64 Machinery & Equipment	47,190	110,000	-
Total Capital Expenditures	\$ 55,927	\$ 110,000	\$ -
Total Public Works	\$ 655,544	\$ 665,401	\$ 531,836

For additional detail, see worksheets for Engineering, Other Governmental Services, Library Services & Facilities

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Public Works Department

Other Governmental Services Expenditures	2014 Actual	2015 Budget	2016 Budget
001.5.518.20			
10 Salaries & Wages	\$ 85,642	\$ 74,748	\$ 77,683
20 Personnel Benefits	27,564	24,644	36,110
31 Office & Operating Supplies	735	2,000	1,500
32 Fuel Consumed	551	2,000	1,500
41 Professional Services	-	8,250	8,250
42 Communication	2,635	2,750	2,750
43 Travel	154	500	250
44 Advertising	9	200	200
45 Operating Rentals & Leases	1,266	2,000	1,500
48 Repairs & Maintenance	3,764	1,700	2,000
49 Miscellaneous	14,943	10,400	15,100
98 Interfund Repairs & Maintenance	1,760	-	-
Total Engineering/Property Management Services	\$ 139,024	\$ 129,192	\$ 146,843
001.5.518.30			
10 Salaries & Wages	\$ 7,306	\$ 8,944	\$ 6,958
20 Personnel Benefits	2,818	5,365	3,021
31 Office & Operating Supplies	30,879	4,600	5,500
32 Fuel Consumed	-	500	-
41 Professional Services	36,372	40,000	84,960
42 Communication	2,489	2,800	4,300
45 Operating Rentals & Leases	22,404	23,000	23,500
46 Insurance	266,485	140,000	134,000
47 Public Utility Services	42,334	41,500	43,000
48 Repairs & Maintenance	31,435	137,200	50,000
49 Miscellaneous	486	300	300
98 Interfund Repairs & Maintenance	120	-	-
Total Facilities/Other Governmental Services	\$ 443,128	\$ 404,209	\$ 355,539
Total Other Governmental Services	\$ 582,152	\$ 533,401	\$ 502,382

518.20 Notes

- 31 Car Expenses, Office Supplies, Copier Materials
- 41 GIS Technical Support, MRSC Roster, Vlist Property Annual Monitoring & Reporting
- 48 Copier & Office Equipment Maintenance, Vehicle Repair
- 49 Dues, Seminar Fees, Code Codification Fees, Miscellaneous, Printing, SMARTGov Permit Software License, Support, Maintenance, Public Records Requests(Staff Time)

518.30 Notes

- 31 Cleaning Materials, Repair Parts, Equipment, Painting Supplies, Phones
- 41 Full-time Janitorial, Phone Data, City Hall Exterior Report
- 45 DNR Waterfront Aquatic Lease (Lot 1 & 2)
- 48 Alarm Monitoring, Electrical Repairs, Elevator Maintenance, Fire System Maintenance, HVAC Maintenance Repairs, Phone System Repairs, City Hall Repairs

2016 DEPARTMENT OPERATING BUDGET
Public Works Department

Other Governmental Services Expenditures	2014 Actual	2015 Budget	2016 Budget
001.5.594.18			
10 Salaries & Wages	\$ 360	\$ -	\$ -
20 Personnel Benefits	75	-	-
62 Buildings & Structures	8,737	-	-
64 Machinery & Equipment	47,190	110,000	-
Total Capital Expenditures	\$ 56,362	\$ 110,000	\$ -
Total Other Governmental Services	\$ 56,362	\$ 110,000	\$ -

Library Services and Facilities Expenditures	2014 Actual	2015 Budget	2016 Budget
001.5.572.50			
10 Salaries & Wages	\$ 361	\$ 1,500	\$ 277
20 Personnel Benefits	256	500	177
31 Office & Operating Supplies	143	-	-
47 Public Utility Services	14,603	15,000	16,000
48 Repairs & Maintenance	1,668	4,500	12,500
49 Miscellaneous	-	500	500
Total Library Facilities	\$ 17,030	\$ 22,000	\$ 29,454
Total Library Services & Facilities	\$ 25,767	\$ 22,000	\$ 29,454

572.50 Notes

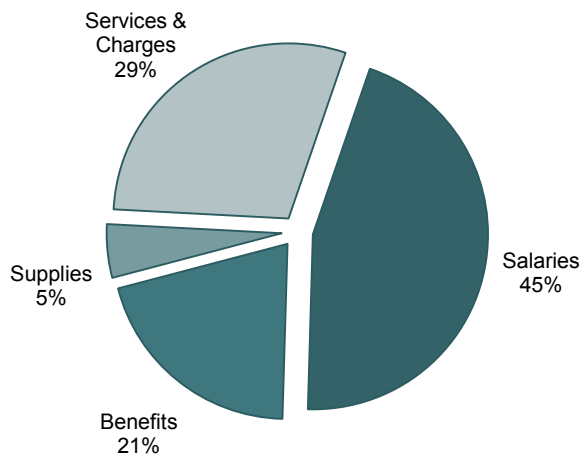
- 48 HVAC Maintenance Contract, Other Repairs, Replace A/C Unit

2016 DEPARTMENT OPERATING BUDGET
Parks and Recreation

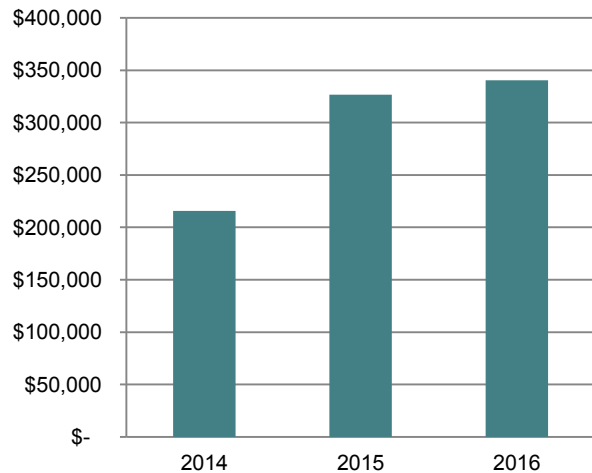
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 110,604	\$ 159,736	\$ 146,992
20 Personnel Benefits	35,790	66,957	66,499
Total Salary & Benefits	\$ 146,394	\$ 226,693	\$ 213,491
31 Office & Operating Supplies	\$ 10,549	\$ 11,000	\$ 13,100
32 Fuel Consumed	4,146	3,000	3,000
41 Professional Services	14,726	24,000	28,000
42 Communication	872	250	1,260
45 Operating Rentals & Leases	975	1,000	1,000
47 Public Utility Services	22,233	22,500	30,000
48 Repairs & Maintenance	13,179	22,100	34,500
49 Miscellaneous	982	1,050	1,000
Total Other Expenditures	\$ 67,662	\$ 84,900	\$ 111,860
62 Buildings & Structures	\$ -	\$ 15,100	\$ -
63 Other Improvements	1,495	-	-
64 Machinery & Equipment	-	-	15,000
Total Capital Expenditures	\$ 1,495	\$ 15,100	\$ 15,000
Total Parks and Recreation	\$ 215,551	\$ 326,693	\$ 340,351

For additional detail, see worksheet for Parks and Recreation.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Parks and Recreation

Parks Expenditures	2014 Actual	2015 Budget	2016 Budget
001.5.576.80			
10 Salaries & Wages	\$ 110,604	\$ 159,736	\$ 146,992
20 Personnel Benefits	35,790	66,957	66,499
31 Office & Operating Supplies	10,549	11,000	13,100
32 Fuel Consumed	4,146	3,000	3,000
41 Professional Services	14,726	24,000	28,000
42 Communication	872	250	1,260
45 Operating Rentals & Leases	975	1,000	1,000
47 Public Utility Services	22,233	22,500	30,000
48 Repairs & Maintenance	13,179	22,100	34,500
49 Miscellaneous	982	1,050	1,000
Total Parks	\$ 214,056	\$ 311,593	\$ 325,351
001.5.594.76			
62 Buildings & Structures	\$ -	\$ 15,100	\$ -
63 Other Improvements	1,495	-	-
64 Machinery & Equipment	-	-	15,000
Total Capital Expenditures	\$ 1,495	\$ 15,100	\$ 15,000
Total Parks	\$ 215,551	\$ 326,693	\$ 340,351

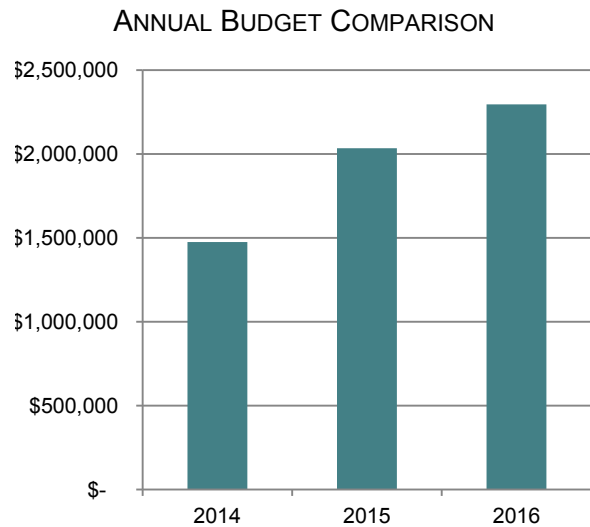
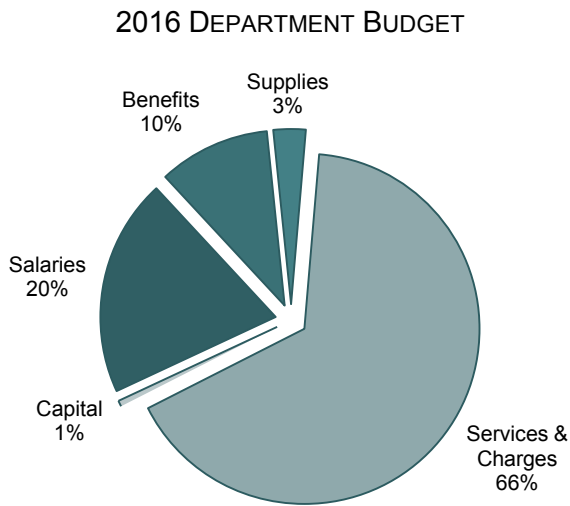
576.80 Notes

- 31 Cleaning Materials, Repair Parts, Equipment Replacement, Fertilizer, Mutt Mitts, Repair Supplies, Vandalism Repairs, Phones
- 41 Janitorial, On-Call Arborist
- 47 Electricity, Natural Gas, Water/Sewer, Storm
- 48 Vehicle & Equipment Repair, Maintenance Tools, Building Repair, Tree Cutting/Spraying, Park Services Maintenance, Van Zee/Givens Tennis Court Resurface/Repair
- 49 Noxious Weed Control, CDL Licenses, Miscellaneous

2016 DEPARTMENT OPERATING BUDGET
City Street

Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 455,332	\$ 466,003	\$ 441,871
20 Personnel Benefits	187,023	220,929	226,807
Total Salary & Benefits	\$ 642,354	\$ 686,932	\$ 668,678
30 Supplies	\$ 56,040	\$ 70,150	\$ 65,450
40 Other Services & Charges	654,528	1,228,950	1,459,695
Total Other Expenditures	\$ 710,569	\$ 1,299,100	\$ 1,525,145
63 Other Improvements	\$ 73,512	\$ -	\$ 12,000
Total Capital Expenditures	\$ 73,512	\$ -	\$ 12,000
Operating Transfers - Out	\$ 49,593	\$ 48,000	\$ 90,500
Total City Street	\$ 1,476,028	\$ 2,034,032	\$ 2,296,323

For additional detail, see worksheets for Maintenance, Administration, & Capital Expenditures.



2016 DEPARTMENT OPERATING BUDGET
City Street

Road and Street Maintenance Expenditures	2014 Actual	2015 Budget	2016 Budget
002.5.542.30			
10 Salaries & Wages	\$ 105,241	\$ 80,710	\$ 92,741
20 Personnel Benefits	46,406	42,990	44,565
30 Supplies	12,036	9,000	9,000
40 Other Services & Charges	262,783	730,050	758,050
Total Roadway	\$ 426,466	\$ 862,750	\$ 904,356
002.5.542.50			
10 Salaries & Wages	\$ 1,577	\$ 1,468	\$ 1,592
20 Personnel Benefits	654	858	931
30 Supplies	44	500	500
40 Other Services & Charges	28,849	58,000	45,500
Total Structures (Bridges)	\$ 31,124	\$ 60,826	\$ 48,523
002.5.542.61			
10 Salaries & Wages	\$ 3,231	\$ 434	\$ 3,404
20 Personnel Benefits	1,755	232	1,943
30 Supplies	1,435	7,500	7,500
40 Other Services & Charges	14,590	20,000	10,000
Total Sidewalks	\$ 21,011	\$ 28,166	\$ 22,847
002.5.542.63			
10 Salaries & Wages	\$ 936	\$ 763	\$ 940
20 Personnel Benefits	480	395	534
30 Supplies	27	200	200
40 Other Services & Charges	133,804	130,000	135,000
Total Street Lighting	\$ 135,247	\$ 131,358	\$ 136,674

542.30 Notes

- 30 Asphalt, Crushed Rock, Supplies
- 40 Bethel Pavement Repair, Dump Fees, HMA Crack Sealing, Printing, Saw Cutting, Tree Removal

542.50 Notes

- 30 Grafitti Removal
- 40 2016 Bridge Program Inspection & Monitoring, Program Management, Grate/Drain Cleaning, Expansion Joint Cleaning, Moss Removal, Updated Load Rating NRL/SUV Vehicles

542.61 Notes

- 30 Concrete, ADA Access Upgrades
- 40 Grind Sidewalks, General Maintenance

542.63 Notes

- 30 Marquee Sidewalk Lights, Miscellaneous Supplies
- 40 Electricity

2016 DEPARTMENT OPERATING BUDGET
City Street

Road and Street Maintenance (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
002.5.542.64			
10 Salaries & Wages	\$ 49,492	\$ 59,417	\$ 57,360
20 Personnel Benefits	18,201	27,685	26,841
30 Supplies	14,808	18,500	13,000
40 Other Services & Charges	134,657	165,500	186,500
Total Traffic Control Devices	\$ 217,158	\$ 271,102	\$ 283,701
002.5.542.65			
10 Salaries & Wages	\$ 4,562	\$ 2,559	\$ 4,977
20 Personnel Benefits	2,047	1,230	3,160
30 Supplies	414	700	700
40 Other Services & Charges	351	600	20,600
Total Parking Facilities	\$ 7,374	\$ 5,089	\$ 29,437
002.5.542.66			
10 Salaries & Wages	\$ 10,817	\$ 51,974	\$ 11,361
20 Personnel Benefits	4,554	25,474	8,347
30 Supplies	6,187	16,500	16,500
Total Snow & Ice Control	\$ 21,557	\$ 93,948	\$ 36,208

542.64 Notes

- 30 Barricades, Street Signs/posts, Traffic Counter Repair/Replacement, No Parking Posters, Paint & Supplies
- 40 Contract with Kitsap County/WSDOT, Electricity for Signal, Street Stripping, Buttons, Thermoplastic, Specific Street Signs, Sign Replacement, Guardrail Repair, Way Finding Signs, LED Upgrades at Signals

542.65 Notes

- 30 Supplies
- 40 Printing, Grader Rental, Waterfront Parking Lot #1/#2 Pavement Repair

542.66 Notes

- 30 Sand, Repair Parts, Brine De-Icer, Miscellaneous

2016 DEPARTMENT OPERATING BUDGET
City Street

Road and Street Maintenance (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
002.5.542.70			
10 Salaries & Wages	\$ 44,153	\$ 29,749	\$ 50,057
20 Personnel Benefits	23,342	16,488	37,052
30 Supplies	8,371	3,250	3,250
40 Other Services & Charges	23,734	9,000	1,000
Total Roadside	\$ 99,600	\$ 58,487	\$ 91,359
002.5.542.80			
10 Salaries & Wages	\$ 10,189	\$ 11,260	\$ 10,588
20 Personnel Benefits	2,177	5,977	6,765
30 Supplies	443	500	500
40 Other Services & Charges	617	1,000	1,000
Total City Clean-Up	\$ 13,426	\$ 18,737	\$ 18,853
002.5.542.90			
10 Salaries & Wages	\$ 29,417	\$ 33,683	\$ 19,291
20 Personnel Benefits	12,446	17,031	6,325
30 Supplies	8,501	10,000	10,200
40 Other Services & Charges	2,664	2,000	5,420
Total Admin & Overhead	\$ 53,028	\$ 62,714	\$ 41,236
Total Road and Street Maintenance	\$ 1,025,992	\$ 1,593,177	\$ 1,613,194

542.70 Notes

- 30 Repair Parts, Noxious Weed Abatement, Small Equipment
- 40 Noxious Weed Abatement, Dump Fees

542.80 Notes

- 30 Tarps
- 40 Advertisements, White Goods, Landfill Costs

542.90 Notes

- 30 Miscellaneous Tools, Supplies
- 40 Hazmat-Parts Cleaner, Vehicle Repairs, Fire Extinguisher Inspections

2016 DEPARTMENT OPERATING BUDGET
City Street

Road and Street Administration Expenditures	2014 Actual	2015 Budget	2016 Budget
002.5.543.10			
10 Salaries & Wages	\$ 69,600	\$ 54,277	\$ 66,858
20 Personnel Benefits	29,624	24,671	34,252
30 Supplies	3	-	-
40 Other Services & Charges	2,330	11,500	9,000
Total Road & Street Management	\$ 101,556	\$ 90,448	\$ 110,110
002.5.543.30			
10 Salaries & Wages	\$ 97,411	\$ 106,783	\$ 115,533
20 Personnel Benefits	35,184	43,372	51,525
30 Supplies	552	500	1,100
40 Other Services & Charges	38,898	90,500	268,625
Total General Services	\$ 172,045	\$ 241,155	\$ 436,783
002.5.543.31			
10 Salaries & Wages	\$ 858	\$ -	\$ -
20 Personnel Benefits	197	-	-
40 Other Services & Charges	2,665	1,000	6,000
Total Training	\$ 3,720	\$ 1,000	\$ 6,000
002.5.543.50			
10 Salaries & Wages	\$ 27,849	\$ 32,926	\$ 7,169
20 Personnel Benefits	9,955	14,526	4,567
30 Supplies	3,219	3,000	3,000
40 Other Services & Charges	8,586	9,800	13,000
Total Road & Street Facilities	\$ 49,609	\$ 60,252	\$ 27,736
Total Road and Street Administration	\$ 326,931	\$ 392,855	\$ 580,629

543.10 Notes

40 KRCC Transportation, KRCC Multi-Modal Plan, KRCC Gorst Study, Public Records Request (Staff Time)

543.30 Notes

40 Telephone, Audit, Copy Machine, Municipal Code Codification Fees, Claims for Damages, Legal Expenses, CDL Licenses, CDL Physicals, Transportation Plan Update

543.31 Notes

40 Street Training, Travel, Safety Training

543.50 Notes

40 Laundry Service, Electricity, Natural Gas, Utilities, Repairs, Janitorial Services

2016 DEPARTMENT OPERATING BUDGET
City Street

Capital Expenditures Expenditures	2014 Actual	2015 Budget	2016 Budget
002.5.594.42			
64 Machinery & Equipment	\$ 73,512	\$ -	\$ 12,000
Total Street Equipment	\$ 73,512	\$ -	\$ 12,000
002.5.597.00			
00 Operating Transfers Out	\$ 49,593	\$ 48,000	\$ 90,500
	\$ 49,593	\$ 48,000	\$ 90,500
Total Other Governmental Expenditures	\$ 123,105	\$ 48,000	\$ 102,500

594.42 Notes

64 Vehicle Repair Mobile Lift

597.00 Notes

00 Reimbursement for Supersingle Truck, Street Crew Truck, Rockwell Trailhead Property Purchase

2016 DEPARTMENT OPERATING BUDGET
Capital Expenditure Funds

Capital Construction Expenditures	2014 Actual	2015 Budget	2016 Budget
302.6.594.00			
18.61 Land	\$ 5,200	\$ 145,000	\$ -
76.63 Other Improvements-Dekalb Pier Phase 2	-	255,000	815,000
77.10 Salaries - McCormick Village Park	6,590	-	-
77.20 Benefits - McCormick Village Park	2,922	-	-
77.62 Buildings & Structures	82,776	-	-
77.63 Other Improvements-McCormick Village Park	311,942	-	125,000
78.10 Salaries - Park Improvement	89	-	-
78.20 Benefits - Park Improvement	18	-	-
78.63 Other Improvements-Paul Powers Park	39,011	4,000	-
Total Capital Expenditures	\$ 448,548	\$ 404,000	\$ 940,000
302.6.595.72			
63 Paths & Trails-Bay St Ped Path	\$ 21,341	\$ -	\$ -
Total Other Infrastructure	\$ 21,340.61	\$ -	\$ -
302.6.597.00*			
00 Operating Transfers-Out (REET)	\$ 417,619	\$ 1,650,000	\$ -
Total Other Financing Uses	\$ 417,619	\$ 1,650,000	\$ -
302.9.508.00			
30.00* Restricted Fund Balance-REET Ending	\$ 1,361,938	\$ -	\$ -
50.00 Assigned Fund Balance	-	25,000	275,000
	\$ 1,361,938	\$ 25,000	\$ 275,000
Total Capital Construction	\$ 2,249,446	\$ 2,079,000	\$ 1,215,000

* Previously tracked in Fund 302, Cumulative Reserve for Municipal Facilities. To provide clarity in 2015 REET was moved to Fund 109, Real Estate Excise Tax, and Fund 302 was renamed Capital

2016 DEPARTMENT OPERATING BUDGET
Capital Expenditure Funds

Cumulative Reserve for Equipment Replacement Expenditures	2014 Actual	2015 Budget	2016 Budget
303.6.594.00			
18.64 Machinery & Equipment	\$ 29,783	\$ -	\$ -
21.64 Machinery & Equipment-Police	86,709	90,300	76,000
42.64 Machinery & Equipment-Street	-	-	35,000
58.64 Machinery & Equipment	-	-	31,300
Total Capital Expenditures	\$ 116,492	\$ 90,300	\$ 177,300
303.9.508.50			
52.00 Assigned Fund Balance-Police	\$ 89,890	\$ 82,740	\$ 86,158
53.00 Assigned Fund Balance-Street	\$ 96,242	\$ 107,479	\$ 107,836
54.00 Assigned Fund Balance-Miscellaneous	\$ 106,168	\$ 143,171	\$ 191,720
55.00 Assigned Fund Balance-Computers	\$ 12,561	\$ 12,530	\$ 12,636
Total Cumulative Reserve for Equip Replacement	\$ 421,353	\$ 436,220	\$ 575,650

594.21 Notes

64 Police SUV, Parking Enforcement Go-4

594.42 Notes

64 Street Crew Truck

594.58 Notes

2016 DEPARTMENT OPERATING BUDGET
Capital Expenditure Funds

Street Capital Projects Expenditures	2014 Actual	2015 Budget	2016 Budget
304.5.595.10			
10 Salaries & Wages	\$ 626	\$ -	\$ -
20 Personnel Benefits	351	-	-
63 Other Improvements	13,418	-	-
Total Tremont St Widening Engineering	\$ 14,394	\$ -	\$ -
304.5.595.12			
63 Other Improvements	\$ -	\$ -	\$ 60,000
Total Bay Street Pedestrian Path Engineering	-	-	60,000
304.5.595.14			
63 Other Improvements	\$ -	\$ -	\$ 150,000
Total Port Orchard Old Clifton	-	-	150,000
304.5.595.20			
10 Salaries & Wages	\$ 191	\$ -	\$ -
20 Personnel Benefits	62	-	-
61 ROW-Land	27,336	-	-
63 ROW-Other Improvements	-	382,802	416,200
Total Tremont St Widening ROW	\$ 27,589	\$ 382,802	\$ 416,200
304.5.595.21			
10 Salaries & Wages	\$ 247	\$ -	\$ -
20 Personnel Benefits	121	-	-
61 ROW-Land	20,213	2,254,802	2,435,302
Total Bay Street Pedestrian Path ROW	\$ 20,581	\$ 2,254,802	\$ 2,435,302
304.5.595.62			
10 Salaries & Wages	\$ -	\$ 3,500	\$ -
20 Personnel Benefits	-	1,500	-
63 Other Improvements	-	303,950	-
Total Bay St Ped Path Segment 4	\$ -	\$ 308,950	\$ -
304.9.597.00.00			
00 Operating Transfers Out	\$ -	\$ 300,000	\$ -
304.9.508.30			
00 Est Restricted Fund Balance-Ending	\$ 735,055	\$ 292,420	\$ 362,183
Total Street Capital Projects	\$ 797,619	\$ 3,538,974	\$ 3,423,685

595.12 Notes

63 Design Revision

595.14 Notes

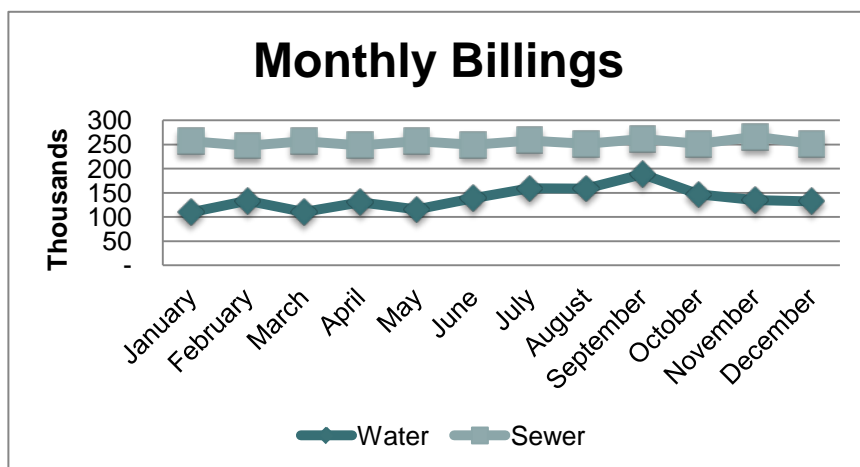
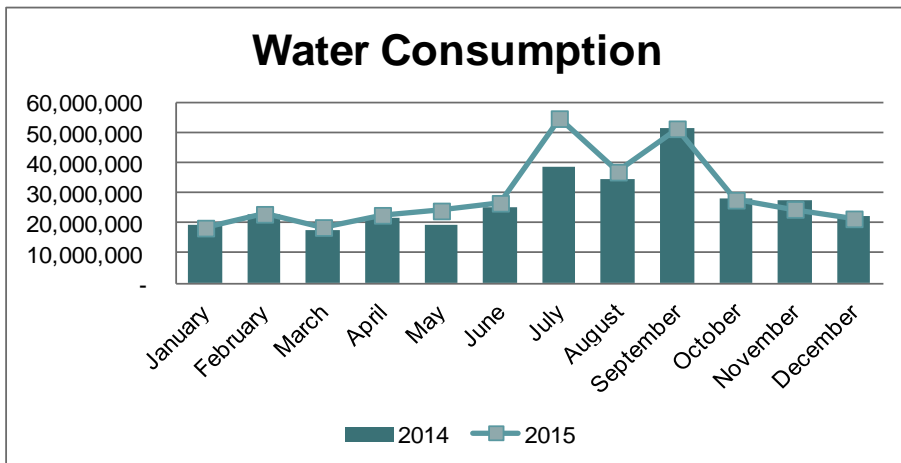
63 Old Clifton/Anderson Hill Intersection Design



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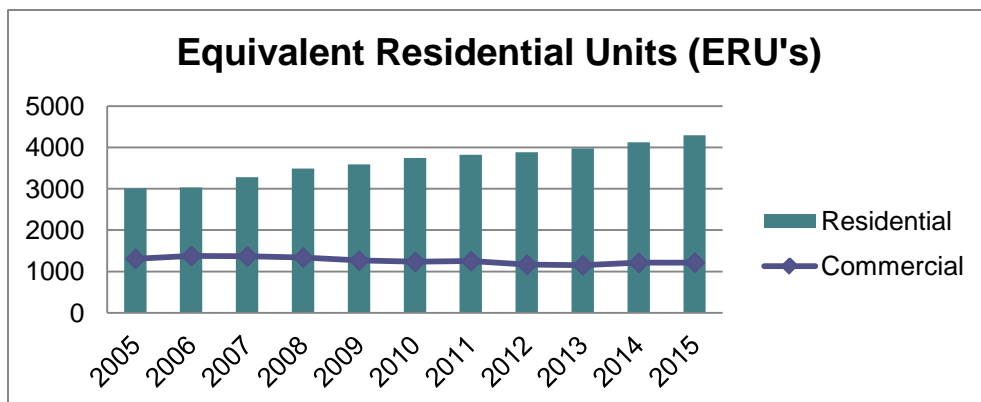
WATER SEWER UTILITY

The City of Port Orchard provides water and sewer services for its residents. Customers are billed bi-monthly as prescribed by Ordinance. Water fees are calculated based on how many units, meter size, and consumption. Sewer is billed at a flat rate based on the type of service, number of units and fixture fees. Water usage typically increases during the warm summer months returning to lower levels for the other months of the year. As you can see from the graph the water consumption pattern, with slight increases, is typically the same for 2015 as it was in 2014. Port Orchard is very proactive with water conservation, offering programs, literature, and education to help our citizens conserve water.



The water sewer utility's operation and maintenance is funded, by and large, from payments for water and sewer services. Water and sewer mains, wells, pump stations, and other infrastructure require constant maintenance and repair. The City strives to provide the best services and rates to its customers.

Water charges are calculated based on water used per Equivalent Residential Unit (ERU). An ERU for residential connections is one single-family dwelling unit. For non residential connections an ERU is 180 gallons per day. In the chart below you can see that commercial ERU's have remained steady over a ten year period however residential ERU's are steadily increasing due to the demand from new homes constructed within our City limits. Because of aging infrastructure and the continuing increase in demand to the utility, in spring of 2014 the



City hired a consultant to prepare an analysis of the water sewer infrastructure, project future needs and how to fund them. After many meetings, fact gathering and public hearings, the City enacted ordinance #020-15 effective January 1, 2016, which provides a rate increase to offset the rising costs of operating the utility. The ordinance increases water and sewer rates over a five year period. The multiyear approach was adopted to lessen the impact of the increase on the Utility's customers. New rates offer incentives to conserve water. The less water used the lower the rate. Sewer is charged at a flat rate for single family residences. Commercial properties are charged dependent upon the type of business and number of fixtures.

The City must maintain fund balance with sufficient revenue levels for operations and maintenance throughout the year. Unexpected emergencies which might arise and future infrastructure upgrades are also factored into the fund balance equation. The City's goal is to provide safe, reliable, and efficient water and sewer service for its residents. As our infrastructure ages and demand for service continues to grow, we must look ahead and plan for replacing and improving the system in order to keep it at peak performance. To that effect the City has reserve accounts where funds are saved for necessary infrastructure improvements. The reserve fund receives its revenue primarily from developer fees. Funds from the rate increase, which begins in 2016, will also be used for infrastructure replacement.

REVENUES & EXPENDITURES

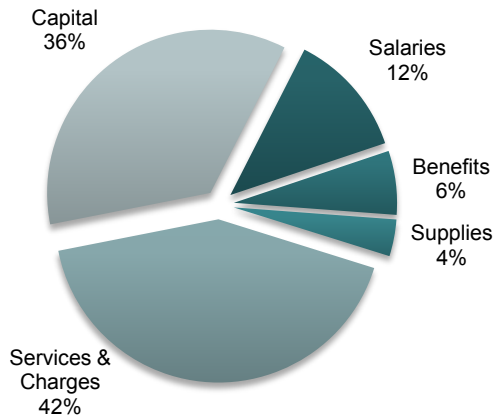
Water Sewer Fund	2013 Actuals	2014 Actuals	2015 Budget	2016 Budget
Revenues				
Beginning Reserved Fund Balance	-	-	-	-
Beginning Unreserved Fund Balance	1,690,019	991,132	1,100,000	1,000,000
Charges Goods & Services	4,609,713	4,766,651	4,681,500	5,419,000
Fines and Penalties	-	73,559	76,000	78,300
Miscellaneous Revenue	237,416	274,926	54,500	57,100
Proprietary Gains (Losses) and Other Income (Expenses)	34,233	-	-	-
Other Financing Sources	535,000	(339,782)	2,000,000	4,490,000
Total Revenues	7,106,381	5,766,485	7,912,000	11,044,400
Expenditures				
Personnel Costs (Salary & Benefits)	1,147,490	1,255,229	1,316,534	1,355,659
Supplies & Fuel	205,516	157,849	518,900	369,650
Services & Charges	1,005,508	1,047,374	1,272,200	1,424,490
Intergovernmental Services & ILA's	1,714,015	1,737,245	1,828,640	1,902,489
Capital Outlay	-	-	1,000,000	2,582,900
Debt Service	-	-	58,800	60,150
Other Expenditures	17,955	71,629	9,884	8,140
Interfund Transfers	158,000	78,221	1,000,000	2,000,000
Unreserved Ending Fund Balance	991,132	1,457,907	907,042	1,340,922
Total Expenditures	5,239,615	5,805,454	7,912,000	11,044,400

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

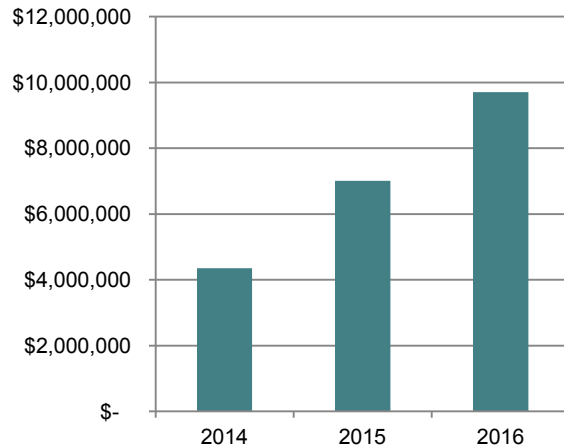
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 900,668	\$ 892,626	\$ 896,188
20 Personnel Benefits	354,561	\$ 423,908	\$ 459,471
Total Salary & Benefits	\$ 1,255,229	\$ 1,316,534	\$ 1,355,659
30 Supplies	\$ 120,393	\$ 191,900	\$ 243,650
32 Fuel Consumed	20,505	20,000	21,000
33 Water Purchased for Resale	16,951	56,000	102,000
40 Other Services & Charges	900,715	1,272,200	1,150,990
41 Professional Services - Legal	-	5,000	5,000
46 Insurance	146,659	246,000	271,500
50 Intergovernmental Services	1,383,480	1,439,640	1,520,489
53 Utility Tax State	116,443	149,000	131,000
54 Utility Tax City	237,322	240,000	251,000
71 Long Term Debt	-	51,300	52,650
77 Other Notes	-	7,500	7,500
83 Interest On Long Term Debt	11,987	9,884	8,140
84 Amortization of Debt Premium/Refund	59,642	-	-
Total Other Expenditures	\$ 3,014,097	\$ 3,688,424	\$ 3,764,919
63 Other Improvements	\$ -	\$ 1,000,000	\$ 2,479,300
64 Machinery & Equipment	-	-	103,600
Total Capital Expenditures	\$ -	\$ 1,000,000	\$ 2,582,900
00 Operating Transfers	\$ 78,221	\$ 1,000,000	\$ 2,000,000
Total Water Sewer	\$ 4,347,547	\$ 7,004,958	\$ 9,703,478

For additional detail, see worksheet for Water Sewer.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Utilities Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.534.10			
10 Salaries & Wages	\$ 35,087	\$ 33,190	\$ 55,647
20 Personnel Benefits	13,653	16,823	33,260
30 Supplies	7	100	300
40 Other Services & Charges	6,018	10,350	17,270
46 Property Insurance - WA	44,275	57,960	57,000
53 Utility Tax State	82,423	95,000	95,000
54 Utility Tax City	80,889	80,000	86,000
Total General Administration	\$ 262,353	\$ 293,423	\$ 344,477
401.5.534.11			
10 Salaries & Wages	\$ 87,086	\$ 73,885	\$ 69,347
20 Personnel Benefits	34,952	31,399	34,021
46 Liability Insurance - WA	37,892	68,040	87,500
Total General Administration Executive	\$ 159,929	\$ 173,324	\$ 190,868
401.5.534.12			
10 Salaries & Wages	\$ 117,534	\$ 113,939	\$ 116,261
20 Personnel Benefits	41,911	46,524	53,345
40 Other Services & Charges	539	-	-
Total General Administration Clerical	\$ 159,985	\$ 160,463	\$ 169,606
401.5.534.20			
40 Other Services & Charges	\$ 34,186	\$ 128,650	\$ 38,925
Total Other Administration	\$ 34,186	\$ 128,650	\$ 38,925
401.5.534.40			
40 Other Services & Charges - Training WA	\$ -	\$ -	\$ 12,000
Total Training	\$ -	\$ -	\$ 12,000
401.5.534.50			
10 Salaries & Wages	\$ 3,972	\$ 4,687	\$ 4,647
20 Personnel Benefits	1,600	2,475	2,709
30 Supplies	2,210	3,000	4,500
40 Other Services & Charges	2,981	7,550	8,500
Total Structures Maintenance	\$ 10,763	\$ 17,712	\$ 20,356

534.10 Notes

- 30 Office Copier Supplies, Phones
- 40 State Audit, CDL Licenses & Physicals, Legal, Code Codification, Copier Maintenance & Printing, Public Records Request, Phone Data

534.20 Notes

- 40 Emergency Generator Rental, Water System Updates, Well#3&4 Action Plan, Dues, GIS/ESR, Maintenance, Well 9 Support

534.50 Notes

- 30 Crushed Rock, Shop Materials, Miscellaneous Supplies, Shop Server
- 40 New Carpet, Janitorial Services, Miscellaneous Repairs

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.534.51			
10 Salaries & Wages	\$ 3,982	\$ 3,150	\$ 7,579
20 Personnel Benefits	1,532	1,345	3,308
30 Supplies	7,051	5,000	6,000
40 Other Services & Charges	1,001	1,700	1,700
Total Transportation Equipment	\$ 13,566	\$ 11,195	\$ 18,587
401.5.534.52			
10 Salaries & Wages	\$ 51,308	\$ 58,752	\$ 60,003
20 Personnel Benefits	24,858	32,779	28,938
30 Supplies	16,378	21,000	21,000
40 Other Services & Charges	19,906	27,000	40,000
Total Water Treatment	\$ 112,450	\$ 139,531	\$ 149,941
401.5.534.53			
10 Salaries & Wages	\$ 1,302	\$ 1,527	\$ 2,251
20 Personnel Benefits	746	914	1,501
30 Supplies	127	500	500
40 Other Services & Charges	105	1,500	6,500
Total Wells Maintenance	\$ 2,280	\$ 4,441	\$ 10,752

534.51 Notes

- 30 Auto Parts, Fuel
- 40 Claims for Damages, Equipment Rental, Miscellaneous Equipment

534.52 Notes

- 30 Chlorine, Floride, Potassium (Well #9)
- 40 Chlorinator Repairs, Travel, Water Testing, Miscellaneous Repairs

534.53 Notes

- 40 Well Testing (VOC, IOC, Chlorine Residual), Miscellaneous Repairs, Pump House Repairs/Upgrades

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.534.54			
10 Salaries & Wages	\$ 38,349	\$ 49,456	\$ 49,182
20 Personnel Benefits	15,560	24,304	27,307
30 Supplies	4,353	2,000	4,000
40 Other Services & Charges	13,119	18,500	14,500
Total Supply Main Maintenance	\$ 71,381	\$ 94,260	\$ 94,989
401.5.534.55			
10 Salaries & Wages	\$ 12,952	\$ 18,728	\$ 13,142
20 Personnel Benefits	5,902	10,249	7,821
30 Supplies	4,486	2,000	2,000
40 Other Services & Charges	17,464	9,000	8,500
Total Services Maintenance	\$ 40,804	\$ 39,977	\$ 31,463
401.5.534.56			
10 Salaries & Wages	\$ 58,023	\$ 55,826	\$ 77,108
20 Personnel Benefits	25,358	30,281	41,994
30 Supplies	9,287	16,000	16,000
40 Other Services & Charges	92,803	91,000	95,000
Total Pumping Expenses	\$ 185,471	\$ 193,107	\$ 230,102

534.54 Notes

- 30 Pipe & Water Main Parts
- 40 Asphalt Sawing, Leak Detection, Underground Location Fees, Miscellaneous Repairs

534.55 Notes

- 30 Cross Connection Control Program, Water Service Parts
- 40 Asphalt Sawing, DOH Permit, Travel, Miscellaneous Repairs, Cross-Connection Testing

534.56 Notes

- 30 Telemetry Parts, Miscellaneous Supplies
- 40 Electricity, Pump Repairs, Telemetry SCADA

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.534.57			
10 Salaries & Wages	\$ 2,454	\$ 2,065	\$ 4,110
20 Personnel Benefits	1,060	1,285	2,544
30 Supplies	65	300	300
40 Other Services & Charges	7,296	76,000	29,000
Total Distribution Reservoirs & Maintenance	\$ 10,874	\$ 79,650	\$ 35,954
401.5.534.58			
10 Salaries & Wages	\$ 4,544	\$ 6,658	\$ 4,447
20 Personnel Benefits	2,005	4,186	2,950
30 Supplies	19,850	40,000	60,000
40 Other Services & Charges	-	1,000	1,000
Total Meters Maintenance	\$ 26,399	\$ 51,844	\$ 68,397
401.5.534.59			
10 Salaries & Wages	\$ 1,519	\$ 2,412	\$ 2,796
20 Personnel Benefits	498	1,306	1,645
30 Supplies	4,575	500	500
40 Other Services & Charges	-	1,300	30,150
Total Hydrants Maintenance	\$ 6,592	\$ 5,518	\$ 35,091

534.57 Notes

40 Training, Travel, Reservoir Cleaning/Painting, Miscellaneous Repairs

534.58 Notes

30 Touch Read Meter Conversion Parts
40 Asphalt Sawing, Miscellaneous Repairs

534.59 Notes

30 Hydrant Repairs & Parts
40 Asphalt Sawing, Miscellaneous Repairs & Replacement

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.534.72			
10 Salaries & Wages	\$ 9,050	\$ 15,144	\$ 14,401
20 Personnel Benefits	7,177	9,346	10,061
30 Supplies	25	-	150
40 Other Services & Charges	3,197	3,000	4,000
Total Customer Service Meter Read	\$ 19,448	\$ 27,490	\$ 28,612
401.5.534.73			
10 Salaries & Wages	\$ 67,119	\$ 63,861	\$ 55,504
20 Personnel Benefits	24,797	30,167	29,648
30 Supplies	1,266	1,500	1,500
40 Other Services & Charges	15,562	16,000	16,000
Total Customer Service Record & Collection	\$ 108,745	\$ 111,528	\$ 102,652
401.5.534.77			
30 Supplies-Cust Serv & Info Exp	\$ -	\$ 100	\$ -
40 Other Services & Charges	300	200	300
Total Customer Service & Information	\$ 300	\$ 200	\$ 300
401.5.534.80			
30 Supplies	\$ 1,881	\$ 2,000	\$ 2,600
32 Fuel Consumed	10,253	10,000	11,000
33 Water Purchased for Resale	16,951	56,000	102,000
40 Other Services & Charges	15,601	15,700	16,900
Total General Operations	\$ 44,685	\$ 83,700	\$ 132,500
Total Water Utilities	\$ 1,270,211	\$ 1,616,013	\$ 1,703,572

534.72 Notes

40 Meters-Touch Read Conversion, Sensus Software Support

534.73 Notes

30 Consumer Confidence Report, Office Supplies

40 Communication, Mailing Service, Billing Software Maintenance, Postage, Credit Card Program

534.80 Notes

33 Bremerton Water, West Sound Utility District

40 Beeper, Blackjack Creek Mitigation, Laundry, Operater Certification, Phones, Utilities

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Sewer Utilities Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.535.10			
10 Salaries & Wages	\$ 36,434	\$ 33,267	\$ 38,091
20 Personnel Benefits	13,942	16,874	23,838
30 Supplies	7	200	200
40 Other Services & Charges	15,303	8,900	9,200
41 Professional Services - Legal	-	5,000	5,000
46 Property Insurance - SW	26,601	55,200	50,000
53 Utility Tax State	34,020	54,000	36,000
54 Utility Tax City	156,433	160,000	165,000
Total General Administration	\$ 282,741	\$ 333,441	\$ 327,329
401.5.535.11			
10 Salaries & Wages	\$ 88,358	\$ 73,885	\$ 69,259
20 Personnel Benefits	34,628	31,399	34,021
46 Liability Insurance - SW	37,891	64,800	77,000
Total General Administration Executive	\$ 160,878	\$ 170,084	\$ 180,280
401.5.535.12			
10 Salaries & Wages	\$ 119,580	\$ 113,939	\$ 116,261
20 Personnel Benefits	41,400	46,524	53,345
40 Other Services & Charges	539	-	-
Total General Administration Clerical	\$ 161,519	\$ 160,463	\$ 169,606
401.5.535.20			
40 Other Services & Charges	\$ 22,957	\$ 121,000	\$ 26,625
Total Training	\$ 22,957	\$ 121,000	\$ 26,625
401.5.535.40			
30 Supplies - Training SW	\$ -	\$ -	\$ 3,000
40 Other Services & Charges - Training SW	-	-	3,000
Total Other Administration	\$ -	\$ -	\$ 6,000
401.5.535.50			
10 Salaries & Wages	\$ 3,385	\$ 4,681	\$ 4,088
20 Personnel Benefits	1,231	2,462	2,340
30 Supplies	2,094	3,200	4,700
40 Other Services & Charges	3,031	7,550	13,500
Total Structures Maintenance	\$ 9,742	\$ 17,893	\$ 24,628

535.10 Notes

40 State Audit, CDL Licenses & Physicals, Code Codification, Copier Maintenance, Printing

535.20 Notes

40 Required Safety Training, Sanitary Sewer System Plan Update

535.50 Notes

30 Crushed Rock, Materials, Miscellaneous Supplies

40 Carpet Cleaning, Janitorial, Miscellaneous Repairs

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Sewer Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.535.51			
10 Salaries & Wages	\$ 3,863	\$ 3,206	\$ 7,579
20 Personnel Benefits	1,477	1,378	3,308
30 Supplies	6,999	6,000	7,000
40 Other Services & Charges	1,001	1,500	1,500
Total Transportation Equipment	\$ 13,340	\$ 12,084	\$ 19,387
401.5.535.52			
10 Salaries & Wages	\$ 1,185	\$ 330	\$ 780
20 Personnel Benefits	237	175	385
30 Supplies	18	-	100
40 Other Services & Charges	742	1,000	500
50 Intergovernmental Services	1,383,480	1,439,640	1,520,489
Total Sewer Treatment	\$ 1,385,662	\$ 1,441,145	\$ 1,522,254
401.5.535.54			
10 Salaries & Wages	\$ 17,811	\$ 22,492	\$ 18,317
20 Personnel Benefits	8,199	12,033	11,074
30 Supplies	8,803	3,000	4,000
40 Other Services & Charges	143,801	152,500	182,500
Total Supply Main Maintenance	\$ 178,613	\$ 190,025	\$ 215,891

535.51 Notes

- 30 Auto Parts, Fuel
- 40 Claims for Damages, Equipment Rental, Miscellaneous Equipment

535.52 Notes

- 40 Travel, Miscellaneous Repairs
- 50 South Kitsap Water Reclamation Facility

535.54 Notes

- 30 Pipe & Sewer Main Parts
- 40 Asphalt Sawing, Sanitary Sewer Main Maintenance, Underground Location Fees, Miscellaneous

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Sewer Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.535.55			
10 Salaries & Wages	\$ 16,173	\$ 26,250	\$ 7,811
20 Personnel Benefits	7,979	15,873	3,845
30 Supplies	5,003	2,000	4,000
40 Other Services & Charges	28,515	44,000	43,000
Total Services Maintenance	\$ 57,670	\$ 88,123	\$ 58,656
401.5.535.56			
10 Salaries & Wages	\$ 75,090	\$ 74,472	\$ 61,733
20 Personnel Benefits	31,175	40,458	32,676
30 Supplies	22,851	80,000	100,000
40 Other Services & Charges	424,399	495,000	494,000
Total Pumping Expenses	\$ 553,514	\$ 689,930	\$ 688,409
401.5.535.73			
10 Salaries & Wages	\$ 44,507	\$ 36,824	\$ 27,844
20 Personnel Benefits	12,684	13,349	10,887
30 Supplies	1,266	1,500	1,500
40 Other Services & Charges	16,371	17,000	17,000
Total Cust Serv-Record & Collection	\$ 74,829	\$ 68,673	\$ 57,231

535.55 Notes

- 30 Sewer Parts, Sewer Service Pumps & Parts
- 40 Asphalt Sawing, Calibrate Sewer Meter, McCormick STEP System Service/Tank Pumping, Travel, Miscellaneous Repairs

535.56 Notes

- 30 Pump Station Odor Control Supplies, Pump Replacement, Telemetry Parts,
- 40 Electricity, Telemetry Upgrades, Pump Repairs, STEP Conversion, Travel, Wet Well Pumping

535.73 Notes

- 40 Communication, Mailing Service, Software Maintenance, Postage, Credit Card Program

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Sewer Utilities (Continued) Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.535.80			
30 Supplies	\$ 1,790	\$ 2,000	\$ 2,800
32 Fuel Consumed	10,253	10,000	10,000
40 Other Services & Charges	13,981	15,300	16,920
Total General Operations	\$ 26,023	\$ 27,300	\$ 29,720
Total Sewer Utilities	\$ 2,927,487	\$ 3,320,161	\$ 3,320,016

535.80 Notes

40 Beeper, Laundry, Operator Certification, Phones, Utilities

2016 DEPARTMENT OPERATING BUDGET
Water Sewer

Water Sewer Expenditures	2014 Actual	2015 Budget	2016 Budget
401.5.591.00			
34.71 Long Term Debt-Water	\$ -	\$ 25,650	\$ 26,325
35.71 Long Term Debt-Sewer	-	25,650	26,325
34.77 Other Notes	-	7,500	7,500
Total Redemption of Long Term Debt	\$ -	\$ 58,800	\$ 60,150
401.5.592.00			
34.83 Interest on LT Debt-Water	\$ 6,303	\$ 4,942	\$ 4,070
34.84 Amortization of Debt Premium/Refund	59,821	-	-
35.83 Interest on LT Debt-Sewer	5,683	4,942	4,070
35.84 Amortization of Debt Premium/Refund	(179)	-	-
Total Interest on Long Term Debt	\$ 71,629	\$ 9,884	\$ 8,140
401.5.594.34			
10 Salaries - Water Capital Projects	\$ -	\$ -	\$ 8,000
20 Benefits - Water Capital Projects	-	-	2,700
63 Other Improvements	-	1,000,000	2,479,300
64 Machinery & Equipment	-	-	26,800
Total Capital Expenditures Water	\$ -	\$ 1,000,000	\$ 2,516,800
401.5.594.35			
64 Machinery & Equipment	-	-	76,800
Total Capital Expenditures Sewer	\$ -	\$ -	\$ 76,800
401.5.597.00			
00 Operating Transfers Out	\$ 78,221	\$ 1,000,000	\$ 2,000,000
Total Interfund Transfers	\$ 78,221	\$ 1,000,000	\$ 2,000,000
Total Water Sewer	\$ 149,850	\$ 2,068,684	\$ 4,661,890

594.34 Notes

63 Well #10 Final Design & Permitting

2016 EXPENDITURE BUDGET
Proprietary Fund

Water Sewer Equipment Replacement Expenditures	2014 Actual	2015 Budget	2016 Budget
402.9.508.80			
00 Ending Unreserved Fund Balance	\$ 311,820	\$ 312,190	\$ 314,740
Total Water Sewer Equipment Replacement	\$ 311,820	\$ 312,190	\$ 314,740

2016 EXPENDITURE BUDGET
Proprietary Fund

Cumulative Reserve for Water Sewer Expenditures	2014 Actual	2015 Budget	2016 Budget
403.5.597.00			
00 Operating Transfers-Out	\$ 147,368	\$ 1,000,000	\$ 2,490,000
Total Other Financing Uses	\$ 147,368	\$ 1,000,000	\$ 2,490,000
403.9.508.80			
00 Ending Unreserved Fund Balance	\$ 4,129,156	\$ 4,405,300	\$ 4,092,400
Total Cumulative Reserve for Water Sewer	\$ 4,276,524	\$ 5,405,300	\$ 6,582,400

597.00 Notes

00 Final Design & permitting of Well No. 10

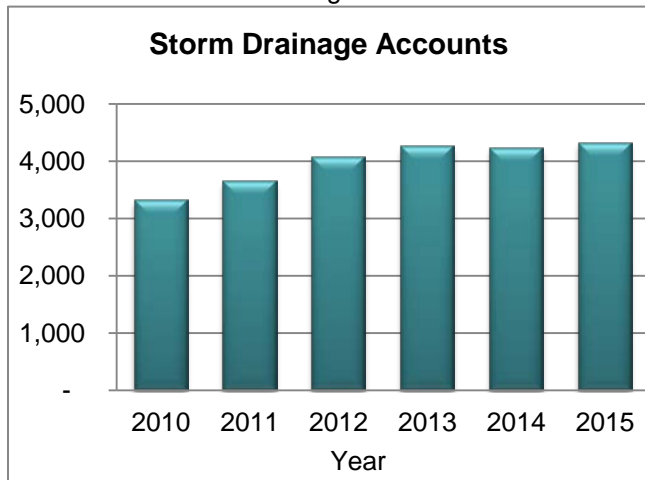


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STORM DRAINAGE UTILITY

The City established the Storm Drainage Utility in 2009 (Ordinance #036-08). Federal Clean Water Act regulations required the City of Port Orchard to have a Storm Management Program to protect the public health, safety, and welfare by minimizing uncontrolled surface erosion,

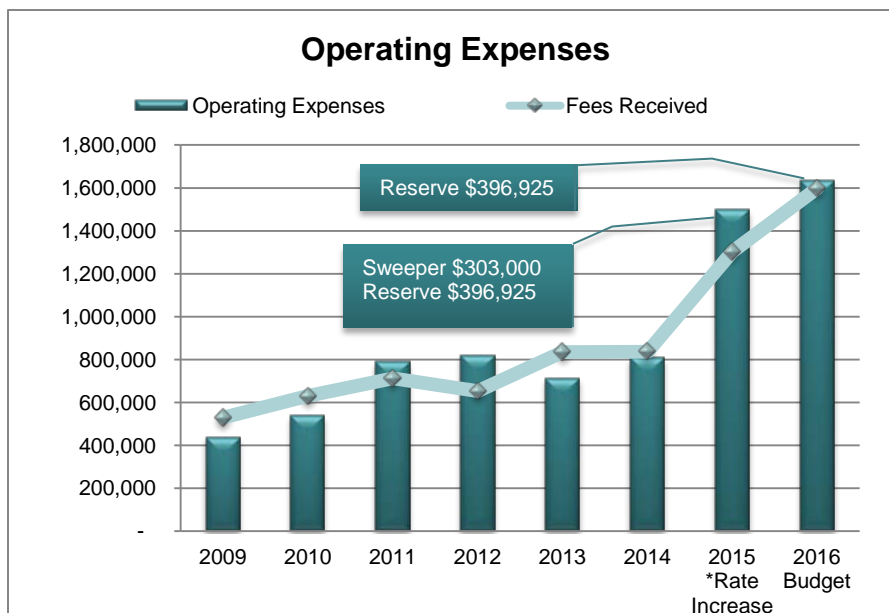
and water pollution while enhancing water quality and environmental habitat. The Storm Drainage Utility receives the majority of its funding from user fees. Fees collected from customers fund operations and maintenance of storm drains, ponds, culverts, and street sweeping. The City of Port Orchard bills its residents for storm drainage fees on the same bi-monthly schedule as the water sewer billings. Single-family residences, duplexes, and triplexes are billed the minimum storm drainage rate for each residential unit. Commercial and other developed properties are calculated based on the amount of impervious ground cover on each property. The chart to the left shows the growth in Port Orchard's storm drainage accounts from 2010 through 2015. The number of accounts continues to grow as new areas are



developed or annexed into the City. Rates charged for storm drainage services need to be adequate to provide for system operations and maintenance, administration, engineering and legal expenses, and to fund infrastructure replacement, reserve accounts and system improvement projects. The City conducted a Storm Water GAP Analysis study which reviewed the Utilities infrastructure and operations. From the GAP Analysis results, the City developed a plan for operations and maintenance which includes necessary infrastructure and equipment repair or replacement. To provide adequate funding for

the proper operation and maintenance of the utility, a rate increase was approved in 2015. This allowed the utility to hire additional staff to meet the ND PES requirements and also to begin building a capital

improvement program to repair or replace the aging infrastructure.



The Storm Drainage Utility's fund balance allows the utility to continue to maintain a positive cash flow for operations. Revenue inflows fluctuate throughout the year and it is important to have sufficient cash on hand to allow operations and maintenance to continue unhindered. Fund balance also provides for

emergency repairs that may be required during the year. Equipment is maintained regularly and utilized to the full extent of its life. All equipment, however, eventually becomes fatigued and repair costs can become a drain on the Utilities cash flow. The equipment replacement fund helps to replace an aging piece of equipment or to fund an emergency purchase should a piece of equipment experience a catastrophic failure. In 2015 the Storm Drainage Capital Facilities Fund was created to which dollars will be added to finance or subsidize a grant match for large projects. Reserves allow this type of expenditure without impacting the operations of the utility. The 2016 budget includes an award of a Stormwater Capacity Grant from the Department of Ecology for \$50,000. This will be used to augment operation and maintenance program activities. Also, in 2016 the Storm Drainage Utility will construct a new decant station. This \$1.01 million dollar project is funded by a Stormwater Financial Assistance Program grant, administered by the Department of Ecology and a small loan from the Federal Clean Water State Revolving Fund.

REVENUES & EXPENDITURES

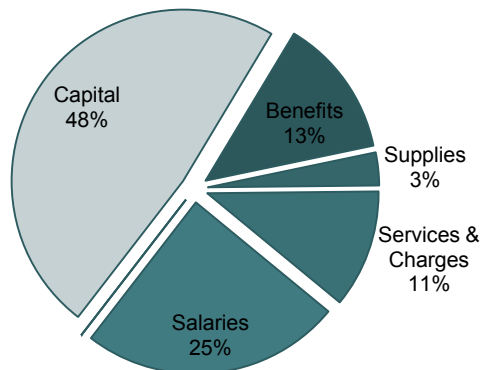
Storm Drainage Fund	2013 Actuals	2014 Actuals	2015 Budget	2016 Budget
Revenues				
Beginning Unreserved Fund Balance	337,264	533,512	340,000	420,000
Licenses & Permits	2,400	1,150	1,800	1,200
Intergovernmental	141,810	170,000	-	-
Charges Goods & Services	850,019	818,925	1,445,963	1,591,000
Fines and Penalties	-	16,644	10,000	15,000
Miscellaneous Revenues	423	444	350	670
Proprietary Gains (Losses) and Other Income (Expenses)	20,366	-	-	811,250
Prior Period Adjustments	-	195,300	-	-
Other Financing Sources	-	-	250,000	253,750
Total Revenues	1,352,282	1,735,976	2,048,113	3,092,870
Expenditures				
Personnel Costs (Salary & Benefits)	331,777	442,332	623,933	808,436
Supplies & Fuel	21,068	26,329	76,350	66,575
Services & Charges	307,733	338,461	381,685	242,215
Intergovernmental Services & ILA's	-	-	-	119,200
Capital Outlay	-	-	280,000	1,034,900
Interfund Transfers	50,000	1,062	396,925	396,925
Unreserved Ending Fund Balance	361,686	434,524	289,220	424,619
Total Expenditures	1,072,265	1,242,709	2,048,113	3,092,870

2016 DEPARTMENT OPERATING BUDGET
Storm Drainage

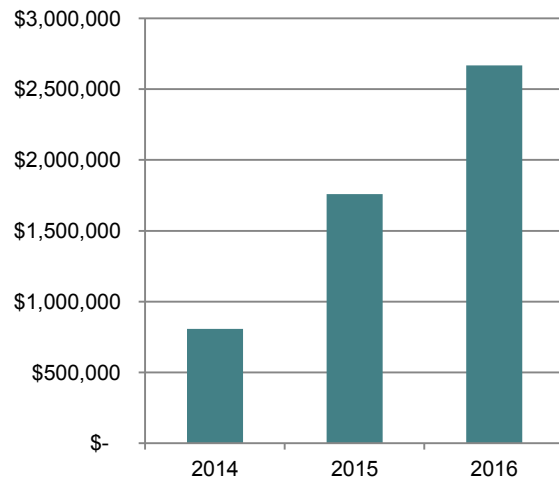
Expenditures	2014 Actual	2015 Budget	2016 Budget
10 Salaries & Wages	\$ 324,286	\$ 414,197	\$ 526,560
20 Personnel Benefits	118,046	209,736	281,876
Total Salary & Benefits	\$ 442,332	\$ 623,933	\$ 808,436
30 Supplies	\$ 26,329	\$ 76,350	\$ 66,575
40 Other Services & Charges	338,461	381,685	239,565
46 Liability Insurance	-	-	2,650
53 Utility Tax - State	-	-	40,000
54 Utility Tax - City	-	-	79,200
Total Other Expenditures	\$ 364,790	\$ 458,035	\$ 427,990
63 Other Improvements	\$ -	\$ -	\$ 1,015,000
64 Machinery & Equipment	-	280,000	19,900
Total Capital Expenditures	\$ -	\$ 280,000	\$ 1,034,900
00 Operating Transfers	\$ 1,062	\$ 396,925	\$ 396,925
Total Storm Drainage	\$ 808,184	\$ 1,758,893	\$ 2,668,251

For additional detail, see worksheet for Storm Drainage and Capital Expenditures.

2016 DEPARTMENT BUDGET



ANNUAL BUDGET COMPARISON



2016 DEPARTMENT OPERATING BUDGET
Storm Drainage

Storm Drainage Expenditures	2014 Actual	2015 Budget	2016 Budget
421.5.531.00			
10 Salaries & Wages	\$ 191,169	\$ 232,692	\$ 17,968
20 Personnel Benefits	61,536	107,251	11,812
30 Supplies	4,633	27,150	23,775
40 Other Services & Charges	118,551	253,852	77,680
53 Utility Tax - State - Storm Drainage	-	-	40,000
54 Utility Tax - City - Storm Drainage	-	-	79,200
Total Storm Drainage Utility	\$ 375,888	\$ 620,945	\$ 250,435
421.5.531.10			
10 Salaries & Wages	-	-	289,258
20 Personnel Benefits	-	-	158,857
30 Supplies	-	-	17,300
40 Other Services & Charges	-	-	21,180
46 Liability Insurance	-	-	1,050
Total Storm Drain General Administration	\$ -	\$ -	\$ 487,645
421.5.531.11			
46 Liability Insurance	-	-	1,600
Total Storm Drain General Administration	\$ -	\$ -	\$ 490,295
421.5.531.51			
10 Salaries & Wages	-	-	5,932
20 Personnel Benefits	-	-	2,589
30 Supplies	-	-	21,500
40 Other Services & Charges	-	-	5,501
Total Storm Drain Vehicles	\$ -	\$ -	\$ 35,522
421.5.531.70			
10 Salaries & Wages	-	-	53,830
20 Personnel Benefits	-	-	18,621
40 Other Services & Charges	-	-	6,600
Total Storm Drainage Customer Service	\$ -	\$ -	\$ 79,051

531.00 Notes

40 Aerial Mapping, State Audit, Insurance, CDL Physical License, Phone, Claims, Utilities Tax, Copier Lease & Maintenance, Credit Card Program, Utilities, Municipal Code Codificatoin Fees, Pond Maintenance, Postage, Software Maintenance, Stormwater Permits, Training Registration

542.40 Notes

30 Concrete, Fuel, Office Supplies, Pipe, Vehicle Supplies
40 Catch Basin Cleaning, Decant Station Sewer/Permit Fees, Ditch Cleaning, DOE Studies, Equipment Rentals/Miscellaneous, Pond Maintenance, Signs, Vacuum Truck Repairs, Utilities

542.67 Notes

30 Brooms, Repair Parts, Fuel
40 Water Service for Sweeper Pad, Sweeper Repair & Maintenance, CDL License/Physical

2016 DEPARTMENT OPERATING BUDGET
Storm Drainage

Storm Drainage Expenditures	2014 Actual	2015 Budget	2016 Budget
421.5.542.40			
10 Salaries & Wages	\$ 104,091	\$ 153,911	\$ 135,408
20 Personnel Benefits	43,574	89,786	80,232
30 Supplies	12,399	29,200	4,000
40 Other Services & Charges	189,205	68,283	119,554
Total Storm Drainage Maintenance	\$ 349,269	\$ 341,180	\$ 339,194
421.5.542.42			
10 Salaries & Wages	\$ 929	\$ -	\$ -
20 Personnel Benefits	208	-	-
40 Other Services & Charges	28,025	-	-
Total DOE Grant	\$ 29,162	\$ -	\$ -
421.5.542.67			
10 Salaries & Wages	\$ 28,097	\$ 27,594	\$ 24,164
20 Personnel Benefits	12,729	12,699	9,765
30 Supplies	9,297	20,000	-
40 Other Services & Charges	2,680	59,550	9,050
Total Street Sweeping	\$ 52,803	\$ 119,843	\$ 42,979
Total Storm Drainage	\$ 807,122	\$ 1,081,968	\$ 1,725,121

531.00 Notes

40 Aerial Mapping, State Audit, Insurance, CDL Physical License, Phone, Claims, Utilities Tax, Copier

542.40 Notes

30 Concrete, Fuel, Office Supplies, Pipe, Vehicle Supplies

40 Catch Basin Cleaning, Decant Station Sewer/Permit Fees, Ditch Cleaning, DOE Studies, Equipment Rentals/Miscellaneous, Pond Maintenance, Signs, Vacuum Truck Repairs, Utilities

542.67 Notes

30 Brooms, Repair Parts, Fuel

40 Water Service for Sweeper Pad, Sweeper Repair & Maintenance, CDL License/Physical

2016 DEPARTMENT OPERATING BUDGET
Storm Drainage

Capital Expenditures Expenditures	2014 Actual	2015 Budget	2016 Budget
421.5.594.00			
40.63 Other Improvements	\$ -	\$ -	\$ 1,015,000
40.64	-	280,000	-
42.64 Machinery & Equipment	-	-	19,900
Total Capital Expenditures	\$ -	\$ 280,000	\$ 1,058,989
421.5.597.00			
00 Operating Transfers-Out	\$ 1,062	\$ 396,925	\$ 396,925
Total Other Financing Uses	\$ 1,062	\$ 396,925	\$ 396,925
Total Capital Expenditures	\$ 1,062	\$ 676,925	\$ 1,455,914

594.42 Notes

- 63 Culvert Repairs, Ruby Creek Culvert Design
- 64 Sweeper, Flail Mower Attachment

2016 DEPARTMENT OPERATING BUDGET
Proprietary Fund

Storm Drainage Equipment Replacement Expenditures	2014 Actual	2015 Budget	2016 Budget
422.5.597.00			
00 Operating Transfers-Out	\$ -	\$ 250,000	\$ -
Total Other Financing Uses	\$ -	\$ 250,000	\$ -
422.9.508.80			
00 Ending Unreserved Fund Balance	\$ 300,756	\$ 150,270	\$ 150,610
Total Storm Drainage Equipment Replacement	\$ 300,756	\$ 400,270	\$ 150,610

2016 DEPARTMENT OPERATING BUDGET
Proprietary Fund

Storm Drainage Capital Facilities Expenditures	2014 Actual	2015 Budget	2016 Budget
423.9.508.80			
00 Est. End Unreserved Fund Balance	\$ -	\$ 296,925	\$ 694,095
Total Other Financing Uses	\$ -	\$ 296,925	\$ 694,095
Total Storm Drainage Equipment Replacement	\$ -	\$ 296,925	\$ 694,095

2016 EXPENDITURE BUDGET
Criminal Justice

Criminal Justice Expenditures	2014 Actual	2015 Budget	2016 Budget
103.3.521.10			
31 Supplies	\$ 1,230	\$ 34,294	\$ 8,000
48 Repairs & Maintenance	-	1,500	1,500
51 Intergovernmental Services	19,946	22,812	119,025
Total Administration	\$ 21,177	\$ 58,606	\$ 128,525
103.3.521.22			
10 Salaries & Wages	\$ 89,929	\$ 85,562	\$ 89,808
20 Personnel Benefits	20,012	33,152	33,733
Total Operations	\$ 109,940	\$ 118,714	\$ 123,541
103.3.562.00			
41 Professional Services	\$ -	\$ 500	\$ 500
Total Public Health	\$ -	\$ 500	\$ 500
103.3.566.00			
51 Intergovernmental Professional Services	\$ -	\$ 2,000	\$ -
Total Substance Abuse	\$ -	\$ 2,000	\$ -
103.3.594.21			
64 Machinery & Equipment	\$ 41,046	\$ 45,150	\$ 90,000
Total Capital Expenditures	\$ 41,046	\$ 45,150	\$ 90,000
103.9.508.30			
00 Estimated Restricted Fund Balance-Ending	\$ 354,090	\$ 273,200	\$ 351,109
Total Criminal Justice	\$ 526,252	\$ 498,170	\$ 693,675

521.10 Notes

31 Replacement Tasers

562.00 Notes

41 S.A.I.V.S. (Special Assault Investigation & Victims)

594.21 Notes

64 Two Police Dept Patrol SUV's

2016 EXPENDITURE BUDGET
Special Investigative Unit

Special Investigative Unit Expenditures	2014 Actual	2015 Budget	2016 Budget
104.3.521.21			
21 Uniforms	\$ -	\$ 750	\$ -
31 SIU Supplies	890	2,500	750
32 Fuel Consumed	505	400	-
41 Professional Services	510	500	750
42 Communication	187	100	100
43 Travel	762	750	-
48 Repairs & Maintenance	300	650	650
49 Miscellaneous	(115)	1,750	1,000
98 Interfund Repairs & Maintenance	40	-	-
Total Special Investigative Unit	\$ 3,079	\$ 7,400	\$ 3,250
104.9.508.30			
00 Est Restricted Fund Balance-Ending	\$ 50,575	\$ 42,750	\$ 60,420
Total Special Investigative Unit	\$ 53,654	\$ 50,150	\$ 63,670

2016 EXPENDITURE BUDGET
Community Events

Community Events Expenditures	2014 Actual	2015 Budget	2016 Budget
107.6.557.30			
41 Professional Services	\$ 58,246	\$ 108,000	\$ 84,000
Total Administration	\$ 58,246	\$ 108,000	\$ 84,000
107.9.508.30			
00 Est Restricted Fund Balance-Ending	\$ 50,990	\$ 11,040	\$ 37,080
Total Community Events	\$ 109,236	\$ 119,040	\$ 121,080

Organization	Allocation
City Festival of Chimes and Lights	\$ 4,500
City Foot Ferry Services	9,000
Explore Port Orchard	14,000
Fathoms O'Fun Festivals	18,500
Jingle Bell Run	1,000
Port Orchard Bay Street Association	15,600
Port Orchard Chamber of Commerce	6,200
Saints Car Club (The Cruz)	1,875
Seagull Calling Festival	2,000
Sidney Museum and Arts Association	5,100
Visit Kitsap	6,225
Total Approved Allocations	\$ 84,000

2016 EXPENDITURE BUDGET
Paths & Trails

Paths & Trails Expenditures	2014 Actual	2015 Budget	2016 Budget
108.9.508.30			
Est Restricted Fund Balance-Ending	\$ 3,246	\$ 4,200	\$ 5,500
Total Paths & Trails	\$ 3,246	\$ 4,200	\$ 5,500

2016 EXPENDITURE BUDGET
Real Estate Excise Tax

Real Estate Excise Tax Expenditures	2014 Actual	2015 Budget	2016 Budget
109.6.597.00			
01 Operating Transfers Out REET 1	\$ -	\$ 410,421	\$ 270,606
02 Operating Transfers Out REET 2	-	150,000	802,650
Total Interfund Transfers	\$ -	\$ 560,421	\$ 1,073,256
109.9.509.30			
01 Est End Restricted Fund Balance REET 1	\$ -	\$ 411,659	\$ 287,005
02 Est End Restricted Fund Balance REET 2	-	1,003,120	513,799
Total Restricted Fund Balance End	\$ -	\$ 1,414,779	\$ 800,804
Total Real Estate Excise Tax	\$ -	\$ 1,975,200	\$ 1,874,060

* REET was previously tracked in Fund 302 Cumulative Reserve for Municipal Facilities. To provide better clarity, REET was moved to this new special revenue fund & Fund 302 was renamed Capital Construction Fund

2016 EXPENDITURE BUDGET
Impact Fee

Impact Fee Expenditures	2014 Actual	2015 Budget	2016 Budget
111.5.544.70			
49 Miscellaneous-Transportation	\$ -	\$ 50,000	\$ 50,000
Total Impact Fee to Developers	\$ -	\$ 50,000	\$ 50,000
111.5.597.00.00			
Operating Transfers-Out Transportation	\$ -	\$ -	\$ 150,000
Operating Transfers-Out Parks	-	80,000	-
Operating Transfers-Out McCormick Wds	372,430	-	62,500
Total Interfund Transfers	\$ 372,430	\$ 80,000	\$ 212,500
111.9.508.30			
Est Rest Fund Balance-Trans Ending	\$ 501,836	\$ 462,560	\$ 375,510
Est Rest Fund Balance-Parks Ending	165,812	93,140	246,620
Est Rest Fund Balance-MW Parks Ending	174,793	170,650	113,880
Total Restricted Fund Balance End	\$ 842,441	\$ 726,350	\$ 736,010
111.9.508.33			
Est Restricted Fund Balance-Bayside Ending	\$ -	\$ -	\$ 102,420
Total Impact Fee	\$ 1,214,871	\$ 856,350	\$ 1,100,930



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2016 EXPENDITURE BUDGET
Debt Service Fund

2003 Limited Tax GO Refunding Expenditures	2014 Actual	2015 Budget	2016 Budget
206.6.591.89			
71 General Obligation Bonds	\$ 135,050	\$ 138,700	\$ 142,350
Total Redemption of Long Term Debt	\$ 135,050	\$ 138,700	\$ 142,350
206.6.592.89			
83 Interest on Long-Term External Debt	\$ 31,112	\$ 26,721	\$ 22,006
Total Interest & Other Debt Service Costs	\$ 31,112	\$ 26,721	\$ 22,006
Total 2003 Limited Tax GO Refunding	\$ 166,162	\$ 165,421	\$ 164,356

2016 EXPENDITURE BUDGET
Debt Service Fund

1984 Refunding Expenditures	2014 Actual	2015 Budget	2016 Budget
621.6.591.34			
71 Principal	\$ 7,000	\$ 7,000	\$ 7,000
Total Refunding Debt-Principial	\$ 7,000	\$ 7,000	\$ 7,000
621.6.592.34			
83 Interest on Long-Term External Debt	\$ 1,281	\$ 950	\$ 600
Total Interest & Other Debt Service Costs	\$ 1,281	\$ 950	\$ 600
Total 1984 Refunding	\$ 8,281	\$ 7,950	\$ 7,600



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CAPITAL BUDGET

The Capital Improvement budget is a fixed budget that displays the annual portion of capital projects and annual appropriations for the purchase, construction or replacement of major fixed assets in the current fiscal period.

City police vehicles, general fund and proprietary fund rolling stock are budgeted within the Capital Improvement Budget.

Vehicles:

The 2016 budget includes funding for replacement of aged and worn out vehicles in several department. It is expected that the City will save money on repair costs and also anticipate that the newer vehicles will be more fuel efficient, thereby reducing the fuel expenses.

Revenues		267,300
Cumulative Reserve for Municipal Equip.		142,300
Transfer in from Current Expense Fund	107,300	
Transfer in from City Street Fund	<u>35,000</u>	
Criminal Justice (High Crime 336.06.20)		90,000
Water-Sewer Utility Operating Budget		35,000
Expenditure		267,300
<u>Water Sewer Utility- Crew Truck</u>		35,000
The Water Sewer Utility will purchase a 1/2 ton, 4 wheel drive pickup truck with the towing option.		
Water Department	17,500	
Sewer Department	<u>17,500</u>	
<u>Police Department- Patrol SUV</u>		135,000
The City Police Department will replace three aging Chevy Impala patrol vehicles in 2016. These vehicles have exceeded their useful life and were recommended to be surplus by the City Mechanic.		
Cumulative Reserve for Municipal Equipment Fund	45,000	
Criminal Justice Fund	<u>90,000</u>	
<u>Go-4 Parking Vehicle</u>		31,000
The City will replace the parking enforcement Go-4 in 2016. The primary Go-4 was damaged in an accident in 2015 and the department has been utilizing the backup vehicle which is obsolete and parts are no longer available.		
Cumulative Reserve for Municipal Equipment Fund	<u>31,000</u>	
<u>Code Enforcement Vehicle</u>		31,300
The Community Development will replace its code enforcement vehicle. The current 2001 Chevy Blazer is well beyond its useful life and experiences multiple safety and repair issues. In 2016 DCD will purchase a mid-sized crew cab pickup truck which will result in better fuel economy and much lower maintenance costs.		
Cumulative Reserve for Municipal Equipment Fund	31,300	

Street Crew Truck 35,000
 The City Street Department will purchase a 1/2 ton, 4 wheel drive pickup truck with the towing option.
 Cumulative Reserve for Municipal Equipment Fund 35,000

Equipment:

Revenues 115,500

Current Expense Fund - Parks Reserve	15,000
City Street Fund Operating Budget	12,000
Water Sewer Utility Fund Operating Budget	68,600
Storm Drainage Utility Fund Operating Budget	19,900

Expenditures 115,500

60KW Emergency Generator 50,000
 The portable generator will be used in the Water Sewer Utility during power outages.
 Water Sewer Utility Fund-Sewer Department 50,000

Mower Head for Skid Steer Track Loader 10,500
 A Mower head attachment will be purchased in 2016 for the John Deere 323D compact track loader or skid steer. The attachment works with the existing hydraulics on the machine, which is also adaptable to other attachments as well. This will enable Storm Drainage Utility staff to efficiently mow the sides of storm drainage facilities (ponds & swales), reducing staff time spent on these duties. This piece of equipment is funded from the 2016 Storm Drainage Utility operating funds.
 Storm Drainage Utility Fund 10,500

Tractor/Mower 15,000
 The City's tractor/mower for large grass areas at Clayton, Givens, Van Zee, Paul Powers and McCormick Park(s) is 12 years old. It is well past its useful life and is experiencing significant wear and fatigue of its parts. The parks staff have increased maintenance responsibility with the addition of McCormick Park and require a dependable mower. Purchase of this new mower will reduce staff time, make mowing more efficient and require significantly less maintenance for the next several years.
 Current Expense-Parks reserve 15,000

Vehicle Repair Mobile Lift 40,000
 The City's current vehicle maintenance and repair lift accommodates only cars and light duty trucks. The Rotary Mach 418 Mobile Column Lift will allow for the needed maintenance and repair of the City's large vehicles (Street Sweepers, Dump trucks & Vactor truck). The City has budgeted \$40,000 to purchase this equipment in 2016. The expense will be shared between City Street Fund, Storm Drainage Utility Fund, and Water Sewer Utility Fund. Purchase of this equipment will reduce expenses by allowing the mechanic to complete necessary routine repairs which the City currently outsources.
 City Street Fund 12,000
 WS Utility Fund-Water Department 9,300
 WS Utility Fund-Sewer Department 9,300
 Storm Drainage Utility Fund 9,400

Projects:

Bay Street Pedestrian Path (ROW & Construction)

The City of Port Orchard is in both the right-of-way acquisition and the construction phase of a multi-modal (bike/ped) pathway, beginning at the Kitsap Transit Downtown foot ferry facility and ending at the Annapolis foot ferry facility. The completed multi-modal pathway will become a part of the Countywide Mosquito Fleet Trail. This portion of the pathway along Bay Street provides a much needed recreational and non-motorized transportation facility within downtown Port Orchard. Users are expected to include lunchtime walkers, bicycle commuters, families with children, and recreational cyclists. The City has received several grants (both Federal & State.) Initial project funding was obligated in 2005, subsequent project funding obligated in 2013 and 2015. Currently, the City has been awarded \$3.5M from the State for construction in 2019-2023. In 2016, right-of-way purchases using the recently obligated FHWA funds (\$1.5M) are budgeted. Construction funding must be obligated by 2023.

Grants				
WSDOT/FHWA: Design & ROW				723,590
State Dept of Commerce: 2012 Capitol Budget (Jobs Now Act)				492,500
State Dept of Commerce: Direct Appropriations (2013)				325,950
WSDOT/FHWA: ROW				1,500,000
2015 Wa State Legislature: "Connecting Washington" Transportation package				3,500,000
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	1,469,226	2,283,802	3,440,000	7,193,028
Source of Funds				
Current Expense Fund	83			83
Real Estate Excise Tax Fund (REET)	113,857			113,857
Street Capital Projects Fund	162,709	300,212		462,921
Storm Drainage Fund	10,214			10,214
Other: Recreation Reserve	38,023			38,023
Grants: Federal/State/Local	1,144,341	1,983,590	3,440,000	6,567,931
Total Funds	1,469,226	2,283,802	3,440,000	7,193,028
Maintenance & Operating Costs				
Maintenance & Operating Costs	1,000	1,000	1,000	

Bay Street Pedestrian Path (Property Purchase)

As an ancillary project to Segment #3A of the Bay Street Pedestrian Pathway Project, the City was awarded a Washington State Recreation & Conservation Office (RCO) grant to assist in the purchase of a portion of the Comfort Inn property to accommodate the construction of a trailhead/pocket park. The property purchase is necessary to provide the needed space for a trailhead along the pathway.

Grants				
State Recreation & Conservation Office: Property Purchase				105,750
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended		211,500		
Source of Funds				
City Street Fund		7,500		7,500
Real Estate Excise Tax Fund (REET)		98,250		98,250
Grants: Federal/State/Local		105,750		105,750
Total Funds		211,500		211,500

Dekalb Pier (Phase II)

The City is required to provide for Department of Natural Resources (DNR) minimum water depth standards, therefore requiring the pier to be extended 300 feet waterward so that new floats and piling will allow for a seven foot minimum water under moored vessels at mean lower low water level (MLLW). This project builds the Dekalb Street Pier to conform with the City's Aquatic Lands Lease standards with the DNR. State funding provided for the overall project design and permitting, along with the Phase I construction (Uplands & Pier). The Phase II construction will include the pier extension and float/piling replacement.

Grants				
State Dept of Commerce : Local & Community Projects				679,000
State Dept of Commerce : Local & Community Projects				247,350
State Dept of Commerce : Direct Appropriations				485,000
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	724,602	815,000		1,539,602
Source of Funds				
Real Estate Excise Tax Fund (REET)	45,602	82,650		128,252
Grants: Federal/State/Local	679,000	732,350		1,411,350
Total Funds	724,602	815,000		1,539,602
Maintenance & Operating Costs				
Maintenance & Operating Costs	2,000	2,000	2,000	

McCormick Park

Park Impact Fees were collected in advance for a McCormick Park. The McCormick Park conceptual design was funded in 2010. Final design and selective logging was completed in 2013. In 2014 the selective clearing, grubbing, grading, revegetation, construction of the Old Clifton road entry, restroom, lighting, gravel parking and utility services stub outs for future park extension was completed. In 2015, the City was awarded additional grant funding from the Washington State Recreation and Conservation Office (RCO), a portion of which will be used for the Phase II design in 2016.

Grants				
State Recreation & Conservation Office: Phase II Design				385,500
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	522,889	125,000	646,000	1,293,889
Source of Funds				
Impact Fee Fund	491,089	62,500	323,000	876,589
Other: Timber Sales	31,800			31,800
Grants: Federal/State/Local		62,500	323,000	385,500
Total Funds	522,889	125,000	646,000	1,293,889
Maintenance & Operating Costs				
Maintenance & Operating Costs	500	500	500	

Old Clifton/ Anderson Hill Intersection Design

Design of a one-lane/3-leg roundabout at the intersection of Old Clifton Road and Anderson Hill Road to mitigate increased traffic and limited sight distance. This project is #1.6 listed within the City's 6-year Transportation Improvement Plan and is also included within the Traffic Impact Fee Project List.

Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended		150,000		150,000
Source of Funds				
Impact Fee Fund		150,000		150,000
Total Funds	-	150,000	-	150,000

Regional Decant Facility Retrofit

Construction of the new Regional Decant Facility is funded through the Department of Ecology with \$761,250 in stormwater grant money and \$253,750 in Clean Water State Revolving Fund (CWSRF) loan money. The facility will be used by three to four entities once completed. The project will construct and install three covered decant bays separated by 3-foot concrete walls, covered trash area, bio-retention cell, rainwater harvesting and reuse system, metered water stations, and keypad entry. This project was approved by the Department of Ecology in 2014. There is little fiscal impact to the Utility, the grant is reimbursable and the loan is able to be repaid over several years to make the payments manageable.

Grants				
State Dept of Ecology: Capacity Grant				120,000
State Dept of Ecology: DOE Stormwater Financial Assistance Program (SFAP)				761,250
Federal Clean Water State Revolving Fund (CWSRF): Loan				253,750
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	129,231	1,015,000		1,144,231
Source of Funds				
Storm Drainage Fund	9,231			9,231
Grants/Loans: Federal/State/Local	120,000	1,015,000		1,135,000
Total Funds	129,231	1,015,000	-	1,144,231

Water Main Pipe Replacement Program

As a function of the water System Plan, a replacement program for water mains is required. The City needs to strategically replace old water mains throughout the city's water system, as identified in the Water System Plan

Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended		250,000	-	250,000
Source of Funds				
Water Sewer Cumulative Reserve	-	250,000		250,000
Total Funds	-	250,000	-	250,000

Water Rights

As a function of the Water System Plan and the Well #10 Project, the overall re-administration of the City's Water Rights is required to ensure future water source allocations.

Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended		105,000	-	105,000
Source of Funds				
Water Sewer Cumulative Reserve	-	105,000		105,000
Total Funds	-	105,000	-	105,000

Tremont Widening (Tremont Street-Port Orchard Boulevard to

The Tremont project will widen Tremont Street from two to four lanes, install two roundabouts, provide landscaped median, sidewalk, street lighting, bike paths and will also include associated utility improvements and undergrounding per Schedule 74. The City was successful in obtaining approximately \$3 million dollars from the FHWA Surface Transportation Program (STP) via KRCC & PRSC over the years for the design, environmental review and right of way acquisition phases. The total project costs are currently estimated to be about \$21.5 million (17.5 million still needed for Construction) and is anticipated to be constructed in 2017-2019. The right of way certification and NEPA update process is complete and the City continues to find and secure construction funding. Initial project funding was obligated in 2005, subsequent project funding obligated in 2007, 2008, 2010 & 2011. Construction funding must be obligated by September 2018.

Grants				
WSDOT/FHWA:				386,655
WSDOT/FHWA: Supplement No. 1 Design/Engineering				203,275
WSDOT/FHWA: Supplement No. 2 Right of Way				807,693
WSDOT/FHWA: Supplement No. 3 Right of Way				161,246
WSDOT/FHWA: Supplement No. 4 Engineering & Right of Way				1,298,780
WSDOT/FHWA: Supplement No. 5 Right of Way				232,835
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	3,263,699	416,200	17,500,000	21,179,899
Source of Funds				
Street Capital Projects Fund	475,800	56,200	7,500,000	8,032,000
Water Sewer Utility Fund	59,314			59,314
Grants: Federal/State/Local	2,728,585	360,000	10,000,000	13,088,585
Total Funds	3,263,699	416,200	17,500,000	21,179,899
Maintenance & Operating Costs				
Maintenance & Operating Costs	2200	2500	2,500	

Well 9

The Well #9 retrofit project includes both improved pumping capacity and H2S/Manganese treatment facilities to the City's potable water system needs. 2016 will hopefully conclude the potential E&O issue and a water treatment modification will be designed. The City has invested approximately \$1.1M towards the Well #9 retrofit since 2011. Funding is required for the modification design in 2016 and the construction in 2017. The water treatment system as previously designed did not function properly and a modification (filtration component) will need to be added.

Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	1,129,918	135,000	1,400,000	2,664,918
Source of Funds				
Water Sewer Utility Fund	431,863			431,863
Water Sewer Cumulative Reserve	698,055	135,000	1,400,000	2,233,055
Total Funds	1,129,918	135,000	1,400,000	2,664,918
Maintenance & Operating Costs				
Maintenance & Operating Costs				

Well 10

DWSRF loan-funded project to bring Well #10 online (pumping and water treatment facilities) for future 1,600 GPM source capability to the City's potable water needs. 2015 activities included consultant selection and design commencement. The City needs a viable water source for future potable water system demand. Well #10 will provide for a 1,600 GPM source.

Grants				
Federal Drinking Water State Revolving Fund (DWSRF) / Dept of Commerce				6,060,000
Project Costs	Prior Years	2016 Budget	Future Years	Total
Expended	756,514	2,000,000	3,303,486	6,060,000
Source of Funds				
Water Sewer Utility Fund	7,045			7,045
Other: Dept of Comm- Admin Fee	60,000			60,000
Grants/Loans: Federal/State/Local	689,468	2,000,000	3,303,487	5,992,955
Total Funds	756,513	2,000,000	3,303,487	6,060,000
Maintenance & Operating Costs				
Maintenance & Operating Costs				

Total Capital Expenditures

\$7,889,302



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GLOSSARY OF BUDGET TERMS

ACCOUNT:

A chronological record of public funds showing receipts, disbursements, and balances.

ACCOUNTING SYSTEM:

The total set of records and procedures, which are used to record, classify, and report, information on the financial status and operations of an entity.

ACCOUNTS PAYABLE:

A short-term liability account reflecting amounts owed to private person(s) or organization(s) for goods and services received by a government.

ACCOUNTS RECEIVABLE:

An asset account reflecting amounts due from a private person(s) or organization(s) for goods and services furnished by a government (not including amounts due from other funds or governments).

ACCRUAL BASIS OF ACCOUNTING:

The method of accounting under which revenues are recorded when they are earned and expenses are recognized when incurred. The actual receipt or distribution of cash is not a determining factor.

AD VALOREM TAXES:

A tax levied on the assessed value of real property.

ADOPTED BUDGET:

The financial plan adopted by the City Council which forms the basis for appropriations.

ALLOCATION:

To set aside or designate funds for specific purposes. An allocation does not authorize the expenditure of funds.

AMORTIZATION:

(1) The portion of the cost of a limited life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNEXATION:

The incorporation of land into an existing city with a resulting change in the boundaries of that city.

ANNUAL DEBT SERVICE:

The amount required to be paid in a calendar year for (1) interest on all bonds then outstanding; and (2) principal of all bonds then outstanding, but excluding any outstanding term bonds.

ANNUAL FINANCIAL REPORT:

The official annual report of a government. It includes (a) the five combined statements – overview and their related notes, and (b) combines statements by fund type and individual fund financial statements prepared in conformity with GAAP. It also includes necessary supporting schedules to demonstrate compliance with finance-regulated legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section.

APPROPRIATION:

An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

ARBITRAGE:

Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

ASSESSED VALUATION:

The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.

ASSETS:

Property owned by a government, that has a recognized monetary value.

AUDIT:

An examination to determine the accuracy and validity of records and reports or the conformity of procedures with established policies.

BALANCED BUDGET:

A budget in which current expenditures do not exceed current projected revenues.

BALANCE SHEET:

A statement presenting the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specific date.

BARS:

The State of Washington prescribed Budgeting, Accounting, and Reporting System Manual required for all governmental entities in the state of Washington.

BASE BUDGET:

Ongoing expense for personnel, contractual services, and the replacement of supplies and equipment to maintain service levels previously authorized by the City Council.

BASIC FINANCIAL STATEMENTS:

Those financial statements necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance sheet, an "all-inclusive" operating statement, a budget comparison statement (for all governmental funds for which annual appropriated budgets are adopted), and a statement of changes in financial position (for proprietary funds, pension trust funds and non-expendable trust funds).

BASIS OF ACCOUNTING:

A term used to refer to when revenues, expenditures, expenses, and transfers – and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

BOND:

A written promise to pay a specified sum of money, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

BOND ANTICIPATION NOTES (BANS):

Short term interest-bearing notes issued in anticipation of bond proceeds to be received at a later date. The note is retired from proceeds of the bonds to which it is related.

BOND REGISTRAR:

The fiscal agency of the State of Washington in either Seattle, WA or New York, NY, for the purposes of registering and authenticating the bonds, maintaining the bonds, and bond register, effecting transfer of ownership of the bonds and paying interest on and principal of the bonds.

BUDGET:

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET AMENDMENT:

A change to a budget adopted in accordance with state law. A budget may be amended to increase expenditures/expenses at a fund level by ordinance without public notice or public hearing requirements, when unanticipated revenues occur or emergencies exist.

CAPITAL ASSETS:

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL BUDGET:

A plan of proposed capital outlays and the means of financing them. The capital budget may be enacted as part of the complete annual budget including both capital and operating outlays.

CAPITAL OUTLAYS:

Expenditures which result in the acquisition of or addition to capital assets.

CAPITAL PROJECTS:

Projects which purchase or construct capital assets. Typically, a capital project encompasses a purchase of land or construction of a building or facility, with a life expectancy of more than 10 years.

CASH BASIS:

A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH DISCOUNT:

An allowance received or given if payment is completed within a stated period of time.

CASH EQUIVALENT:

Short-term, highly liquid investments that are both (1) readily convertible into cash and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

CERTIFICATE OF DEPOSIT:

A negotiable or non-negotiable receipt for monies deposited in a bank or other financial institution for a specified period for a specified rate of interest.

COLA:

Cost of Living Allowance.

COMPREHENSIVE PLAN:

A general plan that outlines growth and land use for residential, commercial, industrial, and open space areas.

CONCURRENCY:

The improvements that are in place at the time the impacts of development occur, or that the necessary financial commitments are in place. Public facilities and services shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

CONNECTION FEES:

Fees charged to join or to extend an existing utility system.

CONSUMER PRICE INDEX (CPI):

A statistical description of price levels for a fixed market basket of goods and services provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living.

CONTINGENCY:

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

COST ACCOUNTING:

Accounting which assembles and records all costs incurred to carry out a particular activity or to deliver a particular service.

CURRENT:

A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually connotes items likely to be used up or converted into cash within one year.

CURRENT LIABILITIES:

Liabilities which are payable within the next operating cycle.

DEBT:

An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include: bonds, registered warrants, notes, contracts and accounts payable.

DEBT LIMIT:

The maximum amount of gross or net debt which is legally permitted.

DEBT SERVICE FUND:

Funds used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

DEBT SERVICE REQUIREMENT:

The amount of money required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate monies for future retirement of term bonds.

DEFICIT:

(1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

DELINQUENT TAXES:

Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

DEPLETION:

(1) The reduction in quantity of a natural resource (wasting asset), such as: coal, standing timber, or a rock quarry. (2) The portion of the cost of a wasting asset which is charged as an expense during a particular period.

DEPRECIATION:

(1) Expiration in the service life of capital assets, other than wasting assets. (2) The portion of the cost of a capital asset other than a wasting asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS:

An asset account used to indicate amounts owed to a particular fund by another fund for goods or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ENCUMBRANCES:

Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriations is reserved. They cease to be encumbrances when paid or when actual liability is set up.

ENDING FUND BALANCE:

The cash balance remaining at the end of the fiscal year available for appropriation in future years.

ENTERPRISE FUND:

Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

ENTITLEMENT:

The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

EXPENDITURES/EXPENSES:

Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are only recognized when the cash payments for the above purposes are made.

FICA:

Federal Insurance Contribution Act is an employment tax levied against both an employee and employer for Social Security and Medicare taxes.

FISCAL YEAR:

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

FIXED ASSETS:

Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include: buildings, equipment, improvement other than buildings, and land.

FUND:

A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE:

The excess of an entity's assets over its liabilities. A negative fund balance may be called a deficit.

GAAFR:

"Governmental Accounting, Auditing and Financial Reporting". Published by the Government Finance Officers Association to provide guidance for the application of accounting principles for governments.

GAAP:

Generally Accepted Accounting Principles are standards used for accounting and reporting in both private industry and government.

GASB:

Government Accounting Standards Board, established in 1985 to regulate the rules and standards for all governmental agencies.

GENERAL FUND:

Fund used to account for and report all financial resources not accounted for and reported in another fund.

GENERAL LEDGER:

A book, file or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal. Therefore, the debit balance equals the credit balance.

GOVERNMENTAL FUNDS

Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANT:

A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specific purposes.

IMPACT FEES:

Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development.

IMPROVEMENTS:

An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INDEBTEDNESS:

The state of owing financial resources to other financial institutions and investors.

INTERFUND LOANS:

A loan made by one fund to another and authorized by resolution or ordinance.

INTERFUND PAYMENTS:

Expenditures made to other funds for services rendered. This category includes interfund repairs and maintenance.

INTERFUND TRANSFERS:

Contributions from one City fund to another in support of activities of the receiving fund. Loans are not included.

INTERGOVERNMENTAL COSTS:

Costs or expenses paid from one government to another government for services. These costs include, but are not limited to, such things as: dispatch and jail services, animal control services, audit and voter costs.

INTERNAL CONTROL:

A plan of organization for purchasing, accounting and other financial activities, which, among other things, provides that:

- The duties of employees are subdivided so that no single employee handles financial action from beginning to end.
- Proper authorization from specific responsible officials is obtained before key steps in the processing of a transaction are completed.
- Records and procedures are arranged appropriately to facilitate effective control.

INTERNAL SERVICE FUND:

Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

INVESTMENT:

Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, and base payments. This does not include capital assets used in governmental operations.

JOINT VENTURE:

A legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility.

JOURNAL:

A book of original entry. Journals provide a chronological history of financial transactions and systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts.

LEDGER:

A group of accounts in which are recorded the financial transactions of an entity.

LEVY:

(verb) To impose taxes, special assessments, or service charges for the support of governmental activities.

(noun) The total amount of taxes, special assessments, or service charges imposed by a government.

LIABILITIES:

Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

LONG TERM DEBT:

Debt with a maturity of more than one year after the date of issuance.

MAINTENANCE:

Activities that ensure the right-of-way and each type of roadway, roadway structure and facility remain, as nearly as practical, in its original, as constructed condition or its subsequent improved condition. Also known as the act of keeping capital assets in a state of good repair. It includes preventative maintenance, normal periodic repairs, replacement of parts or structural components, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

MATCHING REQUIREMENT:

A requirement that grant recipients contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

MODIFIED ACCRUAL BASIS:

Basis of accounting according to which (a) revenues are recognized in the accounting period of which they become available and measureable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measureable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

MODIFIED CASH BASIS:

Modified cash basis is the cash basis of accounting adjusted for Washington State statute. RCW 35.33.515 and RCW 35QA.33.150 require cities to keep their books open in order to pay December bills by the following January 20. RCW 36.40.200 requires counties to keep their books open until January 30 in order to pay December bills and charge the prior-year budget.

NET REVENUE:

The revenue of the system less the cost of maintenance and operation of the system.

NET ASSETS:

The difference between assets and liabilities reported in government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements.

NOMINAL INTEREST RATE:

The contractual interest rate shown on the face and in the body of a bond and representing the amount of interest to be paid, in contrast to the effective interest rate.

NOTE PAYABLE:

In general, an unconditional written promise signed by the maker to pay a certain sum in money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein.

NOTE RECEIVABLE:

An unconditional written promise signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. The note may be held by the reporting governmental unit as designated payee or by endorsement.

OBJECT:

As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples include: personnel services, supplies, and services and charges.

OFM:

Office of Financial Management

OPERATING FUNDS:

Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

OPERATING REVENUES:

Those revenues received within the present fiscal year.

OPERATING BUDGET:

Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law.

ORDINANCE:

A statute or regulation enacted by the City Council.

OTHER SERVICES AND CHARGES:

A basic classification for services, other than personnel services, which are needed by the City. This item includes professional services, communication, travel, advertising, training, dues and subscriptions, printing, equipment rental and costs, insurance, public utility services, repairs and maintenance.

PERS:

Public Employees Retirement Systems provided by the State of Washington for all employees other than Police and Fire.

PERSONNEL COSTS:

Costs that include all salaries, wages, and benefits for all full-time, part-time, seasonal and temporary employees.

PETTY CASH:

A sum of money set aside on an imprest basis for the purpose of making change or paying small obligations for which the issuance of a formal voucher and warrant would be too expensive and time consuming. Petty cash accounts are sometimes referred to as petty cash "funds". However, they are not "funds" in the sense of governmental accounting fund types. Petty cash accounts should be reported as assets of the fund of ownership.

POSTING:

The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.

PRIOR YEAR:

The fiscal year immediately preceding the current year.

PROPERTY TAXES:

Ad valorem tax certified to the county assessor by a local government unit.

PROPRIETARY FUND:

Funds that focus on the determinations of operating income, changes in net assets (or cost recovery), financial position and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

QUALIFIED OPINION:

A modification of the independent auditor's report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor's general assertion that the financial statements are fairly presented.

RCW:

Revised Code of Washington. Laws of the State of Washington enacted by the State Legislature.

REET:

Real Estate Excise Tax. A tax upon the sale of real property from one person or company to another.

REGISTERED WARRANT:

A warrant which is registered by the paying officer for future payment due to a present lack of money and which is to be paid in the order of its registration.

RESERVE FUND:

A fund established to accumulate money from year to year for a specific purpose, such as the purchase of new equipment.

RESTRICTED ASSETS:

Moneys or other resources, the use of which is restricted by legal or contractual requirements. In governmental accounting, special treatments are applied to restricted assets arising out of revenue bond indentures in enterprise funds.

RESTRICTED FUND BALANCE:

Portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

RETAINED EARNINGS:

An equity account reflecting the accumulated earnings of the City.

REVENUE:

Income received by the City in support of a program of services to the community.

STANDARD COSTING:

Method of estimating the historical cost of a capital asset by establishing the average cost of obtaining the same or a similar asset at the time of acquisition.

SPECIAL REVENUE FUND:

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

STATE SHARED REVENUE:

Revenues received from the State of Washington from sources like the liquor tax and gas taxes.

SUBSIDIARY ACCOUNT:

One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account (e.g. the individual property taxpayers' accounts for the taxes receivable control account in the general ledger).

SUBSIDIARY LEDGER:

A group of subsidiary accounts, the sum of balances of which should equal the balance of the related control account.

SUPPLIES:

A basic classification of expenditures for articles and commodities purchased for consumption or resale. Examples include: office and operating supplies, fuel, power, water, gas, inventory or resale items, small tools, and equipment.

SYSTEM DEVELOPMENT CHARGES:

A charge levied on new construction to help pay for additional expenses created by this growth or to compensate for already existing capacity in key facilities and systems already in place which support the new development.

TAX:

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only by those who pay, for example, water service charges.

TAX ANTICIPATION NOTES:

Short-term, interest –bearing notes issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

TAX LEVY:

Total amount of ad valorem tax certified by the city.

TAX RATE:

The amount of tax stated in terms of units per \$1,000 of assessed value of taxable property. The tax rate is the result of dividing the tax levied by the assessed value of the taxing district.

TRIAL BALANCE:

A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be "in balance".

UNAPPROPRIATED ENDING FUND BALANCE:

An amount set aside in the budget to be used as cash carry over to the next year's budget to provide needed cash flow until other money is received. No expenditures can be made from the Unappropriated Ending Fund Balance during the fiscal year in which it is budgeted.

UNASSIGNED FUND BALANCE:

Residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

UNQUALIFIED OPINION:

An auditor's opinion, which states that the basic financial statements of a specified entity are fairly presented in conformity with GAAP, applied on a basis consistent with the prior year.

USER FEES:

The payment of a fee for direct receipt of a public service by the person benefiting from the service.

VOUCHER:

A written document which evidences a propriety of transactions and usually indicates the accounts in which they are to be recorded.

WARRANT:

An order drawn by the legislative body or an officer of a government upon its treasurer directing the latter to pay a specified amount to the person named or to the bearer. It may be payable upon demand, in which case it usually circulates the same as a bank check; or it may be payable only out of certain revenues when and if received, in which case it does not circulate as freely.